



2025 Climate Report

Prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), including the Supplemental Guidance for Asset Managers, and informed by elements of the International Sustainability Standards Board's (ISSB's) IFRS S2 climate-related disclosures standard.¹

JUNE 2026

¹ While firms can continue to use the TCFD recommendations, concurrent with the release of its 2023 status report, the TCFD has fulfilled its remit and disbanded. The Financial Stability Board (FSB) has asked the International Financial Reporting Standards (IFRS) Foundation to take over the monitoring of the progress of companies' climate-related disclosures. IFRS S2 incorporates and expands upon TCFD; please refer to Appendix 1 for a mapping of the current status of our disclosures relative to IFRS S2.

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Message from leadership

Our climate efforts, spanning research, investment integration, and stewardship, are focused on a single objective: improving investment outcomes for our clients.

The challenges of balancing the energy “trilemma” of affordability, security, and sustainability have become increasingly evident. Energy security now extends beyond access to supply, encompassing system reliability and geopolitical independence. These interconnected imperatives are rising in importance amid a rapidly changing global landscape. Structurally higher electricity demand, particularly from data centers, reinforces the need for an “all-energy approach,” in which traditional, transitional, and renewable sources each play a role in meeting demand. At the same time, ongoing geopolitical conflict has sharpened the focus on reducing reliance on imports and strengthening domestic sources of power. We view this complex backdrop as fertile ground for our multidisciplinary research and active management approach. Wellington’s Climate Research Team and sector teams — which include ESG, equity, and credit analysts — work together to assess the implications of these structural and geopolitical shifts for sector dynamics and develop issuer-specific insights. Our collaborations with Woodwell Climate Research Center (Woodwell Climate) and the Massachusetts Institute of Technology Center for Sustainability and Science (MIT CS3) continue to strengthen our edge, bringing scientific rigor and constructive challenge to our investment dialogue.

Throughout this report, we highlight applications of our climate research across asset classes. In recent years, we have extended application beyond equity and corporate credit into asset classes where industry best practices are still developing:

- To enhance commodities analysis, we developed a drought-monitoring tool that is used to evaluate climate conditions during the growing season and adjust supply expectations for soft commodities. This work also informs our outlook for sovereign issuers with significant economic exposure to these commodities and commodity-linked consumer issuers.
- With sovereigns, we broadened our engagement on material transition and physical risks to more developed and emerging market countries to inform our assessment and provide feedback from the perspective of a market participant.

We endeavor to apply the same research-driven approach to our partnership with clients, including client-directed climate integration. We provide data-driven guidance to support clients seeking to implement or evolve their climate objectives into mandates we manage on their behalf, in a manner consistent with risk-return objectives. In 2025, we enhanced our Net Zero Portfolio View tool to display customized, client-directed decarbonization glidepaths, supporting investment teams’ implementation, where relevant.

High-quality, issuer-level data remains critical to our ability to differentiate between issuers in pursuit of improving investment outcomes for our clients. We therefore continue to support standardized, investor-relevant disclosures, including those of the ISSB. Following an assessment of our disclosures relative to the IFRS S2 requirements and other relevant regional requirements, we intend to progressively evolve this report over time toward voluntary alignment with elements of S2.

We are committed to helping our clients understand the potentially financially material impacts of climate change and extreme weather on investment performance and risk management. We appreciate your support and interest in our efforts to improve investment outcomes for our clients.



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Introduction

We integrate the assessment of sustainability-related risks — including physical and transition-related climate considerations — into investment decision-making, where relevant to each investment approach and with a focus on long-term financial materiality.

Our climate risk analysis focuses on the potential financial impact on company and issuer fundamentals. Based on a mosaic of information and shaped by our scientific collaborations, it is our view that markets may not yet fully price climate risks, nor, in many cases, are they factoring in the potential opportunities that may materialize for issuers that successfully adapt to or mitigate these growing risks. As fiduciaries of our clients' assets, we adopt a pragmatic approach to climate-related research and investing, viewing it solely through a financial market lens with the aim of better understanding the associated economic risks and opportunities.

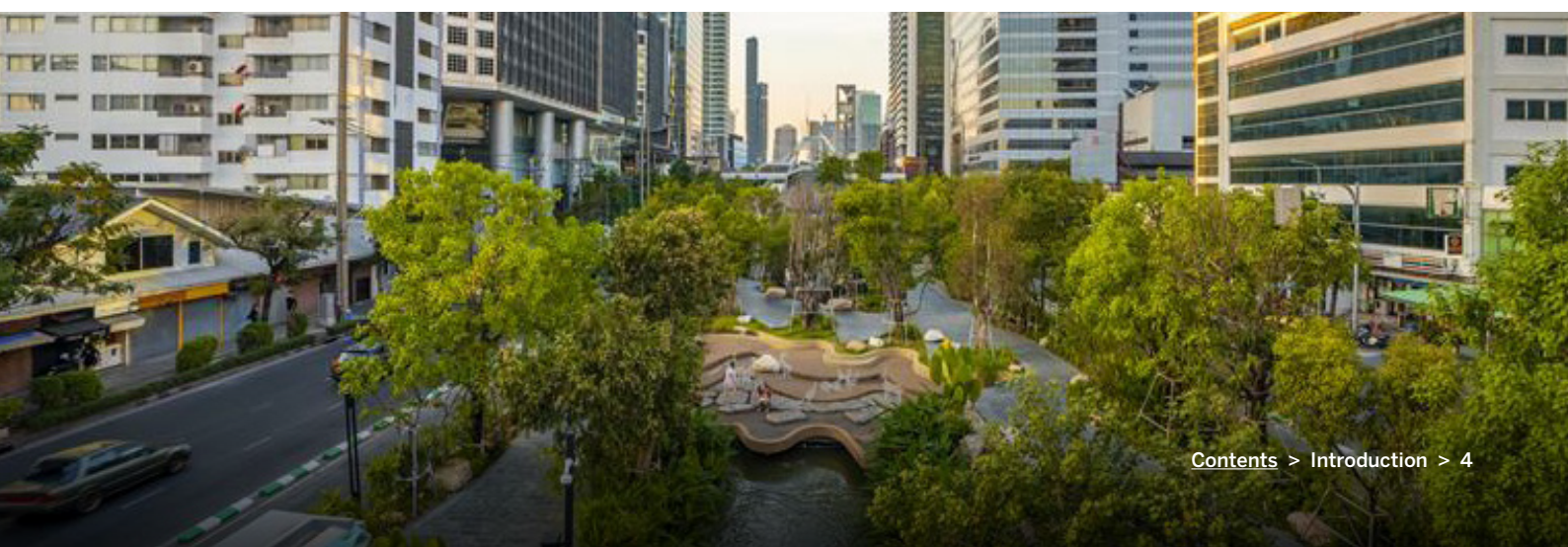
In parallel, we seek to engage with companies and issuers that are well positioned to contribute to climate adaptation and other forms of climate-related risk management. This work is intended to support our objective of generating competitive, non-concessionary investment returns and positive client outcomes. From an operational perspective, we continue to develop our corporate sustainability practices in line with client and regulatory expectations. Our firmwide sustainability approach, WellSustain, formalizes the incorporation of sustainability into our operations and infrastructure, with the management of our firm's carbon footprint as a primary environmental focus.

Aligned with the TCFD's recommendations, including the Supplemental Guidance for Asset Managers, and informed by elements of IFRS S2, our sixth Climate Report outlines our research and data-driven approach for monitoring, evaluating, and managing climate-related risks and opportunities, where relevant. It also describes the processes and metrics underpinning our climate disclosures, which will continue to evolve as data availability and quality improve. To learn more about our overall approach to sustainable investing, please see our [Sustainability Report](#).

WELLINGTON'S CLIMATE INVESTMENT CAPABILITIES

Wellington is a private partnership, serving as an investment advisor to more than 3,050 institutions in more than 65 countries. As of 31 December 2025, we managed over US\$1.3 trillion in client assets. Our clients include central banks and sovereign institutions, consultants, defined benefit and defined contribution plans, endowments and foundations, family offices, insurers, and intermediaries and wealth managers. As of year-end 2025, we had over US\$45 billion in assets under management (AUM) across climate solution strategies, and client accounts with low-carbon guidelines, decarbonization glidepaths, or engagement expectations to encourage portfolio transition alignment.

Our climate solution strategies have non-concessionary return objectives and emphasize material revenue exposure from products and services focused on climate mitigation or adaptation. We offer climate-centered approaches that focus on both mitigation and adaptation solutions across public and private equity markets. Beyond these dedicated approaches, we also offer low-carbon strategies that aim to deliver competitive returns while maintaining diversified sector and geographical exposure with a lower emissions intensity than their corresponding benchmarks. Finally, we manage accounts with client-directed decarbonization glidepaths, including those targeting net zero emissions by 2050, based on portfolio emissions and/or science-based targets (SBTs).



Section 1: Governance

In 2025, we continued to refine the governance of our sustainability practices to best support our objectives across investment, client, and infrastructure platforms.

1.1 Sustainable Investment (SI) governance and advisory forums

We continue to experience demand from clients for risk management and compliance support amid evolving regulations. Our governance processes include several forums designed to optimize cross-functional decision-making, and our governance structures and forums continue to evolve to better meet the needs of our clients and Wellington's investment teams.

The SI governance and advisory forums in **Figure 1**, and functional groups in **Section 1.2**, cover climate-related issues applicable to our investment approach and strategies, as relevant to their charters and remit. In the table below, we highlight meeting frequency, how climate-related issues may be considered, and linkages across forums and functional groups.

Figure 1

SI governance and advisory forums

Forum	SI Governance Committee (SIGC)	SI Management Team (SIMT)	Investment Stewardship Committee (ISC) ³	SI Council	WMF Exclusions Working Group (FEWG)
Meeting frequency	Twice a year	Weekly	Every other month	Monthly	Quarterly
How climate-related issues may be considered	Considered when they relate to firm-level topics, key business risks, sustainability commitments, partnerships, external reporting, or cross-platform alignment.	Considered when they are relevant to the firm's SI strategy, cross-functional SI initiatives, regulatory or client imperatives, or the prioritization of SI efforts across the firm.	Considered when they arise in the context of proxy voting, engagement policies and priorities, stewardship escalations, or the firm's external stewardship commitments.	Considered when relevant to SI regulatory or labeling standards, and corresponding guidance on product alignment.	Considered when relevant to assessing client and market expectations, evaluating potential exclusions, and reviewing investment research.
Linkages across forums & functional groups	May receive escalations (as needed) on critical firm-level topics from the SIMT and facilitates faster, more effective decision-making across our platforms.	Acts as a central interface, working with SI Council, ISC, FEWG, and other forums and functional groups to determine and execute the firm's SI vision and strategy. Escalates to the SIGC on critical firm-level topics as needed.	Interacts with functional groups where material SI topics intersect with stewardship responsibilities and provides input to the SIMT on stewardship-related matters.	Provides input to the SIMT and interacts with line management, product management, and portfolio management in an advisory capacity on SI regulatory and labeling standards.	Partners with relevant portfolio management and ESG Research teams, drawing on their research to develop and execute exclusion frameworks, and recommends appropriate enhancements to such frameworks to the ISC for approval.

² Our multifaceted approach to SI education also provides firmwide exposure to relevant sustainability-related investment themes. Additional information on SI education efforts is provided in **Section 2.3** of our Sustainability Report.

³ The ISC has a broad charter to ensure Wellington Management votes, engages and stewards client assets in a manner consistent with our mission to deliver investment excellence over time. It is included in Figure 1 to outline how climate-related issues may be considered within its remit.

1.2 Functional groups

Outside of our SI governance and advisory forums, there are groups and/or teams (functional groups) that support climate governance through the day-to-day management, research, and execution of climate or sustainability-related topics. These groups play a critical role in generating insights, managing risks, implementing processes, and informing SI governance and advisory forums. The following functional groups support climate governance in ways not covered in our Sustainability Report. Thus, their full descriptions are included here for completeness.

ESG RESEARCH TEAM

Purpose: Researches and provides company- and sector-specific ESG analysis. Engages directly with company management teams and boards on material ESG issues.

Membership: Global group of sector specialists within our central investment research function.

Sample activities: Develops and applies sector-specific ESG materiality frameworks and models, partnering with equity and fixed income sector teams to identify the most material ESG issues and data for long-term issuer value. Engages regularly with company management teams to inform issuer-level research views, proxy voting recommendations, and engagement priorities. Scales this analysis through proprietary tools that integrate bottom-up assessments and forward-looking insights into issuer ratings and research.

CLIMATE RESEARCH TEAM

Purpose: Translates climate science and policy into investment-relevant insights, informed by a mosaic of proprietary climate research, issuer engagement, and external scientific collaborations, to support investment teams' assessment of material physical and transition risks and opportunities, as relevant to each team's philosophy and process (P&P).

Membership: Dedicated team of climate analysts and research associates within our investment platform.

Sample activities: Provides climate research and analysis, sometimes in collaboration with external scientific research partners, to assess financially material risks and opportunities as well as to inform investment and stewardship activities. Maintains climate data and calculation methodologies for investment tools. Monitors policy and market developments. Supports development of climate expertise across the investment platform, including through research hub meetings and climate-focused portfolio and issuer-level analysis. Assists in engagement prioritization, preparation, and execution alongside other investment teams, and identifies investment opportunities related to climate tailwinds.

LINE MANAGEMENT

Purpose: Oversee portfolio managers and investment groups.

Membership: Senior line managers across the investment platform.

Sample activities: Provide fiduciary oversight for portfolio managers and their risk taking. Collect and provide feedback to portfolio managers from the firm's independent oversight groups, including product management teams and Risk Management. Assist with talent resourcing and development needs, opine on advancement and compensation decisions, and meet regularly with portfolio managers to provide feedback and support.

PORTFOLIO MANAGEMENT TEAMS

Purpose: Investment research and asset management of client portfolios.

Membership: Portfolio managers, analysts, and associates.

Sample activities: Day-to-day identification, assessment, and monitoring of climate risks relevant in the context of their investment strategy, P&P, and Wellington's fiduciary duties to clients. Portfolio managers and investment teams are provided with a range of data and analysis regarding such risks and may integrate these insights, along with other investment criteria, into their decision-making via proprietary tools. These tools, such as the Climate Exposure Risk Application (CERA), a physical climate-risk assessment tool, support ESG and climate investment integration efforts and inform engagement prioritization by highlighting consequential topics for discussion with companies.



PRODUCT MANAGEMENT TEAMS

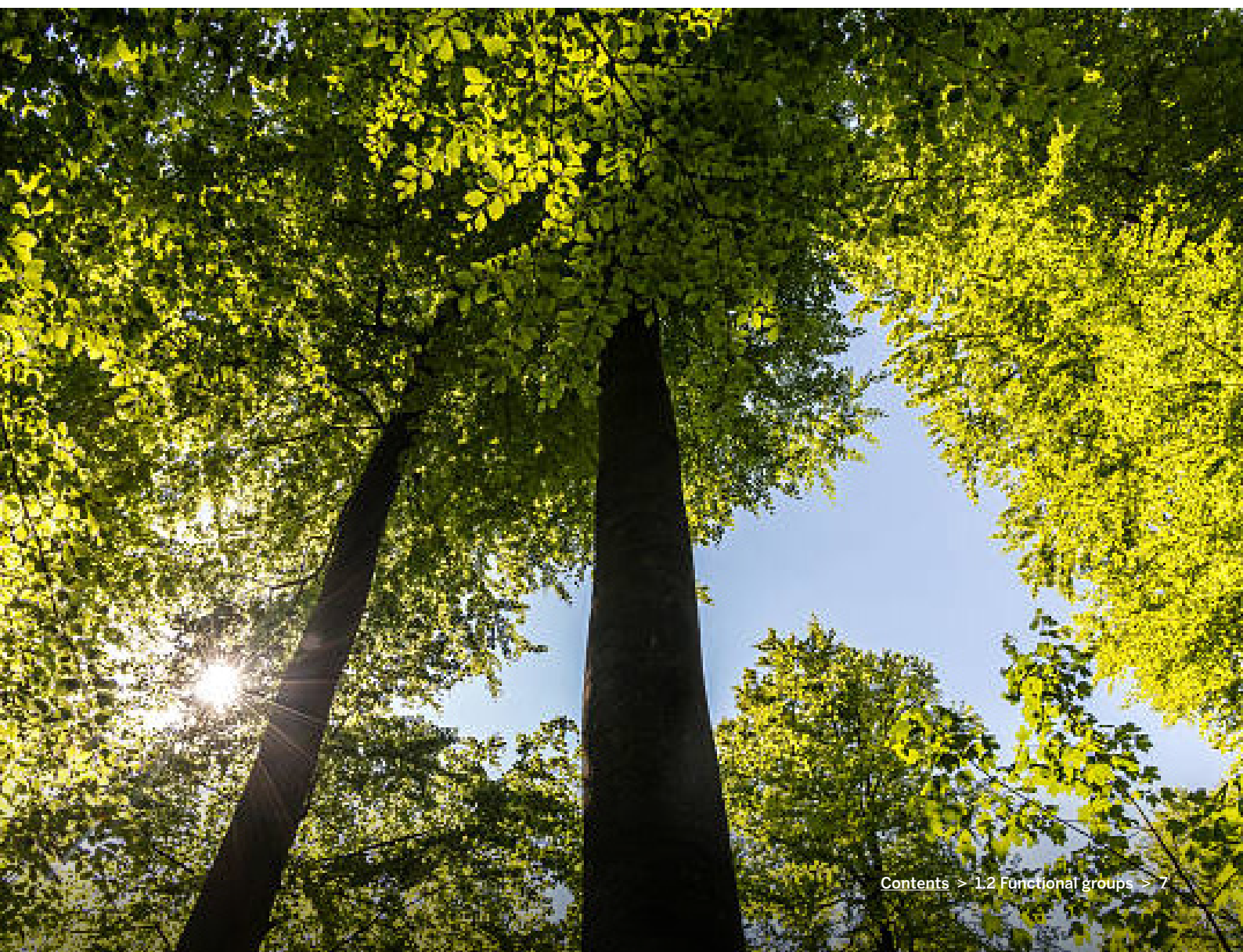
Purpose: Provide independent perspectives on investment portfolios, with a focus on investment integrity, to assess whether portfolio implementation is consistent with clients' investment objectives, expectations, and risk tolerance.

Membership: Investment directors, specialists, and analysts, dedicated to specific strategies. Product management teams are independent from each portfolio management team, with different reporting lines and the ability to escalate concerns to line management.

Sample activities: Meet with portfolio managers who have designated climate risks and opportunities as part of their decision-making process. For relevant strategies, review portfolio-level climate data, climate-related voting, engagement tracking, and other relevant ESG and stewardship factors. Work with investment teams and clients to identify and disclose sustainability risks. Join portfolio managers' investment discussions and firmwide peer review groups. Partner with portfolio managers and the Investment Boutiques Leadership Team to request prioritization for on-demand climate portfolio reviews for further climate research consideration.

In addition to the groups and teams referenced above, some regional committees and boards meet regularly (typically quarterly) and discuss climate-related issues relevant to certain portfolios within our climate-risk oversight process. Further detail on regional governance and oversight is provided in entity-level climate risk [reports](#) for Wellington Management International Limited and Wellington Management Singapore.

Stewardship is also an integral part of our overall governance framework and supports our approach to managing material climate-related risks and opportunities as relevant to each investment team's P&P, in pursuit of long-term, competitive results for our clients. Within our [Sustainability Report](#), stewardship policies and guidelines are listed in **Section 1.2**. Information on our incentives, and how we address sustainability considerations within our remuneration framework, is disclosed in **Section 1.4**.



Section 2: Strategy

Our only business is investment management. As such, we believe that our greatest lever to promote resilience to climate-related risks and opportunities is our investment approach. This includes assessing potentially financially material portfolio- and issuer-level physical and transition risks, as well as leveraging the climate investing opportunity set.

Evidence suggests that climate change may pose substantial financial risks for certain companies, issuers, and economies — and therefore, for many of our clients' investment portfolios. Research on industry- and security-related climate risks can inform our short-, medium-, and long-term investment decisions and enable us to engage more effectively with issuers. Grounded in bottom-up analysis and a culture of independent thought and rigorous debate, our approach to climate research is strengthened by close collaboration among our investment teams, ESG Research Team, and Climate Research Team.

Each investment team is responsible for considering climate-risk management within its portfolios, using its individual P&P to guide the extent — if at all — to which climate considerations impact its investment decisions. An ongoing, science-led climate-research agenda enables investment teams, where relevant, to evaluate investment opportunities in the context of climate change and assess the effect of physical and transition considerations on securities. To support investment teams in integrating climate insights into their processes, we offer a variety of resources and tools⁴, all of which are centered on the following principles:

- **Rigor:** Research used in investment decision-making should meet scientific, peer-reviewable standards.
- **Application:** Capital market insights from climate research can help inform active investment decisions.
- **Evolution:** As climate and ESG data improves and our research progresses, so will our insights and conclusions.



⁴ All investment professionals at the firm can access the research and tools discussed in this report. Investor usage typically depends on the types of approaches the investment team manages, or their specific areas of coverage. Investment professionals managing portfolios in accordance with ESG and SI-specific strategies, those incorporating ESG into their fundamental process, and those managing in accordance with client guidelines and regulations are typically the most frequent users of these tools.

2.1 Materiality of climate considerations

Investment teams may consider a range of physical and transition risks in security analysis, based on financial materiality and as relevant to their P&P. The Climate Research Team is foundational in enabling this analysis, assessing the significance of physical risks based on location and business-model exposure, combined with demonstrated resilience measures. It assesses the financial materiality of transition risks primarily as a function of business, industry, and financial-model exposure.⁵

Figure 2 summarizes the Climate Research Team's assessment of the investment-level climate-related risks and opportunities that may be relevant to our investee companies. This summary provides a starting point for climate-risk management and idea generation, reflecting the potential magnitude of these risks and opportunities, the time horizon over which they may impact investment outcomes⁶, and corresponding risk management or value-creation actions Wellington may take.⁷ Our external scientific research collaboration with MIT CS3 and Woodwell Climate also helps determine the most likely climate scenarios that investee companies may anticipate. The actual materiality of climate change for a given issuer is subject to change over time.

We find that research on biodiversity loss complements our climate research, given the many direct and indirect interrelated impacts. Biodiversity supports a range of ecosystem services including pollination, flood control, clean water, and carbon sequestration, so we expect continued biodiversity loss to exacerbate both transition and physical climate-related risks. Consistent with our data-driven climate research, our approach to biodiversity focuses on financial materiality across regions, industries, and securities over the long term.

Our work with Woodwell Climate and MIT CS3 has helped us identify the critical links between biodiversity, transition, and physical climate risks and inform how these considerations may be financially material to the long-term value of securities. For example, insights from our research partners have enabled us to better understand the extent to which raw material sourcing, water management, and supply chain management are tied to biodiversity challenges via Scope 3 emissions reporting and location-based sensitivities. Please refer to [Our approach to biodiversity](#) for more details.

Climate-related policies continue to emerge and evolve but competing global priorities and uneven international coordination are likely to result in a disorderly and nonlinear transition. As a result, climate risks may manifest differently across geographies, especially in the short to medium term for multinational companies. To navigate this complexity, our investment teams have access to in-house geopolitical and macroeconomic expertise, alongside external scientific research collaborations, complemented by bottom-up analysis from our equity, credit, ESG, and Climate Research teams.

⁵ As Wellington does not have a house view, views of individual investment teams may differ from those of the Climate Research Team.

⁶ The assessment is based on potential risk exposure to portfolios and does not incorporate forward-looking views about the risk-management plans of individual companies.

⁷ As an asset manager, Wellington's business model and value chain are primarily affected by climate related risks and opportunities through their potential impacts on investee companies.



Figure 2

Summary of investment-level climate-related risks and opportunities

Impact assessment

 Low
  Moderate
  High
Financial materiality
by climate scenario

Risk / Opportunity	Description	Time horizon	1.5°C	3°C	Examples of potential investee company impact	Examples of actions to manage risks / take advantage of opportunities
Transition risk – Policy	Changes in climate-related policies and regulations, such as those that aim to price carbon or encourage energy independence	Medium, long			Margin pressure from direct carbon pricing and increased input expenses, or higher capital expenditures to adhere to policy	- Monitor national and cross-border climate policy and disclosure requirements - Engage issuers on policy readiness
Transition risk – Market	Shifts in supply and demand driven by changing consumer behavior; reallocations by capital providers toward transition-aligned assets	Medium, long			Higher R&D and compliance costs to meet consumer demand, or loss of market share; higher cost of capital for non-aligned assets	- Use deep sector expertise to monitor pace of product innovation and customer uptake and to assess impact on issuer fundamentals - Support client-directed decarbonization through glidepaths and portfolio monitoring
Transition risk – Technology	Disruption caused by emerging low-carbon technologies	Short, medium, long			Higher capital expenditures to deploy emerging technology; potential stranded assets	
Transition risk – Legal	Litigation seeking damages for inadequate disclosure or contribution to climate change	Medium, long			Legal fines and reputational costs	- Monitor and assess legal cases - Engage issuers on disclosure quality and transition planning
Transition risk – Reputation	Adverse perception of climate actions by the public and other stakeholders	Medium, long			Reduced investor confidence and market access, headwinds to customer and talent retention	- Monitor media and NGO reporting on issuer activity - Engage issuers to assess responsiveness following controversies
Physical risk – Acute	Event-driven physical risks, including more severe extreme weather events such as wildfires, hurricanes, and flooding	Short, medium, long			Disruption to direct operations and supply chains, higher capital expenditures to implement resilience measures, higher insurance prices	- Integrate forward-looking climate scenarios into research and assessment - Assess physical risks using geospatial analysis and issuer-level materiality assessments
Physical risk – Chronic	Long-term shifts in climate patterns, such as heat and sea-level rise	Medium, long			Higher cost of goods sold, lower productivity	Prioritize engagement with issuers based on materiality and resilience disclosure
Opportunity – Products & services	Development of products and services which enable emissions reduction and/or adaptation	Medium, long			Higher revenue growth, higher market share, and competitive advantages	Identify issuers with innovative product offerings across mitigation and adaptation themes through climate-solutions research and focus lists

For illustrative purposes only. | Our time horizons are defined as “short term” (1 – 3 years), “medium term” (4 – 10 years), and “long term” (11+ years). Severity under each climate scenario is rated as “low,” “moderate,” or “high.” | Sources: TCFD and Wellington Management

2.2 Identifying climate-related investment opportunities

Our research suggests that many sectors remain underprepared for climate change and overlook climate risks and opportunities. As climate awareness and action grow in response to regulatory, customer, and other stakeholder pressures, our climate investment teams anticipate increasing demand for, and capital allocation to, innovations aimed at climate-risk mitigation and resiliency. Climate investing can enable markets to supply capital toward such solutions, while gaining access to segments of the market that we believe are inefficient and may include attractive investment opportunities. Companies that help adapt to and/or mitigate the impacts of climate change through innovative technology, products, and services could gain market share and build competitive advantages. Conversely, issuers that fail to align with the low-carbon transition and build resiliency to physical climate risks may lag peers and face headwinds from rising costs of capital and/or regulatory pressures.

Our climate-related investment opportunity set includes solutions such as low-carbon electricity and transport, utility and grid resilience, sustainable infrastructure and agriculture, water and resource management, cooling systems, flood control, backup power, and many others. Recognizing the range of solutions needed to address the climate crisis holistically, our Climate Research Team, scientific climate research partners, and climate-focused investment teams collaborate to identify underappreciated companies that may stand to benefit from providing climate solutions. This research supports integration across public and private market teams with a range of inclusion criteria. For dedicated climate strategies, we apply a materiality threshold stipulating that a minimum proportion of revenue must come from climate mitigation or adaptation products or services.

In our view, a comprehensive understanding of the opportunity set across the cross-industry climate value chain can support investment idea generation, whether a strategy has an explicit climate-related objective or not. Many intersections exist between pure-play companies that offer climate solutions and industries that such companies can influence or disrupt. Electric vehicles, for example, may influence demand forecasts for electricity, with implications for power-grid operators.

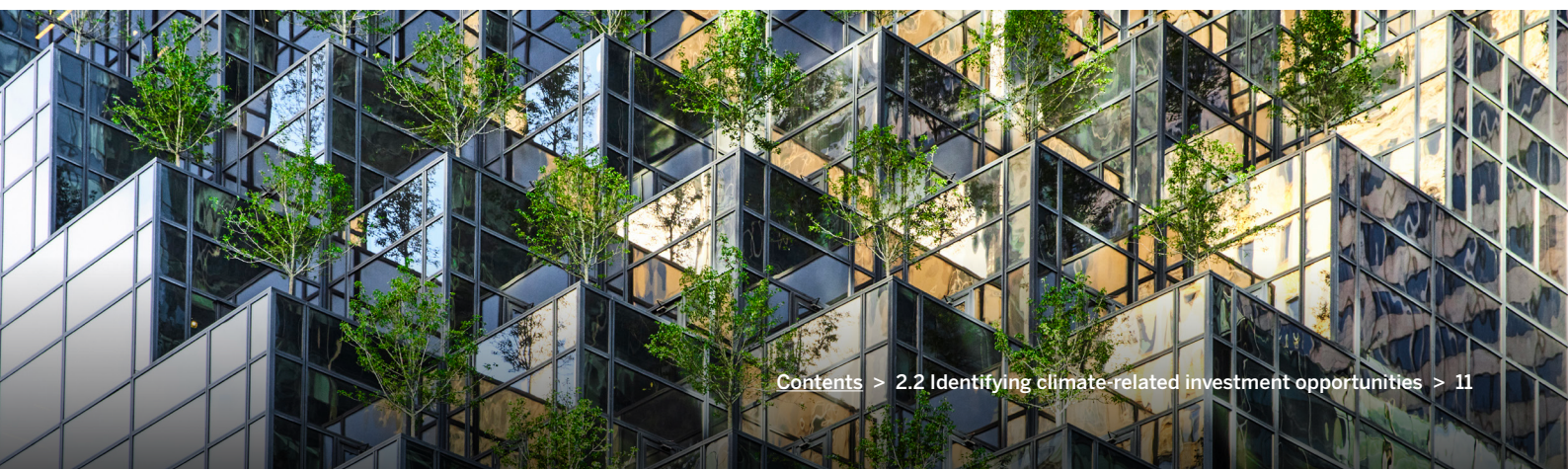
The Climate Research Team has collaborated with certain investment teams, as relevant to their P&P, on the evolution of climate integration frameworks for both sovereign issuers and commodities, with the goal of identifying the assets that are best positioned to take advantage of climate-related opportunities, and those that have unmanaged risk exposure. On an ad hoc basis, the Impact Measurement & Management (IMM) Practice, in consultation with the Climate Research Team, advises on the impact case and KPIs that measure the improvements issuers are making on climate, such as net CO₂ emissions avoided, renewable energy produced, number of people and structures protected from extreme weather events, or volume of wastewater treated.

2.3 Research review for 2025

In 2025, our Climate Research Team continued to host interactive climate research deep dives with Woodwell Climate and MIT CS3, which were open to all Wellington investment teams to encourage the free exchange of ideas. Representative examples of these deep dives follow:

TRANSITION-RISK RESEARCH EXAMPLE: ENERGY SYSTEMS AND ELECTRICITY INFRASTRUCTURE

The implications for power demand, specifically from AI and reshoring, are an increasingly important focus area of our transition-risk research. AI innovation and associated data center build-out, combined with reshoring of production to the US following the implementation of tariffs, have intensified power-demand expectations. Last year, we explored the topic of reshoring with MIT CS3, considering a case study from the steel industry as an example of US tariffs leading to reshoring. This analysis examined the impacts of tariffs on overall steel production and subsequent US electricity demand. The work indicated that power-demand growth is being met by a combination of power sources, a situation that could delay planned coal plant closures.



PHYSICAL-RISK RESEARCH EXAMPLE: IMPACT ON INSURANCE MARKETS

We continued our climate research on insurance markets, focusing on the implications for real estate prices. This analysis incorporated forward-looking projections from Woodwell Climate's catastrophe model to represent current risk compared to the regulation-mandated historical period used by many insurers. Our research uncovered that the difference in the rate increase of insurance premiums relative to the increase in average annual loss expands with the integration of forward-looking projections. While some insurers are not permitted by regulators to use forward-looking climate projections in their catastrophe models, premiums have increased over recent years, nonetheless. For real estate, this made traditional insurance increasingly unaffordable, causing some real estate investment trusts to reduce their risk exposure by installing resilience measures at their properties or, in extreme cases, by self-insuring.

PHYSICAL-RISK RESEARCH EXAMPLE: IMPACT ON SOFT COMMODITIES

Our research with Woodwell Climate also incorporated physical climate signals into our assessment of the growing season of certain soft commodities, many of which are grown in regions vulnerable to extreme weather events. This work resulted in the development of a new drought-monitoring tool, which can be used to evaluate climate conditions during the growing season and adjust supply expectations of these soft commodities. These insights also inform ongoing research to consider impacts on adjacent industries such as agriculture-linked consumer products.

2.4 Engagement philosophy and examples

We rely on constructive dialogue with company management teams and boards to assess companies' and issuers' credibility on climate-risk management. Because emissions and location data are often backward-looking, incomplete, or estimate-based, engagement helps us evaluate forward-looking investment risks and opportunities. Engagement applies to investments across equity and credit in both private and public markets, and we engage on the topic of climate when we believe doing so could be financially material to an investment team's holdings. Proxy voting applies mostly to public equities. For more information on our engagement philosophy and approach, our efforts to track issuer engagements and outcomes, and our approach to proxy voting, please refer to **Sections 3.2, 3.3, and 4.1** of our [Sustainability Report](#).

2025 ENGAGEMENT ACTIVITY

In 2025, we discussed climate-related topics with more than 500 companies, often meeting with companies multiple times over the course of the year with the aim of continuous communication.

Observations from engagements

Our engagement approach acknowledges that no two issuers are exactly alike, and we seek to meet issuers where they are. Nonetheless, it is useful to highlight commonalities across engagements to inform peer-relative analysis and to provide suggestions for issuer improvement in future engagement.

Issuers are getting more sophisticated in their approach to resilience, acting to diversify or reduce exposure to concentrated physical risks. In our [Physical Risks of Climate Change \(P-ROCC\)](#) framework, we outline three main risk management mechanisms: transfer, adapt, and repair. Analysis and engagement suggest that transferring risk, via increased insurance coverage and/or increased diversification, remains the most common risk management mechanism, relative to more capital-intensive resilience measures. We are encouraged by adoption of best-practice frameworks that promote deliberate capital allocation and consistency in resilience reporting, such as the Climate Bonds Resilience Taxonomy for issuers of sustainable finance.

With respect to transition risk management, near-term political and geopolitical uncertainty has slowed execution of transition investments, especially those which are long dated or where the economics rely on sustained policy support. Decarbonization execution, especially in hard-to-abate sectors, depends on the availability of mature, cost-effective technology to embed into existing operations. We aim to learn from "in the field" tests of lower-carbon technologies to understand a) whether these technological bottlenecks are genuine and b) if additional collaboration with suppliers of the lower-carbon technology could accelerate progress. For example, a key decarbonization lever for airlines is increased fuel blending using sustainable aviation fuel (SAF). In 2025, SAF remains about four times more expensive than conventional jet fuel, limiting uptake beyond jurisdictional requirements. Airlines are seeking to engage with governments to encourage more policy support and with SAF providers to structure long-term agreements with more favorable economics.

We also hear that many companies are hesitant to set absolute emissions targets, fearing constraints on business growth. Those same companies are often improving their “green-to-brown” revenue ratio by increasing their “green” business lines, even when “brown” business lines are declining more slowly. Examples of this dynamic vary by sector. For instance:

- Utilities are growing solar generation capacity faster than prior years while delaying coal phase-out timelines
- Energy companies are shifting toward gas and investing in carbon capture and storage while acknowledging the continued role of oil
- Insurance providers are increasing coverage for renewable infrastructure as a growing specialty market while maintaining fossil-fuel-oriented clients

We encourage companies to evaluate these “green” opportunities with the same return hurdle as any business line, to ensure that the company’s strategy remains viable amid the evolving policy landscape.

In 2025, our sovereign engagement spanned regions. For developed and emerging European countries, for example, European Union funding and regulations are driving continued focus on climate transition, though implementation is uneven. Energy security and electrification remain top priorities; countries are effectively scaling renewables, but some

face transmission and grid investment gaps to support the increased share of variable power. For Latin American countries, renewables growth is being driven by different forces — namely, chronic droughts, leading to lower agricultural yields and more variable productivity of hydropower, as well as inflation. Given higher exposure to physical-risk events, we understand that the region has more potential competition between transition-focused and physical-risk-focused policy priorities, so we provide feedback on policies, disclosures, and observed trends versus peer countries to support continued balance between these material components of climate readiness.

CLIMATE-RELATED ENGAGEMENT EXAMPLES

Figure 3 provides a high-level summary of the 2025 engagement examples chosen to represent stewardship on climate risks and broad investment team involvement across asset classes and regions. We also selected examples that we believe demonstrate our engagement policies in action. All engagements contribute to the relationship with and/or understanding of a company. We continue to develop our engagement-tracking tools to enhance research and ESG integration, as well as client reporting. Comprehensive, long-form versions of each example are available in **Section 3.4** of our [Sustainability Report](#).

Figure 3

Summary of climate-related engagement examples

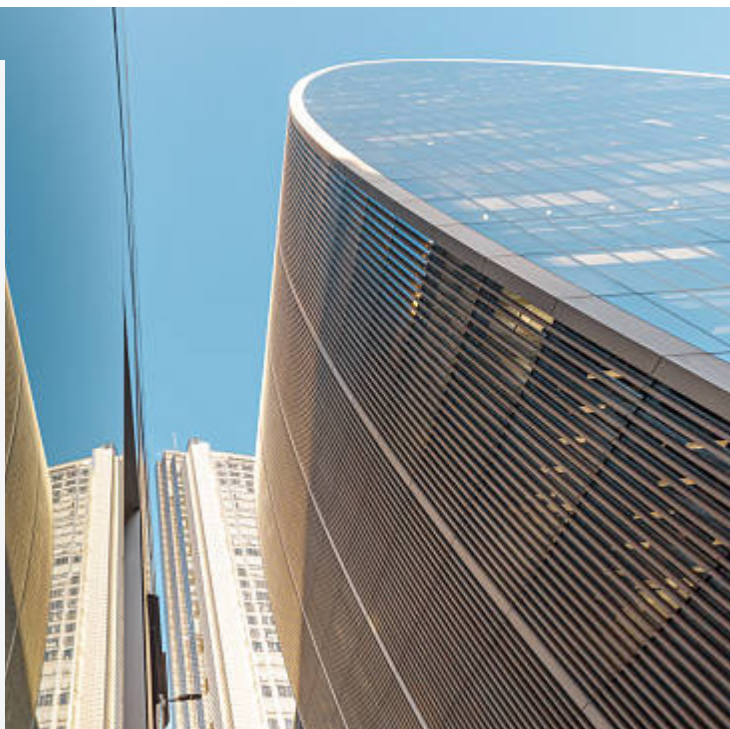
Issuer	Industry	Climate topic(s)	Climate-related engagement focus
Beazley plc	Property & casualty insurance	Transition opportunity & physical risk	Integration of climate science into underwriting and opportunity in specialty markets linked to climate transition
Exxon Mobil Corporation	Integrated oil & gas	Transition risk	Capital allocation discipline and progress of low-carbon portfolio
Sempra	Multi-utilities	Transition & physical risk	Evolution of business/regional exposure, wildfire risk management
Denmark	Developed market sovereign	Climate transition & sustainable finance	Transition policy implementation and feedback on green bond framework
Mexico	Emerging market sovereign	Climate transition, sustainable finance, & physical risk	Transition policy implementation and feedback, sustainable finance frameworks, and adaptation measures
Renewable energy company	Subsidiary of private multi-utility	Transition & biodiversity risk	Emissions disclosure and biodiversity management following corporate spin-off
Tokyo Metropolitan Government	Developed market sub-sovereign	Physical risk & sustainable finance	Input on resilience bond framework and outcomes-based reporting

Source: Wellington Management

PROXY VOTING

As a complement to engagement, we can also use proxy voting as part of our escalation process for managing climate-related risks. We evaluated shareholder proposals related to environmental issues on a case-by-case basis.

In 2025, we voted on more than 100 climate-related proposals, including those related to emissions disclosure, Say on Climate, and issuer decarbonization pathways. We assess issuers' performance on environmental topics we deem to be impactful to long-term financial performance, using proxy voting as a tool for managing climate-related investment risks, where appropriate, as part of our overall stewardship process. The assessment process may involve, but is not limited to, reporting of material emissions, evaluating companies' climate transition plans, and board oversight of climate-related risks. More information on our climate-related proxy voting guidelines is available on [our website](#).



2.5 Promoting well-functioning markets and systems

We advocate for public policies and market expectations that we believe are in the long-term best financial interests of our clients. During 2025, we continued to share our comments and perspectives on climate-related public policy topics with regulators and trade organizations.

SUPPORTING STANDARDIZED CLIMATE AND SUSTAINABILITY DISCLOSURES

Encouraging adoption of the ISSB's Sustainability Disclosure Standards by individual jurisdictions

Starting in 2024, we have been responding to select consultations in jurisdictions considering the adoption of mandatory sustainability disclosure requirements by public companies. These jurisdictions include Hong Kong, Switzerland, Indonesia, China, New Zealand, and the European Union. We expect consultations from additional jurisdictions to continue through 2026 and beyond.

IFRS and its ISSB-developed [Sustainability Disclosure Standards](#) present a comprehensive global baseline centered on financial materiality. This focus addresses a critical issue: the need for consistent, comparable data on sustainability topics most relevant to financial outcomes. Accurate, comparable information is essential to our ability to make informed investment decisions on behalf of our clients. Our consultation responses have also underscored the importance of interoperability across jurisdictions to reduce the compliance burden for companies. Finally, with input from our ESG sovereign analyst, our responses have explained the potential benefit of adopting the standards to governments as issuing entities, as improved transparency can help attract private sector capital to complement government spending.

In 2025, we began assessing our climate reporting against the IFRS S2 climate-related disclosure requirements to identify areas of coverage and gaps. This report includes several new disclosures relevant to IFRS S2. **Appendix 1** provides an overview of our ongoing approach to progressive alignment with the standard.

Shaping climate-related transition plan requirements for companies and financial institutions

In 2025, the UK government, through the Department for Energy Security and Net Zero, opened a consultation on climate-related transition plan requirements. The UK government is committed to requiring UK-regulated financial institutions and Financial Times Stock Exchange 100 Index (FTSE 100) companies to develop and implement credible transition plans that align with the country's commitment to the Paris Agreement. This commitment aims to support an orderly transition, increase transparency, and allow companies to capture opportunities from the transition to net zero.

As a member of the Investment Association (IA), Wellington contributed feedback to the consultation from our perspective as both an investor and preparer. The response from IA underscores that transition planning should be part of companies' wider business strategy (rather than simply be a disclosure requirement) and that a "comply or explain" approach supports companies' ability to exercise judgment in determining which disclosures are decision-useful and financially material. It also highlights the importance of standards alignment with other jurisdictions to promote interoperability and reduce compliance burden, and it emphasizes the inclusion of provisions that promote best-efforts implementation such as safe harbor. Finally, the response clarifies the role of asset managers in portfolio-level transition planning by emphasizing that transition alignment and decarbonization objectives are ultimately driven by client mandates and their investment objectives.

Please refer to **Section 2.4** for examples of sovereign engagements by our analysts.

California climate disclosure rules

In 2025, we continued to monitor US state-level climate-disclosure legislation, particularly in California. We view the California climate-disclosure rules as advancing the collection of accurate, consistent, and comparable information about climate risks, which enhances our ability to make more informed investment decisions on behalf of our clients. We are hopeful that any additional state-level climate disclosure rules will leverage standardized reporting frameworks.

During the year, we published our annual AB 1305 disclosure and made a small number of targeted refinements to our 2024 Climate Report to confirm TCFD alignment, ahead of future SB 261 reporting. We also began readiness efforts for California's SB 253 rule, including early work to review and further assess our operational emissions data processes, in anticipation of future assurance considerations related to Scopes 1 and 2 emissions.

INDUSTRY DEVELOPMENT AND PARTICIPATION

We aim to enhance our ability to serve clients through participation in partnerships, affiliations, and industry initiatives. Wellington is a signatory to several industry initiatives and organizations focused on advancing SI practices. Our climate-related participation includes:



PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI):

Signatory since 2012; Head of SI re-elected to the board in December 2024



IFRS FOUNDATION:

ISSB Investor Advisory Group (IIAG)



TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD):

Member of TNFD Forum since 2022; utilize the TNFD framework to inform how nature-related risks may impact company assessments and investment activities, building on our work in 2023 to provide feedback prior to methodology finalization

We believe participation helps us gain knowledge, stay current on key issues, and share our perspectives in pursuit of better investment outcomes. We participate in and apply the principles of these initiatives and organizations only to the extent that we believe that doing so is consistent with our fiduciary duties to our clients. To maximize the research impact of our participation, we are discerning in our evaluation of initiatives and organizations we are asked or encouraged to join.

Importantly, as a participant in these industry initiatives and organizations, we do not form groups, act in concert, or make any collective investment decisions with other investor participants; nor do we ask, encourage, or allow other participants to represent our views or speak on our behalf. These initiatives and organizations do not provide any individual or collective recommendations, arrangements, agreements, or understandings with respect to any company or its securities, including voting or investment decisions.

Through specific industry initiatives and underlying working groups, we share and gain insights on climate research topics relevant to our investment processes. For example, members of our Climate Research Team contribute to Institutional Investors Group on Climate Change (IIGCC) working groups, such as the Net Zero Bondholder Stewardship group and the Adaptation & Resilience group, developing further practical methodologies. In December 2020, Wellington became a founding member of and signatory to the Net Zero Asset Managers (NZAM) initiative. Effective February 2026, following NZAM's review, we reaffirmed our NZAM signatory status through our European and UK entities, Wellington Management Europe GmbH and Wellington Management International Limited.

2.6 Operational climate strategy

From an operational perspective, climate considerations may serve as inputs to certain facets of our business, strategy, and financial planning processes. Some examples are listed below:

- We have continued a multiyear investment in a suite of climate-related research and tools on the SI Technology and Analytics platform, and they are now maintained on an evergreen basis. Strategic resource allocations, inclusive of technology, are approved quarterly and annually by the Operating Committee.
- As of 31 December 2025, more than 40 individuals are dedicated to SI at Wellington. These professionals span the firm's investment, client, and infrastructure platforms.
- Our strategy for assessing buildings for new Wellington office spaces incorporates climate considerations, including energy efficiency and exposure to physical-risk-related hazards. Depending on an office's location and respective vulnerability to the impacts of physical risks, we may use both short- and long-term time horizons.



Section 3: Risk management

Sustainability risks, including climate-related risks, are considered within our broader enterprise risk management framework and are subject to the firm's three lines of defense: line management, second-line risk management, and third-line independent assurance functions governed by Wellington's Risk Committee (RC).

Climate-related risks are not managed in isolation but rather are evaluated alongside other investment risks based on their relevance and potential financial materiality, consistent with our fiduciary responsibilities. This approach is supported by firmwide governance and risk management structures and informed by our Sustainability Risk Consideration Policy, which provides a framework for how sustainability risks may be incorporated within investment processes, as relevant to each team's P&P. For more information on our firmwide approach to risk management, please refer to **Section 1.4** of our [Sustainability Report](#).

Section 3 describes the tools, data, and resources available to portfolio managers and investment teams to support the identification, assessment, and management of climate-related risks, as well as how these capabilities may be applied within our investment processes.

3.1 Issuer-level climate-risk research tools

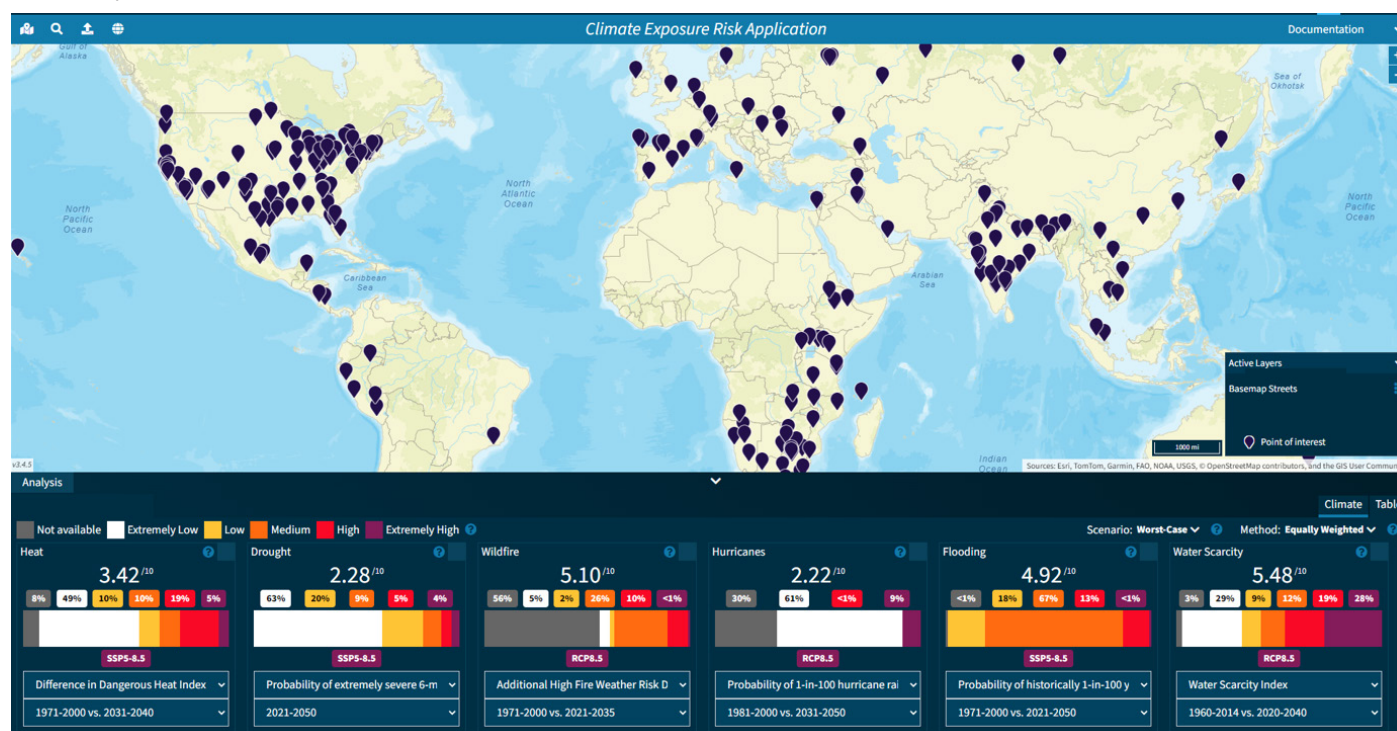
Effective, climate-aware investment decision-making depends on access to reliable data and resources to integrate that data into risk analysis. Climate science is complex, and climate models do not easily translate into financial models and projections. We believe this mismatch can result in asset pricing dislocations. Based on this collective foundation of climate science and investment knowledge, we have developed several proprietary tools available to all Wellington investment teams for use, where relevant.

CLIMATE EXPOSURE RISK APPLICATION (CERA) — PHYSICAL-RISK ASSESSMENTS

CERA is a global interactive physical-climate-risk assessment tool we developed with Woodwell Climate (**Figure 4**). CERA displays geospatial maps overlaid with climate data, which can enable investment teams to visualize and quantify physical climate risks for a variety of securities and real assets.

CERA allows investment teams to view seven key climate factors: heat, drought, floods, hurricanes, wildfires, water scarcity, and sea-level rise. The Climate Research Team applies the information and insights from CERA, along with public market company disclosures, to issuer analysis. The tool and resulting physical-risk ratings can enable PMs and investment teams to identify companies and sectors warranting further fundamental research or engagement.

Figure 4
CERA sample screenshot



For illustrative purposes only. | Source: Wellington Management

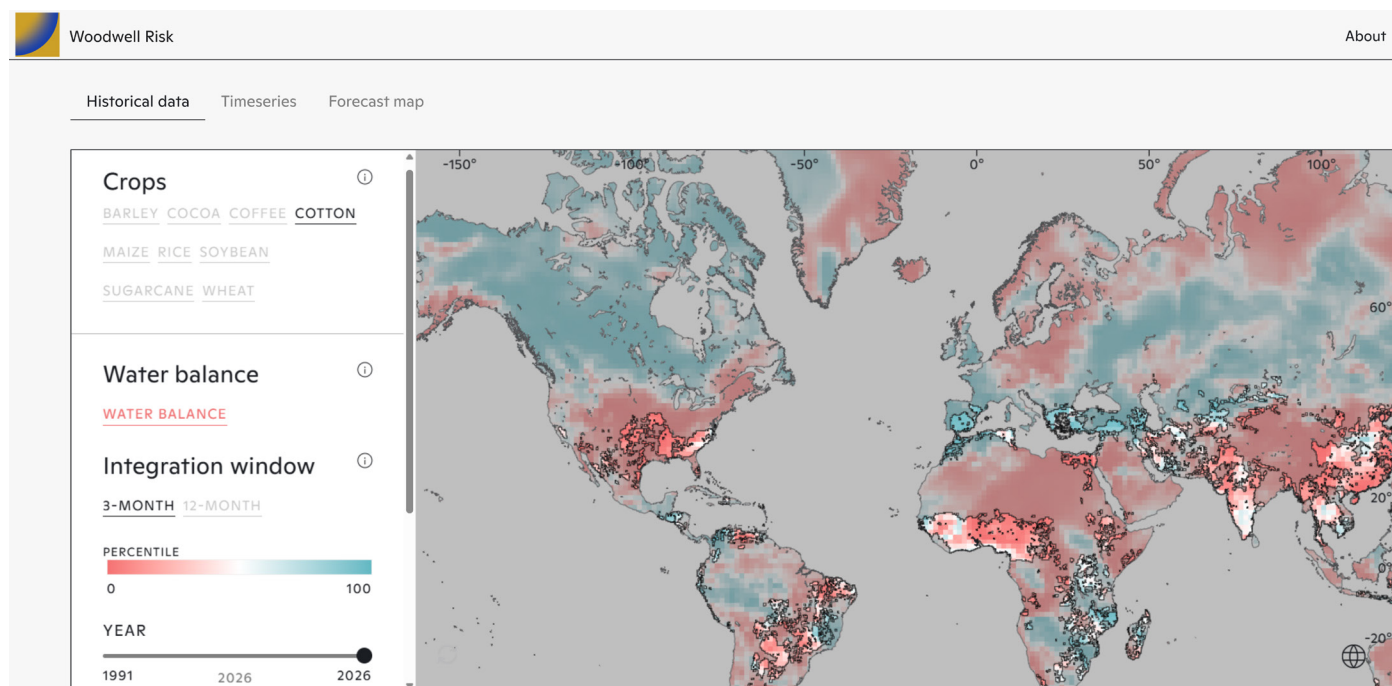
DROUGHT MONITOR TOOL

In 2025, Woodwell Climate and the Climate Research Team developed a drought monitor tool (**Figure 5**), which can be used, among other applications, to evaluate water balance during the growing season of agricultural commodities and as an indicator for reservoir conditions impacting hydropower production. This expands our ability to integrate near-real-time conditions when

tracking drought development as well as to predict drought for the next season, in addition to the long-term climate projections of CERA. In partnership with relevant investment teams, we have refined the drought monitor tool to support actionable investment use cases, including adjusting soft commodity supply expectations (e.g., for cotton and soybeans) and better understanding hydropower reservoir levels and outlooks.

Figure 5

Drought tool sample screenshot



For illustrative purposes only. | Sources: Woodwell Climate and Wellington Management

PHYSICAL-CLIMATE-RISK RATINGS

The Climate Research Team conducts physical-risk assessments of individual issuers, drawing on CERA geospatial analysis to capture physical-risk exposure. To arrive at a physical-risk rating for an issuer, the Climate Research Team also reviews annual reports, CDP disclosures, earnings transcripts, and sustainability reports from company management teams. In 2025, the Climate Research Team expanded the scope of its assessments to systematically consider issuers' disclosed resilience infrastructure and plans, creating an opportunity for rating improvement based on effective management of material risks. This information helps our investment professionals contextualize the significance of a company's exposure to climate risk with its current management through resilience measures.

The result is a climate-risk materiality assessment, captured via a physical-risk rating, and specific topics for engagement. Investment teams across Wellington can then use this research to engage with company management directly on physical-risk management as relevant to their P&P.

In 2025, the Climate Research Team applied this process to evaluate physical climate risks for holdings across equity and fixed income securities. As illustrated in **Figure 6**, in all, we reviewed more than 2,700 unique companies globally, covering 97% of the market value (MV) of the S&P 500 Index, 85% of the MV of the MSCI All Country World Index (MSCI ACWI), and 54% of the MV of the Bloomberg Barclays Global Aggregate Corporate Index (BBG Glb Agg Corp).

Figure 6

Distribution of internal physical-risk ratings for relevant indices

Physical-risk rating	S&P 500	MSCI ACWI	BBG Glb Agg Corp
Total %MV in index rated	96.6	85.3	54.4
Low/no risk identified	8.2	7.5	3.9
Potential risk identified, resilience implemented	0	0.3	0.2
Potential risk identified	24.2	22.7	16.4
Material risk identified, resilience implemented	9.7	8	3.6
Material risk identified	54.5	46.9	30.4

Risk assessments as of 31 December 2025. | Analysis is based on company disclosures as well as proprietary research from Wellington Management's Climate Research Team. Coverage to date has been focused on corporate entities only and research on the broad global equity and corporate indices is incomplete. Ratings reflect a fundamental assessment of potential physical climate risks (heat, drought, water scarcity, wildfire, floods, hurricanes, and sea-level rise), based on our understanding of climate-change projections (as supplied to Wellington by Woodwell Climate) and our research to identify key addresses associated with the company's operations. These climate projections are subject to many assumptions as specified by the climate scientists at Woodwell Climate. Projections vary over different time periods and are subject to change. There can be no assurance that all addresses currently associated with company operations were captured, as most addresses are not publicly disclosed by companies today. If the company's disclosure of location data is more general than provincial or state level, and we are unable to find additional information from supplementary sources, it would be insufficient to produce a rating based on our criteria. In this case, we would look at qualitative factors to assign a rating.

Materiality assessments are communicated via low/no risk identified; potential risk identified, resilience implemented; potential risk identified; material risk identified, resilience implemented; and material risk identified and reflect potential physical risk identified by Wellington's Climate Research Team as of a specific time. The process has evolved to consider companies' resilience in materiality assessments, as a growing number are implementing measures to improve the resilience of their business operations to physical risks. Companies that have implemented concrete resilience measures are communicated via material risk identified, resilience implemented and potential risk identified, resilience implemented. This does not reflect the effectiveness of resilience measures, but rather whether a company has taken action to improve its resilience. Importantly, these ratings do not reflect our assessment of how company management teams plan to manage these risks over time. Ratings are not intended to signal buy or sell investment decisions. Ratings should only be interpreted as a potential input into an investment team's research mosaic. Other investment teams at Wellington Management may disagree with the Climate Research Team's materiality assessment. | Source: MSCI and Wellington Management

TRANSITION ALIGNMENT RATING (TAR) AND TAR TRANSPARENCY DASHBOARD

To better differentiate between companies, we have developed a proprietary Transition Alignment Rating (TAR). The TAR is a quantitatively derived, forward-looking rating. It combines multiple metrics and utilizes industry- and region-relative comparisons, inspired by the parameters for alignment outlined in the Institutional Investors Group on Climate Change's (IIGCC's) Net Zero Investment Framework. The industry-relative comparison ensures that transition alignment is assessed relative to the business model.

The rating enables investment teams tracking public companies' transition risks and opportunities to focus dialogues on topics of greatest impact and track incremental progress toward robust transition-risk mitigation plans.

The TAR framework (**Figure 7**) illustrates that Transparency and Performance comprise the risk-exposure component of the rating, accounting for 40% of the score weight. Meanwhile, Ambition is the measurable management component, accounting for 60% of the score weight. Credibility is a qualitative overlay that does not directly influence the TAR but helps connect it with corporate strategy.



Figure 7

TAR framework



For illustrative purposes only. | The methodology we have established is consistent with the parameters of the IIGCC's Net Zero Investment Framework but has been modified based on our own interpretation (order of operations, weights, etc.) and data availability. Expectations will vary by multiple characteristics, including region, industry, and company size. Adapted by Climate Team from IIGCC PAII Net Zero Investment Implementation Guide. | Source: Wellington Management

Transparency

Where climate-transition risk is high, we generally expect companies to have credible transition plans. We recommend using TCFD recommendations or progressing to the application of the ISSB's IFRS S2 standard. We view disclosure of Scopes 1 and 2 emissions as a minimum expectation where measurement practices are well-defined and attainable. We encourage all companies to disclose Scopes 1, 2, and 3 emissions. While we recognize the challenges associated with collecting Scope 3 emissions data, this disclosure is critical for us to fully understand the transition risks applicable to an issuer. Disclosure of both overall Scope 3 categories — upstream and downstream emissions — with context and granularity from companies about the most significant Scope 3 sources enhances our ability to evaluate investment risks and opportunities across companies with diverse business models.

Performance

We give credit to leading companies for the derisking they have already done by decarbonizing proactively. In the context of the TAR framework, performance measures a company's current state, focused on its operational footprint relative to its industry. The component accounts for regional differences in the carbon intensity of developed and emerging market companies.

Ambition

We encourage companies to set a credible, science-based decarbonization glidepath when it is financially material. We place greater emphasis on interim targets because they are more likely to directly influence companies' strategic planning and capital allocation, and because we can more readily monitor progress. Where industry-specific guidance is applicable and practical, we consider it to be best practice for companies to pursue validation from the Science Based Targets initiative (SBTi). Where companies are unable to do so, we expect them to provide complementary scenario analysis to confirm with which pathway their target is aligned.

Credibility

Qualitative assessments, led by our industry experts, supplement the quantitative TAR scoring and help us assess the credibility of each company's transition-risk strategy. Once a target is set, we continue to monitor companies' implementation, seeking additional data to reinforce strategic alignment of a decarbonization strategy with corporate strategy. These data points can include capital allocation, management incentives, lobbying practices, and just-transition considerations. We believe companies should typically prioritize cost-effective emissions abatement first. When a company uses offsets to neutralize residual emissions, the offsets should ideally be high in quality and remove or reduce GHG emissions in real, additional, and permanent ways.

CARBON EMISSIONS DASHBOARD – TRANSITION-RISK ASSESSMENTS

Our Carbon Emissions Dashboard can enable investment teams to analyze company-level transition risk through peer-relative carbon metrics, historical and target-based emissions-intensity trends across Scopes 1 – 3, and detailed Scope 3 comparisons and category breakdowns to identify how emissions profiles connect to business strategy.

SUSTAINABLE INVESTMENT RESEARCH VIEW (SI RESEARCH VIEW)

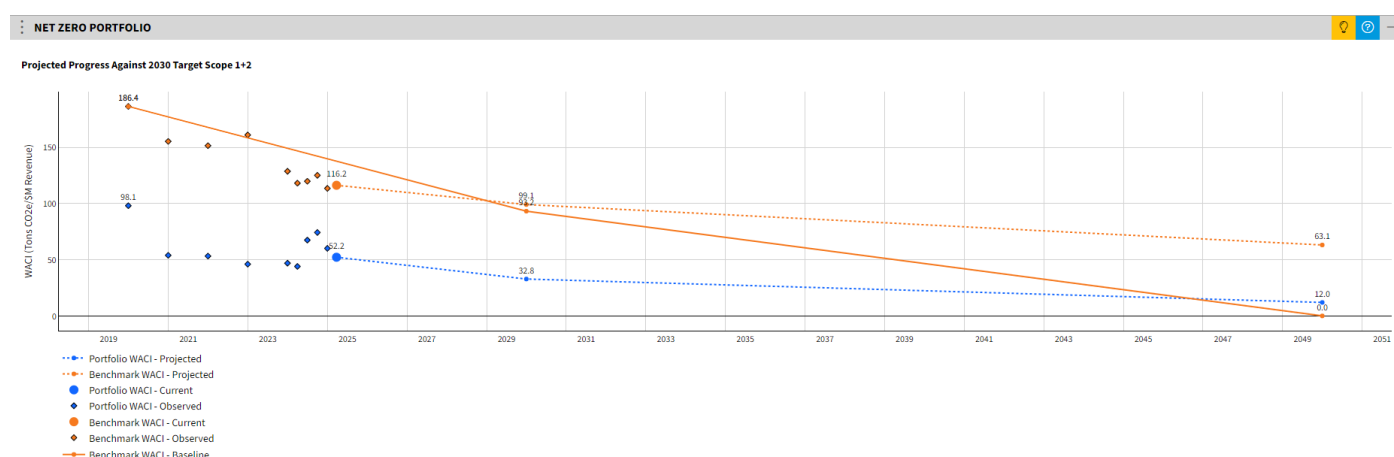
The SI Research View is a centralized access point for investment teams to view internal and external SI research, ESG and climate ratings, metrics, engagement notes, and Sustainable Development Goal (SDG) revenue alignment as needed. It consolidates issuer-level data and provides links to related SI tools and dashboards that were previously dispersed across internal systems and vendor portals.

3.2 Portfolio-level monitoring tools for climate-related risk and guidelines

INTEGRATED CLIMATE PORTFOLIO REVIEWS

In 2025, the Climate Research Team provided on-demand integrated climate portfolio reviews by leveraging our TAR scores, physical-risk rating, and sector heatmapping to provide transition-, physical-, and biodiversity-risk insights. Investment teams can leverage the Climate Research Team's bespoke analysis to develop more informed dialogues with company management and boards. They can also expand their opportunity set by introducing comparable investment ideas with potentially better risk/reward profiles.

Figure 8
NZ PV



For illustrative purposes only. | Source: Wellington Management

NET ZERO PORTFOLIO VIEW (NZ PV)

Where relevant to client net zero commitments and to support portfolio-level transition-risk aggregation, we use the Net Zero Portfolio View in Mosaic (**Figure 8**) to calculate historical, current, and projected weighted average carbon intensity (WACI) versus benchmarks and client-directed decarbonization glidepaths, with issuer-level drill-downs to identify engagement candidates. The tool also incorporates financed-emissions economic intensity and expanded Scope 3 estimates to support research, client dialogue, regulatory comparability, and cross-industry consistency. In 2025, we enhanced the functionality of this tool by incorporating mandate-level commitment data. This allows investment teams to evaluate current and projected progress to client-directed glidepaths.

In addition to these portfolio metrics, the tool also allows investment teams to analyze top-contributing public market issuers within the portfolio to understand these companies' current means of addressing transition risk. These metrics, in tandem with the portfolio's glidepath, can be used by investment teams to surface candidates for engagement, as relevant to their P&P.

SUSTAINABLE INVESTMENT PORTFOLIO VIEW (SI PV)

The SI PV is a dashboard that offers investment teams a consolidated, benchmark-relative and/or absolute view of portfolio ESG and SI characteristics, including proprietary and sovereign ESG ratings, carbon footprinting, TAR and physical-risk ratings, SDG alignment, and Sustainable Finance Disclosure Regulation (SFDR) principal adverse indicators. It helps to identify high-exposure laggards for potential engagement.

Section 4: Metrics and targets

As we encourage investee companies to improve climate disclosures, we recognize the importance of leading by example. Seeking to enhance our own disclosures deepens our understanding of measurement challenges and helps us share insights with peers and portfolio companies, many of which cite measurement as a key challenge in applying the TCFD or IFRS S2 frameworks.

As a community of investment boutiques, each Wellington investment team acts as a fiduciary for its clients and uses its own P&P to guide investment decisions. Individual portfolio management teams are responsible for managing climate-risk exposure in line with their strategy's mandate. At the firm level, we assess aggregate equity and corporate credit climate-risk exposure using metrics available to all teams. We recognize that there is no single metric that fully captures the exposure of our clients' portfolios to climate risks. Portfolio teams can therefore leverage a range of metrics, including current and projected WACI, financed emissions, implied temperature rise (ITR), and climate value-at-risk (CVaR), to conduct climate-risk analysis and, where relevant, assess net zero alignment.

We can calculate GHG footprints for our strategies invested in public equity, corporate credit, sovereign fixed income, and securitized fixed income, where relevant data is available. Our investment teams may use this information to assess portfolio-level emissions footprints, including sector and regional carbon intensity, and identify top emissions contributors. This data is available to clients through our standard ESG reporting. Please refer to **Appendix 2** for sample client reporting for sovereign and securitized portfolios.

4.1 Measuring current exposure

This section focuses on firmwide aggregate equity and corporate credit exposure⁸, using metrics broadly aligned to client reporting. The following analysis is provided for illustrative and transparency purposes and is separate from our work supporting our clients' climate goals. Unless otherwise stated, "Wellington exposure(s)" refers to our firmwide aggregate equity and corporate credit exposure. For illustrative purposes, we include climate metrics for relevant indices in most figures to provide a comparison to a representative global investment universe for each asset class.

WACI

Because we generally believe that energy-efficient companies manage transition risks better than their less-efficient peers, WACI is our preferred portfolio-emissions metric. WACI measures portfolio exposure to carbon-intensive companies and countries, using corporate revenue or GDP as a proxy for size. WACI also enables us to compare names across industries and regions. For peer analysis, our industry research analysts may use a more specific intensity-based metric, such as kilowatt hours, for utilities.

WACI changes only with annual reported emissions or revenue and is therefore not sensitive to share-price movements or capital-structure changes. WACI is accessible and easy to communicate to clients, and like returns-based attribution analysis, allows us to decompose a portfolio to illustrate the effects of sector allocation and security selection on its carbon intensity.

Figure 9 shows the WACI of Wellington's equity and corporate credit exposures relative to representative indices⁹ as of year-end 2025. **Figures 10** and **11** show sector-level breakdowns. Based on attribution analysis, Wellington's 2025 equity WACI (Scopes 1 and 2) was the same as the global index; despite a small relative overweight to utilities, stock selection within the sector was skewed toward companies with lower carbon intensity. One additional factor contributing to this result was a relative overweight to health care, one of the least carbon-intensive sectors.

Wellington's corporate credit WACI was higher than the global index, largely because of an overweight to utilities and our specific security selection in utilities, the sector with the largest contribution to the footprint. WACI does not account for the evolving generation mix of utilities over time. In addition, the representative index is comprised of investment-grade issuance, while our corporate credit exposure includes investment-grade as well as high-yield issuance. For reference, the WACI for a global high-yield index is more than 30% higher than that of a global investment-grade index.¹⁰

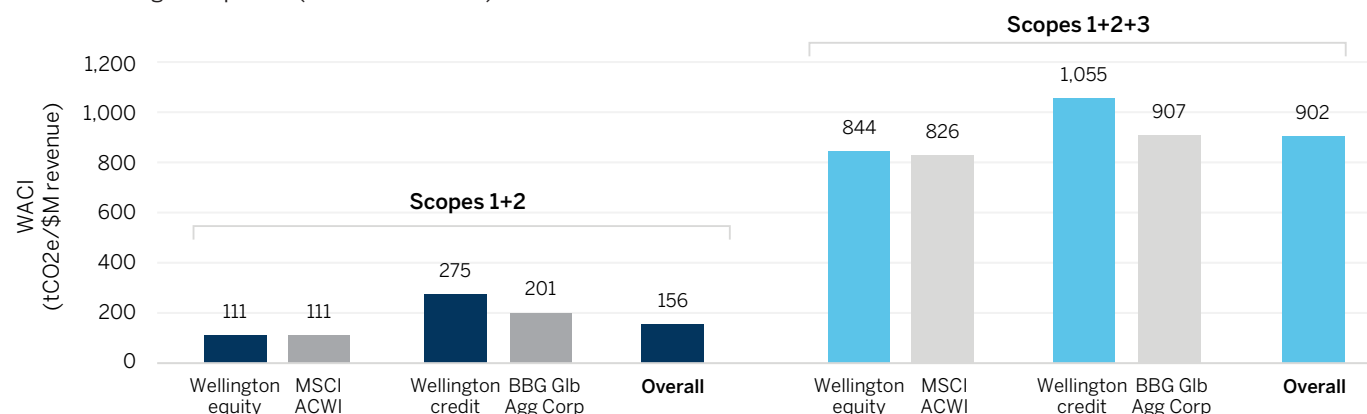
⁸ The analysis is based upon eligible aggregate gross long equity and corporate credit exposure of nearly US\$743 billion and US\$279 billion, respectively, for total eligible exposure of more than US\$1.02 trillion (representing approximately 76% of total firm AUM). The analysis considers eligible holdings, which we consider to be long-only equity and corporate credit securities. Where applicable, calculations are rebased to reflect both eligibility and data coverage to facilitate comparability. Analysis is based on holdings and carbon data available as of 31 December 2025, unless otherwise noted. Scopes 1 and 2 emissions are based on a combination of company-disclosed and estimated data to supplement data gaps, while Scope 3 emissions are based on a fully estimated dataset; both are sourced from MSCI. These figures have not been independently assured or audited.

⁹ The MSCI ACWI has been used to represent the global equity universe, and the BBG Global Aggregate Corporate has been used to represent global investment-grade, fixed-rate corporate debt. Comparisons are for informational purposes only; not all assets aggregated as Wellington's equity and corporate credit exposure are managed against these indices.

¹⁰ Wellington analysis as of 31 December 2025, based on a comparison of the Bloomberg Global Agg Corporate Index and the Intercontinental Exchange Bank of America Merrill Lynch Global High Yield Index.

Figure 9

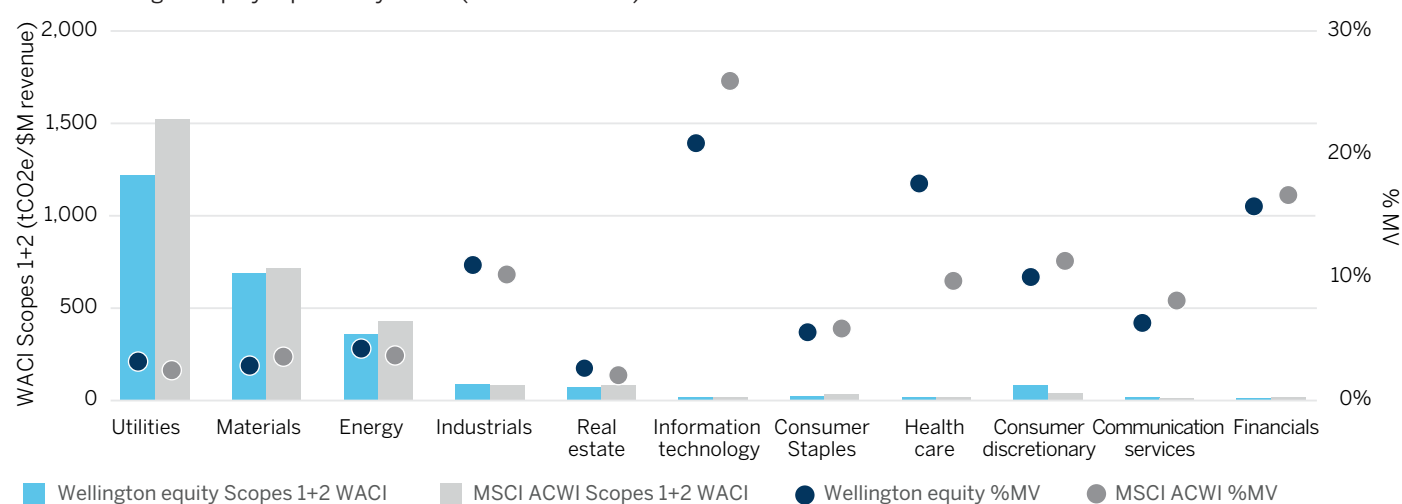
WACI of Wellington exposure (vs relevant indices)



Data as of 31 December 2025. | Scope 3 emissions are sourced from an estimated dataset, regardless of company disclosure, to improve comparability.
| Sources: MSCI, Bloomberg, and Wellington Management

Figure 10

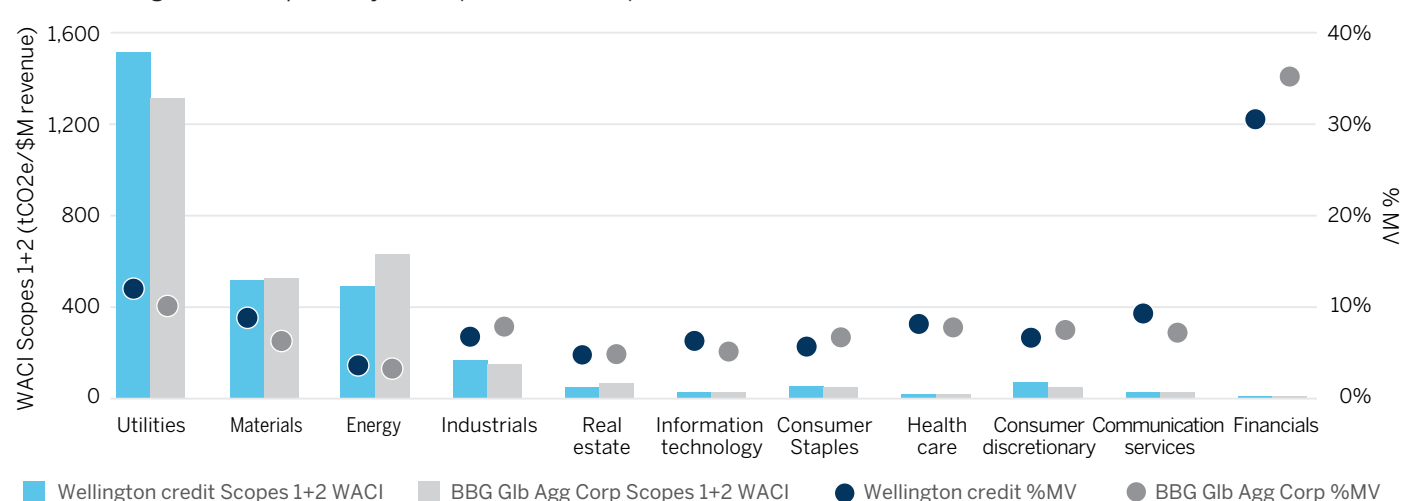
WACI of Wellington equity exposure by sector (vs relevant index)



Data as of 31 December 2025. | Sources: MSCI and Wellington Management

Figure 11

WACI of Wellington credit exposure by sector (vs relevant index)



Data as of 31 December 2025. | Sources: MSCI, Bloomberg, and Wellington Management

We undertake the same attribution analysis for the WACI for Scopes 1, 2, and 3, but we proceed cautiously as we view the estimated dataset as only directionally accurate at this time. For Wellington's equity exposure, the analysis indicates that our underweight to information technology and overweight to utilities and energy contributed to modestly higher overall Scopes 1, 2, and 3 WACI.

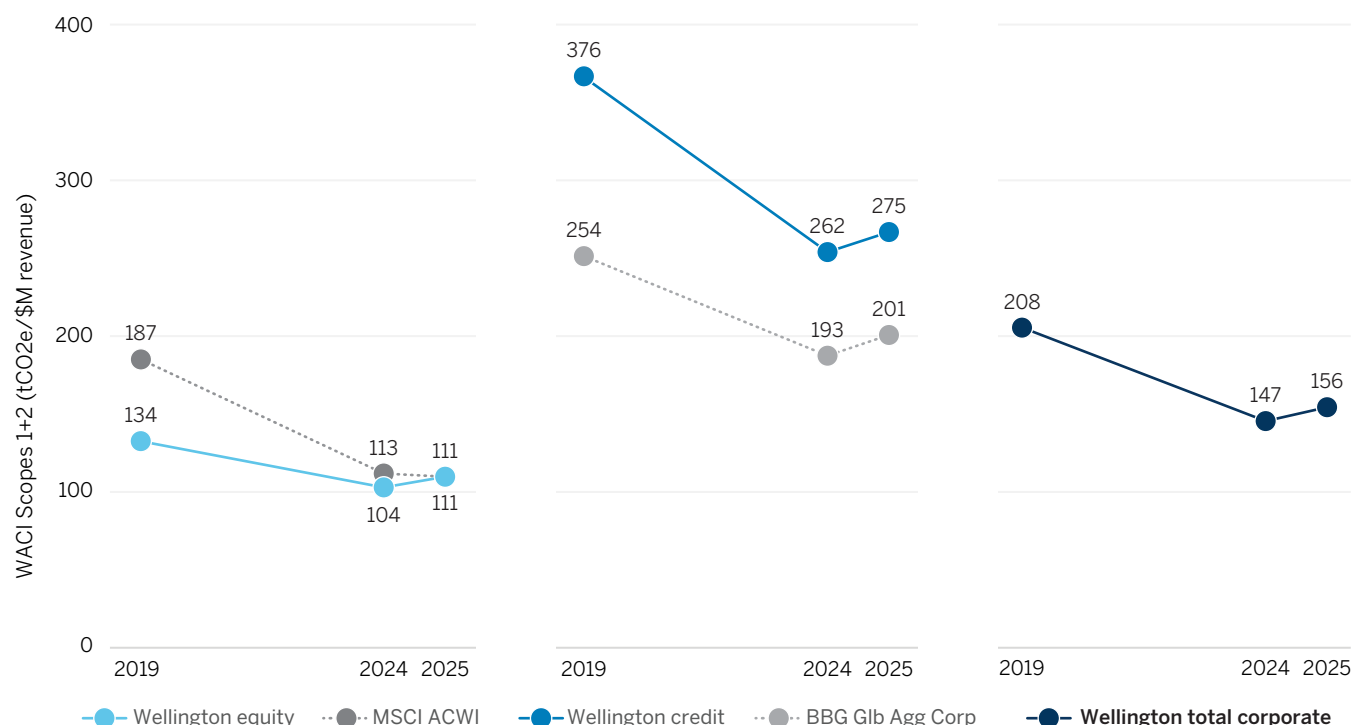
We will seek to analyze the stock-selection effect as Scope 3 disclosure improves, to provide more differentiation within industries. We expect to be able to connect stock-selection information to our fundamental analysts' views on long-term value drivers. For example, automotive manufacturers that gain EV market share should report lower Scope 3 downstream emissions (Category 11) relative to peers. Similarly, banks managing transition-risk exposure in long-dated lending portfolios should report lower Scope 3 downstream emissions (Category 15).

The WACI of Wellington equity and corporate credit portfolios increased modestly between 2024 and 2025. Relative to 2019, the WACI of our equity and corporate credit portfolios decreased by 17% and 27%, respectively, in 2025 (**Figure 12**). The decline in equity WACI was slower than the broader market over the past five-year period, though from a relatively less carbon-intensive starting point.

By contrast, credit WACI declined faster than the broader market over the past five-year period, from a more carbon-intensive starting point. Security selection in carbon-intensive sectors continued to improve. For example, the WACI for utilities, which accounts for about two-thirds of the corporate credit WACI, has decreased by more than 35% since 2019. In general, the utility companies in which we invest are lowering the carbon intensity of their energy mix by increasing natural gas and renewable generation, gradually displacing more carbon-intensive, legacy coal plants. That said, some utilities have postponed their coal phaseout timelines to meet growing energy demand and expectations for reliability. Our current methodology attributes green bonds to an issuer as if they were general-issuance bonds. This limitation likely resulted in a consistently overestimated intensity measure for both a portfolio and its benchmark index.

Figure 12

Change in WACI of Wellington exposures over time (vs relevant indices)



Data as of 31 December 2025. | Sources: MSCI, Bloomberg, and Wellington Management

CARBON FOOTPRINT: EMISSIONS ASSOCIATED WITH AUM¹¹

As a complement to WACI, which highlights the emissions efficiency of a portfolio, a growing number of asset-owner clients also seek to understand how their portfolios contribute to climate change. Carbon footprinting is the process financial institutions use to allocate emissions to “Scope 3, Category 15, Investments,” per the Partnership for Carbon Accounting Financials (PCAF) Standard. To measure this, we use the ownership approach, which allocates each company’s emissions to its shareholders and creditors, based on their investment share of the enterprise value including cash (EVIC).

If a shareholder owns 1% of a company’s EVIC, then that shareholder’s strategy is responsible for 1% of the company’s emissions.¹² The financed emissions metric per US\$ million invested is a normalized version of the same figure, where total financed emissions are divided by asset class AUM. This metric facilitates comparison among portfolios of various sizes.

Figure 13 shows that, overall, Wellington’s total equity and corporate credit assets managed on behalf of our clients contributed 52 tonnes¹³ of emissions in Scopes 1 and 2 terms and 361 tonnes in Scopes 1, 2, and 3 terms.

Wellington’s equity AUM contributed fewer emissions than the global equity index in Scopes 1 and 2 terms and Scopes 1, 2, and 3 terms (**Figure 14**). Wellington’s corporate credit AUM contributed more emissions than the global corporate credit index in both Scopes 1 and 2 and Scopes 1, 2, and 3 terms. On average, every US\$1 million AUM in a Wellington equity strategy contributed 36 tonnes of Scopes 1 and 2 carbon emissions; the same US\$1 million passively invested in the MSCI ACWI contributed 40 tonnes. In an average Wellington credit strategy, every US\$1 million invested contributed 89 tonnes, while the same amount invested in the BBG Glb Agg Corp contributed 70 tonnes.

Figure 13

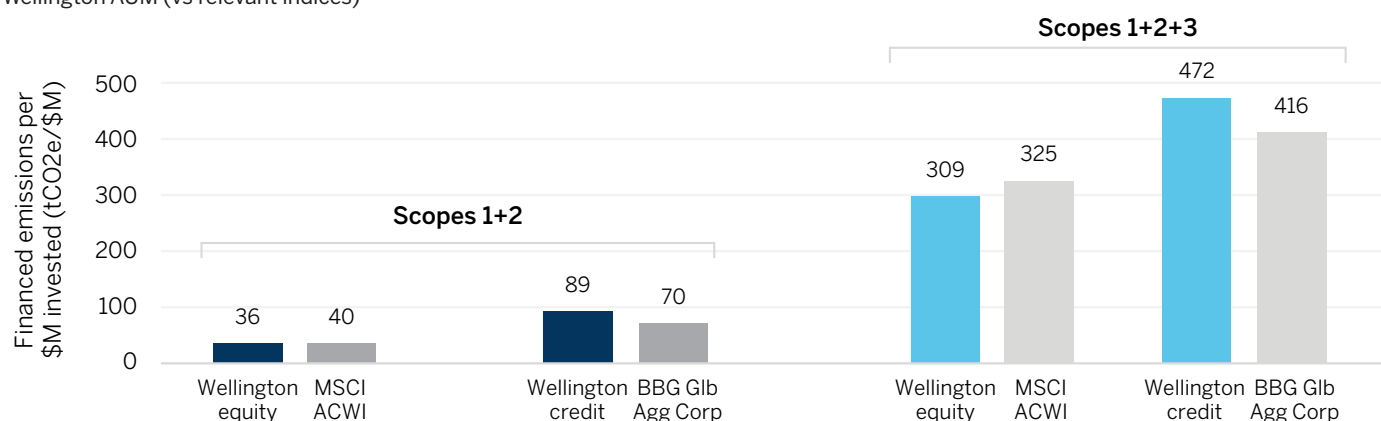
Financed emissions from Wellington AUM

	Financed emissions (million tCO ₂ e)	
	Scopes 1+2	Scopes 1+2+3
Wellington equity	27	230
Wellington credit	25	132
Wellington total	52	361

Data as of 31 December 2025. | With respect to Scope 3 Category 15, data estimation is based on the GHG Protocol’s (GHGP) required accounting of emissions from investments, which only accounts for loans with known use of proceeds and equity investments from a company’s own balance sheet. Category 15 estimation does not yet include all investments, such as loans for general corporate financing, real estate, and other assets. | Sources: MSCI, Bloomberg, and Wellington Management

Figure 14

Financed emissions economic intensity of Wellington AUM (vs relevant indices)



Data as of 31 December 2025. | With respect to Scope 3 Category 15, data estimation is based on the GHGP’s required accounting of emissions from investments, which only accounts for loans with known use of proceeds and equity investments from a company’s own balance sheet. Category 15 estimation does not yet include all investments, such as loans for general corporate financing, real estate, and other assets. | Sources: Sources: MSCI, Bloomberg, and Wellington Management

¹¹ This analysis is consistent with the Public Carbon Accounting Financials (PCAF) Global GHG Accounting & Reporting Standard for the Financial Industry (PCAF Standard), based on holdings as of 31 December 2025 and carbon emissions and ownership data available from MSCI as of 31 December 2025. Given the lag in carbon-emissions disclosure and estimation, the data available at this date is a combination of 2022, 2023, and 2024 fiscal years. Financed emissions coverage reflects 76% of total AUM, representing public equity and corporate credit holdings for which data is available. The remaining 24% of AUM is excluded from the eligible universe and consists primarily of asset classes such as sovereigns, securitized products, private assets, cash, and derivatives, for which financed-emissions calculations are not currently provided as part of our standard reporting. We aspire to incorporate these asset classes into our standard reporting in line with developments in PCAF standards. Please refer to Appendix 2 for more detail.

¹² Limited data at the issuer level remains the main challenge in calculating financed emissions; however, issuer coverage has been improved by use of estimated data, for Scope 3 emissions, in particular.

¹³ Unless otherwise indicated, we use tonnes or tCO₂e to denote metric tons.

Since financial institutions must rely partly on estimates of carbon emissions data, the PCAF Standard suggests disclosing a data-quality score on a scale from 1 (highest quality, verified disclosure) to 5 (lowest quality, estimation based on asset turnover ratios). Based on the MSCI dataset used in this analysis, the data-quality score for both equity and corporate credit is between 2 and 3. Most market value within the global universes is directly reported but unverified, while the remainder is estimated by MSCI using a combination of physical activity and revenue factors. Data-quality scores may improve as regulators increasingly require climate disclosure, and companies voluntarily audit disclosed information.

In applying the PCAF Standard for financed emissions, we have encountered a few challenges requiring further consideration. While we continue to report this calculation per clients' requests, we prefer not to use it as the basis for portfolio construction to meet investment guidelines. For the allocation factor, EVIC, we leverage a data field that includes market capitalization at fiscal year-end date, preferred stock, minority interest, total debt (short and long term), and cash/cash equivalents. This places equal weight on all issuance regardless of duration and presumes that shorter-term debt continually rolls over. We are also cognizant of counterintuitive relationships when analyzing short-term changes in financed-emissions metrics. Financed emissions attributable to one investment can change, absent a modification in absolute emissions or intensity, as the capital structure represented by EVIC may cause the shift.

PCAF acknowledges that specific elements of EVIC may not be readily available because data providers are still aligning to this definition, but this metric should become more mainstream over time. Since EVIC availability is required for the calculation, this gap can sometimes reduce coverage and require rescaling of covered securities, unrelated to carbon-emissions availability.

EXPOSURE TO HIGH-IMPACT SECTORS

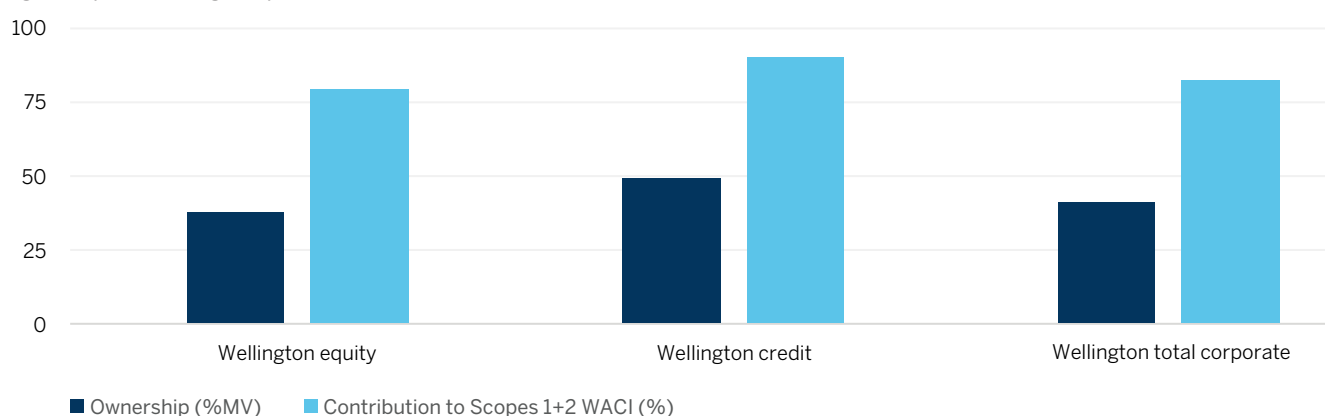
The Net Zero Investment Framework (NZIF) defines high-impact companies as “companies on the Climate Action 100+ focus list; companies in high-impact sectors consistent with Transition Pathway Initiative (TPI) sectors; banks; and real estate.”

This categorization is a proxy for industries where transition risk is most likely to be financially material to companies' operations and/or business model. Accordingly, exposure to high-impact sectors provides an indicator of the amount of exposure to climate-related transition risks.

In **Figure 15**, we map current exposure to these industries. High-impact sectors represented 41% of Wellington's total exposure and contributed disproportionately to the overall Scopes 1 and 2 WACI (82% contribution). Sector exposure is largely an organic outcome from underlying client mandates, so we expect it to fluctuate over time, consistent with **Figures 10** and **11** above. Still, this broader categorization underscores the potential materiality of the climate transition to a variety of industries as some regulatory regimes attempt to address both the supply and demand side of emissions to meet decarbonization goals. Sectors that primarily supply emissions are typically in focus given their relatively higher contribution to portfolio footprints, but we are also interested in assessing the potential financial impact on sectors that are consumers and facilitators of emissions, such as financials and real estate.

Figure 15

Wellington exposure to high-impact sectors



Data as of 31 December 2025. | Sources: MSCI, TPI, and Wellington Management

Because many companies in high-impact sectors are actively reducing emissions across their operations and/or supply chains, we view this metric as a blunt measure of exposure. We recognize that some companies have high Scope 1 emissions, making them likely targets of regional carbon-pricing schemes or other policy mechanisms. Within high-impact sectors, we seek to pair carbon intensity with a more forward-looking approach integrating companies' emissions-reduction targets and assessing transition plans. We also leverage capital expenditure disclosures to gain conviction in companies' credibility in achieving stated targets.

EXPOSURE TO HIGH BIODIVERSITY-RISK SECTORS

The World Wildlife Fund (WWF) Biodiversity Risk Filter evaluates sectors across 33 indicators of biodiversity, including physical and reputational risks. WWF collaborated with Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) and the Science Based Target Network (SBTN) to assess dependencies and impacts. Together, they developed aggregate industry materiality ratings for impact and dependency risk classifying sectors along a spectrum of very high to very low impact and/or dependence.

We believe this classification system is a reasonable and comprehensive proxy for industries where biodiversity risk is most likely to affect companies' operations and/or business models.

Generally, industries with higher biodiversity risk operate in direct contact with nature or extract large amounts of natural capital as raw materials. We see this nascent approach as a blunt method with which to assess companies on their biodiversity exposure. Relative biodiversity impacts and dependencies vary by industry, as will relative contribution of these exposures to overall financial risk.

Leveraging the WWF research, we mapped industry-level biodiversity exposure across equity and corporate credit exposure (**Figure 16**). Industries with significant biodiversity impact or dependence represented 10% of Wellington's equity MV and 17% of credit MV. These exposures are comparable to that of each respective index: 11% of the MV of the MSCI ACWI and 16% of the MV of the BBG Glb Agg Corp.

As company disclosure improves, differentiating issuers based on their biodiversity-risk exposure will become easier. Until then, we focus on understanding biodiversity risks and opportunities through sector-level heat mapping analysis and engagement. The Climate Research Team works with investment teams to prioritize discussions with issuers with potentially financially material exposure to biodiversity-related risks, such as those with heavy operational or supply chain reliance on ecosystem services.

Figure 16

Wellington exposure to high biodiversity-risk sectors (vs relevant indices)

Sector	Aggregate sector dependency	Aggregate sector impact	Wellington equity sector exposure (%MV)	MSCI ACWI sector exposure (%MV)	Wellington credit sector exposure (%MV)	BBG Glb Agg Corp sector exposure (%MV)
Agriculture (animal and plant products)	High	High	0.2	0.1	0.3	0.2
Fishing and aquaculture	High	Moderate	0.0	0.0	0.0	0.0
Food and beverage production	High	Moderate	1.5	1.8	3.2	3.5
Land development and construction	Moderate	High	0.9	1.0	1.0	2.0
Metals and mining	High	High	1.2	1.9	1.5	1.0
Oil, gas, and consumable fuels	Moderate	High	3.9	3.8	8.5	6.3
Paper and forest product production	High	High	0.9	0.8	0.5	0.9
Transportation services	Moderate	High	1.2	1.5	1.5	2.2
Total coverage			100.0	99.4	99.9	98.8
Total high biodiversity-risk sectors			9.8	10.9	16.5	16.1

Data as of 31 December 2025. | Sources: WWF, MSCI, Bloomberg and Wellington Management

INTEGRATING FORWARD-LOOKING METRICS

Science-based emissions-reduction targets

In addition to the top-down measurement from carbon footprint metrics, our investment teams may also use bottom-up measurement to understand the proportion of underlying holdings with robust decarbonization targets. We use SBTi-validated targets as an imperfect proxy for the universe of robust targets, acknowledging the limitation that some companies with strong transition-risk management may not pursue SBTi-validation. For companies where the low-carbon transition may materially affect future profitability, we ask about plans to establish emissions-reduction targets. Targets consistent with SBTi guidance can help companies benchmark against peers and increase investment teams' confidence in their long-term strategic planning.

When measuring portfolios, we assess exposure to companies with SBTs by market value and contribution to WACI. We want to understand whether carbon-intensive companies with material transition risk are adopting targets. The greater the proportion of a portfolio's carbon footprint covered by targets, the faster the expected pace of organic portfolio decarbonization.

SBTi has two qualification statuses: "Targets set" and "Committed." "Targets set" indicates that a company's target has been validated as comprehensive, robust, and aligned with approved methodologies. "Committed" indicates that a company is in the process of setting targets and seeking review from SBTi. Because target-setting and approval take time, we expect companies to move from "Committed" to "Targets set" within two years of their commitment date or the publication of relevant sector-specific guidance.

Figure 17

Science-based targets coverage of Wellington exposures (vs relevant indices)

EQUITY				
	Exposure (%MV of Wellington equity)	Contribution to Wellington equity Scopes 1+2 WACI (%)	Exposure (%MV of MSCI ACWI)	Contribution to MSCI ACWI Scopes 1+2 WACI (%)
Targets set	49.6	29.2	52.6	29.6
Committed	4.6	1.9	4.0	1.6
Total	54	31	57	31
CREDIT				
	Exposure (%MV of Wellington credit)	Contribution to Wellington credit Scopes 1+2 WACI (%)	Exposure (%MV of BBG Glb Agg Corp)	Contribution to BBG Glb Agg Corp Scopes 1+2 WACI (%)
Targets set	27.1	7.5	36.9	18.1
Committed	2.9	0.2	3.8	0.6
Total	30	8	41	19

Data as of 31 December 2025. | Sources: MSCI, Bloomberg, and Wellington Management

In **Figure 17**, we mimicked this bottom-up approach to portfolio-level analysis for Wellington's equity and corporate credit exposure. Across Wellington's equity exposure, exposure to companies with a target validated by SBTi or a commitment to SBTi was approximately 54% of MV, slightly behind the global equity index coverage in MV terms but representing the same portion of carbon footprint as the global equity index. Wellington's corporate credit exposure to companies with SBTs was about 30%, behind global corporate credit index coverage for MV and carbon footprint. This is explained in part by sector allocation; energy companies remain unable to pursue SBTi validation, and SBTi-validated targets are less common in sectors such as utilities, where equity and credit exposures are relatively overweight.

We remain encouraged by the pace of SBT adoption, which increased from 1,000 companies in 2020 to more than 10,000 at the start of 2026. Despite this progress, the percentage of companies with SBTs in the global equity and credit indices has remained roughly flat over the last several years. This suggests that SBTi adoption continues to expand within small and medium enterprises and private markets, rather than public markets.

Transition alignment

We use a combination of SBTi targets and our proprietary TAR to categorize equity and credit into four broad categories: Aligned, Aligning, Committed to Aligning, or Not Aligned.¹⁴ Building upon this categorization, **Figure 18** combines these categories with climate-related engagement activity with issuers currently classified as Not Aligned for equity and corporate credit exposures. The combined coverage of Aligned, Aligning, Committed to Aligning, or Engaged for our equity and credit exposures was 81% and 65%, respectively, in market-value terms.

When we apply this coverage to Scopes 1 and 2 WACI, there was a similar proportion of the footprint covered (78% for Wellington equity and 66% for Wellington credit).

We observe a minor decline in WACI coverage by Aligned companies relative to 2024, especially in Wellington's equity exposure, which was partially offset with broader engagement coverage. This supports our overall approach to engagement prioritization, which suggests that investment teams meet with companies most likely to have substantial transition risk, where those companies have not yet articulated a robust risk management strategy. Similarly, in credit exposure, engagement focused on perceived laggards is consistent with the aim of avoiding a downside risk event, where the market comes to appreciate climate-transition risk (and lack of mitigation), resulting in a downgrade in credit quality and lower relative valuation over time.

Figure 18

Transition alignment of Wellington exposures

EQUITY			
	Market value (%)	Contribution to Scopes 1+2 WACI (% of tCO ₂ e/\$M revenue)	Contribution to Scopes 1+2 financed emissions (% of tCO ₂ e/\$M invested)
Aligned	49.6	29.2	34.6
Aligning	2.5	0.2	0.1
Committed to aligning	23.3	13.2	18.6
Engaged	5.9	35.7	24.7
Total	81.3	78.2	78.0
Not aligned	18.7	21.8	22.0

CREDIT			
	Market value (%)	Contribution to Scopes 1+2 WACI (% of tCO ₂ e/\$M revenue)	Contribution to Scopes 1+2 financed emissions (% of tCO ₂ e/\$M invested)
Aligned	27.1	7.5	9.6
Aligning	1.1	0.0	0.0
Committed to aligning	28.0	10.1	14.5
Engaged	9.3	48.6	37.7
Total	65.4	66.3	61.8
Not aligned	34.6	33.7	38.2

Data as of 31 December 2025. | Sources: SBTi, MSCI, and Wellington Management

¹⁴ There is a high degree of overlap between the inputs to the TAR and the recommended criteria for alignment assessment within the NZIF, namely, how to frame an engagement-focused alignment target. The Aligned category includes issuers that have SBT Targets Set or a TAR of 1. The Aligning category includes issuers that have a TAR of 2. The Committed to Aligning category includes issuers that have SBT Committed or a TAR of 3. The Engaged category includes issuers where a climate transition topic was discussed and tracked during 2025. All criteria are mutually exclusive, such that all categories sum to 100.

ENGAGEMENT COVERAGE

While the alignment assessment above represents our emphasis on engagement with companies that have not demonstrated robust management of financially material transition risk, it underestimates the scope of our climate-related engagement in two ways. First, given the prevalence of SBTs, we increasingly discuss target implementation. This dialogue helps us understand how transition plans may impact a company's strategy and fundamental model inputs, which may have implications for valuation. Second, it excludes engagements where physical climate risk or opportunities were discussed and tracked. The prevalence of physical climate topics is influenced by investment teams' view of the potential materiality and trade-offs between climate adaptation and mitigation, especially in regions with limited capital.

Figure 19 demonstrates a more comprehensive snapshot of all climate-related engagement categories for equity and corporate credit exposures.¹⁵ During the year, investment and research teams logged engagements that included at least one climate-related topic with nearly one-third of Wellington's equity and credit exposure in MV terms and nearly two-thirds in terms of the contribution to WACI covered. Our research-driven approach supports materiality as the driving factor for initiating an engagement. As a result, engagements occurred organically with companies in industries such as utilities, energy, and industrials, where climate-related risks are most likely to be impactful to operations.

Figure 19

Climate-related engagement coverage of Wellington exposures

	Wellington equity	Wellington credit
Market value (%)	28.3	30.8
Contribution to Scopes 1+2	66.5	63.3
WACI (% of tCO ₂ e/\$M revenue)		
Contribution to Scopes 1+2	60.8	58.1
financed emissions (% of tCO ₂ e/\$M invested)		

Data as of 31 December 2025. | Coverage is calculated based on holdings as of 31 December 2025, so may underestimate total engagement. Coverage may include overlap, where an issuer is held in both Wellington equity and Wellington credit. | Source: MSCI and Wellington Management

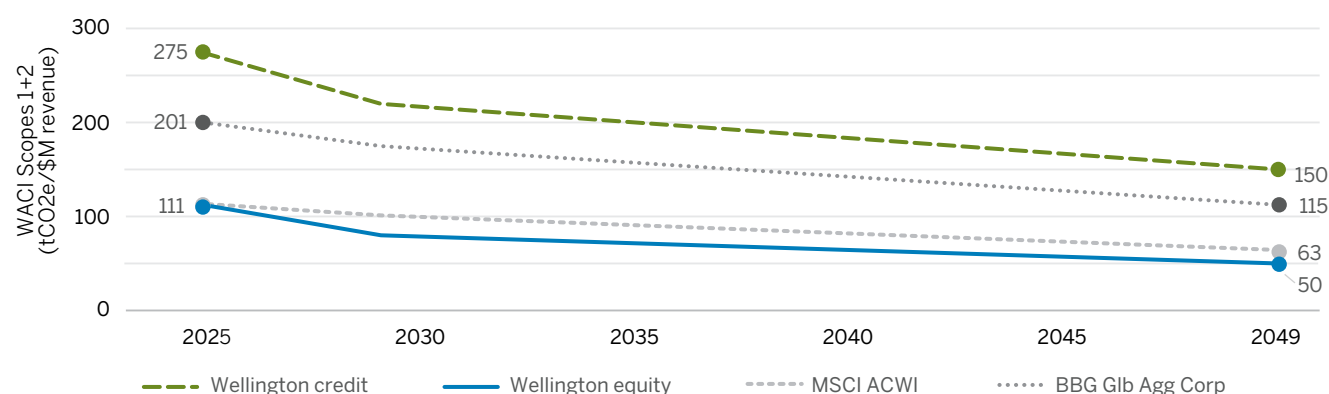
PROJECTED WACI

Because WACI is typically backward looking and companies report emissions with a time lag, WACI does not reflect progress toward targets. To incorporate the impact of target setting, we use projected emissions data to connect companies' decarbonization plans with anticipated portfolio WACI changes. As **Figure 20** shows, we project WACI to 2030 and 2050 to illustrate the expected portfolio decarbonization as investee companies work toward their stated targets. These projections are based on current emissions and reduction targets, if available. This information incorporates targets of any rigor, not only SBTi-validated targets.

We assume that companies with targets will achieve them. We assume that companies without a current target will not set one, thus flatlining their carbon intensity in perpetuity, with emissions and revenue growing at the same rate. Based on year-end 2025 holdings and assuming full implementation of company targets, equity exposure would reduce WACI by an additional 25% by 2030 and corporate credit exposure would reduce WACI by an additional 18% by 2030.

Figure 20

Projected WACI (Scopes 1+2) of Wellington exposures (vs relevant indices)



Data as of 31 December 2025. | Data is subject to numerous assumptions and may change based on factors that include, but are not limited to, trades, additional company targets, and company execution against targets. | Sources: MSCI, Bloomberg, and Wellington Management

¹⁵ This count includes engagements where at least one climate transition or physical adaptation topic was discussed and tracked during 2025.

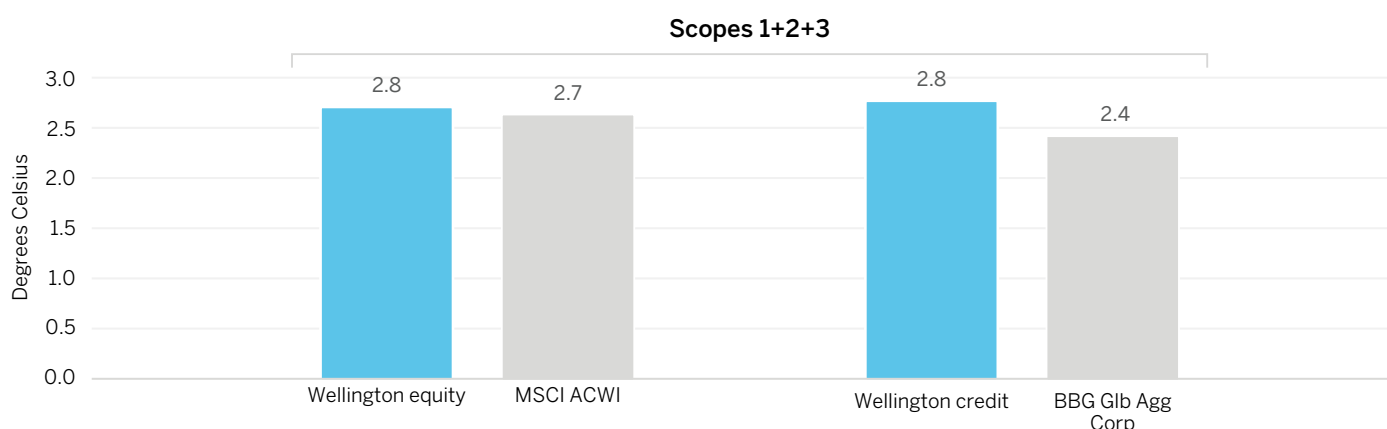
IMPLIED TEMPERATURE RISE (ITR)

Another means of measuring portfolio alignment is ITR. Expressed in Celsius, ITR aims to quantify how closely a company's activities align with sectoral decarbonization pathways defined by the Paris Agreement's global temperature goals. Corporate-level ITR calculation is a counterfactual measure that projects hypothetical aggregate global warming, assuming that the company's emissions trajectory is mimicked by the rest of the global investment universe. ITR projects each company's cumulative emissions (Scopes 1, 2, and 3) through 2070, based on current emissions and emissions-reduction targets. Each company's cumulative projected emissions are then compared to a GHG budget specific to its industry and regional exposure.

Companies with favorable ITR assessments include those with comprehensive near- and long-term net-zero targets or inherently low-carbon footprints. **Figure 21** shows that our equity and corporate credit ITR for Scopes 1, 2, and 3 were slightly higher than those of their respective indices. Many of the top contributors to ITR are oil and gas companies due to their high Scope 3 emissions from the combustion of fossil fuel products, as well as financials due to their high Scope 3 emissions from investments and underwriting. Depending on a company's position in the oil and gas value chain, its degree of control over downstream emissions in this industry differs. This has been a challenge in the development of SBTi target-setting methodology and has translated to relatively few energy companies (European integrated companies being the exception) incorporating downstream Scope 3 emissions into their target setting.

Figure 21

ITR of Wellington exposures (vs relevant indices)



Data as of 31 December 2025. | Note that MSCI made methodology and data input changes to the ITR model during 2024 and 2025, so the ITR results are not directly comparable to prior years' results. Please see the paragraph below for the assumptions and limitations associated with ITR. | Sources: MSCI, Bloomberg, and Wellington Management

Investors should consider the limitations and assumptions in MSCI's calculation of ITR. In particular, the inclusion of Scope 3 emissions relies upon an estimated dataset from MSCI that ignores even robust corporate disclosure of Scope 3. While we expect the Scope 3 estimation model to be directionally appropriate at the industry level, it is unlikely to capture nuances among peer companies. In addition, ITR is calculated at the

issuer level, so strategies with allocations to dedicated issuance, including green bonds, may show a higher ITR than the security itself. Finally, ITR lacks transparency on company-specific GHG-budget pathways for comparison with projected emissions. For this reason, it is not possible to ensure that the ITRs of two companies from the same industry but in different regions are calculated using comparable GHG budgets.



4.2 Portfolio-level climate-scenario analysis

We can use third-party scenario tools for total portfolio analysis; however, our investment teams are not currently managing portfolios to a particular scenario-analysis metric. We believe these models are constrained by data gaps, including unreliable Scope 3 emissions data, and by limited transparency around climate and cost impacts. Nonetheless, we use the results to cross-reference certain issuers against other internal climate metrics.

USING SCENARIO-ANALYSIS METRICS

In 2022, the Climate Research and Investment Science (iSci) Teams undertook a cross-functional research project to reverse-engineer an internal climate value-at-risk (CVaR) model, using physical climate research data from Woodwell Climate.

While the climate component of the model (event frequency and severity) is straightforward to project, asset-level valuation inputs must be estimated at a high level, creating a risk of false precision when aggregated to a single-point estimate for a company. As a result, CVaR outputs do not always align with our assessment of financial materiality. For example, the results for real estate can conclude that the sector experiences minor financial impacts from physical risks, despite the materiality of property values to the valuation of a real estate investment trust. In addition, CVaR measures climate risk without accounting for risk management actions, such as insurance coverage or resilience investments.

CVaR also does not capture broader system effects, including infrastructure disruption or supply chain impacts, which our research indicates may pose additional risk to direct asset damage and are difficult to model.

These limitations underscore the importance of bottom-up research and analysis in assessing physical risks. Accordingly, we primarily use CVaR as a sense-check alongside other internal climate metrics. We may also apply it as a component of escalated analysis in certain environmental risk-oversight processes.¹⁶ For certain portfolios, CVaR metrics are monitored against predetermined thresholds and, when flagged, can inform discussions with portfolio managers on risk assessment and engagement prioritization.

Using the MSCI CVaR portfolio analysis tool, we analyze a range of transition pathways and an average physical-risk scenario, drawing transition- and physical-risk scenarios from the Regional Model of Investment and Development (REMIND).¹⁷

Applying scenario analysis to portfolio oversight: Case study

The following case study illustrates how scenario-analysis metrics may be used as a tool for portfolio monitoring and oversight, using a large equity strategy subject to our environmental risk-escalation process.

For diversified portfolios, the Net Zero by 2050 (1.5°C Orderly) scenario, as established by the Network for Greening the Financial System (NGFS), generally produces the lowest overall CVaR due to lower physical risks from climate policy action. The emerging markets opportunity set has more carbon-intensive companies than developed markets, which may require more product innovation and business-mix evolution, so transition risk may be higher than for a developed market strategy. The Delayed Transition (2°C Disorderly) scenario reflects higher transition risk from later, more abrupt policy implementation, while the Current Policies (3°C Hot House World) scenario results in elevated physical risk due to insufficient mitigation.

The aggregate CVaR result comprises five primary components, including four transition-risk metrics and one physical-risk metric:

- Policy risk from direct emissions — Scope 1
- Policy risk from electricity use — Scope 2
- Policy risk from value chain — Scope 3
- Technology opportunities
- Physical risk from acute and chronic hazards

The first three components comprising policy risk CVaR apply a carbon price to the emissions reduction required for each company to meet the selected transition-risk scenario. These cost projections do not consider a company's announced reduction targets or capital allocation.

As **Figure 22** shows, the high transition-risk CVaR results for the sample portfolio under the Delayed Transition scenario were driven primarily by the policy CVaR (-13% for Scope 1). This is predominantly because of the portfolio's utilities and midstream energy holdings, which have high Scope 1 emissions. Digging deeper into the top contributors within these industries, these holdings reflect the investment team's near-term growth outlook for gas-fired generation and the medium-term growth outlook for nuclear power to meet the need for flexible and baseload generation globally. We therefore concluded that this policy CVaR is unlikely to materialize. We expect to continue our ongoing engagement with this utility company to ensure it executes against its targets.

¹⁶ For more information, please see the Climate Report for Wellington Management International Limited, an annex to this firmwide report, published on [Wellington's UK website](#).

¹⁷ REMIND was developed by the Potsdam Institute for Climate Impact Research for the Network for Greening the Financial System (NGFS), to provide a common starting point for financial institutions to analyze climate risks.

Figure 22

Sample portfolio-level CVaR results

CVaR component	1.5°C Orderly	2°C Disorderly	3°C NDC
Policy - Scope 1	-23%	-13%	-9%
Policy - Scope 2	-1%	0%	0%
Policy - Scope 3	-15%	-3%	-1%
Technology opportunities	3%	1%	1%
Total transition risk	-35%	-15%	-10%
Total physical risk	-1%	-2%	-3%
Total CVaR	-36%	-17%	-13%

For illustrative purposes only. | Sources: MSCI and Wellington Management

The technology-opportunities component is most positive in a steep decarbonization scenario. While the portfolio-level effect is insignificant, certain holdings (particularly across utilities) show highly positive values, reflecting the role of innovation. For example, this factor highlights rapid growth and scale in renewables as an important component of power generation.

Because company targets are not fully captured, we believe this component understates future green revenue for many holdings. The physical-risk component estimates that business disruption and asset damage costs increase with the degree of warming in each scenario. Securities with significant physical assets show the highest CVaR, though results are constrained by data limitations on asset locations, relative materiality, and supply chain dependencies.

We continue to encourage investment teams to focus on bottom-up evaluation of physical and transition risks where relevant, supported by internal research and collaborations with Woodwell Climate and MIT CS3.

Applying scenario analysis to capital-market assumptions

Since 2021, our Solutions Team has partnered with our Climate Research Team to incorporate climate-transition and physical-risk assumptions into capital-market assumptions (CMAs) using NGFS long-term scenarios. Chronic physical risks and transition impacts are modeled across asset classes, while acute physical risks draw on country-level assumptions developed in collaboration with Woodwell Climate.

Climate-adjusted impacts on expected returns are more pronounced for equities than fixed income, particularly with the latest iteration of NGFS scenarios, which implies downgrades to real GDP alongside an increase in inflation across most regions. For equities, margins are lower, and while higher inflation provides some support to nominal revenue growth, this is generally more than offset by the weaker real-growth backdrop. For fixed income, lower real-GDP estimates and higher inflation exert opposing forces on yields. For long-duration fixed income assets, higher nominal yields may outweigh income gains. The overall impact of higher default probability is modest.

SUPPORTING OUR CLIENTS' CLIMATE GOALS WITH A RESEARCH-LED APPROACH

Wellington is dedicated to working in partnership with clients who ask us to implement climate objectives into new and existing mandates we manage on their behalf. Our clients have a variety of climate goals, including mitigating issuer-level risks, aligning their portfolios with long-term climate objectives, and allocating assets to the low-carbon, climate-resilient economy. We offer clients a variety of approaches to support their goals and often serve as a thought partner by collating industry standards, an investment-driven approach, and portfolio analytics to inform robust implementation to help clients achieve their climate and financial objectives.

For asset-owner clients who have requested a decarbonization glidepath, we offer a bottom-up glidepath based on the transition alignment of portfolio holdings or a top-down glidepath based on the portfolio's overall emissions footprint. Ultimately, the client's objective and investment team's philosophy and process determine the glidepath and target milestones. These decisions are further shaped by a mandate's region, style, time horizon, concentration, and turnover rate. More detail on approaches we employ to support these goals are outlined in [Supporting our clients' climate goals and Implementing decarbonization guidelines: Valuable lessons learned in collaboration with clients.](#)

Section 5: Addressing our operational footprint

Effective management of our operations is a critical component of Wellington's broader climate strategy and resilience, helping us understand, mitigate, and adapt to climate-related operational risks. WellSustain is our corporate sustainability approach, guiding responsible operations across our facilities, supply chain, and workforce to support our clients, our firm, and our people.

We focus on:

- Being effective stewards of sustainability within our operations
- Partnering to help build thriving communities where we live and work
- Strengthening enterprise resiliency and risk awareness

For more information on WellSustain, please visit our [website](#).

REDUCING OUR WASTE

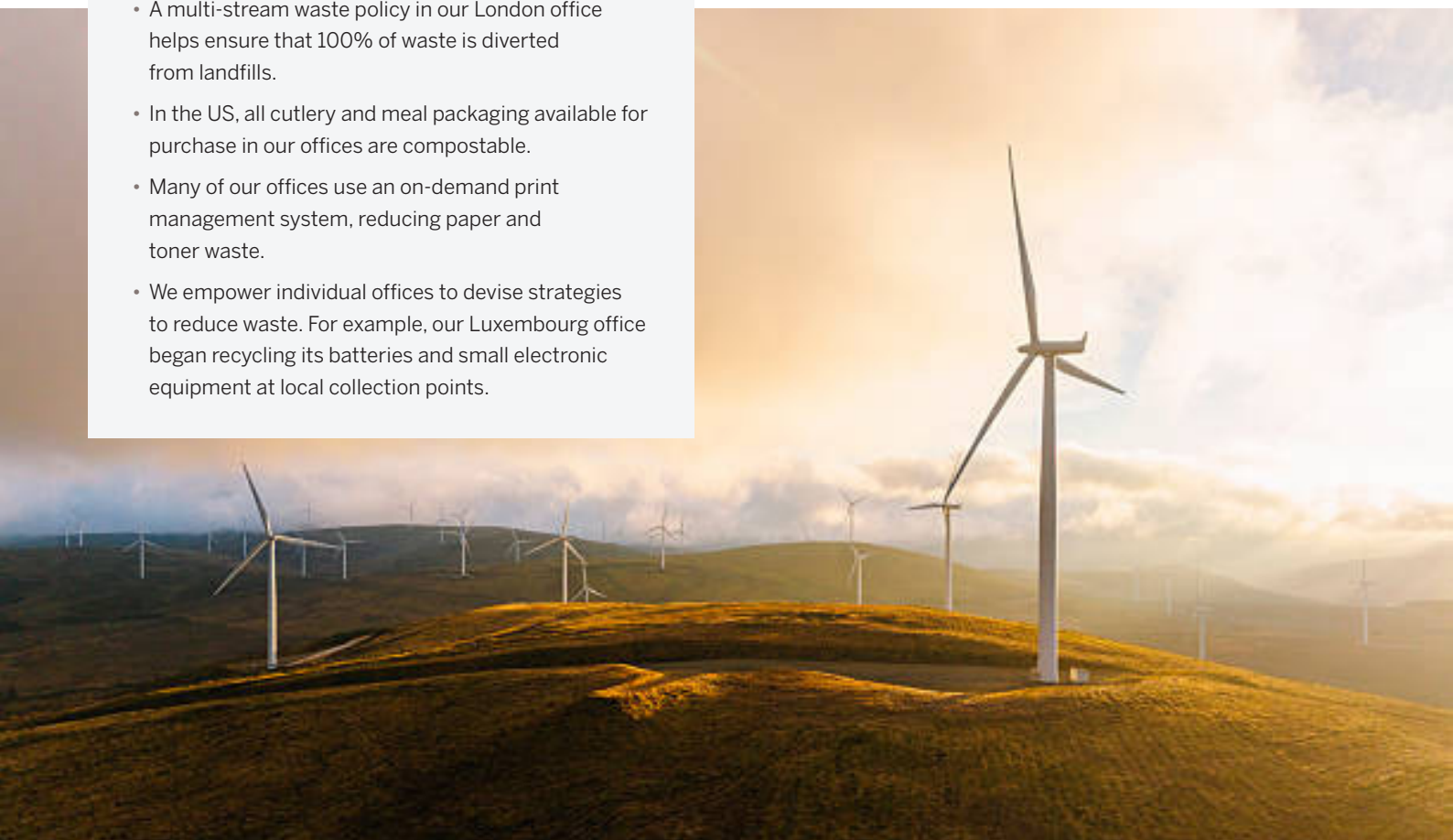
We employ recycling solutions and programs to encourage the sustainable disposal of paper and other solid waste:

- A multi-stream waste policy in our London office helps ensure that 100% of waste is diverted from landfills.
- In the US, all cutlery and meal packaging available for purchase in our offices are compostable.
- Many of our offices use an on-demand print management system, reducing paper and toner waste.
- We empower individual offices to devise strategies to reduce waste. For example, our Luxembourg office began recycling its batteries and small electronic equipment at local collection points.

5.1 Managing our energy use

In 2021, Enel Green Power North America and Wellington entered into a 10-year virtual power purchase agreement (VPPA) for an 11 MW portion of Enel Green Power's Rockhaven wind project. In 2025, this portion delivered approximately 37 GWh to the grid, and an equivalent volume of renewable energy certificates (RECs) to Wellington, which translated to the avoidance of approximately 14.7K tonnes of CO₂.¹⁸ Under the agreement, the contracted clean energy is expected to equal or exceed electricity demand for all Wellington US corporate offices and the personal electricity usage of US employees, consistent with our hybrid work approach. To learn more, please see our [VPPA FAQ](#).

Outside the US, 100% of the electricity used in our London, Zurich, and Luxembourg offices comes from renewable sources. Across our offices, we continue to implement energy-efficiency measures, including lighting controls, occupancy sensors, and motion-activated building systems.



¹⁸ Avoided carbon emissions are calculated in accordance with the US EPA GHG Emissions Calculator, WRI and GHG Protocol Scope 2 Guidance, and the latest EPA eGRID data (2023, Rev 2).

5.2 Expanding responsibly

We currently lease over 920,000 square feet of office space globally. When assessing new office space, we prioritize buildings with Leadership in Energy and Environmental Design (LEED) or comparable regional certifications and owners that use renewable energy and support positive environmental practices. For office refurbishments, we pursue energy-efficient designs, including open-plan seating; energy-efficient heating, ventilation, and lighting systems; and water-saving fixtures where possible.

ENVIRONMENTAL CERTIFICATIONS FOR WELLINGTON OFFICES

- **Boston:** US/LEED = Platinum
- **Chicago:** US/LEED = Silver
- **Dubai:** LEED = Platinum
- **Frankfurt:** Germany/DGNB = Gold
- **Hong Kong:** H.K./BEAM Plus EB V2.0 = Platinum and LEEDv4.1 = Platinum
- **London:** UK/BREEAM = Very Good
- **Madrid:** Spain/BREEAM = Very Good
- **Milan:** LEED = Gold
- **Needham:** US/LEED v4 BD+C: Core and Shell = Gold
- **New York:** US/LEED = Gold
- **San Francisco:** US/LEED = Gold
- **Shanghai:** China/LEED = Platinum
- **Singapore:** BCA Green Mark = Gold
- **Sydney:** Australia/Green Building Council = 6 star
- **Toronto:** LEED = Platinum

GLOBAL OFFICE SUSTAINABILITY SPOTLIGHTS

US: Our Needham office, which underwent a comprehensive retrofit by 2023, was the first net-zero office building repositioning of its scale in Massachusetts. Its features include full electrification, advanced energy recovery systems, and the addition of on-site renewable energy generation. More information on the building's sustainability features is available in **Section 5.1** of our Sustainability Report.

Europe: Across our EMEA offices, at least 90% of electricity consumed comes from certified green energy, supported by 100% LED lighting and standardized temperature management in data rooms to reduce cooling demand. Local teams in Frankfurt, Milan, and Luxembourg have implemented practical, office-level initiatives, including enhanced recycling and waste-separation practices, elimination of single-use plastics, motion-activated lighting, and reduced printing through greater use of digital devices to further reduce environmental impact.

UK: In 2025, we enhanced environmental efforts in our London office. This included compliance with the UK Energy Savings Opportunity Scheme (ESOS), supporting ongoing identification of energy-efficiency opportunities. We are expanding our focus on indirect emissions associated with office operations. Our new London catering provider is B Corp certified, and we are working with them through the Zero Carbon Forum to calculate and benchmark food- and beverage-related Scope 3 emissions, helping establish a baseline to inform potential future reduction efforts.

MITIGATING THE IMPACTS OF EXTREME WEATHER EVENTS

We acknowledge the potential for business disruption caused by extreme weather events. Our offices in Boston, Hong Kong, Sydney, London, San Francisco, Singapore, and Tokyo are particularly susceptible to various climate- and environment-related risks, including power-supply disruptions and flooding. To mitigate these risks, we have implemented resilience measures, including a joint investment with Boston Properties in an AquaFence® flood-mitigation system at our Boston office. In Tokyo, we relocated our office to lower levels of a building with earthquake-resistant structural design.

DISCLOSING OUR PHYSICAL LOCATION DATA

In line with our expectation that companies disclose their physical location data, we disclose data on our leased physical assets in this report, which is accessible to the public and available on our website (**Figure 23**). All facilities listed below are office buildings, and all are leased by Wellington.

Figure 23

Wellington's physical location data

Street address	Country	Coordinates	Materiality
AMERICAS			
280 Congress Street, Boston, Massachusetts, 02110	United States	42.353516767286365 lat -71.05253903273685 long	52.2% of global employees
140 Kendrick Street, Building A, Needham, Massachusetts, 02494	United States	42.294567286865274 lat -71.21512790482691 long	10.5% of global employees
799 Broadway, New York, New York, 10003	United States	40.73321314904117 lat -73.99144698498912 long	3.5% of global employees
4 Radnor Corporate Center, Suite 500, Radnor, Pennsylvania, 19087	United States	40.049001411126355 lat -75.35770764415707 long	<1% of global employees
4 Embarcadero Center, Suite 3120, San Francisco, California, 94111	United States	37.79550469696568 lat -122.39625178838118 long	1% of global employees
150 King Street West, Suite 1303, Toronto, ON M5H 1J9	Canada	43.648307200211114 lat -79.3844188871784 long	<1% of global employees
345 N. Morgan Street, 4th Floor, Chicago, Illinois, 60607	United States	41.88835173835847 lat -87.65164993943112 long	1.2% of global employees
APAC			
17F, Two International Finance Center, 8 Finance Street Central	Hong Kong	22.28524817233272 lat 114.15920991323107 long	4.2% of global employees
Palace Building 7F, 1-1-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005	Japan	35.68532510967304 lat 139.7615711827426 long	2.4% of global employees
8 Marina Boulevard, #03-01, Tower 1, Marina Bay Financial Center, 018981	Singapore	1.2801268484023878 lat 103.85395702479049 long	2.8% of global employees
Level 30, 180 George Street, Sydney, NSW, 2000	Australia	-33.86194798204927 lat 151.20819045595204 long	1.1% of global employees
Unit 822, Level 8, International Finance Center, Tower 2, 8 Century Avenue, Pudong District, Shanghai, 200120	China	31.23771299772283 lat 121.50214974602783 long	<1% of global employees
EMEA			
80 Victoria Street, London, SW1E 5JL	United Kingdom	51.49719414805737 lat -0.13958625922653942 long	17% of global employees
Bockenheimer, Landstraße 43-47, Frankfurt am Main, 60325	Germany	50.11705154300227 lat 8.6650566514701 long	<1% of global employees
33 avenue de la Liberté, L-1931	Luxembourg	49.60439819142996 lat 6.130880971409155 long	<1% of global employees
1st Floor, Calle de José Abascal, 41, 28003, Madrid	Spain	40.43853248894886 lat -3.6960621933120326 long	<1% of global employees
Limmatquai 92, 8001 Zurich	Switzerland	47.374203851981754 lat 8.543196913681628 long	<1% of global employees
Via Dante 7, Milan, 20123	Italy	45.466626811449046 lat 9.184266596443248 long	<1% of global employees
Office 25 - Level 15, PO Box 121208, The Gate bldg. – East Wing, Gate District DIFC, Dubai	United Arab Emirates	25.215051208665894 lat 55.28126661225692 long	<1% of global employees

For the purposes of this report, "global employees" includes both full-time employees and contingent workers. Headcount is calculated as the average number of global employees between 1 January and 31 December 2025. | Source: Wellington Management

5.3 Carbon neutrality¹⁹

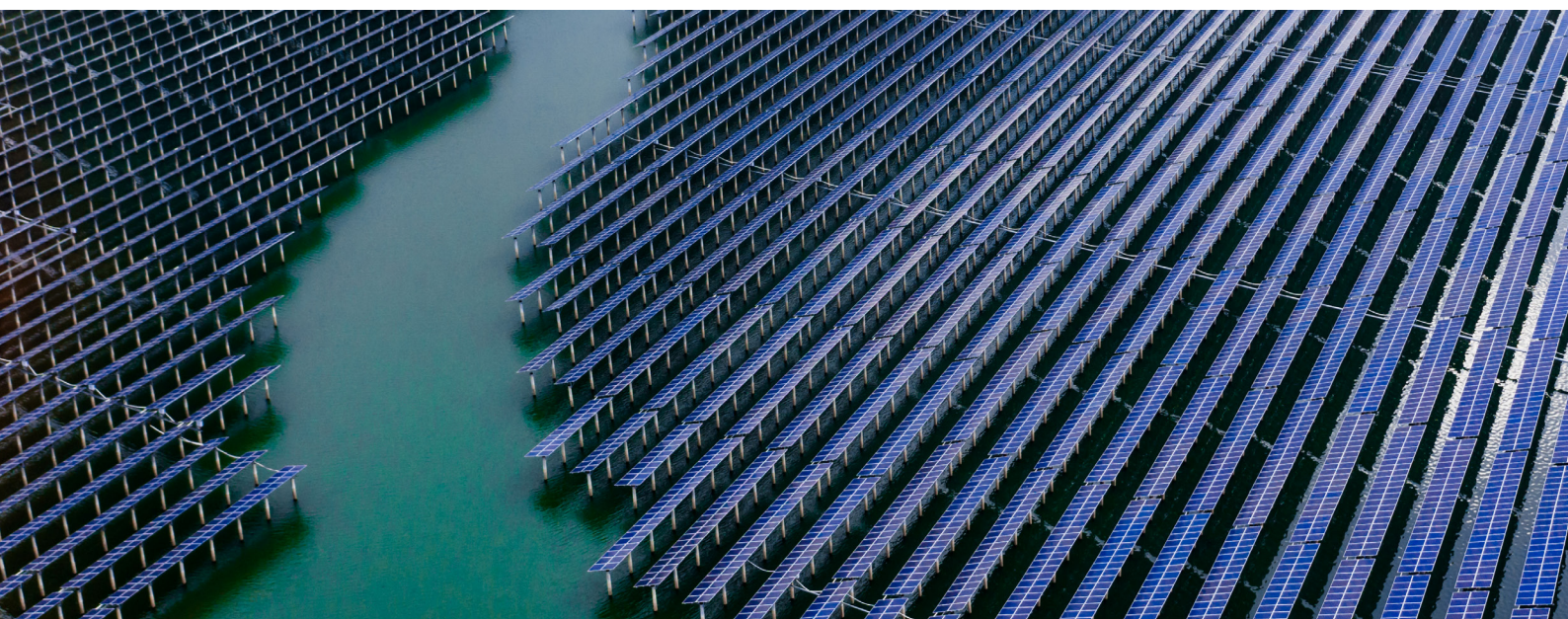
Within **Section 5.4** below, we disclose our operational carbon footprint in line with the GHG Protocol, including Scopes 1, Scope 2, and partial Scope 3 emissions.²⁰ Along with developing strategies to further reduce our footprint, we aim to achieve carbon neutrality for operational emissions.²¹ This approach is further complemented by our approach to renewable energy usage referenced in **Section 5.1**. We evaluate the credibility

of the carbon credits we purchase to ultimately cover our remaining published Scope 1, Scope 2, and partial Scope 3 emissions. In 2025, as shown in **Figure 24**, we purchased the following credits to cover our remaining 2024 emissions. More information on the impact of our carbon credit purchases can be found in **Section 5.1** of our [Sustainability Report](#).

Figure 24

Carbon credits purchased in 2025

Name of the business entity selling the offset	CNaught Inc.	CNaught Inc.	CNaught Inc.	CNaught Inc., Respira International	CNaught Inc.
Offset registry or program	Climate Action Reserve	Verra	Gold Standard	Verra	Climate Action Reserve
Project identification number	CAR 838	VCS 2478	GS 707	VCS 1477	CAR 1863
Project name (as listed in the registry or program)	Trinity Landfill Gas	Titas Gas Leak Repair	Istanbul Landfill Gas to Electricity	Katingan Mentaya Conservation	X-Hazil
The offset project type	Avoided emissions	Avoided emissions	Avoided emissions	Avoided emissions	Removals
Site location	Richwoods, Missouri, United States	Greater Dhaka, Bangladesh	Istanbul, Türkiye	Central Kalimantan, Indonesia	Yucatan Peninsula, Mexico
Specific protocol used to estimate emissions	Landfill Project Protocol v5.0	AM0023	ACM0001	VM0007	CAR Mexico Forest Protocol V3.0



¹⁹ Disclosures under the California Health and Safety Code, Section 44475.

²⁰ Our operational Scope 3 emissions reporting is limited to Category 6 (Business Travel) and Category 8 (Upstream Leased Assets), focused on cloud services.

²¹ Our prospective carbon neutral status does not have third-party verification, though our emissions calculations are conducted by a third party.

5.4 Our operational carbon footprint

Our 2025 company emissions (**Figure 25**) have been calculated in line with the revised GHG Protocol Corporate Accounting and Reporting Standard. The emissions reported were for calendar year 2025 and relate to global operations. The boundaries of the GHG inventory are defined using the operational control approach and cover the emissions for which the company is responsible.

Between 2024 and 2025, we reduced our global Scope 1 and Scope 2 emissions by 4% — achieving a 76% reduction relative to our 2014 benchmark. Our partial Scope 3 emissions from operations increased by 22% between 2024 and 2025 because of an increase in business travel as well as more robust data from our cloud service providers, although they are 16% lower per person than our 2014 level. Overall, relative to our 2014 benchmark, our operational Scopes 1, 2, and 3 emissions have fallen by 29%.

Figure 25

Wellington's operational carbon emissions

	2014	2022	2023	2024	2025	% Change 2025 vs 2014 (baseline)	% Change 2025 vs 2024 (yoy)
Scope 1 ¹	1,289	887	1,184	796	853	-34%	7%
Scope 2 ² Market-based	4,089	1,128	691	519	415	-90%	-20%
Scope 2 ² Location-based	7,353	4,698	4,224	4,038	3,940	-46%	-2%
Total market-based own source (Scopes 1+2)	5,378	2,015	1,875	1,315	1,268	-76%	-4%
Scope 3 ³ Market-based	10,601	6,256	7,570	8,195	10,034	-5%	22%
Scope 3 ³ Location-Based	10,601	6,256	9,577	9,696	11,195	6%	15%
Total market-based emissions (Scopes 1+2+3)	15,979	8,271	9,445	9,510	11,302	-29%	19%
Headcount ⁴	2,824	3,444	3,849	3,352	3,195	13%	-5%
MTCO2e/person own source	1.9	0.6	0.5	0.4	0.4	-79%	1%
MTCO2e/person Scope 3	3.8	1.8	2.0	2.4	3.1	-16%	28%
MTCO2e/person⁵	5.7	2.4	2.5	2.8	3.5	-37%	25%
Company footprint (square meters)	90,019	84,033	91,695	88,049	86,919	-3%	-1%
MTCO2e/sq m own source	0.060	0.024	0.020	0.015	0.015	-76%	-2%
MTCO2e/sq m Scope 3	0.118	0.074	0.083	0.093	0.115	-2%	24%
MTCO2e/sq m⁵	0.178	0.098	0.103	0.108	0.130	-27%	20%

Data as of 31 December 2025. | Emissions are measured as metric tons of CO2 equivalent (MTCO2e), and totals have been calculated using market-based accounting methods.

¹ Scope 1 emissions sources include the onsite combustion of natural gas for space heating, the combustion of diesel for backup generators, and fugitive refrigerants from heating, ventilation, and air conditioning (HVAC) systems. Commercial Buildings Energy Consumption Survey (CBECS) data is used for natural gas usage estimates.

² Scope 2 emissions sources include the purchase of electricity at all locations and the purchase of steam at one site for space heating. This table calculates emissions using a market-based approach and a location-based approach. Purchased electricity emission factors were adjusted in 2025 to account for current carbon intensity of the power grids in various locations where Wellington operates. Market-based emissions have declined significantly over recent years with several Wellington locations and colocation (COLO) sites transitioning to 100% renewable energy, as well as a VPPA Wellington signed in 2022. Total electricity usage has remained consistent year over year.

³ Scope 3 emissions sources primarily include business travel (air and rail) for all reported years. Starting in 2019 when Wellington completed its cloud transition, we elected to include emissions related to cloud services and COLO data centers. The increase in Scope 3 emissions results from higher business travel levels and a correction in the Amazon Web Services (AWS) emissions accounting starting in 2025. AWS data for 2023 and 2024 have also been corrected. Scope 3 is now broken out by accounting methodology (location- vs market-based) to incorporate the new format of the AWS data.

⁴ For the purposes of this reporting, "headcount" includes both full-time employees and contingent workers.

⁵ Key performance indicators measuring emissions totals under market-based accounting methods.

Looking ahead

We will continue to develop our understanding of how climate risks and opportunities may impact client portfolios. In pursuit of investment excellence for our clients, we strive to lead our industry through a research-based approach to climate considerations. To this end, our future efforts aim to focus on the following priorities:

DEEPENING OUR RESEARCH AND INTEGRATION

Developed in collaboration with our investment teams, clients, and scientific research partners, our 2026 research agenda incorporates both timely secular investment trends and longer-term research process enhancements.

- With Woodwell Climate, we plan to revisit our measurement of certain physical risks including flooding, water scarcity, and wildfire, as advancements in AI-based modeling are enabling even more localized assessment.
- With MIT CS3, we will continue our research on the implications of data-center growth on power build-out, including revisiting expectations for battery storage. Joint research across physical and transition risks will also culminate in a refreshed subset of country-level case studies.

We are also increasingly identifying opportunities to expand climate research collaboration within the firm. Given the multidimensional nature of climate-related research topics, we conduct our research in collaboration with sector specialists across asset classes to study rapidly evolving areas.

Our Climate Research Team will continue to work closely with investment teams to evaluate transition risks, transition alignment, and physical climate risks at the company and portfolio levels, where relevant. These collaborative assessments can also uncover new investment opportunities in companies providing innovative products and services to address climate mitigation and adaptation.

ASSESSING COMPANIES' DECARBONIZATION AND RESILIENCE PROGRESS IN CONTEXT

We recognize that a complex set of macro factors influences capital deployment for climate mitigation, so our research and engagement approach will continue to be informed by ongoing monitoring of political and geopolitical influences on the pace of transition across countries and industries.

Where relevant, we will discuss potentially financially material transition risks with company management teams. The scope of these engagements varies by company and may include discussions on topics such as enhanced disclosures, implications of transition-related policies on operations and/or business models, consideration of the adoption of emissions-reduction targets for transition-risk management, and/or capital expenditures required to meet such targets.

We also seek to apply the same level of rigor and detail to our assessment of physical-risk exposure and resilience measures as we do for transition risk exposure and mitigation measures. As many companies have enhanced their disclosure of risk exposure and resilience levers and AI has enabled faster, more comprehensive analysis, we are focused on delivering enhanced physical-risk ratings which represent the culmination of eight years of insights from our physical-risk research efforts.

PARTNERING WITH CLIENTS ON THEIR CLIMATE GOALS

We remain dedicated to working in partnership with clients who ask us to implement climate objectives into new and existing mandates we manage on their behalf.

Our clients have a variety of climate goals, including mitigating issuer-level risks, aligning their portfolios with long-term climate objectives, and allocating assets to the low-carbon, climate-resilient economy. We offer clients a range of approaches to support their goals.

In our experience, the primary challenge most clients face is balancing their decarbonization ambitions with their financial-return objectives. Recently, we have engaged with a number of clients who are revisiting their decarbonization objectives and updating interim targets amid an uncertain geopolitical backdrop, polarized policy landscape, and resulting volatile market environment. As clients reconcile long-term climate targets with uncertainty, we are spending time with them to consider potential trade-offs that may arise based on the investment universe and philosophy. We note clients are increasingly interested in bottom-up alignment measurement, though the suitability of bottom-up alignment measurement as an implementation approach depends upon the investment team's universe, philosophy, and process. We continue to monitor industry best practice and client trends to serve as a thought partner to clients and issuers.

For additional information, please visit us online:

[wellington.com](https://www.wellington.com)

[LinkedIn](#)

Appendix 1: IFRS S2 disclosure index

The table below maps where information relevant to IFRS S2 climate disclosure requirements, including its associated industry-based guidance for asset managers on implementing climate-related disclosures, is addressed in this report. Please note that it does not represent a claim of full alignment with the standard. While the referenced sections represent the primary location(s) for each disclosure, relevant information may be included elsewhere in the report as well.

IFRS S2 reporting requirement	Disclosure	Section(s)	Status of disclosure
Governance	Information about the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities	1	Partially disclosed
	Management's role in the governance processes, controls and procedures used to monitor, manage, and oversee climate-related risks and opportunities	1	Partially disclosed
Strategy	The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	2	Partially disclosed
	The current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	2	Partially disclosed
	The effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan	2, 4	Partially disclosed
	The effects of those climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance, and cash flows over the short, medium, and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning	-	Not disclosed
	The climate resilience of the entity's strategy and its business model to climate-related changes, developments, and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities	2, 3, 4, 5	Partially disclosed
Risk management	The processes and related policies the entity uses to identify, assess, prioritize, and monitor climate-related risks	3	Fully disclosed
	The processes the entity uses to identify, assess, prioritize, and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	3, 4	Fully disclosed
	The extent to which, and how, the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process	3	Fully disclosed
Metrics and targets	Absolute gross Scopes 1, 2, and 3 greenhouse gas emissions generated during the reporting period	4, 5	Fully disclosed
	Climate-related transition risks — the amount and percentage of assets or business activities vulnerable to climate-related transition risks	4	Fully disclosed
	Climate-related physical risks — the amount and percentage of assets or business activities vulnerable to climate-related physical risks	-	Not disclosed
	Climate-related opportunities — the amount and percentage of assets or business activities aligned with climate-related opportunities	-	Not disclosed
	Capital deployment — the amount of capital expenditure, financing, or investment deployed towards climate-related risks and opportunities	-	Not disclosed
	Internal carbon price — whether and how the entity is applying an internal carbon price in decision making and the price for each metric ton of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions	-	Not applicable, as Wellington does not apply an internal carbon price in its decision-making processes, including investment decision making, transfer pricing, or scenario analysis.

IFRS S2 reporting requirement	Disclosure	Section(s)	Status of disclosure
Metrics and targets	Executive remuneration — description of whether and how climate-related considerations are factored into executive remuneration and the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations	-	Not applicable, as climate-related considerations are not incorporated into executive remuneration.
	The quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets	-	Not applicable at the firm level, given the February 2026 NZAM update provided in Section 2.5.
	Information about an entity's approach to setting and reviewing each target, and how it monitors progress against each target	-	
	Information about an entity's performance against each climate-related target and an analysis of trends or changes in the entity's performance	-	
Asset management-specific disclosure on GHG emissions	Absolute gross financed emissions, disaggregated by Scopes 1, Scope 2, and Scope 3 greenhouse gas emissions	-	Not disclosed
	For each of the disaggregated items (above), the total amount of AUM that is included in the financed emissions disclosure, expressed in the presentation currency of the entity's financial statements	-	Not disclosed
	The percentage of the entity's total AUM included in the financed emissions calculation; if the percentage is less than 100%, the entity shall disclose information that explains the exclusions, including types of assets and associated amount of AUM	4	Fully disclosed
	The methodology used to calculate the financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of investments	4	Fully disclosed
Industry-based metrics for asset managers	Amount of AUM, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	-	Not disclosed
	Description of approach to incorporation of ESG factors in investment or wealth management processes and strategies	2, 3, 4	Primary disclosure is provided in our Sustainability Report (Sections 1, 2, and 3).
	Description of proxy voting and investee engagement policies and procedures	2	Primary disclosure is provided in our Sustainability Report (Sections 3 and 4).

"Fully disclosed" indicates that the requirement is addressed in full through existing disclosures, which may be provided across the Climate Report and the Sustainability Report. "Partially disclosed" indicates that aspects of the requirement are addressed, but not all information specified by IFRS S2 is currently disclosed. "Not disclosed" indicates that the requirement is not currently addressed in Wellington's disclosures. "Not applicable" indicates that the requirement does not apply to Wellington based on its business activities, policies, or practices for the relevant period.

Appendix 2: Carbon metrics for additional asset classes

This section provides illustrative examples of carbon metrics for sovereign and securitized assets that are not included in the in-scope universe presented in **Section 4**. These examples are intended to demonstrate our ongoing efforts to expand carbon measurement across asset classes as data availability and methodologies continue to evolve.

SOVEREIGN ASSETS CARBON FOOTPRINTING

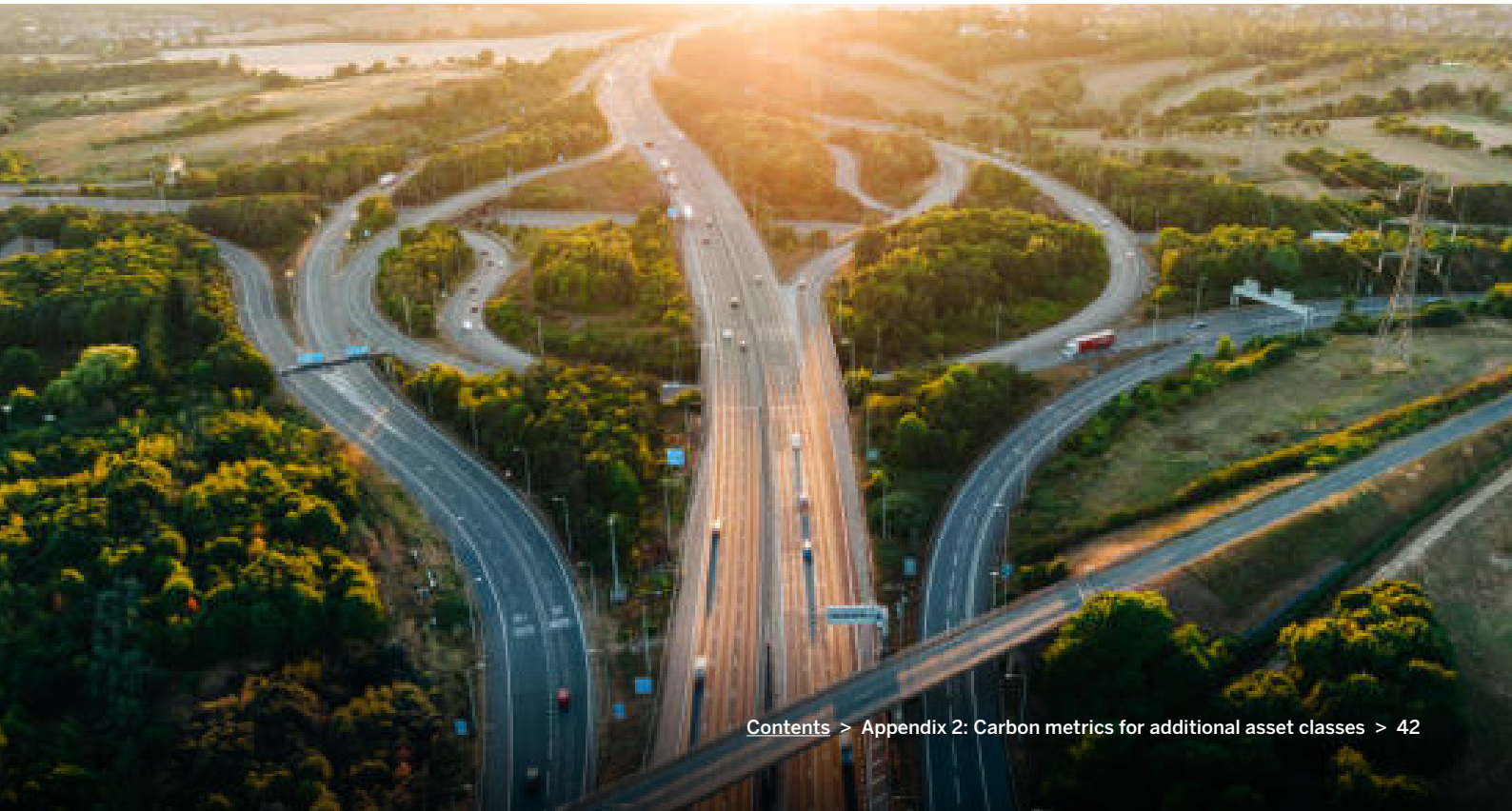
Carbon footprint reporting for sovereign entities accounts for territorial or production-based GHG emissions, or the emissions generated within the territory, and includes both domestic and exported emissions. This is consistent with international standards and reflects the carbon intensity of an economy's output but does not include emissions associated with imports into the country. We are able to report WACI as the metric for sovereign portfolios and intend to expand our reporting to include financed emissions in accordance with PCAF standards.

Sovereign climate metrics

Anonymized sovereign portfolio

		Market value (MV) (%)	WACI	Data availability
Sovereign	Fund	80.9	742.6	99
	Benchmark	90.9	675.8	97.5
			T CO2e/\$M GDP	% MV
Non-Sovereign	Fund	13.8	223.2	63.1
	Benchmark	9.1	495	69.1
			T CO2e/\$M Sales	% MV

Data as of 31 December 2025. | Weighted Average Carbon Intensity: proxy for carbon efficiency of the fund. Each holding's carbon intensity metric is calculated as a weighted average of each holding's carbon intensity, using % market value in the fund. Each holding's carbon intensity normalizes its total emissions by economic output and is calculated as its total emissions divided by its Gross Domestic Product (GDP). | Data availability (carbon intensity): represents the proportion (% market value) of sovereign/non sovereign exposure where emissions data is available. All non sovereign exposure emissions are excluded from the sovereign figure and included in the non sovereign segment. Supranational exposure is excluded from the carbon footprint. Market exposure through investments in ETFs is excluded from the analysis due to potential opacity; market exposure via a look through to commingled funds is included. | Sources: MSCI, anonymized benchmark



SECURITIZED ASSETS CARBON FOOTPRINTING

While our securitized-focused investment strategies are not managed to ESG objectives, we recognize the importance of carbon-emissions transparency for some of our clients. Carbon reporting for securitized assets is less advanced than for equity or corporate credit markets, with PCAF guidance finalized in December 2025, and data availability for underlying collateral remains uneven.

Starting in 2024, the Securitized Investment Team, Climate Research Team, and sustainability reporting and data teams collaborated to identify carbon footprint coverage for securitized asset classes.

In 2025, carbon footprint reporting covered residential mortgage-backed securities (RMBS), agency mortgage-based securities (Agency MBS), collateralized loan obligations (CLOs), and the aircraft and auto asset-backed securities (ABS) subsectors. Portfolio coverage varies based on exposure to these sectors. The report incorporates PCAF data quality scoring to provide context about the degree of estimation used in portfolio-level calculations. We continue to monitor and engage with third-party data providers and may adopt additional solutions for existing or new sectors. Please see the table below for a sample carbon footprint report for a securitized portfolio.

SECURITIZED CLIMATE METRICS					
Name	MV%	Total emissions (T CO2e)	Direct emissions (T CO2e)	Indirect emissions (T CO2e)	Upstream emissions (T CO2e)
Anonymized securitized portfolio	62.7	81,197.6	35,481.8	1,313.5	8,870.5
RMBS	30.8	8,868.5			
PCAF Score 5 (% of MV)	100.0				
ABS Auto	10.9	45,665.8	35,481.8	1,313.5	8,870.5
PCAF Score 2 (% of MV)	-				
PCAF Score 5 (% of MV)	100.0				
ABS Aircraft	2.8	4,827.0			
PCAF Score 5 (% of MV)	100.0				
CLO	18.2	21,836.4			
PCAF Score 5 (% of MV)	100.0				

Data as of 31 December 2025. | All metrics are calculated in metric tons. | RMBS: To estimate emissions for a deal, current balance, zip or state codes, property type, and loan-to-appraised value (LTV) are required. Ownership of the deal is calculated by evaluating holdings for a portfolio on a pro-rata basis from the deal's total emissions. Federal Housing Finance Agency (FHFA) emissions data is used to estimate emissions at a ZIP, state, and country levels. Single family rentals use zip code emissions or national average emissions when ZIP codes are unavailable. For non-single-family rental RMBS, state averages and average square footage are used after property type normalization. In cases where state codes are unavailable, country-average emissions are used. | ABS Auto: Deal-level methodology involves sourcing collateral data for ABS deals and associated collateral, calculating loan-to-origination value (LTV) of collateral then combining it with EPA vehicle emissions and Federal Highway Administration (FHWA) average miles driven data. Portfolio-level methodology combines holdings with ABS deal-calculated emissions for calculating portfolio financed emissions. Where deal collateral information is unavailable, calculated average emissions by vintage year and collateral type are utilized. ABS auto rentals emissions are sourced from rental car fleet information and combined with average vehicle emissions manufactured within the last four years. | Direct emissions: Tailpipe emissions. | Indirect emissions: Emissions from electricity used to charge PHEVs or EVs | Upstream emissions: Factors for ICE vehicles are calculated from GPM to metric tons to represent emissions related to the production and distribution of the fuel used to power vehicles. | Estimated collateral: Applied when collateral is unavailable; estimated using EPA emissions. | Estimated vintage: Applied when direct collateral matches are not found; the average emissions for a given year across all manufacturers is calculated and applied across missing collateral. | ABS Aircraft: Aircraft data includes estimated emissions data created using averages of comparable aircraft models. ABS aircraft ownership of the deal is calculated by evaluating holdings for a portfolio on a pro-rata basis from the deal's total emissions. | CLO: The CLO deal level methodology calculates the average annual Scope 1 and Scope 2 Enterprise Value Intensity by industry. Each collateral loan is assigned an industry, and the outstanding loan amount is used to determine the annual Scopes 1 & 2 Emissions. Portfolio-level annual CO2 emissions are summed by/based on the portfolio ownership of the CLO. | RMBS PCAF Score 5: Estimated building energy consumption per building based on building type and location specific statistical data and the number of buildings available. Emissions are calculated using estimated building energy consumption and average emission factors specific to the respective energy source. This is represented as a % of eligible MV. PCAF scores are only broken out at the total emissions level at this time. | Auto ABS PCAF Score 2: Outstanding amount and total value at origination of vehicle or vehicle fleet are known. Vehicle efficiency and fuel type (fossil and/or electricity) are available from known vehicle make and model. Distance traveled is estimated based on regional statistical data. Emissions are calculated using estimated fuel consumption and fuel type-specific emission factors. This is represented as a % of eligible MV. | Auto ABS PCAF Score 5: outstanding amount and total value at origination of vehicle or vehicle fleet are known. Vehicle efficiency and fuel type (fossil and/or electricity) are estimated for an average vehicle when vehicle make, model, and type are unknown. Distance traveled is estimated based on local or regional statistical data. Emissions are calculated using estimated fuel consumption and fuel type-specific emission factors. This is represented as a % of eligible MV. | CLO PCAF Score 5: Outstanding amount in the company and emission factor for the sector per unit are known. This is represented as a % of eligible MV. | Sources: RMBS: FHFA, and US Census Bureau | ABS Autos: EPA | ABS Aircraft: AWG, MIT | CLO: MSCI

Appendix 3: Corrections to our 2024 Climate Report

During the production of our 2025 Climate Report, we identified errors within our 2024 Climate Report. To restate corrected 2024 values, we aligned our approach with practices from IFRS's IAS 8 standard, ISSB's IFRS S1 standard, the TCFD framework, and GHG Protocol.²⁹

Figure 18

Projected WACI (Scopes 1+2) of WMC equity and WMC credit

2024 REPORTED				2024 CORRECTED			
	2024	2029	2049		2024	2029	2049
WMC equity	104	83	51	WMC equity	104	83	51
MSCI ACWI	113	95	60	MSCI ACWI	113	95	60
WMC credit	262	240	167	WMC credit	262	240	167
BBG Glb Agg Corp	398	198	128	BBG Glb Agg Corp	193*	198	128

The 2024 correction relates to a benchmark data extraction issue. 2029 and 2049 data is shown for continuity and comparability purposes only and was not affected by the data errors.

Figure 24

Wellington's operational carbon emissions

2024 REPORTED			2024 CORRECTED		
	2023	2024		2023	2024
Scope 1	1,184	796	Scope 1	1,184	796
Scope 2 market-based	691	519	Scope 2 market-based	691	519
Scope 2 location-based	4,224	4,038	Scope 2 location-based	4,224	4,038
Total market-based own source	1,875	1,315	Total market-based own source	1,875	1,315
Scope 3	7,225	7,920	Scope 3	7,570	8,195
Total market-based emissions (Scopes 1+2+3)	9,100	9,235	Total market-based emissions (Scopes 1+2+3)	9,445	9,510
Headcount	3,849	3,352	Headcount	3,849	3,352
MTCO2e/person own source	0.5	0.4	MTCO2e/person own source	0.5	0.4
MTCO2e/person Scope 3	1.9	2.4	MTCO2e/person Scope 3	2	2.4
MTCO2e/person	2.4	2.8	MTCO2e/person	2.5	2.8
Company footprint (square m)	91,695	88,049	Company footprint (square m)	91,695	88,049
MTCO2e/sq m own source	0.020	0.015	MTCO2e/sq m own source	0.020	0.015
MTCO2e/sq m Scope 3	0.079	0.090	MTCO2e/sq m Scope 3	0.083	0.093
MTCO2e/sq m	0.099	0.105	MTCO2e/sq m	0.103	0.108

Corrections to 2023 and 2024 operational carbon data reflect updated AWS source data and a revised AWS reporting format that required Scope 3 emissions to be reported separately on a location based and market based basis.

²⁹ Please note that in the restatement tables, all corrected values are bolded, and those corrected values that represent a material (>5%) error are also asterisked. All figure numbers have been retained from the 2024 Climate Report; please note that these figures have been renumbered in the 2025 Climate Report.

NOTES ON METHODOLOGY AND CURRENT LIMITATIONS OF CARBON FOOTPRINTING

Since emissions are self-disclosed and audited inconsistently, there is a lack of uniformity from one company to another. Estimation methodologies by third parties are imperfect because they are based on assumptions about business operations, peers, and industry averages. There is also a time lag associated with disclosures as companies disclose emissions at the end of each fiscal year, so the holdings date does not exactly match the emissions year.

Where a strategy incorporates transition-risk management into its P&P, we currently focus portfolio construction and target-setting on Scopes 1 and 2 emissions, where we have the most confidence in the data due to corporate disclosure.

However, consideration of Scope 3 is important because it often provides the strongest tie to business strategy. For example, Scope 3 downstream (use of sold products) provides the strongest tie to top-line opportunities, which allows us to differentiate companies' current exposure to demand for low-carbon products, such as the EV offering of automobile manufacturers.

Because carbon emissions are a moment-in-time snapshot, they fail to capture companies' future transition strategy. Companies with forward-looking reduction targets may nonetheless seem carbon-intensive today. We encourage portfolio managers to consider multiple metrics, including forward-looking transition alignment ratings, ESG ratings, and capital spending plans, when analyzing companies.

At cyclical companies, carbon intensity can fluctuate dramatically without a change in business processes, as revenue is the denominator in the formula. Currency translation for companies reporting in currencies other than the US dollar can also impact revenue-based intensity figures. When the ESG Research Team looks at individual sectors, they tend to use units of production rather than revenue, especially for cyclical industries.

Additional challenges arise when footprinting corporate credit strategies. Propagation from a parent issuer to a subsidiary issuer is done to improve coverage of the portfolio. However, if a parent issuer is the disclosing entity, this parent may or may not be representative of the subsidiary issuer owned, particularly if the issuance is a green or other labeled bond. This may be resolved over time as investment teams come to expect enhanced emissions disclosures directly from the issuing entity, and PCAF guidance now encourages distinct treatment of use-of-proceeds bonds. Please refer to the discussion and footnotes within **Section 4** for further consideration of our full range of climate-related metrics.



Important disclosures

This report is prepared in respect of the reference period, 1 January 2025 to 31 December 2025, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), including the Supplemental Guidance for Asset Managers, and informed by elements of the International Sustainability Standards Board's (ISSB) IFRS S2 climate-related disclosures standard. Both TCFD and IFRS S2 have established recommendations for disclosing comparable, reliable, and decision-useful information about the risks and opportunities presented by climate change. IFRS S2, which incorporates and expands upon TCFD, structures its recommendations around the four core elements below. As described in Appendix 1, Wellington's disclosures relative to IFRS S2 remain partial in certain areas.

1. **Governance** — The governance processes, controls, and procedures an entity uses to monitor, manage, and oversee climate-related risks and opportunities
2. **Strategy** — An entity's strategy for managing climate-related risks and opportunities
3. **Risk management** — An entity's processes to identify, assess, prioritize, and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process
4. **Metrics and targets** — An entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation

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Risks

All investments involve risks. Given the lengthy time frames for most impact projects and many companies' reliance on disruptive technologies, investments may be subject to volatility and are therefore more suited to longer investment horizons. The following are some general risks associated with various approaches discussed in this report. This is not an all-inclusive list. Each specific investment approach and product will have its own specific risks and risks will vary.

Capital risk — The value of your investment may become worth more or less than at the time of the original investment. |

Concentration risk — Concentration of investments in a relatively small number of securities, sectors or industries, or geographical regions may significantly affect performance. |

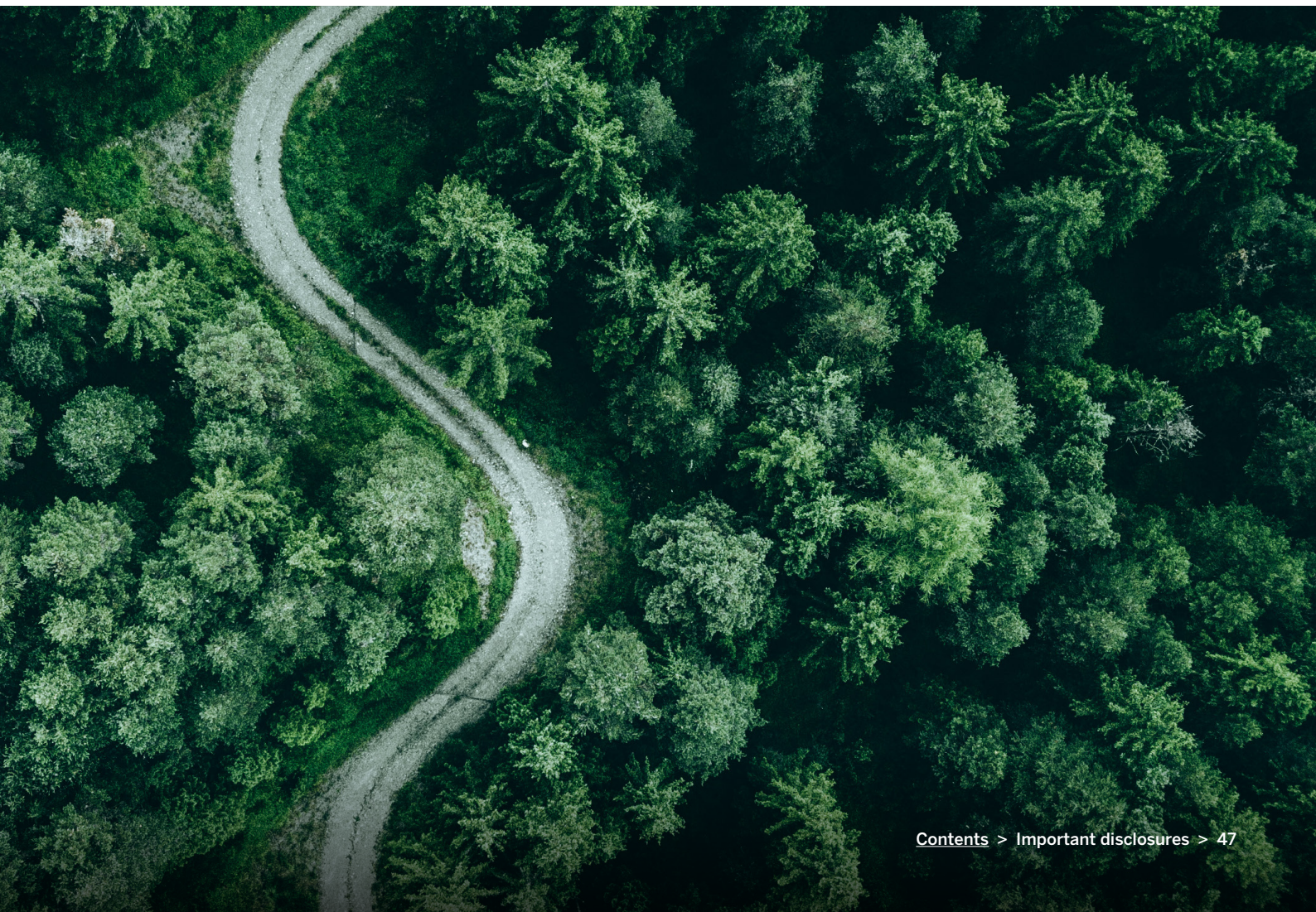
Equity and fixed income securities market risks — Financial markets are subject to many factors, including economic conditions, government regulations, market sentiment, local and international political events, and environmental and technological issues. In addition, the market value of fixed income securities will fluctuate in response to changes in interest rates, currency values, and the creditworthiness of the issuer. |

Foreign and emerging markets risk — Investments in foreign markets may present risks not typically associated with domestic markets. These risks may include changes in currency exchange rates; less-liquid markets and less available information; less government supervision of exchanges, brokers, and issuers; increased social, economic, and political uncertainty; and greater price volatility. These risks may be greater in emerging markets, which may also entail different risks from developed markets. |

Smaller-capitalization-stock risks — The share prices of small- and mid-cap companies may exhibit greater volatility than the share prices of larger-cap companies. In addition, shares of small- and mid-cap companies are often less liquid than those of larger-cap companies. |

Manager risk — Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses. |

Sustainability risks — ESG factors may be considered as part of a broader analysis of individual issuers (including with regard to a sustainability-risk assessment), using inputs from the investment manager's team of ESG analysts to help identify global best practices, prepare for engagement, and collaborate on new research inputs. The factors that will be considered will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labor relations history, and climate risks.



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