Australian Retirement Trust

Sustainable Investment Report
2024-25

art.com.au

Australian Retirement Trust Pty Ltd ABN 88 010 720 840 AFSL 228975, Trustee of Australian Retirement Trust ABN 60 905 115 063

Australian Retirement Trust acknowledges the Traditional Custodians of Country throughout Australia, and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Important information

This document has been prepared on 24 September 2025. We issue this report and all Australian Retirement Trust products. When we say 'the Trustee', 'we', us' or 'our', we mean Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975), as trustee of Australian Retirement Trust (ABN 60 905 115 063) ('the Fund' or 'ART').

While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement, however caused. All forecasts and estimates are based on certain assumptions, which may change. If those assumptions change, our forecasts and estimates may also change. Past performance is not a reliable indication of future performance. For Super Savings products, the Product Disclosure Statement (PDS) and Target Market Determinations (TMD) are available at **art.com.au/pds** or by contacting us on **13 11 84**. For QSuper products, the PDS and TMDs are available at **qsuper.qld.gov.au/calculators-and-forms/publications**. We're committed to respecting your privacy. Our privacy policy sets out how we do this; visit **art.com.au/privacy**

General information only

This document has been prepared for general information purposes only. It contains general advice and does not take into account the investment objectives, financial situation or needs of any particular individual. You should consider if the advice is appropriate to your circumstances before acting on it. You should obtain and consider the Product Disclosure Statement (PDS) and relevant Target Market Determination (TMD) before making any decision about whether to acquire or continue to hold ART products. For Super Savings products, the PDS and Target Market Determinations are available at **art.com.au/pds** or by contacting us on **13 11 84**. For QSuper products the PDS and Target Market Determinations are available at **qsuper.qld.gov.au/calculators-and-forms/publications**

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About Australian Retirement Trust

Who we are

We're one of Australia's largest super funds. At 30 June 2025, over 2.4 million Australians trusted us to take care of more than $350 billion of their retirement savings. We're here to help our members retire well with confidence. We're focused on seeking strong long-term investment returns and lower fees and offer information and access to advice our members need to manage their super and retirement.

Our history

ART was formed through the merger of QSuper and Sunsuper in February 2022. After the merger, all QSuper and Sunsuper members became members of Australian Retirement Trust. With over 140 years' combined history at merger and 3 years together as ART, we have the size, strength and scale that comes from being one of Australia's largest super funds. We aim to use our size and scale to find and make a broad range of investments, drive down investment costs and do things smarter by bringing our administration capabilities together.

Our purpose

Our purpose is to inspire confidence and awaken futures.

Existing solely for members

As a profit-for-member super fund open to all Australians, we don't pay shareholders. This means we're focused on lower fees and where we can, we seek to reinvest profits back to members as better value products and services.

About this report

This Sustainable Investment Report provides an update on processes and actions taken by Australian Retirement Trust to integrate sustainable investment approaches into our investment portfolio over the period 1 July 2024 to 30 June 2025, unless otherwise specified.

Sustainable investment ("SI"), also known as responsible investment, is a broad approach to investing incorporating financially material sustainability factors (which include, among other factors, labour standards and climate change), into investment processes and decision-making, alongside other traditional financial considerations. Approaches include Integration, Stewardship, Exclusions, Sustainability-themed Investing and Impact Investing.

This sustainable investment report does not cover ART's activities in its corporate capacity as an enterprise and employer.

Terms used in this report

Unless the context indicates otherwise, when we say "we", "us", "our" or "the Trustee", we mean Australian Retirement Trust Pty Ltd (ABN 88 010 720 840), as trustee for Australian Retirement Trust (ABN 60 905 115 063) ("the Fund" or "ART"). References to the "ART Board" are to the Board of directors of Australian Retirement Trust Pty Ltd.

In this year's report we generally use the terms "sustainable investment " and "sustainability factors" rather than "ESG" and "ESG factors", to be consistent with our Sustainable Investment Policy. Where there are references to "ESG" in this report, this is to be consistent with descriptions used in previous reports.

Acronyms, abbreviations and sustainable investment terms used in this report are defined in the **Glossary**.

Asset classes we invest in on behalf of our members are described in the Product Disclosure Statement that applies to you. These can be found at **art.com.au/pds**

In this report, we use 'fixed income' to refer to the asset class referred to as 'fixed interest' in previous reports; and we use the term 'property' to refer to the asset class referred to as 'real estate' in previous reports. Equities are commonly referred to as shares. The term 'listed equities' typically refers to shares listed and traded through an exchange such as the Australian Securities Exchange (ASX). In this report we use the terms 'listed equities' and 'shares'. 'Listed equities' includes equities held within ART's Australian and international shares asset classes and from time to time may also include equities held as security for financing trades undertaken by the cash asset class, which is distinct from the Australian and international shares asset classes.

All references to dollar values are in Australian dollars. We convert greenhouse gas emissions to tonnes of carbon dioxide-equivalent (tCO_2e). For this reason, the terms "greenhouse gas", "GHG", and "carbon" are used interchangeably.

We use "FY25", "2024-25", "this year" and "this reporting period" to refer to the financial year ending 30 June 2025.

Reporting period, frequency and feedback

We have not sought independent assurance over the contents of this report. ART has an internal due diligence committee and process, which is responsible for reviewing and approving our public documents. However, sometimes this process will include engagement of third-party agencies to review public documents or strategies. ART does rely on data from external third parties in relation to certain matters, and we will identify where we have done so in this report.

We welcome feedback on our sustainable investment report and related activities. You can find our contact details on our websites at **art.com.au/contact-us** and **qsuper.qld.gov.au/contact-us**

Message from the Investment Committee Chair and Chief Investment Officer

On behalf of ART, we're pleased to present our Sustainable Investment Report 2024-25 – a summary of our approach to sustainable investing and the outcomes we've achieved.

In 2024–25, we strengthened our foundations for sustainable investment in a changing landscape. With our Sustainable Investment team now well established and an integral part of our investment team, we've deepened our capabilities and commitment on how we deliver long-term value for members' retirement outcomes. We consider these efforts integral to our broader investment strategy, in our continued ambition to deliver strong performance, even in a volatile global environment.

Our work is guided by a clear investment principle, that sustainable investing, including the management of climate-related risks and opportunities is fundamental to building resilient portfolios supporting long-term investment outcomes. This reflects our legal duty to act in our members' best financial interests, and our understanding that sustainability factors, like climate change, can affect companies, sectors and markets in ways that matter financially.

The regulatory environment continues to mature. The roll-out of the Australian Government Sustainable Finance Roadmap and the development of mandatory climate-related financial disclosure signal a new era of accountability and transparency. In response, we've reviewed our internal sustainable investment risk controls, enhanced our reporting processes, and are preparing for the implementation of mandatory climate reporting.

A key achievement this year was the development of our Impact Investing Framework, that outlines a structured approach for allocating capital to investments that aim to deliver strong financial returns and measurable social and environmental benefits that are determined by ART. The framework supports our ambition to allocate at least $2 billion to new impact investments aligned with our members' best financial interests.

Climate change remains one of the most pressing challenges of our time. Accordingly, we seek to manage climate-related risks and opportunities in our investment portfolio. We progressed our Net Zero 2050 Roadmap, including developing a position on the use of carbon offsets by our investments and considering the role of natural gas in the energy transition. These insights will inform our investment due diligence and stewardship activities. We also progressed work on setting climate-related expectations for our infrastructure and property investments.

Our stewardship efforts continued to grow in breadth and depth. We engaged directly with 52 listed companies through 102 meetings and participated in 15 collaborative engagements focused on sustainability issues. These conversations are central to our role in exercising ownership rights to seek to protect value, enhance governance, and support long-term returns.

Integrating sustainability factors into our investment process alongside other traditional financial considerations helps us make better long-term investment decisions. Our members are increasingly conscious of how their retirement savings are invested, and we are committed to providing clear, evidence-based reporting on sustainable investment outcomes.

This year's update marks the completion of our two-year Sustainable Investment Strategy and substantial progress made on the first iteration of our Net Zero 2050 Roadmap. Looking ahead, our actions will be guided by a new Sustainable Investment Strategic Plan for FY26-30, which we look forward to sharing with you next year.

We remain focused on our purpose: inspire confidence and awaken futures of our 2.4 million members. We invite you to read our Sustainable Investment Report to learn about the work our team does each day to help deliver on this commitment.

Mark Burgess
Investment Committee Chair

Ian Patrick
Chief Investment Officer

Annual highlights

42%

reduction in adjusted carbon emissions intensity from our 2021 baseline for listed equities, infrastructure and property[1]

102

direct engagement meetings with 52 companies in the Australian and international shares asset classes

Socially Conscious Balanced option

10.1%

return for the year to 30 June 2025 (Accumulation account)

Past performance is not a reliable indicator of future performance

$8.4 billion

in existing climate-related 'green' investments as at 30 June 2024[2]

96%

climate change priority companies[3] engaged

New framework for addressing

Human Rights

developed for modern slavery and First Nations people's rights in our investment portfolio

As at 30 June 2025,

79%

of our investment portfolio by net asset value assessed against our external manager sustainable investment assessment framework.

Proxy voting at

6903

shareholder meetings

Impact Investment Framework approved to support target to invest at least

$2 billion

in new impact investments **by 2030**

1 Relates to ART's financed scope 1 and 2 emissions across listed equities, infrastructure, and property. The included asset classes represented approximately 61% of ART's FUM as at 30 June 2024.

2 Investments in sectors and activities identified as 'green' in the **Australian Sustainable Finance Taxonomy** – Version 1 2025 that, on a reasonable basis, are intended to support real-world decarbonisation, consistent with ART's Net Zero 2050 target and in accordance with members' best financial interest.

3 ART's climate change priority companies are defined as companies that together contribute 70% of ART's financed emissions in listed equities.

What sustainable investment means to us

ART's purpose is to inspire members to awaken their super with confidence, so they can unleash its potential.

Our scale and size mean we can invest in a broad range of Australian and global investment opportunities to help us in our ambition to grow members' super savings and maximise their retirement income. Our investment portfolio comprises a range of investment options that we offer to our members, that cover a broad range of objectives and investment timeframes to meet their goals and life stages.

Most options are constructed from diversified asset classes. These asset classes consist of underlying investments, such as assets and companies, selected through targeted investment strategies. Common asset classes include Australian shares, international shares, fixed income, property, infrastructure, private equity and cash.

Our investment portfolio is guided by a core set of investment principles. One of these principles is that *'Sustainable investing, including management of climate-related risks and opportunities, is fundamental to building resilient portfolios, supporting long term investment outcomes*', recognising:

- The Trustee's legal duty to act in the best financial interest of members.
- Sustainability factors can be financially material for companies, sectors and markets and are therefore a source of investment risk and opportunity.
- Stewardship is important in exercising ownership rights to protect value and enhance governance and long-term returns.
- Universal owners, such as ART, have long-term obligations and diversified investments representative of global markets, and can be exposed to systemic risks, such as climate change, that affect the global economy and long-term investment performance.
- Sustainable investment insights may help support investment portfolios adapt to future trends.

Sustainable investment approaches

Our investment strategies are informed by incorporating financially material sustainability factors (which include, among other factors, climate change) into investment processes and decision-making, alongside other traditional financial considerations.

The sustainable investment approaches that we use include:

- Integration
- Stewardship (engagement and proxy voting)
- Exclusions (also known as screening) in limited cases

Where appropriate, we may also apply additional approaches including Sustainability-themed and Impact Investing. Sustainability-themed Investing is predominantly used in the Socially Conscious Balanced option and, commencing FY26, Impact Investing can apply to any investment that meets our internal impact investment framework (see **Socially Conscious Balanced option** and Impact Investing sections respectively). Definitions of key sustainable investment terms used throughout this Report are provided in the **Glossary**.

The sustainable investment (SI) approaches taken may vary by asset class and investment strategy and not all approaches may be relevant to every investment option or asset class. For example, sustainable investment approaches are not used when investing in cash. Table 1 shows the sustainable investment approaches applied across asset classes during FY24-25, noting that the depth and breadth of application can differ, depending on the specific investment strategy and opportunity set.

Table 1: Sustainable investment approaches applied across asset classes[1]

Approach	Integration			Stewardship			Exclusions
Asset class	Manager selection, appointment monitoring	Contract provisions	Direct/ co-investment SI due diligence	Direct engagement	Collaborative or service provider engagement	Proxy voting	
Australian shares	✓	✓		✓	✓	✓	✓
International shares	✓	✓		✓	✓	✓	✓
Fixed income - listed corporate debt	✓	✓					✓
Fixed income - excl. listed corporate debt	✓	✓					
Private equity	✓	✓					
Infrastructure	✓	✓	✓				
Property	✓	✓	✓				
Private credit	✓	✓					
Alternatives	✓						

What are sustainability factors?

There are a multitude of sustainability factors that could be financially material to our investments. The significance to an investment portfolio can depend on a range of variables, such as the specific company, its sector or the geographic location of the investment. Sustainability factors can include:

Environmental	Social	Governance
Climate change	Health and safety	Board independence
Nature and biodiversity	Modern slavery	Board and company diversity
Waste and pollution	Labour standards	Shareholder rights
Energy efficiency	First Nations peoples' rights	Executive remuneration

Some sustainability factors require greater attention due to being a systemic risk, emerging issue or a regulatory requirement. In response, our Sustainable Investment Strategy, approved by the Board in June 2023, identified the following as priority topics for further research: climate change; biodiversity and human rights as it relates to modern slavery and First Nations.[2] We continued to focus on these topics in 2024-25:

- **Climate change** – our current approach to managing climate-related risks and opportunities in the investment portfolio is outlined in our Net Zero 2050 Roadmap (Roadmap). Please refer to the **Climate change** section for details of progress made in FY25.
- **Biodiversity** – in FY25 we carried out research on the topic of nature and biodiversity to better understand the risks and opportunities associated with our investment portfolio. Please refer to the **Nature and biodiversity** section for further details.
- **Human rights** as it relates to modern slavery and First Nations peoples' rights. Please refer to the **Human rights** section for details of progress made over the year.

1 The depth and breadth of application of sustainable investment approaches applied across asset classes can differ, depending on the specific investment strategy and opportunity set.

2 In our Sustainable Investment Policy, we note that climate change and modern slavery are key sustainability factors that will remain enduring research areas. Climate change presents a systemic risk, whilst both issues are subject to regulatory oversight.

Looking ahead, these three topics will remain areas of focus, with the addition of Artificial Intelligence (AI) and digital technology as a new focus topic. As AI technologies increasingly influence business models and operational efficiency, it poses risks, including if deployed irresponsibly. It also intersects significantly with climate change and human rights.

Our members

We engage our members through activities including surveys, webinars, responses to queries and our Annual Members' Meeting (AMM). We know from engaging with members through these avenues that interest in how we approach sustainable investing continues to grow.

In FY25, we surveyed our members on their views on impact investing, to inform the development of our Impact Investment Framework (see **Impact Investing**).

Sustainable Investment governance

The ART Board retains overall responsibility for our investment portfolio. Whilst the Board retains ultimate responsibility for ART, it has established several Committees which deal with issues requiring a level of specialist knowledge and additional time to focus on relevant matters. Our Investment Committee (IC) has oversight of sustainable investment, including climate-related risks and opportunities, amongst other investment related considerations. The responsible executive is the Chief Investment Officer (CIO).

Our Audit and Finance Committee has oversight of climate-related reporting obligations. The responsible executive is the Chief Financial Officer (CFO).

Our Investment Governance Framework outlines the roles, responsibilities and delegations, amongst other matters, for our Investment team, including the Sustainable Investment & Planning (SI&P) team. Management Investment Delegations, established by the CIO, provide authority for delegations assigned by the Board to the Investment team. These delegations guide decision-making and implementation under the Sustainable Investment Policy (SI Policy), where relevant.

The SI&P team is responsible for the design of sustainable investment policies, guidelines and processes and their implementation, including maintaining and monitoring of our SI Policy.

The SI Policy sets out our approach to sustainable investment, supporting the Board in monitoring and overseeing climate and sustainability-related risks and opportunities that may be financially material for the investment portfolio (sustainability factors). All decisions under the SI Policy must align with members' best financial interests. The SI Policy supports our compliance with regulatory and prudential obligations, including those related to proxy voting, climate change, and modern slavery considerations for the investment portfolio.

The SI Policy is reviewed and approved by the Board on at least a two-yearly basis, ensuring it remains fit for purpose in a rapidly evolving landscape.

Governance-related developments during the year included:

- Dr Martin Parkinson AC continued as a Director on ART's Board and as a member of the Investment Committee. Dr Parkinson previously served as the Secretary of the Department of Climate Change for the Federal Government and also served as Secretary to the Commonwealth Treasury. Dr Parkinson's past board memberships include serving as a director on the NSW Net Zero Emissions and Clean Economy Board.
- Dr Guy Debelle continued as an external adviser to the ART Investment Committee. Dr Debelle co-chaired the Australian Sustainable Finance Institute Taxonomy Technical Experts Group, which was responsible for developing the Sustainable Finance Taxonomy for the Australian economy. Dr Debelle previously worked at the Reserve Bank of Australia for 25 years, including as Deputy Governor for 6 years. He also was also previously a director at global green energy company Fortescue Future Industries. Dr Debelle previously chaired the climate change working group of the Australian Council of Financial Regulators.
- In June 2023, the Board approved our 2-year Sustainable Investment Strategy for FY24-25, and our Climate Change Strategy, which included our Roadmap. The Roadmap was published in September 2023 and outlines our current plan to transition the investment portfolio to our target of net zero greenhouse gas emissions by 2050[1]. The Investment Committee received an annual update on progress made against the key initiatives outlined in these strategies. Further detail on progress made against specific actions is provided in the **Sustainable Investment Strategy** and **Climate Change** sections of this report.
- The next iterations of our Sustainable Investment Strategic Plan and our Roadmap, covering the period FY26-30, is planned to be submitted to the Investment Committee and Board for approval in 2025. An updated Sustainable Investment Policy was approved by the Board in August 2025.
- The General Manager, Sustainable Investment & Planning continued as an approved representative on the Management Investment Committee (MIC) and chaired the MIC sub-committee. These bodies are responsible for reviewing and making decisions on submitted investment recommendations within

1 Scope 3 category 15 (investments) emissions. PCAF, 2022: The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

the authorities stipulated in the Management Investment Delegations Framework; and for providing constructive feedback and endorsement on recommendations that are being prepared for the Investment Committee and/or the Board.

- The General Manager, Sustainable Investment & Planning was also a standing member of our Portfolio Resilience Forum. The Portfolio Resilience Forum aims to ensure the investment function has the capability, governance, and processes to manage risk across time horizons, recommend improvements where needed, and plan effectively for future readiness.
- In FY24 we updated our material sustainable investment risks as part of a broader review of ART's material investment risks. In FY25, we competed a review of the related risk controls.

Sustainable Investment Strategy

Following the Board's approval of our Sustainable Investment Strategy in June 2023, last year's report provided an update on progress made against the strategic initiatives to 30 June 2024. This year's update (Table 2) completes reporting on the Sustainable Investment Strategy approved in June 2023, with progress tracked to 30 June 2025. Future actions will be guided by a new Sustainable Investment Strategic Plan, covering the period FY26-30.

Table 2: Status of progress against ART's Sustainable Investment Strategy initiatives

Strategic initiatives	Measures of success	Estimated timeframe for completion	Status as at 30 June 2025
Integration (previously ESG Integration)	ESG incorporated into existing investment documentation, where relevant	December 2025 (originally December 2023)	Largely complete[1]
	ESG integration baseline assessment of existing external and internal managers (this comprised a selection of managers as outlined in **Integration**)[2]	June 2024	Complete[3]
	Monitoring oversight framework for existing external investment managers[4]	December 2025 (originally December 2024)	In progress
Stewardship	Stewardship plan approved	June 2024 (originally June 2023)	Complete
	Escalation framework operational	June 2024 (originally June 2023)	Complete
	Companies for direct engagement identified and objectives set	June 2024	Complete
Impact investing	Governance framework approved	June 2025 (originally December 2023)	Complete
ESG data and analytics	Review of existing ESG data service providers	June 2026 (originally December 2024)	In progress
	ESG data management and storage platform operational	June 2025	In progress Responsibility allocated to Portfolio Intelligence team

1 47 out of 48 scheduled existing Investment Management Agreements (IMAs) included modern slavery and/or climate change provisions for relevant managers in property, infrastructure, listed equities and fixed income. One IMA was in progress at 30 June 2025.

2 We have not reviewed internal managers.

3 In March 2024 we identified a selection of external managers for assessment. The initial baseline assessment is complete.

4 Monitoring framework relates to the same external investment managers referred to in footnote 3.

We provide more detail on the achievements under each strategic initiative throughout this report. We have progressed our approach to ESG data and analytics, mostly in establishing a more robust approach to collecting, storing and managing greenhouse gas (GHG) emissions data for our unlisted assets. We recognise that uplifting this area is a multi-year journey and that progress will depend on improvements in data availability and quality, as well as further development of our internal capabilities.

Capacity building

As at 30 June 2025, our Sustainable Investment & Planning team had 15 full time equivalent members, including two who joined in 2024-25 to establish our Impact Investment team. See the **Impact Investing** section for more details on progress made during the year.

Throughout the year, our Sustainable Investment 'Champions' in the Investment team continued to play an important role in connecting our Sustainable Investment & Planning team with colleagues in our other investment domains. They provided valuable feedback on how to better integrate sustainable investment considerations into day-to-day investment activities. The model has served us well and we plan to review and enhance it in FY26 to help ensure it remains effective and relevant.

We also continued to build sustainable investment capability through ongoing education across the Investment team. To compliment internal education, we invited external parties to present on specific topics. For example, in the first half of 2025, several presentations were given by an external consulting firm on impact investing and the design of ART's Impact Investing Framework.

Several Board directors continued to advance their climate-related knowledge by participating in accredited industry training courses, conferences and seminars.

Collaboration

We're a member of several organisations that provide expert advice, thought leadership and opportunities to engage with the companies we invest in (refer to **Memberships and organisations**).

We have a framework that guides our active participation in these member organisations, their initiatives and associated working groups. The framework aims to ensure that participation is an effective use of resources and supports the overall Sustainable Investment Strategy, and that we act in members' best financial interests. When participating in member organisations and associated working groups, we act in members' best financial interests and take into account regulatory guidance and legal obligations.

During FY25, we participated in committees and working groups convened by member organisations outlined in Table 3.

Table 3: Membership of working groups and committees

Member organisation	Working Group / Committee	Rationale for participation
Australian Council of Superannuation Investors (ACSI)	• Board member • Member Advisory Council • Climate Disclosures Working Group	• To provide input into ACSI's research agenda and active ownership activities. See **Stewardship** for more detail on ACSI's role in our engagement activities. • As a member of the Climate Disclosures Working Group, we provided feedback on ACSI's draft guidance for superannuation funds on mandatory climate-related disclosures.
Australian Sustainable Finance Institute (ASFI)	• Leadership Working Group (2024 cohort)	• To share lessons and learn best practice strategies to help transform sustainability leadership.
Investor Group on Climate Change (IGCC)	• Board member • Investor Practice working group • Policy and Advocacy working group • Corporate Engagement working group • Climate Solutions sub-working group	• To help inform our engagement activities, advocacy recommendations and our understanding of leading sustainable investment practices.
Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) Initiative	• Collaborative engagement workstream • Investor advocacy workstream	• To promote effective action in finding, fixing, and preventing modern slavery in operations and supply chains.
Responsible Investment Association Australasia (RIAA)	• First Nations Peoples' Rights Working Group • Human Rights Working Group	• To support our stewardship activities to promote respect for human rights and First Nations peoples' rights in our investment portfolio.

Board appointments to member organisations.

Ian Patrick (Chief Investment Officer) – IGCC

IGCC is a network for Australian and New Zealand investors to share and respond to the risks and opportunities of climate change. IGCC's mission is to deliver real and accelerated progress on climate change by connecting, collaborating, and advocating on behalf of investors to responsibly manage climate risks and opportunities, and drive sustainable returns for investors and the beneficiaries they represent. Ian Patrick was appointed to the Board of IGCC in May 2023.

Nicole Bradford (General Manager, Sustainable Investment & Planning) – ACSI

ACSI exists to provide a strong voice on financially material ESG issues. Its members include Australian and international asset owners and institutional investors with a combined more than $1 trillion in funds under management. Through research, engagement, advocacy and voting recommendations, ACSI supports its members in exercising active ownership, which seeks to enhance the long-term value of the retirement savings entrusted to them to manage. Nicole Bradford was appointed to the Board of ACSI in October 2023.

Advocacy

Policy advocacy is intended to focus on advocating for better management of systemic risks, while supporting our strategic initiatives. During 2024-25, we provided submissions on two public consultations, to help drive better sustainable investment policy outcomes for our members, as shown in Table 4.

Table 4: Consultations on public policy and other initiatives

Consultation	Rationale for submission
Consultation Paper 380 - Sustainability reporting – December 2024 **Issued by: ASIC**	To provide feedback on how ASIC's guidance on mandatory climate-related disclosures could assist superannuation funds.
Australian Sustainable Finance Taxonomy V0.1 – December 2024 **Issued by: ASFI**	In the second public consultation on the Australian Sustainable Finance Taxonomy V0.1, ART provided comments on a number of aspects of the draft taxonomy, with the aim of providing feedback on how the taxonomy could be used by an asset owner such as a superannuation fund, which typically has an investment portfolio consisting of many underlying securities.

Reporting and disclosure

We continue to aim for clarity in our reporting and transparency to our members and external stakeholders through publication of this sustainable investment report and **Our reporting suite**.

Integration

Integration is the explicit and systematic inclusion of financially material sustainability factors in investment processes and decision-making. For ART, this is largely achieved through the selection of new external investment managers and monitoring of existing external investment managers' sustainable investment activities.

We maintain a globally diversified investment portfolio, with exposure across multiple regions and sectors. A range of investment strategies is used within each asset class to access investments in a variety of companies. These may be implemented through external investment managers or managed internally by the Investment team and may be either actively or passively managed.

During 2024-25, our sustainable investment integration activities focussed on:

- **External investment manager selection, appointment and monitoring**; and
- **Integration in private asset due diligence**.

External investment manager selection, appointment and monitoring

We use external investment managers to invest most of our investment portfolio. For asset classes that we consider are relevant, integration of sustainability factors is largely achieved through the:

- selection of new external investment managers, informing investment recommendations;
- inclusion of sustainable investment provisions during contractual appointment of external investment managers; and
- monitoring of select existing external investment managers with the aim of improving their processes to integrate financially material sustainability factors across the investment cycle.[1]

External investment manager selection

We assess the sustainable investment capability of new external investment managers by reviewing their polices and process and assigning them an internally developed rating, in line with our manager SI assessment framework.

See **External investment manager selection** for detail on our approach

External investment manager appointment

We include sustainable investment-related provisions into contractual agreements with external investment managers, where appropriate.

See **External investment manager selection** for detail on our approach

External investment manager monitoring

We monitor select external investment managers through sustainable investment assessments, benchmarking, engagement, and monitoring compliance with restricted investment (exclusions) provisions, where relevant.

See **External investment manager selection** for detail on our approach

Figure 1: Overview of ART external investment manager selection, appointment and monitoring

1 Asset classes that are considered relevant refers to Australian and international shares, fixed income, private equity, private credit, infrastructure and property.

External investment manager selection

In March 2024, an internal Management Investment Committee approved our manager SI assessment framework that forms part of approved internal guidelines for external manager appointments and ratings.[1] We have continued to use this framework in FY25. The framework is used for new investment manager selection and monitoring of select external investment managers by reviewing their policies and processes and assigning them an internally developed rating. These ratings help inform investment recommendations. We also use this information to benchmark existing investment managers' SI capabilities for subsequent engagement with select external investment managers (manager monitoring). The framework has 5 modules, each of which has a number of underlying indicators. As at 30 June 2025, 79% of our investment portfolio by net asset value had been assessed in line with our manager SI assessment framework.

Core Modules

Core SI score

Strategy
considers the content of the manager's SI policy, reporting and the ways in which the manager's activities are resourced (staffing and oversight, training and KPI alignment).

Integration
analyses how the manager identifies and integrates SI risks and opportunities when deciding which investments to allocate capital to.

Stewardship
considers how the manager engages companies and/or assets in its portfolio and how it uses this information to inform its investment decisions or management of assets.

Thematic Modules

Climate change score

Climate change
considers the manager's approach to assessing and monitoring physical and transition climate risks, as well as any established climate-related targets and net zero alignment assessment of investee entities.

Modern slavery score

Modern slavery
considers the manager's approach to identifying, assessing and addressing modern slavery risks in the investment portfolio.

Figure 2: Investment manager sustainable investment assessment framework

1 ART's manager SI assessment framework was outlined in our Sustainable Investment Report 2023-24. Terminology for some modules have been updated (for example the Integration module was previously called the ESG integration module). The framework remains consistent with prior descriptions of our approach.

Example external investment manager assessment

Within the manager assessment framework, assessment criteria for each indicator are categorised into 4 tiers (Absent, Developing, Intermediate and Advanced) and are designed to provide a snapshot of an investment manager's SI capabilities. Qualitative information is also documented to identify the strengths of the investment manager as well as areas for improvement. This information is for inclusion in internal investment recommendation papers for investment decision-making. When areas for improvement are identified, consideration may be given to incorporating these into contractual requirements with that investment manager or may be identified as areas of focus for ongoing discussion with the investment manager.

Figure 3 provides a stylised example of the quantitative outcomes of applying the SI assessment framework to an investment manager.[1] For example, in the Integration module, this hypothetical manager demonstrates advanced capabilities for one indicator, intermediate capabilities for two indicators, developing capabilities for one indicator, and absent capabilities for one indicator. This reflects that the hypothetical manager has taken steps to integrate financially material sustainability factors into their pre-investment process, however there are opportunities to continue to develop their approach.

New manager SI assessment indicators, grouped by module

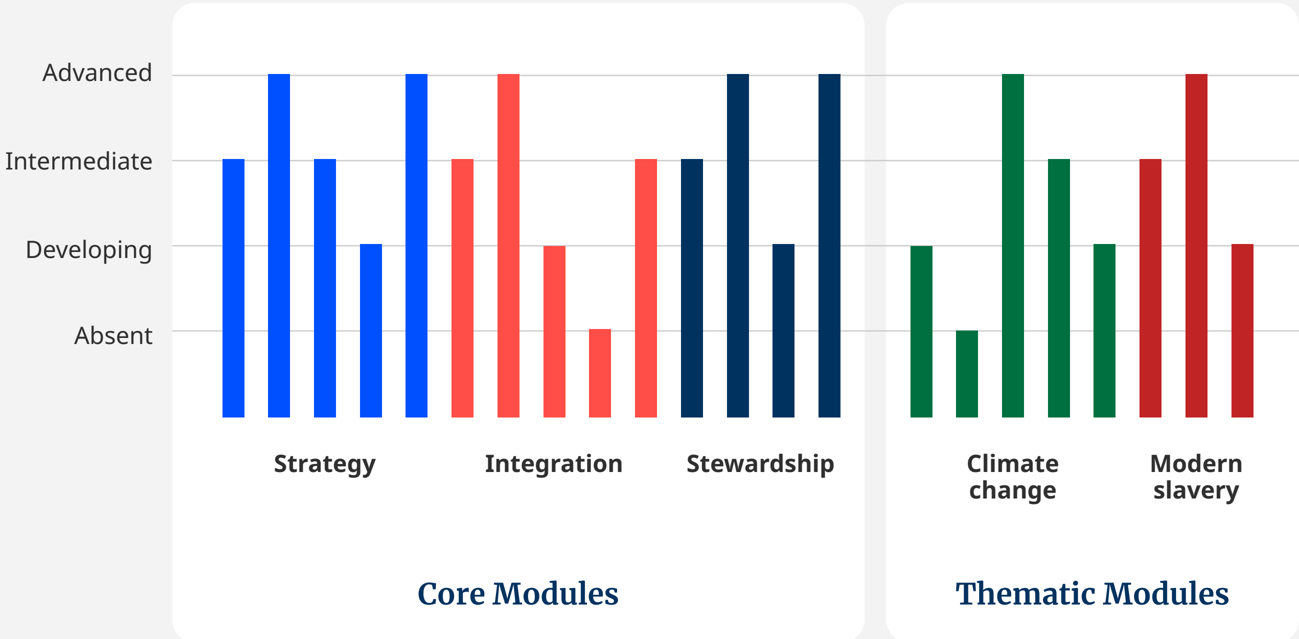


Figure 3: Investment manager sustainable investment assessment indicators

1 The example is indicative and does not represent a specific manager in ART's portfolio.

External investment manager appointment

Where we appoint external investment managers, contractual documents outline the investment guidelines and the requirements of each party. These agreements provide us with an opportunity to incorporate our SI-related expectations for our external investment managers as appropriate.

Investment Management Agreements

Investment management agreements (IMAs) are contractual documents that outline our requirements and expectations to appointed external investment managers, who manage segregated accounts on our behalf. As bilaterally negotiated agreements, these contracts can be customised to meet our requirements for the relevant mandate. The provisions provide us with information rights on climate change and modern slavery and seek to ensure these risks are appropriately considered by the external investment manager, where relevant to the investment strategy. As at 30 June 2025, 60 IMAs included modern slavery provisions and/or climate change provisions, as appropriate.

In addition, IMAs with external investment managers for strategies in our Australian and international shares asset classes, as well as those managing strategies including listed corporate-issued debt in the fixed income asset class contain provisions requiring the manager to restrict direct investments in line with ART's exclusions for those asset classes, as outlined in our Super Savings Investment Guide and QSuper Investment Guide (available at **art.com.au/pds**). An internal operating procedure governs implementation of exclusions applied to these asset classes, including compliance and monitoring responsibilities. Any compliance breaches are documented in our governance, risk and compliance system; and investigated and resolved as relevant.

Pooled vehicles

In 2024-25, we continued to include sustainable investment-related provisions in contractual agreements for investments in new private markets pooled vehicles (such as unit trusts or fund of funds), as appropriate. As pooled vehicles involve an asset manager implementing an investment process on behalf of multiple investors, the ability to negotiate customised requirements is more challenging and not always possible, however we seek to include our preferred SI provisions where relevant and feasible.

Funds of one

Funds of one are investment structures where a fund is created for a single investor. Depending on the nature of the fund of one, it may allow for tailored investment guidelines, including the incorporation of relevant sustainable investment requirements. In 2024-25, we continued to include sustainable investment-related provisions in private market funds of one, as appropriate

External investment manager monitoring

We monitor select existing external investment managers through:

- assessing and rating select external investment managers on their SI capabilities, in line with our manager SI assessment framework (see **External investment manager selection** for our framework);
- benchmarking select external investment managers using the assigned ratings;
- engaging with select external investment managers through providing written feedback and/or direct dialogue.
- In addition, we monitor compliance with restricted investment (exclusions) provisions for relevant external investment managers (see **External investment manager appointment**).

Benchmarking existing external investment managers' sustainable investment capabilities

During 2023-24, 53 strategies managed by 44 of our external investment managers were rated in line with our manager SI assessment framework. In 2024-25, these strategies were included in the initial benchmarking. The individual assessments were compiled into a league table for comparable assessment of capabilities across the portfolio and within asset classes. The league table identifies trends across asset classes, as well as the relative strengths and opportunities for improvement in each external investment manager's approach to integrating financially material sustainability factors into their investment process.

Insights from the initial benchmarking:

- **By module:**
  - **Strategy:** External investment managers across the portfolio generally demonstrated foundational sustainable investment capabilities with formal policies, some dedicated sustainable investment resourcing and governance oversight in place.

– **Integration:** Mature integration capabilities were demonstrated in public markets, reflecting the early adoption of sustainable investing for these asset classes. Property, infrastructure and private credit managers also demonstrated strong integration capabilities in identifying material sustainable investment considerations and integrating these considerations into asset selection.
– **Stewardship:** Stewardship was generally strong in listed equities, infrastructure and private credit, with some fixed income external investment managers demonstrating a well-developed approach.
– **Climate change:** Most property and infrastructure external investment managers demonstrated capabilities to consider physical risks for their portfolio, reflecting the potential risk exposure over a long horizon for their investments. Managers are beginning to build the capability for assessing asset and portfolio net zero alignment, indicating an evolving maturity.
– **Modern slavery:** Assessing modern slavery risks is at an early stage of maturity across the portfolio and more work needs to be done to uplift capabilities in this area.

- **Other observations:**
  – Sustainable investing is rapidly maturing, with advanced sustainable investment capabilities continuing to evolve. Accordingly, we will need to evolve our assessment framework in response to continued industry maturity, focused on financially material sustainability factors.

Engaging with our external investment managers

53 strategies managed by 44 of our external investment managers received written feedback, based on the manager sustainable investment assessments and asset class benchmarking.

Individual external investment manager feedback included: a graphical representation of score outcomes; asset class insights and trends; tailored assessment summary; and tailored recommendations (a stylised version is shown in Figure Y). The feedback process is designed to facilitate a structured dialogue with our managers with the aim to support better integration of financially material sustainability factors within their investment processes and decision-making. We will continue to monitor and engage with managers on their sustainable investment activities and are currently developing a governance framework for manager SI monitoring and oversight, expected to be finalised in early 2025-26.

About the Investment Manager SI assessment

- Thank you for responding to ART's External Manager SI Questionnaire.
- We have assessed your response against ART's Investment Manager SI assessment framework.
- This document summarises our assessment, as well as recommended actions for progress.
- As next steps, we encourage you to review the feedback and consider enhancements to your program, as relevant.
- ART will check in with you over the year to see how you're progressing on your sustainable investment activities.

Rating	Interpretation guidance
Advanced	Leading practice ART has observed across its managers
Intermediate	Demonstrated to have embedded financially material sustainable investment considerations in the investment process
Developing	Some demonstrated sustainable investment capabilities, but approach is ad-hoc
Absent	Little to no demonstrated sustainable investment capabilities

Your Assessment summary

XX Manager was assessed as being above the mean of ART's assessed asset class on strategy, stewardship and climate capabilities.

Key strengths include dedicated sustainability resourcing within XX Manager, the support of the broader sustainability team and corporate sustainability team.

However, XX Managers approach to integration and modern slavery was assessed as below the asset class mean, reflecting less mature practices in areas such as identifying risk mitigation during due diligence and incorporating modern slavery considerations at asset level. Enhancing these areas would support the continued development and effectiveness of the sustainable investments program.

On climate, XX Manager has strong capabilities, and we would welcome additional transparency, particularly around transition climate risk and adaptation.

Figure 4: Example of investment manager SI assessment feedback

Case study

Engaging with our external investment managers

As our investment portfolio is predominantly externally managed, there is a valuable opportunity for us to engage with our managers, both in supporting managers earlier in their sustainability journey, as well as learning from those who are more advanced. In 2024-25, we engaged with two of our property managers, with the examples below illustrative of our approach.

Guiding our maturing managers

Background

In 2024–25, we engaged with an existing external investment manager in our property portfolio to provide feedback on their sustainable investment capabilities. We had previously assessed the manager using our manager SI assessment framework. This highlighted early-stage maturity in the Integration and Stewardship modules and enabled us to identify opportunities to improve their management of financially material sustainable investment risks.

Objective

Reflecting our partnership approach, we engaged collaboratively with this external investment manager, providing tailored guidance that would enable them to improve their sustainable investment capabilities within due diligence and asset management.

Outcome

By June 2025, the external investment manager demonstrated several improvements including:

- Updated ESG policy aligned with material risk factors
- New sustainability framework for identifying financially material sustainability risks and opportunities in due diligence
- Developed asset management tools including a sustainability checklist to track asset performance.

We will continue to monitor and support the external investment manager's development as they finalise their approach to sustainable investment. When the external investment manager is next assessed under our manager SI assessment framework, we expect these enhancements to be reflected in improved scores for the Integration and Stewardship modules and overall rating.

Learning from our leading managers

Background

In 2024-25, our Real Estate team sought opportunities to deepen their understanding of sustainable investment risks that could be financially material for their asset class.[1] Mirvac, an external investment manager identified as a sustainability leader from the manager benchmarking, was asked to co-ordinate a deep dive session.

Objective

By engaging with one of our leading external investment managers, we aim to accelerate our sustainable investment knowledge, benefiting from their sectoral expertise.

Outcome

Mirvac ran a deep dive session, attended by members of our Real Estate and Sustainable Investment teams. The session included insights on:

- Assessing physical climate risk exposures for assets
- Sustainability-linked valuation and rental premiums
- Mandatory climate-related disclosures
- Mirvac's approach to setting sustainability standards for assets. For example, establishing NABERS energy targets tailored to an assets sector.

By learning from our leading external investment managers, we can enhance our ability to engage with other managers. This can enable greater integration of sustainable investment considerations across our property portfolio.

1 ART's Real Estate team manages the property asset class portfolio.

Integration in private asset due diligence

We incorporate integration into due diligence for all private asset investments that are approved by an internal Management Investment Committee. Due diligence for these new investments and co-investments seeks to identify financially material sustainability risks and opportunities for consideration in direct investment decisions.

Following this assessment, relevant commentary and recommendations are incorporated in final investment recommendations to the internal Management Investment Committee. For example, these might include the requirement to report carbon emissions from an asset or health and safety statistics.

In FY25, we began enhancing our approach to SI due diligence for private market assets. This included conducting an internal review of our current practices, and an external review of current market practices. Stakeholder consultations were also conducted with our Investment asset class sub-teams to identify improvement opportunities. Based on these insights, we developed a property SI due diligence prototype, which was piloted in partnership with the Real Estate team during a co-investment transaction in FY25. In FY26 we currently intend to finalise the property approach as well as expand enhancements for the remaining private market asset classes (infrastructure, private equity and private credit).

Case study

Private asset SI due diligence

Background

In 2024-25, we undertook due diligence for a prospective investment into National Gas (National Gas Transmission plc., or NGT) , the owner and operator of the National Transmission System (NTS), Great Britain's sole gas transmission system and the largest provider of traditional domestic gas metering services in the UK through National Gas Metering. The NTS is critical infrastructure, transporting gas from entry points across Great Britain to power stations, major industries, storage facilities and domestic customers across Great Britain. The NTS is expected to play a key role in decarbonising energy in the UK.

Objective

Consistent with all private asset investments that are approved by an internal Management Investment Committee, we undertook SI due diligence to identify the financially material sustainability risks and opportunities facing this company and to gain comfort that they're being appropriately managed. From our initial review, health & safety, decarbonisation, regulatory environmental performance requirements and physical climate risk and resilience were identified as material sustainability factors to be explored during due diligence.

Findings and outcome

Our SI due diligence identified that NGT is seeking to:

- Position the business to potentially support the UK's transition from natural gas to hydrogen through the phased repurposing of existing infrastructure and the delivery of a new hydrogen transmission network. This project is expected to play a key role enabling decarbonisation towards net zero by 2050, a legislated target for the UK.
- Establish an Environmental Action Plan to meet regulatory and legislative requirements, with 30 commitments across air quality, climate, responsible asset use, caring for the natural environment and sustainability leadership.
- Embed a safety culture across the organisation, including a focus on continual improvement through detailed safety reviews on risk controls, process safety and secure working procedures.
- Undertake physical climate risk assessments to deepen understanding of potential climate hazard exposure and help ensure network resilience.

The findings from SI due diligence were included in the investment recommendation paper, supporting the investment rationale to proceed with acquiring an interest in NGT.

Stewardship

Stewardship is defined as the exercising of ownership rights to protect value and enhance governance and long-term returns, undertaken by ART through company engagement and proxy voting. Our primary consideration when exercising our ownership rights is the best financial interests of our members. There are several other terms that can describe this activity, including active ownership.

We undertake stewardship activities through engagement and proxy voting for listed equities held within ART's Australian and international shares asset classes.

Engagement

As part of our process to effectively exercise our ownership rights, we aim to develop a better understanding of the business and strategic decisions of the company we're engaging with. Where practical, engagement activities aim to build stronger relationships between ART and the companies we invest in.

Effective engagement takes time. With over 5,000 companies in our listed equities portfolio as at 30 June 2025, it's not commercially practical for us to engage all of them. This is the same for many of our external investment managers, who may also hold hundreds or thousands of stocks through strategies such as passive approaches to tracking indexes.

Where engagement is undertaken with companies, one or more of the following methods are used: direct, collaborative and through service providers (Table X). Our service providers are ACSI and EOS at Federated Hermes (EOS). We use ACSI for engagement with our Australian shareholdings and EOS for engagement with our international shareholdings. ART may also attend select engagement meetings organised by a service provider. When participating in collective meetings with other shareholders, or their representatives, ART considers regulatory guidance in influencing companies appropriately.

Other engagement with companies may be undertaken through our external investment managers. Our Integration approach looks at how the manager engages with companies in its portfolio and uses this information to guide investment decisions.

Table 5: Engagement dialogues undertaken in 2024-25

Direct

Occurs when ART has a one-on-one meeting with a company to discuss governance, strategy, performance and/or financially material sustainability issues.

Number of engagement meetings in 2024-25

102 meetings with 52 companies

Collaborative

Occurs when a group of shareholders work together to meet with a company on governance and financially material sustainability issues.

Number of engagement meetings in 2024-25 that ART attended

15 meetings with 13 companies

Service provider

Occurs when a third-party service provider has a dialogue with a company on ART's behalf to discuss governance, strategy, performance and/or financially material sustainability issues. ART may attend these meetings as well.

Number of ACSI engagement meetings in 2024-25

340 meetings with 202 companies

Number of EOS engagement dialogues in 2024-25

1,982 actions with 678 companies[1]

1 EOS tracks and reports to ART on actions, which include meetings and correspondence.

Direct engagement

We understand company engagement is more effective when there is the ability to influence. For shares, our location and larger shareholdings in Australia mean we may have more influence domestically.

This year, we selected 32 ASX-listed companies for which we developed direct engagement plans that included objectives relating to our key sustainable investment topics. We refer to these 32 companies as our 'focus companies'. There was a formal process for selecting these focus companies, which included consideration of our holding size and an assessment of materiality against ART's key sustainable investment topics. Most of the focus companies that were selected had been designated as 'priority companies' under our Net Zero 2050 Roadmap.[1]

In total, our engagement plans for the 32 focus companies contained 150 objectives in total as at 30 June 2025. We assess progress on these objectives using one of five categories:

- New Objective: refers to an objective that has been added during the financial year, either because a new company was added to our list of focus companies, or because an additional objective was added to an existing focus company
- Not acknowledged / discussed: refers to an objective that has been identified in our research process but has not yet been addressed in company engagements
- Acknowledged: refers to an objective that has been discussed with the relevant company but we have not yet identified meaningful progress since it was introduced
- In Progress: refers to an objective which has been discussed with the relevant company and there has been meaningful progress
- Retired / Achieved: refers to an objective which we either do not think is relevant anymore, or we have assessed the company as having achieved.

The proportion of objectives assessed across these 5 categories as at 30 June 2025 is shown in Table 6.

Table 6: Status of engagement objectives for direct engagement companies as at 30 June 2025

Status of engagement objectives	Proportion (%)[2]
New Objective	27%
Not acknowledged / discussed	9%
Acknowledged	29%
In Progress	21%
Retired / Achieved	15%

Companies selected for direct engagement are reviewed annually.

In addition to the focus companies with which we proactively engage, reactive direct engagement may also occur on topics outside ART's key sustainable investment topics, either with companies already selected for direct engagement, or with other companies depending on circumstances and when it is possible. This may be ad hoc in response to a controversy, or where there otherwise might be reputational considerations.

Overall, we conducted 102 direct engagement meetings with 52 publicly listed companies and participated in 15 collaborative meetings with 13 publicly listed companies. In our direct and collaborative meetings, discussions included nature and biodiversity in 10% of the meetings, climate change in 43%, human rights in 18%, social topics in 12% and governance topics in 44%, noting that some meetings included discussions covering more than one of these topics. Issues discussed in 2024-25 included:

- Climate change
- Nature and biodiversity (including deforestation and water)
- Human rights (including First Nations peoples' rights and modern slavery)
- Social (other social factors as material or relevant outside of our human rights focus areas including diversity, equity and inclusion, safety, sexual harassment, responsible gaming, unionisation, and corporate culture)
- Governance (including board composition and succession planning, risk culture, governance structures, executive remuneration, lobbying, regulatory compliance, and management succession planning).

1 ART's priority companies are defined as companies that together contribute 70% of ART's financed emissions in listed equities.

2 Percentages may not sum to 100% due to rounding.

Escalation framework for direct engagement

In 2023-24, we developed an escalation framework to identify potential actions if focus companies do not progress on objectives laid out in an engagement plan. The framework includes a selection of measures that are available to us on a case-by-case basis. The choice of measure(s) that may be used depend on the circumstances at that time, including members' best financial interest (Table 7). Divestment is the ultimate escalation measure for failing to meet objectives.

This approach provides flexibility to account for individual company circumstances when assessing progress against an engagement plan. The escalation framework includes a governance structure with delegations that relate to the measure, or combination of measures, that are selected. For example, divestment from a company would require approval from the Investment Committee as set out under the Exclusions (Screening) section of the Sustainable Investment Policy.[1]

Table 7: Escalation approach for direct engagement

	Menu of measures	
Business as usual (BAU) stewardship activities	• Increase the frequency of meetings with the company • Request a meeting between the company and ART's CIO, CEO, IC Chair or Board Chair • Write a private letter to the company Board Chair and/or CEO • Raise concerns with other investors including external investment managers (in compliance with RG128)[1] • Raise concerns with brokers	• Vote against directors standing for election or re-election • Vote against other Board endorsed resolutions • Vote for a non-Board endorsed candidate • Vote for a non-Board endorsed resolution filed by other security holders
Public measures	• Make a public statement regarding the company • Write a public letter to the Board chair and/or CEO • Make commentary in the media regarding the company	• File a resolution to be put to a vote at a shareholder meeting • Nominate a director candidate • Publicly pre-declare voting intentions • Attend and ask questions at a shareholder meeting
Investment measures	• Restrict new investments in the company • Request representation at the company Board • Reduce holdings or divest from the company	
Legal measures	• Consider legal action against the company where appropriate and in members' best financial interests	

1 Our Sustainable Investment Policy can be accessed here **www.australianretirementtrust.com.au/investments/how-we-invest/sustainable-investing**

2 ASIC Regulatory Guide 128: Collective action by investors

Case study

Engaging across the biofuel supply chain

In 2024-25, ART continued to discuss progress on biofuel related opportunities with several companies we've identified for direct engagement, including Qantas, Ampol, Viva Energy, Rio Tinto, and GrainCorp. Biofuels are a lower carbon alternative to liquid fuels derived from fossil-based sources. They are more costly to produce but there may be opportunities to become more competitive in the medium term as volumes increase. There may be a potentially significant market for biofuels, for applications such as Sustainable Aviation Fuel (SAF) and biodiesel in hard to abate sectors. The Federal Government intends to support the low carbon liquid fuels industry through various bodies and initiatives such as the Clean Energy Finance Corporation, National Reconstruction Fund, Powering the Regions Fund and the Future Made in Australia Innovation Fund.[1] Grants and other funding will be an important source of capital for establishing new projects in Australia.

Qantas has stated it has continued to invest in SAF projects from its $400 million Climate Fund and May marked the largest ever commercial importation of SAF into Australia, with the arrival of nearly two million litres of unblended SAF working with Ampol and Sydney Airport. To meet its target of 10% of SAF in fuel mix by 2030, Qantas has indicated plans to increase uplift each year, noting the majority of the volume is expected by the company at the back end of the decade in line with its expectations for SAF industry and production developments.

Ampol has stated it is continuing to progress studies on a plant for producing renewable fuels domestically, potentially using feedstock sourced from GrainCorp. GrainCorp has said it is simultaneously exploring opportunities for enhancing its local feedstock supply chain, including waste products like Australian sourced Tallow and Used Cooking Oil (UCO) combined with increased crushing capacity for canola oil. The plant would be expected to produce a mix of HVO (hydrotreated vegetable oil) with a focus on hard-to-abate jet fuel with SAF while also having production flexibility to produce Renewable Diesel (RD).

Viva Energy has stated it invested in infrastructure to support co-processing of used cooking oil and soft plastics pyrololsis oil at its Geelong refinery. A proposed first phase of a larger co-processing program would target 50ktpa of biogenic oils including used cooking oil, tallow and canola. The company expects investment in this infrastructure to commence in 2026, which it estimates would abate 135ktpa of CO_2e.

Rio Tinto has said it worked with Viva Energy and a refining company to import 10ML of renewable diesel to trial in its Pilbara iron ore operations. The fuel is estimated by Rio to have displaced 27kt CO_2e of Scope 1 emissions. The company has also said it is pursuing the development of a Pongamia tree seed farm in North Queensland to potentially provide the material for production of renewable diesel.

According to statistics from the Department of Climate Change, Energy, the Environment and Water, during the 2022-23 period, the mining and aviation sectors consumed 14% and 13% respectively of Australia's overall oil consumption.[2] The timeline to decarbonise those industries is not yet clear but biofuels could play an important role in helping them to do so. ART intends to monitor these companies' progress on emissions reductions over time and engage with them as appropriate.

1 https://international.austrade.gov.au/en/do-business-with-australia/sectors/infrastructure/low-carbon-liquid-fuels
2 https://www.energy.gov.au/sites/default/files/2024-08/australian_energy_statistics_2024_table_h.xlsx

Collaborative engagement

We participated in investor-led engagements that encourage companies to take action on a particular issue such as climate change (through Climate Action 100+) or human rights (through Investors Against Slavery and Trafficking Asia-Pacific). We also attended company-hosted roundtables and investor briefings. When participating in collaborative engagement, we act in members' best financial interests and take into account regulatory guidance and legal obligations.

Engagement through service providers

Australia – ACSI

In Australia, ACSI engages listed companies on our behalf (ART is a member of ACSI).

In 2024-25, ACSI focused its engagement on several financially material sustainability issues:

- **Environmental:** climate change, biodiversity and nature, and circular economy.
- **Social:** safety, workforce management, human rights and modern slavery, First Nations and community engagement, and gambling harm.
- **Governance:** board composition, corporate culture, executive remuneration, cybersecurity, company reporting, board accountability and independence, data privacy and AI, and board gender diversity.

ACSI sets goals for individual companies on each of these topics, depending on their relevance and company performance to date.

In 2024-25, ACSI held 340 engagement meetings focused on material sustainability matters with 202 ASX-listed companies. These companies represented approximately 57% of ART's Australian equities holdings as at 30 June 2025.

ACSI noted improvements were made on 64% of its priority issues across the environmental, social and governance thematic areas set out above. Given the financial-year basis on which priority objectives are set, progress on many of ACSI's engagement objectives are due to be assessed in the upcoming company reporting and annual general meeting (AGM) season.

Case study

Sandfire Resources Limited

ACSI's engagement with Sandfire

Sandfire Resources Limited is a Perth-based copper mining company. The quality of engagement with indigenous communities is an important issue for Australian mining companies like Sandfire. In 2023, the company announced an investigation into the disturbance of indigenous artefacts on a Sandfire mining site in 2017 and 2018.

In June 2024, the company published an independent report by law firm Gilbert + Tobin which found that the events occurred "in error due to ignorance and process failings within Sandfire" and made recommendations to improve processes.

Sandfire's chair, John Richards commented publicly that "Sandfire's failure to protect the artefact scatters and to quickly escalate the issue once identified is unacceptable. The development of the Sandfire Way, a new way of working through a robust framework of policies, standards and procedures, founded on our 'Don't Walk Past' philosophy, is evidence of our determination in this regard."

ACSI engaged with the Sandfire board and senior management throughout this process to better understand the issues and encourage the company's efforts to prevent future incidents.

ACSI's report on progress

As a result of the investigation, Sandfire overhauled its internal systems and processes to ensure that all employees and contractors in future understood their obligations when working as guests on the land of Aboriginal custodians. This included rules for working with Traditional Owners to clearly identify and quarantine sites of cultural significance, as well as having mechanisms for timely reporting of any actual or near incidents.

The absence of these systems when the heritage incidents occurred created a governance challenge for the company in holding Sandfire's then CEO, Karl Simich, accountable. He still had bonuses subject to performance conditions and the board used discretion to reduce them by only $137,110 from a package worth more than $7.5 million. Investors were clearly concerned by this outcome given the impact of the incident on the company's reputation. ACSI recommended against Sandfire's remuneration report, which received a 56% vote against from the company's investors in November 2024.

Next Steps for ACSI

ACSI is continuing to engage with Sandfire board representatives to encourage improved governance and management of cultural heritage.

ART's direct engagement with Sandfire

Sandfire is also one of the 32 focus companies we selected for direct engagement. In our own meetings with the company, we have found the board and management to be transparent regarding the issues and have demonstrated their desire to repair damaged relationships with Traditional Owners.

International – EOS

ART appointed EOS as our international engagement service provider during 2023-24. EOS continued in this capacity in 2024-25.

EOS publicly state that their engagement is focused on ensuring companies are responsibly governed and well managed to deliver sustainable long-term value, as well as improving the lives of employees, promoting diversity and supporting communities.

EOS' focus of engagement for 2024-25 was on 4 priority themes:

- Board effectiveness
- Climate change
- Human and labour rights
- Human capital.

EOS uses a 4-stage milestone system to track the progress of their engagement, relative to the objectives set for each company. When setting an objective, EOS also identifies the milestones that need to be achieved. Progress is assessed regularly and evaluated against the original engagement proposal.

EOS conducted 1,982 engagement actions (which include meetings and correspondence) with 678 of ART's companies globally during the period 1 July 2024 – 30 June 2025. Engagement in this period represented approximately 60.8% of ART's international equities holdings (by assets under management) as at 30 May 2025.[1]

Proxy voting

We invest in share markets across the world. Proxy voting is an important tool for investors to exercise their shareholder rights. By voting on our members' behalf at AGMs and other decision-making forums, we can seek to influence the governance of companies we invest in to encourage better practices and disclosure.

We make proxy voting outcomes available within 7 days of an AGM held by a company. Our proxy voting records can be found at: **art.com.au/prescribed-information (under Proxy voting record history)**. Table 8 shows a summary ART's proxy voting outcomes for FY25.

Table 8: Summary of ART's proxy voting outcomes for FY25

Voting outcomes	Australia	International
Number of meetings	377	6,526
Number of resolutions	2,197	71,816
Votes For	1,889	58,861
Votes Against	257	8,896
Votes Abstain	48	1,134
Votes Take no action and other[2]	3	2,925

Australian environmental-related shareholder proposals[3]	Australia	International
Total environmental-related shareholder proposals	8	141
Environmental-related shareholder proposals with votes Against	7	54
% votes Against	88%	38%

1 EOS engagement coverage of ART's international equities holdings as at 30 June 2025 were not obtainable in time for this report.

2 In certain markets or circumstances, there may be technical issues that can affect the desirability of voting proxies or the ability to vote proxies (shareblocking provisions, restrictive power of attorney requirements, conflicts of interest, sanctions regimes, etc.). There are also several other voting options (like say-on-pay frequency votes).

3 Statistics for environmental-related shareholder proposals are derived from labelled data provided by Australian Retirement Trust's voting agent, CGI Glass Lewis. More information on its approach to environmental and social issues can be found here: **2025 Shareholder Proposals & ESG Benchmark Policy Guidelines.pdf** (accessed 7 July 2025). We may vote on proposals that are pro-ESG, anti-ESG, and/or anti-social (also known as "Trojan horse").

Case study

Engaging with Woodside Energy in 2024-25

Over the course of 2024-25, ART met with Woodside Energy (Woodside) multiple times to discuss a range of governance, sustainability and strategic issues. The company made significant capital commitments to new projects that are different in nature to those it has typically invested in. The Beaumont New Ammonia Project (Beaumont) is a multi-billion dollar investment that intends to materially increase Woodside's development of low carbon alternative products. Woodside also invested in the Louisiana LNG[1] project that will aim to position the company to process gas extracted by others into LNG for the export market. The company expects the intensity (kgCO2e / unit of energy produced) of scope 1 and 2 emissions from the project to be lower than the industry average for similar processing facilities.

We are supportive of Beaumont. Following the start-up of carbon capture and sequestration and receipt of carbon abated hydrogen, Woodside's US$2.35bn investment aims to give the company the capacity to produce up to 1.1Mtpa of lower carbon ammonia, potentially abating up to 1.6Mtpa of CO2e. The project includes an option for expansion with a second phase to double the production capacity and expected abatement. Importantly, Woodside has stated that it anticipates the project will exceed its financial return targets for new energy projects (greater than 10% IRR, payback period less than 10 years).

ART voted in favour of the three directors standing for election at the FY25 AGM: Ann Pickard, Ben Wyatt and Tony O'Neill. Over the course of FY25 we saw improvements from the company in its approach to addressing greenhouse gas emissions. ART is supportive of the Beaumont project, and engagement with the company gave us an appreciation of the difficulties of seeking to further reduce emissions intensity at some of its existing WA LNG facilities. We plan to continue to engage with the company as it updates its next Climate Transition Action Plan (CTAP) to address areas where we still see shortcomings.

Overall, we preferred to support the members of the Sustainability Committee (Ann Pickard and Ben Wyatt) and saw no particular issue with the election of Tony O'Neill.

ART also voted in favour of the remuneration report. The corporate scorecard outcome was largely driven by acquisitions of the Beaumont and Louisiana LNG projects. We had no particular objection to the way those projects were reflected in the outcome. We also acknowledge the large weighting towards equity-based remuneration for the CEO which better aligns remuneration outcomes with shareholder returns. We anticipate continuing to engage with the company on remuneration as it shifts its focus towards bringing those projects to full operational capacity.

While new initiatives bring opportunities, we are also mindful of the aggregate level of the company's commitments in coming years and the amount of debt it holds. ART expects its companies to judiciously use investors' capital and take a considered approach to managing risk as they evaluate future projects. In the medium to long term, as Woodside looks to projects further out in its horizon, we would also expect a careful consideration of managing risks while delivering shareholder returns. ART acknowledges that gas will have a role to play for some time as both an input for hard-to-abate industrial uses as well as an important source of firming energy.

ART remains committed to its Roadmap and hopes for productive relationships, where possible, with companies that we see as material to achieving a successful transition. We plan to continue to engage with the company, particularly as it navigates the potential retirement of some of its longstanding board members during their current terms. Our engagement meetings will inform how we exercise our voting rights in future shareholder meetings.

1 Liquefied Natural Gas.

Exclusions (Screening)

Exclusions (Screening) is applying rules based on defined criteria that determine whether an investment is permissible.[1] ART applies negative screening rules, which we call Exclusions, that determine when an investment is not permitted.

ART applies exclusions in limited cases. We generally prefer to retain our position in investments (rather than divest them), because it can provide an opportunity for us or our external investment managers to engage companies to potentially improve their practices, where we have the ability to do so (see **Stewardship** for more detail). There are some occasions however, when we consider it appropriate to exclude certain investments as part of our sustainable investment approach, and in accordance with members' best financial interests.

The Fund has a set of exclusions that were applied when we directly invested in the Australian and international shares asset classes during FY25, other than the Socially Conscious Balanced option, which has a more extensive set of exclusions. From 1 July 2025, we have advised our members that the exclusions also apply to direct investments in listed corporate-issued debt in the fixed income asset class. Exclusions do not apply to QSuper's Defined Benefit accounts and Self-Invest option.

In previous reports, exclusions categories, criteria and thresholds were disclosed. However, due to the retrospective nature of this report, we have chosen not to include past information about exclusions that may have since changed. For example, our exclusions may be updated and could be applied to other asset classes after the end of the reporting period.

Please refer to our investment guides for information about our current exclusions, including descriptions of the exclusion categories, criteria and thresholds, exceptions to the exclusions and how we apply the exclusions. Our Super Savings Investment Guide and QSuper Investment Guide are available at **art.com.au/pds**.

1 Adapted from the **2023 CFA Institute, Global Sustainable Investment Alliance and Principles for Responsible Investment. Definitions for Responsible Investment Approaches**.

Impact Investing

Impact investments are those investments where we invest capital to deliver financial returns in line with members' best financial interests, while also seeking to generate what we consider to be positive, measurable, social and / or environmental outcomes.

We expect our impact investments to provide an example of how retirement savings can deliver appropriate returns whilst also seeking to positively impact the environment and world in which our members live, work and retire. It can also help drive innovation by considering investments from alternative perspectives.

In 2023, our Board approved a target to invest at least $2 billion in new impact investments by 2030. In order to do this, we first needed to have strong governance, deep expertise and proper processes in place to ensure our impact investments are in members' best financial interests.

Progress made during the year

This year, we established a dedicated Impact Investment team and finalised our Impact Investment Framework, using recognised industry criteria. The framework is designed to enable a consistent approach to assessing and monitoring impact investments.

The framework outlines our priority themes, assessment criteria and requirements for impact measurement and reporting. With this now in place, we are preparing to integrate this into our investment approval process and to make our first impact investments in FY26.

The framework was co-designed by the Impact Investment team in collaboration with the asset class teams, Sustainable Investment 'Champions' and an external consultant. Member feedback also played a role in shaping our impact investment themes (see **Engaging our Members on Impact Investing**). The framework was reviewed by the Investment Committee and approved by our Management Investment Committee.

Priority impact themes

After seeking member feedback and considering market opportunities, we have determined that we will seek to prioritise our impact investments into the following social and environmental themes (Table 9):

Table 9: ART's social and environmental themes under our Impact Investment Framework

Cimate change			Social inclusion		
Decarbonisation	**Adaptation**	**Ecosystems**	**Housing**	**Economic opportunity**	**Health**
• Renewable energy and storage • Energy efficiency & transition technology • Access to clean energy • Pollution prevention and control • Carbon removal & sequestration	• Sustainable agriculture • Sustainable use of water • Sustainable waste management • Transition to a circular economy • Resilient infrastructure	• Sustainable forestry and land management • Biodiversity & ecosystem protection • Natural resource and marine conservation, restoration and management	• Affordable housing • Specialist Disability Accommodation • Retirement living	• Access to quality education • Transition to employment, independence • Quality jobs and workforce development • Financial inclusion	• Access to healthcare • Advances in healthcare treatment • Nutrition • Aged Care • Food security

Impact Investing principles

The following guiding principles included in the framework are intended to inform the implementation of our commitment to impact investing.

1. **Alignment:** We will seek to integrate impact investing into our established investment processes, across asset classes.
2. **Integrity:** We will seek to ensure rigor and discipline in implementation, to generate financial returns in line with members' best financial interests as well as seeking real world impact.
3. **Transparency:** We will seek to centre transparency in goal setting, monitoring, measurement, and reporting.
4. **Leadership:** We aim to influence, grow and strengthen the impact investing market.

Case study

Engaging our members on Impact Investing

In September 2024, a survey was emailed to a randomly selected group of ART members to seek their feedback on impact investment. 514 completed survey responses were received. A key takeaway from the responses was that there is support for investment in relevant, tangible impact areas, in Australia and overseas, provided that this was not in compromise of members' best financial interests and seeking strong returns.

In terms of geographic focus, 55% of responses stated a preference for a combination of Australian and international areas for impact investing, while 26% expressed a preference for Australian areas only (Figure 5: Member preferred geographic focus).

The most commonly preferred thematic areas included affordable and social housing, healthcare and medical products, sustainable agriculture/water and climate solutions like energy transition, renewables and decarbonization (Figure 6: Member preferred thematic focus, noting more than one theme could be chosen by each member).

Responses were also tested against age, account balance and gender, and we noted that of the people responding who had balances between $0 and $50,000, a significantly higher proportion (43%) nominated a preference for impact outcomes in education.

These insights were used to help shape our impact investment themes.

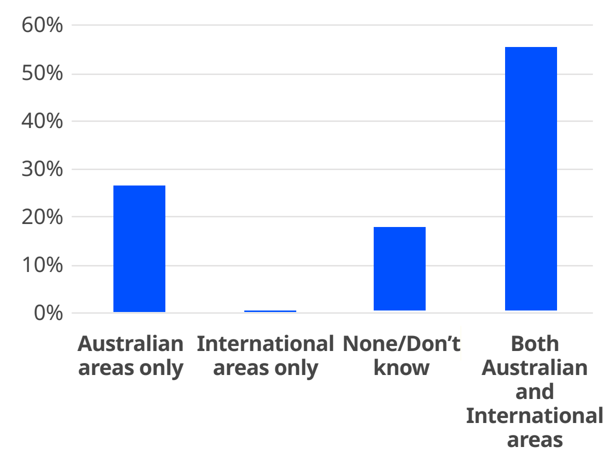


Figure 5: Member preferred geographic focus

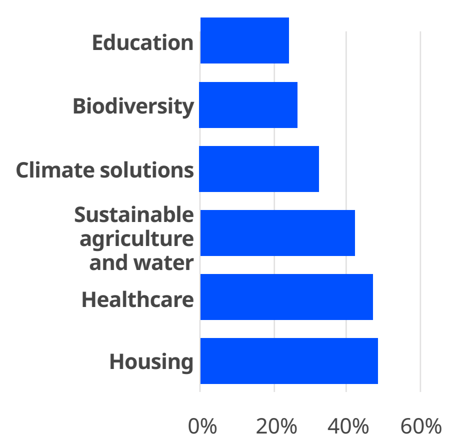


Figure 6: Member preferred thematic focus

Socially Conscious Balanced option

Socially Conscious Balanced option investment approach

The Socially Conscious Balanced option is a diversified portfolio with around 70% growth assets. We offer this option for members who prefer to invest in an option which has additional exclusions and an additional approach to sustainable investing.

The sustainable investment approaches of Integration and Stewardship also apply to this option, as they are relevant to the asset class and investment style (for further detail see **Integration** and **Stewardship**). Thematic investing, where investments are selected to access specific trends, such as investment in climate-related opportunities, may also be used when selecting external investment managers for this option.

Over the course of 2024-25, the Socially Conscious Balanced option was certified as a Responsible Investment product, under the Responsible Investment Association Australasia (RIAA) certification program.[1] We have decided not to continue seeking certification from RIAA under the Responsible Investment Certification Program for this option, effective 1 July 2025.[2]

Exclusions

The Socially Conscious Balanced option imposes a more extensive set of exclusions than the exclusions outlined in the section Exclusions (Screening). Previously, exclusions for the Socially Conscious Balanced option applied when the option directly invests in Australian and international shares. From 1 July 2025, the exclusions also apply to direct investments in listed corporate-issued debt in fixed income investments.[3]

Please refer to our investment guides for information about the exclusions that apply to the Socially Conscious Balanced option, including descriptions of the exclusion categories, criteria and thresholds, exceptions to the exclusions and how we apply the exclusions. Our Super Savings Investment Guide and QSuper Investment Guide are available at **art.com.au/pds**.

For the other asset classes to which the exclusions referred to above do not apply, we will take steps to incorporate sustainable investment approaches into investment decisions we make for the Socially Conscious Balanced option. Table 10 shows the sustainable investment approaches currently applied to the Socially Conscious Balanced option, and the percentage allocation to each sustainable investment approach as at 30 June 2025. It is important to note that the percentage allocation is at a point in time and may change over time within approved asset class ranges.

1 The RI Certification Program is provided by Responsible Investment Association Australasia (RIAA) ACN (641 046 666), AFSL (554110) and certifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. For detailed information about RIAA and the program visit **www.responsiblereturns.com.au**. Neither RIAA of the program recommends to any person that any financial product is a suitable investment or that returns are guaranteed.

2 As advised to members in **Product update (Super Savings) for May 2025** which can be accessed at www.australianretirementtrust.com.au/disclaimers-and-disclosures/significant-event-notifications and in **Product update (QSuper) for May 2025** which can be accessed at https://qsuper.qld.gov.au/about/disclosure#GuideContent18.

3 As advised to members in **Product update (Super Savings) for May 2025** which can be accessed at www.australianretirementtrust.com.au/disclaimers-and-disclosures/significant-event-notifications and in **Product update (QSuper) for May 2025** which can be accessed at https://qsuper.qld.gov.au/about/disclosure#GuideContent18.

Table 10: Asset Allocation and Percentage of Socially Conscious Balanced option to which each sustainable investment approach was applied as at 30 June 2025, based on asset class allocation at that date.[1]

Asset class	Actual asset allocation 30 June 2025[1]	Sustainable investment approaches[2]	% of asset class to which SI approach is applied	Implementation
Australian shares	24.9%	Exclusions	100%	A specialist external investment manager has been appointed to manage a portion of shares for this option that, in addition to the exclusions as set out in the investment guides, incorporates sustainability factors across the investment decision-making process. The manager also engages with select companies as part of their investment process.
		Integration	100%	
		Stewardship	59%	
		Thematic Investing	-	
International shares	27.5%	Exclusions	100%	The manager also engages with select companies as part of their investment process. The % Stewardship reflects the % of FUM where engagement is undertaken by the manager. Proxy voting is undertaken on 100% of the International and Australian shares asset classes. For more information on the stewardship undertaken in the option, see the case studies **Listed shares stewardship** and **Company engagement**.
		Integration	100%	
		Stewardship	70%	
		Thematic Investing	-	
Fixed income	17.3%	Exclusions	-	A specialist external investment manager has been appointed to manage a portion of the listed fixed income investments for this option that incorporates thematic investing through bonds whose proceeds are used for climate-related or environmental projects.
		Integration	87%	
		Stewardship	-	
		Thematic Investing	87%	
Private equity	7.9%	Exclusions	-	This asset class may include specialist external investment managers that have been appointed to manage a portion of investments for this option that include thematic investing which seeks outcomes that are aligned with one or more of the Sustainable Development Goals (SDGs). Although ART's exclusions do not apply to this asset class, the appointed external investment managers may apply their own exclusions. Any exclusions applied to investments in the private equity asset class are separate to, and may differ from, the exclusions mandated by ART for the option as described above.
		Integration	100%	
		Stewardship	-	
		Thematic Investing	100%	
Infrastructure	5.0%	Exclusions	100%	The option's infrastructure investments include a small sub-set of assets selected from ART's infrastructure asset class that meet internal sustainability criteria, including exclusions as set out in ART's investment guides.
		Integration	100%	
		Stewardship	-	
		Thematic Investing	-	

1 It is important to note that the percentage allocation is at a point in time and may change over time within approved asset class ranges.

2 The % Integration refers to the % FUM or NAV managed by external managers rated 1 (Advanced) or 2 (Intermediate) across core modules under the SI Assessment Framework. See **Integration** for more detail.

Table 10: Asset Allocation and Percentage of Socially Conscious Balanced option to which each sustainable investment approach was applied as at 30 June 2025, based on asset class allocation at that date.[1]

Asset class	Actual asset allocation 30 June 2025[1]	Sustainable investment approaches[2]	% of asset class to which SI approach is applied	Implementation
Property	14.8%	Exclusions	-	The option's property allocation is invested in ART's property asset class.
		Integration	51%	
		Stewardship	-	
		Thematic Investing	-	
Cash	2.6%	Not applied	-	The option's cash allocation is invested mostly in money market instruments.

Investment objective and performance

The investment objective of the Socially Conscious Balanced option for Accumulation and Transition to Retirement Income accounts is to achieve an annual return of CPI + 3.5% (and for Retirement Income accounts, CPI + 4%) after investment fees and costs, transaction costs and, where applicable, investment taxes, measured over a rolling 10-year period. Further information in relation to the investment objectives for this option can be found in the PDS that applies to you, available at **art.com.au/pds**.

The Socially Conscious Balanced (SCB) option's investment returns to 30 June 2025 are shown in Figure 7.

Investment returns to 30 June 2025[3]

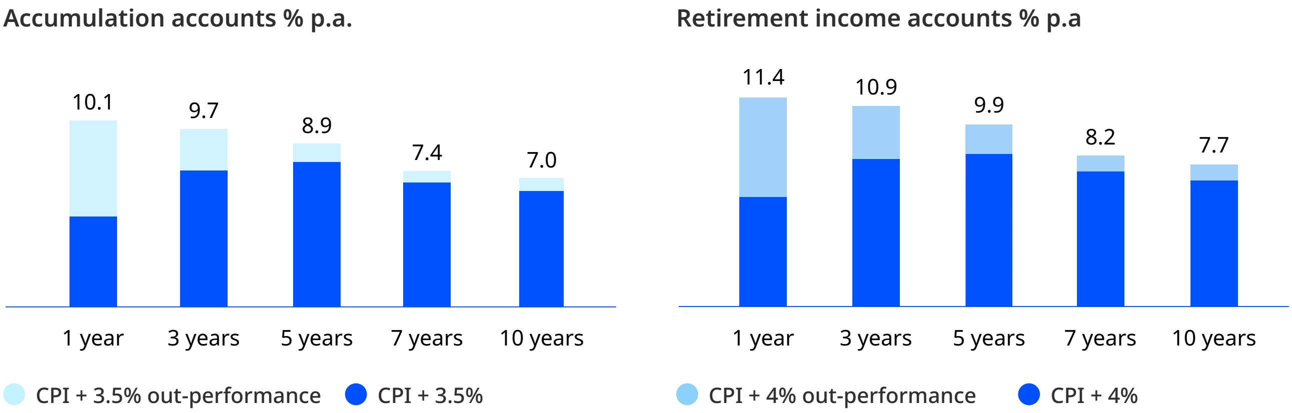


Figure 7: SCB option investment returns

1 It is important to note that the percentage allocation is at a point in time and may change over time within approved asset class ranges.

2 The % Integration refers to the % FUM or NAV managed by external managers rated 1 (Advanced) or 2 (Intermediate) across core modules under the SI Assessment Framework. See **Integration** for more detail.

3 Past performance isn't a reliable indicator of future performance. Returns shown are after investment fees and costs, transaction costs and investment taxes (where relevant) but before all other fees and costs. The Socially Conscious Balanced option started on 28 February 2022, when QSuper and Sunsuper merged and adopted the investment strategy of the Sunsuper for Life Socially Conscious Balanced option at that date. To show the performance of this option, we've used Sunsuper for life Socially Conscious Balanced option returns up to 28 February 2022, then Socially Conscious Balanced option returns after that date. Prior to 1 July 2024, the Socially Conscious Balanced option was named Super Savings Socially Conscious Balanced and was only offered to Super Savings members.

Effect of exclusions on return performance

Overall, the exclusions contributed positively to the performance of the Socially Conscious Balanced Option during the 12 months to 30 June 2025, with the fossil fuel exclusion making the most material contribution to performance in Australian and International Shares. The decline in oil prices led to significant underperformance in the Energy sector, which in turn benefited the portfolio due to its lack of exposure. Similarly, excluded Materials stocks - such as those excluded due to coal exposure - also underperformed. Commodity markets broadly faced headwinds, with coal and iron ore experiencing price weakness and concerns over a slowdown in China's economic growth weighing on sentiment.

In other areas, the contribution of exclusions to returns was more modest, though it's worth noting that the exclusion of weapons manufacturers did have a negative effect on performance. This was driven by increased pressure on NATO countries (excluding the US) to increase defence spending, which supported stronger performance in that segment of the market.

Source: Federated Hermes

Please refer to our investment guides for information about the exclusions that apply to the Socially Conscious Balanced option, including descriptions of the exclusion categories, criteria and thresholds, exceptions to the exclusions and how we apply the exclusions. Our Super Savings Investment Guide and QSuper Investment Guide are available at **art.com.au/pds**.

Case study

Partners Group Gondwana Private Equity

Overview

The Socially Conscious Balanced option invests in Gondwana, a separately managed account managed by Partners Group. Gondwana invests in private equity funds and direct investments in companies that it believes will help to deliver a net positive impact on environmental and social issues. Partners Group seeks to ensure that there is a material link between the products or services and at least one of goals 1-15 (inclusive) of the SDGs, in addition to generating risk-adjusted financial returns commensurate with private equity investments.

Recent investment

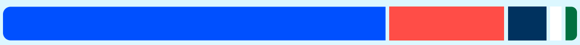
Across the healthcare sector, Gondwana has made several investments including, in a biologics contract research organisation (CRO) specialising in antibody design and development, through a buyout in 2024. The company supports the development of new medicines in oncology and immunology, seeking to contribute to broader access to high quality, and cost-effective biologic medicines. With a demonstrated track record in antibody development (including pre-clinical testing), the company's services have played a role in biopharmaceutical innovation, supporting scalable healthcare solutions.

Case study

MetLife Investment Management fixed income

One of ART's external investment managers is MetLife Investment Management (MIM) where their sustainable investment approach leverages both their traditional investing and sustainability expertise. At MIM, the Fixed Income Sustainability Research team apply their proprietary verification process which seeks to identify and invest in fixed income securities that provide solutions to major global challenges, and support the Paris Agreement and the SDGs. The portfolio predominantly holds labelled-use-of-proceeds bonds, and labelled green bonds outweigh other types of impact bonds in the portfolio. Each year, MIM reviews all holdings and collects allocation and sustainability data on projects and activities supported. For calendar year 2024 holdings, MIM indicated it has collected data covering 94% of the mandate. The other 6% comprises cash and bonds for which allocation and sustainability data was not available during the data collection period. The projects and activities supported by the portfolio are largely split by MIM into three sustainability categories: mitigation, adaptation and social. Some projects are categorised as mitigation and adaption whilst projects with benefits across all 3 sustainability themes are categorised by MIM as sustainability:

Sustainability theme reported by MIM



Mitigation	72%
Social	19%
Adaptation	6%
Mitigation and adaptation	2%
Sustainability	2%

Figure 8: Calendar year 2024 sustainability focus theme (by portfolio weight) in the MetLife Investment Management fixed income mandate. The total may not sum to 100% due to rounding.

According to MIM, the ART portfolio invested in bonds supporting sustainable activities in 157 countries. During the calendar year 2024, the top 3 sectors to which bond proceeds were allocated were all environmentally focused (see Figure 9: Top 3 sectors for bond proceeds). The remainder of bond proceeds were allocated to activities such as global health and financial inclusion.

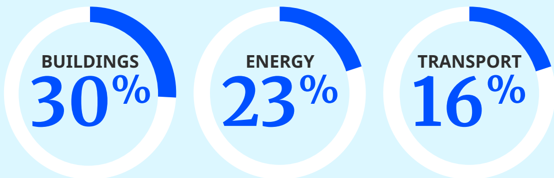


Figure 9: Top 3 sectors for bond proceeds

MIM also uses engagements, with the aim of building closer relationships with issuers and to develop a more granular understanding of their sustainability strategies. They also provide a platform for the team to encourage issuers to raise the bar on ambition and transparency around sustainability.

Case study

Listed shares stewardship

In 2024-25, the appointed Australian and international shares manager for the Socially Conscious Balanced option, Federated Hermes, undertook engagement on our behalf, using its stewardship services provider, EOS at Federated Hermes (EOS). EOS focused its stewardship activities on the issues with the greatest potential to deliver long-term enduring wealth for investors, including through positive societal and environmental outcomes. EOS conducted 273 engagement interactions with 79 companies held in the Socially Conscious Balanced option. Figure Y shows the number of engagement objectives that EOS at Federated Hermes had for companies held in our Socially Conscious Balanced option listed shares strategy during 2024-25.

Company engagement objectives by topic[1]

Environmental	**53**
Social	**41**
Governance	**22**
Strategy, risk and communication	**7**
Total	**123**

Figure 10: EOS engagement topics for ART listed shares strategy in 2024-25.

1 These figures cover interactions for EOS' core engagement program. For each of the companies identified in the program, at least one engagement objective is specifically set out. These figures exclude any issues that may be raised outside the scope of the engagement program.

Case study

Company engagement

As noted, the appointed Australian and international shares manager for the Socially Conscious Balanced option, Federated Hermes, undertook engagement on our behalf in 2024-25, using its stewardship services provider, EOS. We have reproduced an EOS case study below on their engagement with Hitachi, an investment managed on ART's behalf by Federated Hermes:

"Hitachi rates highly in our Alpha Model assessment across most factor categories and generates meaningful green revenues through its green energy & mobility division, which includes energy solutions aimed at renewables, nuclear, power grids and power distribution. It also compares favourably with peers across each ESG pillar.

That said, we believe there is room for improvement. Our recent engagement with the firm has covered a range of topics including board succession, board diversity, remuneration and improvements to human rights disclosures. Our engagement activities are broadly consistent with the view that Hitachi sits ahead of peers across the environmental, social and governance pillars. One area of improvement concerns human rights due diligence. While we are pleased that it is a priority, we want further disclosure, such as case studies and evidence of functioning policies.

The company is exposed to various favourable AI trends in areas including fintech and areas including utilisation of technology, data and automation. The automotive segment is one area that has struggled to deliver in light of a weak macro-outlook for vehicles, though the trains business is showing good profitability. The company has been refined over the years, with the divestment of Hitachi Metals an example of the firm's prudent management. The energy business is particularly exposed to US tariffs and the strong US dollar remains a significant factor for the company. The company has set out a detailed environmental strategy for reducing greenhouse gas (GHG) emissions. This includes a focus on decarbonising the full value chain and developing technologies in energy efficiency, energy management systems and hydrogen-related applications. We favour the company for its green revenues, strong management of carbon emissions and robust target-setting across scopes 1, 2 and 3. The green revenues are aligned with SDGs 9, 11 and 12. We view GHG emissions reduction as the most financially material environmental issue in the short- to medium-term. With regards to the succession of the outgoing CEO, the company explained its CEO succession decision as a strategic shift from restructuring to integration and synergy generation, requiring new leadership. We also discussed board refreshment, emphasizing the need for independent directors with C-suite experience and greater diversity, which the company is considering for the 2025 AGM. Separately, we provided feedback on the timing and content of the company's disclosures, urging earlier publication of the annual securities report and inclusion of updated strategic shareholding and sustainability data in proxy materials. The company acknowledged these suggestions for future improvements."

Source: EOS at Federated Hermes

Human rights

In FY25, we focused on two priority topics: modern slavery and First Nations peoples' rights. We have developed a broader approach to addressing human rights in our investment portfolio - our Human Rights Framework (Figure Y), outlines the ways we seek to understand and manage the impacts and risks of these two human rights topics in our portfolio.[1] Our Human Rights Framework supersedes our 'Respect and remedy framework' which was used to guide our approach to modern slavery in ART's investment portfolio.

Our Human Rights Framework

ART recognises that human rights impacts and risks to people may have material financial impacts on our investment portfolio.[2] These impacts often occur alongside other risks like reputational, legal, financial and regulatory risks, all of which may be increased by improper management of human rights.

By understanding and managing human rights risks in our investments, we aim to make better long-term decisions for our members' retirement outcomes, in line with our legal duty to act in members' best financial interests.

Our global investment portfolio is complex and has varied exposure to human rights risks. We prioritise our actions considering where financial materiality (risks to our portfolio) and salience (risks to people) intersect, focussing on two priority human rights topics, which are modern slavery and First Nations peoples' rights.

Our Human Rights Framework outlines the ways we seek to understand and manage the impacts and risks of these two topics in our portfolio. We will develop and maintain guidelines to support the implementation of the framework.

Insights

We seek to understand how human rights impacts and risks intersect with financial materiality in our investment portfolio, in order to prioritise our actions through data and insights.

Influence

We seek to influence investments in our portfolio to respect human rights and to remedy negative impacts through our advocacy and stewardship activities, to the extent that we are able and where we deem appropriate.

Integrate

We seek to integrate human rights in our consideration of selection of new external investment managers and monitoring of existing external investment managers and within our impact investing framework, where we deem appropriate.

Figure 11: ART's Human Rights Framework

1 The Human Rights Framework was developed through broad consultation during 2024-25 and was formally approved within ART's Management Investment Delegations framework on 16 July 2025.

2 Definitions of key human rights terms are included in the **Glossary**.

We set out below our actions and activities over the reporting period for our two priority human rights topics.

Modern slavery

Insights

In December 2024, we released our third Modern Slavery Statement, available at **art.com.au/corporate-governance** (under **Reports**), which outlined the actions we took to identify, assess and address modern slavery risks in our operations and supply chain during 2023-24. We intend to submit our Modern Slavery Statement for 2024-25 by 31 December 2025.

During 2024-25, we enhanced our approach to addressing modern slavery risks within the investment portfolio using the Australian Government's Commonwealth Modern Slavery Act Guidance for Reporting Entities.[1] In order to review and update our process for assessing modern slavery risks, we reviewed several external service provider tools and methodologies against the recommended criteria for assessing risks (risks to people looking at product, service, geography, and entity risks) alongside commercial factors. As a result of the review, we selected a new external service provider and have commenced assessments of modern slavery risks in our investment portfolio using this provider.

Influence

Direct engagement

During 2024-25, direct engagement was undertaken with a selection of ASX-listed companies (see **Stewardship**), focussed on building relationships and initiating conversations with our engagement focus companies. Of the 32 companies selected for direct engagement in 2024-25, we identified 6 companies where modern slavery is a material sustainable investment topic. [2] Research to determine engagement objectives for these companies has been conducted using the engagement assessment tool described in our 2023-24 report. Where we have set modern slavery objectives for our focus companies, we will assess progress using the 5 categories described in **Stewardship (Direct engagement)**.

Of the direct engagement meetings we conducted with publicly listed companies in FY25 (see **Stewardship (Direct engagement)**), modern slavery was discussed in 6 meetings. In addition, there were 20 direct engagement meetings where social or other human rights topics were discussed.[3]

Service provider and collaborative engagement

Our service providers ACSI and EOS also engaged with a selection of our Australian and international shareholdings on topics related to modern slavery (see **Stewardship**) and we also participated in collaborative engagements through the Investors Against Slavery and Trafficking Initiative (see **Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) Initiative)**.[4]

Collaboration and advocacy

In 2024-25, the Sustainable Investment & Planning team participated in several internal working groups to share our learnings and collaborate across departments, including ART's Modern Slavery working group.

RIAA

We participated in the RIAA Human Rights Working Group to share, learn and participate in discussions with other members. One of these opportunities was a roundtable held in November 2024 with Professor Tomoya Obokata, Special Rapporteur on contemporary forms of slavery to the United Nations Human Rights Council, to discuss investor perspectives on the effectiveness of the Australian Modern Slavery Act. Following a number of other consultations, Professor Tomoya Obokata delivered a statement summarising his findings including; a recommendation for businesses to consider modern slavery in the context of broader human rights, and for the Australian Government to include a due diligence mechanism in the Modern Slavery Act. The Human Rights Working group has continued to discuss and learn from these recommendations, alongside the 2023 MacMillan review of the Modern Slavery Act and the Australian Government's response in December 2024.

In 2024-25, we contributed to the third iteration of RIAA's Human Rights in Global Value Chains Toolkit, published in May 2025. The RIAA toolkit is designed to explore ideas for better practices that can lead to better outcomes both from an investor and human rights perspective. It covers approaches and topics directly related to modern slavery, as well as interconnected issues, providing helpful summaries and examples of good practices and questions to support investors in company engagements. Read more about the toolkit and RIAA Working groups at **responsibleinvestment.org**

1 See **https://modernslaveryregister.gov.au/resources/** (select 'Guidance Material' and then 'Official Modern Slavery Act Guidance')

2 Some engagement focus companies have more than one material sustainable investment topic.

3 We may engage with portfolio companies on other human rights impacts or risks such as safety, harassment or diversity as we deem appropriate. The total for other meetings excludes those meetings where First Nations peoples' rights were discussed (covered in the following section). Meetings where social or human rights topics were discussed totaled 37 direct engagement meetings.

4 These topics may be referred to by our service providers using different terms, such as human and labour rights, human capital, forced labour, Indigenous peoples' rights or cultural heritage.

Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) Initiative

We are a member of the Investors Against Slavery and Trafficking Asia Pacific Initiative (IAST APAC), comprised of 50 investors, established with the intention of engaging with companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains.[1]

As a member of the collaborative engagement workstream, we are the support investor for one Australian company, and during the year we joined as a support investor for two other Australian companies, whilst withdrawing from engagement with one Taiwanese company. [2] During the year, the IAST APAC Initiative was recognised in the PRI awards 2024 in the category "Recognition for Action – Human Rights". For more information on IAST APAC's activities, please see its Annual Report FY24-25 available at **iastapac.org/tools-resources**.

Integrate

Assessment of the sustainable investment capability of select external investment managers was undertaken during the reporting period, which included a modern slavery module assessment (see **Integration**). Insights from initial benchmarking showed that the modern slavery module had opportunity for improvement, reflecting both the nascency of the topic for investors, as well as varying regulatory requirements and investment approaches.[3] As part of our external investment manager monitoring approach, we will continue to share results and feedback with our external investment managers, and monitor progress through engagement, where we deem appropriate. Outside of this process, we have engaged with our external investment managers to discuss and understand their approaches to modern slavery in 11 meetings during 2024-25. Where there were any relevant modern slavery incidents or allegations, we also continued to have ongoing quarterly meetings with international shares investment manager Pzena.[4]

Case study

External investment manager modern slavery workshop

In February 2025, our human rights subject matter expert led a collaborative workshop with one of our external investment managers, Pzena, to deepen our relationship and improve our collective understanding of modern slavery risk and mitigation activities. The session was attended by members from Pzena's US and Australian teams, as well as representatives from our Investment team. Content covered in the workshop included modern slavery risks, definitions and risk indicators, requirements under the Australian Modern Slavery Act, industry-relevant exposures, guidance from the Principles for Responsible Investment (PRI) on managing human rights risks, and a summary of ART's approach to modern slavery through our investment manager SI assessment framework.[1]

1 "Why and how investors should act on human rights," PRI, 2020 **https://www.unpri.org/human-rights/why-and-how-investors-should-act-on-human-rights/6636.article**

1 IAST APAC membership data as at 30 June 2025.

2 Investors can join collaborative engagements with IAST APAC as either a lead or support investor, within small groups that engage different focus companies. Each engagement group has one lead investor and multiple support investors.

3 Due to the operating locations of our assessed external investment managers or their portfolios.

4 In 2024-25 we held 3 quarterly meetings, as no incidents were raised in the final quarter.

First Nations peoples' rights

Influence

Direct engagement

During 2024-25, direct engagement occurred with a selection of ASX-listed companies (see **Stewardship**), focussed on building relationships and initiating conversations with our priority companies. Of the 32 companies selected for direct engagement in 2024-25, we identified 9 companies where First Nations peoples' rights is a material sustainable investment topic.[1] We use an engagement assessment tool for research to determine engagement objectives for these companies. Of the direct engagement meetings we conducted with publicly listed companies (see **Stewardship (Direct engagement)**), First Nations peoples' rights were discussed in 11 meetings with 8 publicly listed companies.

Service provider engagement

Our service providers ACSI and EOS also undertook company engagement with a selection of our Australian and international shareholdings on First Nations peoples' rights (see **Stewardship**).[2]

Collaboration and advocacy

During FY25 the Sustainable Investment & Planning team participated in ART's Reconciliation Action Plan (RAP) working group, to develop our Innovate RAP. An Innovate RAP outlines what we need to do to achieve our vision for reconciliation as we seek to embed reconciliation into our workplace culture, including through our Sustainable Investment activities. In May 2025, two members of the ART RAP working group attended a RAP Learning Circle event run by Reconciliation Australia. This session brought together a range of organisations, all at different stages of their RAP development to share experiences, challenges, joys, and learnings. Read more about ART's Reflect RAP at **art.com.au/reconciliation**

RIAA

We participated in RIAA's First Nations Peoples' Rights Working Group and the Dhawura Ngilan Investor subgroup to share, learn and participate in discussions about First Nations peoples' rights with other RIAA members.

Case study

Learning from the Dhawura Ngilan Business and Investor (DNBI) Guides

The DNBI Guides were used to inform our approach to stewardship in the focus area of First Nations peoples' rights. During the year, we took opportunities to further engage with First Nations groups on cultural heritage matters, facilitated by our membership organisations, such as ACSI. These opportunities allowed us and peer investors to hear from select relevant First Nations stakeholders, who shared their experiences regarding portfolio company activities that may affect them, including improvements they wish to see. These opportunities allowed us, alongside other investors, to better understand community sentiment and improve our understanding of company impacts beyond individual disclosures. For one of these sessions, we used the information shared by the First Nations groups to inform our direct engagement conversations with one of our engagement focus companies, in which we encouraged a response to the concerns flagged by the First Nations stakeholders.

1 Some engagement focus companies have more than one material sustainable investment topic.
2 These topics may be referred to by our service providers using different terms, such as human and labour rights, human capital, forced labour, Indigenous peoples' rights or cultural heritage.

Nature and biodiversity

We recognise that our investment portfolio both influences and is influenced by the health of natural ecosystems.

With 55% of global GDP moderately or highly dependent on nature and its ecosystem services, the degradation of ecosystems and loss of biodiversity are emerging as significant financial risks.[1] Moreover, protecting and restoring nature plays a vital role in mitigating climate change and enhancing resilience to its impacts.

In FY25, we initiated research to better understand the risks and opportunities of nature and biodiversity associated with our investment portfolio. Our starting point was a gap analysis, which highlighted the need to build a foundational understanding of nature-related issues. To assist with this, we developed an internal education pack to support learning across the Investment team.

Given that nature-related impacts and dependencies vary by sector and geography and can occur both in direct operations and across supply chains, we consider company-specific analysis and engagement as a key strategy for addressing these risks and opportunities in our investment portfolio. Over the past year, we directly engaged with 10 focus companies on nature-related topics, complemented by collaborative engagements led by our service provider, ACSI. These discussions covered themes such as deforestation, water and the circular economy (see **Stewardship**).

We are refining our approach for identifying portfolio companies most exposed to these nature themes. Using an external nature-related data source, we conducted a heatmapping exercise to identify sectors within our Australian and international shares portfolio that are most likely to be exposed to nature, and mapped out their corresponding impacts and dependencies.[2] Since impacts and dependencies may translate into business risks to companies, this helps inform more targeted analysis on how these companies are managing the potential nature-related risks. This analysis will help us to more effectively manage our exposure to nature-related risks through our stewardship activities.

Figure 12 gives an example of one of the outputs from the heatmapping exercise. Using publicly available data, potential nature-related impacts were mapped to companies in our Australian and international shares portfolio. For example, the heatmap indicates that over 40% of our Australian and international companies may affect water systems through water use and / or water pollutants.

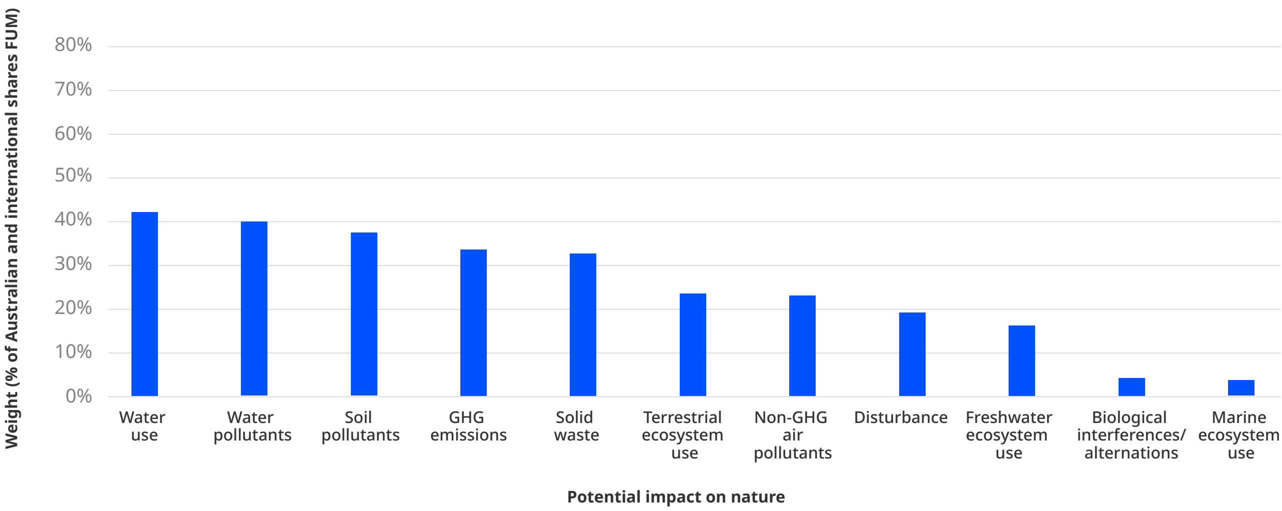


Figure 12: Proportion of our Australian and international shares portfolio with potential high or very high impact, by key driver of nature and biodiversity loss. Illustrative example only, based on data from ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) extracted in June 2024.

1 Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy, World Economic Forum and PwC, 2020, **https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf**

2 Based on data from ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) extracted in June 2024, **https://www.encorenature.org/en/data-and-methodology/methodology**

Climate change

Climate change poses financial risks and opportunities and represents one of the most significant challenges of our time. As a global investor, we're committed to doing our part towards investing in a low-carbon economy.

As a systemic risk, if climate change is left unabated, it will create significant impacts on the global economy and the companies, sectors and markets in which we invest. This means that to help protect members' future financial wellbeing, we look to consider climate change throughout all aspects of our investment approach and decision-making, where appropriate.

Recognising the risks and opportunities posed by climate change, ART has a target to achieve a net zero greenhouse gas emissions investment portfolio by 2050 ("the NZE2050 target"), aligned with the Paris Agreement goal of limiting global warming to well below 2°C.[1] Four interim climate-related targets have been developed as milestones to measure progress in achieving the NZE2050 target.

We believe that guiding the ART investment portfolio towards the NZE2050 target will help us avoid unrewarded risks as businesses and economies transition to a low-carbon future, as well as to benefit from the opportunities arising from the transition.

Our Net Zero 2050 Roadmap (Roadmap) sets out our currently planned actions to transition our investment portfolio towards the NZE2050 target.[2] The first iteration of the Roadmap, published in September 2023, focused on:

- establishing guiding principles
- our approach to setting interim targets
- a two-year action plan for our investment portfolio.

We report on an annual basis progress made on our planned actions and interim climate-related targets. This is currently done on a voluntary basis, in the form of our annual Sustainable Investment Report. For FY27 we will commence mandatory reporting in line with the requirements of AASB S2 climate-related disclosures and the *Corporations Act 2001*.

We have made good progress in completing the majority of the planned actions identified in the Roadmap. Our Sustainable Investment Report 2023-24 provided details of progress made on the planned actions outlined in the Roadmap for FY24. Information on progress for the planned actions outlined in the Roadmap for FY25 is provided in this section of the report, under the headings **Climate Change Governance, Strategy, Risk Management, Metrics and targets and Partners**.

This year's update completes reporting on the current Roadmap, with progress tracked to 30 June 2025. Future actions will be guided by the next iteration of our Roadmap, which will outline our planned actions for the 5 year period FY26-30.

Due to the time period between the end of a financial year and the reporting of emissions and other climate-related data for that financial year made available in relation to our investments, as well as the time required for us to collect the data, we report progress against our interim climate-related targets one year in arrears. For this report, for the 2024-25 financial year, we report climate-related metrics using data as at 30 June 2024. **Appendix A** provides more detail on our approach to calculating greenhouse gas emissions and other climate-related metrics.

1 Scope 3 category 15 (investments) emissions. PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

2 Available at **art.com.au/corporate-governance** (under Other documents).

Governance

Governance of climate change considerations as it relates to our investment portfolio replicates our Board's oversight of sustainable investment, as described in **Sustainable Investment governance**.

The Investment Committee, and relevant internal management committees and stakeholders receive at least an annual update on climate change and Roadmap progress. During 2024-25, climate change was formally on the agenda of two Investment Committee meetings.

Internal management committees reviewed and discussed papers prior to submissions to the ART Board and Investment Committee. Training undertaken by the Board and Investment team during 2024-25 is outlined in **Capacity building**.

Governance and risk management actions for 2024-25 outlined in the Roadmap are shown in Table 11, along with progress made during the year.

Table 11: Governance and risk management actions for 2024-25

Focus area	Jul 2024 – Jun 2025 action	Status as at 30 June 2025
Risk management	Review internal climate risk controls	Complete
Training	Annual training to Board and Investment team (Management)	Complete
2030 interim targets	Extend Portfolio Alignment target to unlisted material infrastructure and property	Moved to Roadmap FY26-30
	Extend Engagement target to unlisted material infrastructure and property	Moved to Roadmap FY26-30
Emissions data	Calculate financed emissions annually for listed equities, property, infrastructure, private equity, and corporate fixed income (listed corporate debt (physical))	Complete
	Expand financed emissions calculations across sovereign fixed income, private debt and alternatives as methodologies mature	Complete
Data	Assess and enhance climate related data and tools for investment portfolio	Ongoing
Review	Net Zero 2050 Roadmap two yearly review	In progress
	Climate-related targets review	Complete
Disclosure	Annual external climate change reporting	Complete

We have progressed our approach to climate-related data and analytics, mostly in establishing a more robust approach to collecting, storing and managing greenhouse gas (GHG) emissions data for our unlisted assets. We recognise that uplifting this area is a multi-year journey and that progress will depend on improvements in data availability and quality, as well as further development of our internal capabilities.

Strategy

In the context of this report, we consider strategy as a number of activities that contribute to our investment approach. This includes setting the strategic asset allocation for each investment option, portfolio construction and the selection of external investment managers. Climate change presents both financial risks and opportunities, and there are different ways to consider how best to incorporate it into our investment strategy, whilst acknowledging the limitations.

APRA has provided guidance to its regulated entities, including superannuation funds, on how a prudent organisation should consider the financial implications of climate change risks and opportunities for its investment portfolio (Figure 12).[1]

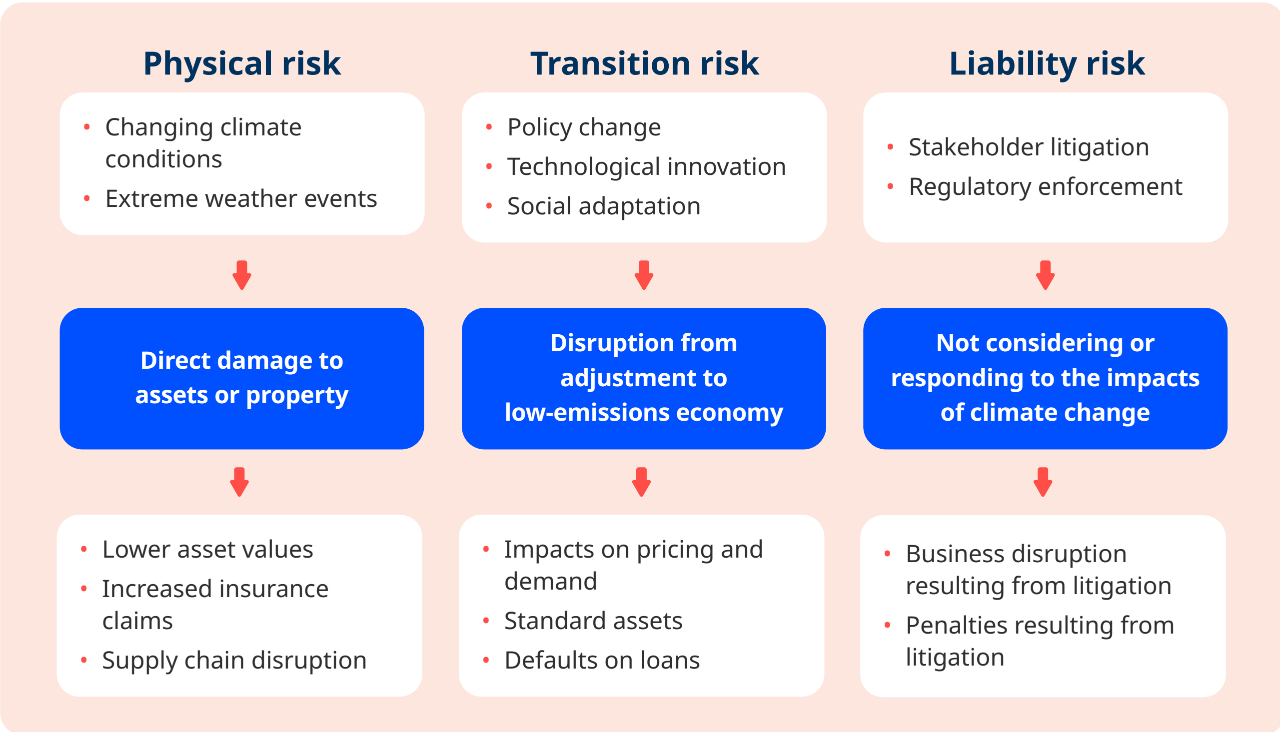


Figure 13: APRA's view of the risks and financial effects of climate change

Asset allocation

Incorporating climate risk into top-down asset allocation remains a complex challenge for investors globally. Insights from other investors and scenario analysis conducted by our external asset consultant, JANA reinforces this view (see **Top-down quantitative analysis**). Climate-related risks, both physical and transition, are unevenly distributed across geographies and sectors, introducing significant uncertainty into macroeconomic modelling and long-term return projections.

Traditional strategic asset allocation frameworks, which rely heavily on historical data for making assumptions about future asset class risks and returns, struggle to accommodate climate risk, given that historical climate data may not be reflective of its future impact. To improve top-down decision-making, enhanced climate scenario analysis tools are required, along with, consistent emissions data across asset classes and better alignment with evolving regulatory standards.

In contrast, bottom-up approaches, such as selecting, appointing and monitoring of external investment managers (see **Integration**) as well as company engagement (see **Stewardship**) are currently better suited to incorporating the impacts of climate change. As a result, we are prioritising the enhancement of climate-related data quality and coverage, including greenhouse gas emissions within each asset class. This aims to support more informed investment decision-making and engagement with companies.

While current tools for assessing top-down climate-related risks and opportunities remain limited, it is still important that we continue to assess the potential impact on our investment portfolio. Tools such as scenario analysis, whilst having limitations, can provide useful insights to guide our next steps.

1 Prudential Practice Guide CPG 229 – Climate Change Financial Risks.

Transition and physical risks

Transition risks are the economic and financial disruptions driven by the necessary policy and technological changes required to shift towards a low carbon economy. These risks are most acute in scenarios involving delayed or disorderly transitions, where abrupt policy implementation and technology change can destabilise markets. Conversely, early and orderly transitions, while more likely to be costly in the short term, are generally expected to mitigate long-term physical risks and offer investment opportunities in certain scalable technologies.

Physical risks are being experienced today and have been increasing, due in part to increased global warming. These risks manifest through both 'acute' extreme weather events and 'chronic' broader stressors on climate systems. They vary by geography and asset type. As a large asset owner, we aim to consider both direct impacts (e.g. asset impairment costs) as well as indirect effects (e.g. supply chain disruptions or repricing of risks.)

Scenario analysis

In our Roadmap for FY24-25, we indicated that we would examine ways to incorporate scenario analysis and also undertake stress-testing of selected options annually. Work undertaken in FY25 took three forms:

- Top-down quantitative analysis provided by our asset consultant, JANA
- Qualitative scenario analysis, with the aim of producing a 'narrative' for different scenarios, conducted internally
- Assessment of exposure to physical hazards for a selection of ARTs unlisted assets, conducted internally.

1 Top-down quantitative analysis

In FY25, our asset consultant JANA carried out scenario analysis to consider the potential effects of climate change on a number of ART's diversified options. The scenario analysis was carried out on 6 of ART's diversified investment options for 3 different climate scenarios and over 2 different time horizons (to 2030 and 2040), based on assumptions from the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS).[1] ,[2] As the results were fairly similar across the 6 investment options, we show the change in expected returns for 2 of the investment options (High Growth and Socially Conscious Balanced) over the 2 different time horizons and for the 3 different scenarios, compared to expected returns using JANA's baseline capital market assumptions (Figure 14).

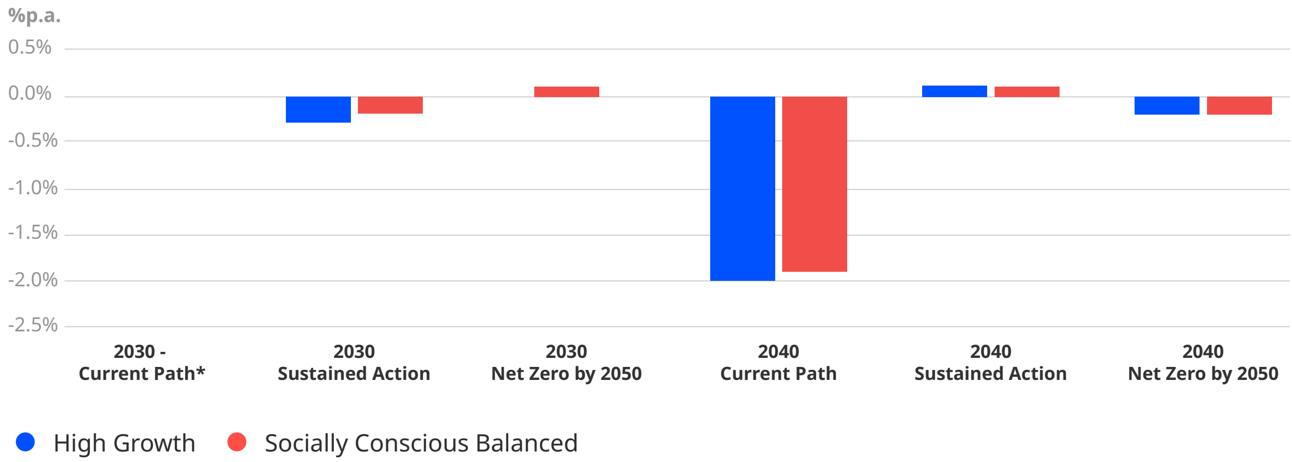


Figure 14: Changes to expected return (%p.a.) for 3 different climate scenarios over 2 different time horizons for our High Growth and Socially Conscious Balanced options. Source: JANA

*Values for 2030 - Current Path are 0.

1 The options modelled by JANA were the High Growth, Balanced, Conservative-Balanced, Conservative, Balanced Risk-Adjusted and Socially Conscious Balanced options.
2 The scenarios chosen are based on the "World Energy Outlook 2022" report from the IEA and economic assumptions from the NGFS. For more details of the scenarios used, please see **JANA-developed scenarios** in the **Glossary**.

The main conclusion from the scenario analysis is that climate change related risks will impact future investment returns for the options shown, primarily through transition risks and physical risks.

Of the 3 different scenarios modelled by JANA, the 'Current Path' scenario (an extended period of policy delay which leads to elevated market uncertainty and increased physical risk) is the most detrimental for longer term (by 2040) returns.

While scenarios that assume the implementation of stated policies ('Sustained Action') and a more aggressive policy response ('Net Zero by 2050') result in some adverse impact on asset returns in the medium term, the investment options are expected to be less negatively impacted over the long term under these scenarios compared to the Current Path scenario. The analysis reinforces our position that taking action now to help mitigate climate related risks is in our members' best financial interests.

It is notable that, for a given scenario, there was relatively little difference in the outcomes for the 2 diversified options shown. This was largely due to the methodology which determines outcomes at the asset class level and which may not reflect differences at a more granular level (such as across different investment managers and investment portfolios within an asset class). For example, the analysis does not account for differences in the composition of the listed shares portfolio used in the options. This highlights the challenges of using top-down climate scenario analysis for investment decision making, particularly for portfolio strategy decisions. JANA also acknowledged other challenges in establishing climate-related financial impacts from scenario analysis, including:

- Gaps in climate knowledge and research;
- Unknowables related to future policy, technology developments and physical impacts;
- The limitations of economic and climate models in capturing differential impacts across regions; and
- Complex interactions and feedback loops between climate, economies and markets which are beyond our current understanding.

2 Qualitative scenario analysis

Given the challenges associated with quantitative approaches to top-down scenario analysis, we conducted a review of qualitative approaches to scenario analysis. The aim was to develop a better understanding of the implications of different scenarios; for example, by identifying how key macroeconomic variables could impact parts of the economy under certain scenarios or transition pathways. Qualitative scenario analysis can also help to identify specific quantitative approaches to scenario analysis that are potentially more useful for decision making.

Key findings from our research for selected market sectors are shown in Table 12 for 2 different warming scenarios:

- a 1.5 degree Celsius increase in global average temperature
- an increase in global average temperature that "well exceeds" 2 degrees Celsius from pre-industrial levels.

Table 12: Key findings from our qualitative research for selected market sectors

	1.5 degree Celsius increase scenario	"Well exceeds" 2 degrees Celsius increase scenario
Scenario description	**Low warming, transition risk dominant** Assumes aggressive climate policy and technological innovation to limit warming to 1.5 degrees Celsius.	**Physical risk dominant** Global efforts to mitigate climate change fail, leading to severe and chronic physical risks that are widespread and increase over time.
Agriculture and food systems	• Transition to sustainable agriculture practices • Potential short-term disruption from policy shifts (e.g. carbon pricing on emissions-intensive farming) • Opportunities in climate-resilient crops and agriculture technology	• Declining crop yields from heat stress, droughts, and erratic rainfall • Increased volatility in commodity prices • Food security risks, especially in vulnerable regions
Infrastructure and property	• Increased capital expenditure to fund retrofits and upgrades for decarbonisation of buildings and infrastructure • Increased demand for green-certified and energy efficient properties and associated technologies • Regulatory pressure on emissions from construction and materials	• Assets and buildings in vulnerable areas face increased risk from physical hazards • Increased insurance costs / un-insurability of high-risk locations • Increased physical damage from climate hazards
Energy & utilities	• Rapid shift to renewables, energy storage and smart grid upgrades • Decline in fossil fuel demand leading to increased stranded asset risk • High capital investment in clean energy technologies and transitioning more intensive activities	• Increased energy demand for cooling and heating as temperatures intensify • Power disruptions caused by shifting climate and weather patterns • Physical damage to key infrastructure from climate related hazards
Financial services & insurance	• Transition risk exposure from fossil-heavy portfolios • Increased use of climate scenario stress testing and climate value-at-risk (CVaR) metrics • Growth in green finance, and climate-aligned products	• Under-pricing of physical risks could lead to sudden repricing events • Higher claims from extreme weather events; pressure on reinsurance capacity • Growth in various forms of resilience financing
Manufacturing & industry	• Pressure to decarbonise operations and supply chains • Opportunities in clean technology manufacturing (e.g. e electric vehicles, batteries, or carbon capture and storage technology) • Risk of competitiveness loss for laggards in emissions-intensive sectors	• Disruptions from supply chain shocks due to extreme weather • Increased operating costs from climate stressors (e.g. heat and water scarcity) • Physical damage to facilities and logistics infrastructure
Health & labour productivity	• Health co-benefits from reduced air pollution • Workforce transition challenges in fossil fuel-dependent regions • Opportunities in green jobs and reskilling	• Increased mortality and morbidity from climate related stressors (e.g. heatwaves) and disease spread • Reduced labour productivity in outdoor and heat-exposed sectors • Additional strain on healthcare systems

As with all long-term analysis associated with climate change, qualitative analysis has its shortcomings. For example, it doesn't provide precise forecasts, as the assessment is at a relatively high level. We expect this analysis to primarily assist with building our knowledge and understanding of the potential impacts of different climate scenarios at a sector or regional level. We aim to continue to build our understanding of qualitative approaches to scenario analysis, to improve our understanding of the potential impacts of climate change on our investment portfolio.

3 Physical hazard exposure

We have undertaken analysis of the transition and physical risks for our existing infrastructure and property assets. As a first step in this process, the usefulness of existing datasets and tools were assessed. With thousands of individual assets in our unlisted portfolios, we commenced our analysis by assessing a selection of our unlisted assets.

The selected unlisted assets consisted of one property asset (across multiple locations) and 7 infrastructure assets (3 airports, 2 utilities assets and 2 energy assets). Seven assets are located in Australia, and one of the airports is located in the United Kingdom. Collectively, these assets represented approximately $11 billion as at 30 June 2024, which was just under 25% of the combined unlisted infrastructure and property asset classes, and 3.8% of ART's total FUM, as at that date.

For assessing transition risk for these selected unlisted assets, our existing datasets and tools rely on proxies using listed markets data. We were not able to gain sufficient levels of confidence in the outputs to assess transition risk for these selected unlisted assets using these tools.

To assess physical hazard exposure to the selected unlisted assets, we assessed a range of climate hazards, under current conditions and out to 2050 in a warm scenario.[1],[2] The graphs below show the % FUM of the selected unlisted assets exposed to various physical climate hazards, under current conditions (Figure 15) and then how this changes under the warm scenario in 2050 (Figure 16). Further details on the methodology are provided in Appendix A.

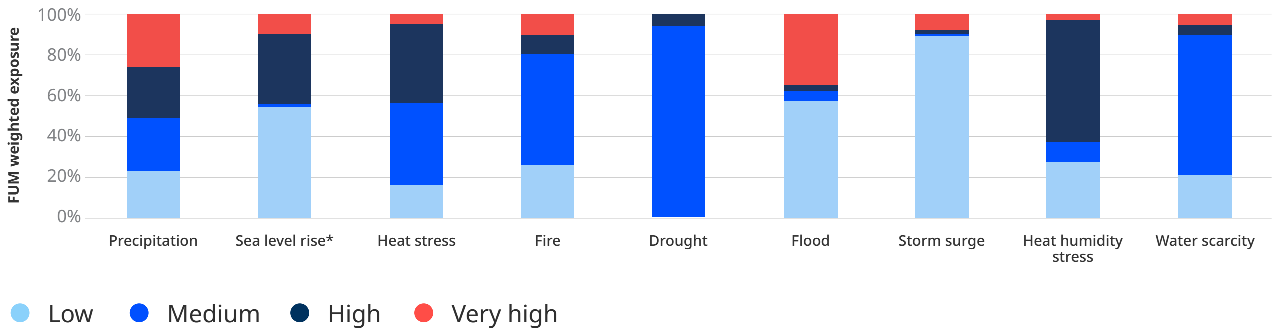


Figure 15: % FUM of the selected unlisted assets exposed to various physical climate hazards, current conditions

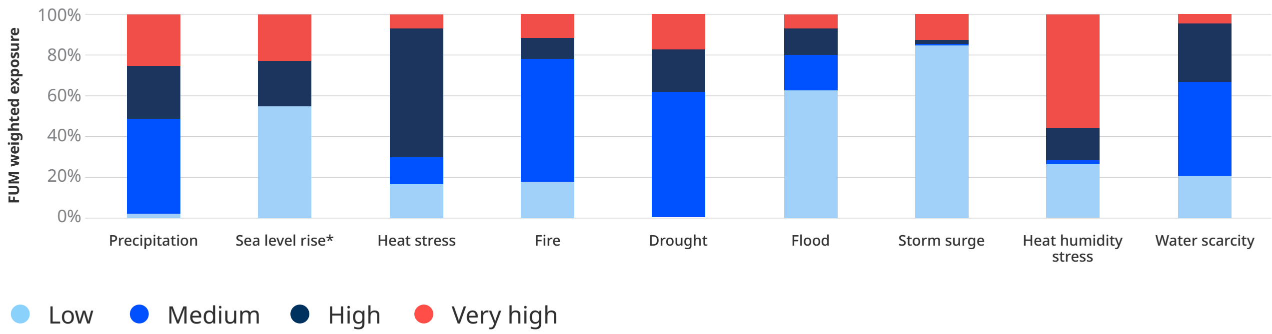


Figure 16: % FUM of the selected unlisted assets exposed to various physical climate hazards, warm scenario in 2050

*Sea level rise data is only available in projections to 2100, so we have used scores under a net zero aligned scenario for the current figure and a warmer scenario for the 2050 figure.

1 Munich Re's Location Risk Intelligence (LRI) platform.
2 The warm scenario assumes a temperature range of around 1.9 – 3.0°C as the very likely range above pre-industrial levels by 2050. Further details on the warm scenario and methodology are set out in **Appendix A**.

Initial views from the analysis

As shown in Figures 15 and 16, these assets may face increasing chronic climate-related hazards of drought, heat stress, heat-humidity stress, water scarcity and rising sea levels. The climate-related hazards of precipitation, storm surge and sea level rise showed smaller increases in exposure between the current and warm scenarios. These results also highlight the challenges of assessing the impacts of these hazards - for example, the predicted reduction in future flood exposure, which may be due to the offsetting effects of rising temperatures and drought conditions.[1]

Exposure to these hazards, if experienced more frequently and/or with increasing intensity, can have negative impacts which may include the following:

- **Asset related:** physical damage and degradation, increased operating and/or capital expenditure costs and expenses (e.g. energy consumption, insurance premiums, adaptation costs);
- **Health, labour, productivity and tourism related:** tenant and worker safety and wellbeing, business interruptions due to productivity loss. Reduced revenue and/or increased costs for tourism-related businesses.

These impacts can potentially negatively impact asset valuations and investment returns, for example if costs are incurred by a business. Most of the selected assets are located in Australia and the observations of increased hazard exposures are largely consistent with scientific commentary on projected changes for this region.[2]

These findings shouldn't be viewed as an accurate proxy for investment risk. For example, the physical hazard exposure scores shown above don't consider:

- the asset's actual vulnerability to these hazards
- the resilience of each asset and protections in place to mitigate these hazards
- insurability of the potential risks
- the extent to which risks have been factored into valuations.

However, the analysis does provide an indication of the climate hazards that our selected unlisted assets may face, and how these risks could evolve through to 2050 under a scenario where global warming significantly exceeds 2 degrees Celsius by 2100. We aim to increase our understanding of the usefulness and applications of this type of analysis, to help inform our planned actions in the next iteration of our Roadmap.

1 See for example: Lawrence, J., B. Mackey, F. Chiew, M.J. Costello, K. Hennessy, N. Lansbury, U.B. Nidumolu, G. Pecl, L. Rickards, N. Tapper, A. Woodward, and A. Wreford, 2022: Australasia. In: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA, pp. 1581–1688, doi:10.1017/9781009325844.013.

2 See **Appendix A** for more detail on the scenarios and methodology.

Risk management

Under the mandatory climate-related disclosure obligations that will apply to ART from FY27, we will be required to identify, assess, prioritise and monitor climate related risks and opportunities.

ART's Risk Management Framework (RMF) details the systems, structures, policies and processes (including reporting) and people (roles) that manage risk. Climate change is an Investment sub-risk within the RMF. A review of risk controls for climate-related risks associated with our investments was completed during the year.

The scenario analysis described in **Strategy** reinforces our view that transition and physical risks will affect investments differently across climate scenarios, and that modelling these impacts can involve significant uncertainty. As part of the next iteration of our Roadmap, we plan to continue evolving our approach to assessing these risks across the investment portfolio, aiming to better inform engagement and investment decisions and enhance portfolio resilience to climate change.

External investment managers

External investment managers play an important role in how we seek to manage climate-related risk across the portfolio, in relevant asset classes. Climate change is a distinct thematic module that we use to form part of our approach to external manager selection, appointment and monitoring (see **Integration**).

We've made progress in rating, benchmarking and engaging with a selection of our existing external investment managers on climate-related issues, with further detail outlined in the **Integration** section.

Assessing Climate Value-at-Risk in listed equities

One approach to assessing exposure to climate-related risks and opportunities for our listed equities portfolio is using climate scenario analysis. Climate Value-at-Risk (CVaR) provides a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities. It considers the potential costs and profits associated with different climate scenarios, including the impacts of carbon pricing, regulatory changes, technology opportunities and physical climate events. The output is expressed as a percentage of the listed company's market value (from -100% to +100%). Using an external data provider, we calculated an overall CVaR metric for our listed equities portfolio, broken down into its component parts of transition risk, physical risk and opportunities. This analysis is shown for two climate scenarios; a 1.5 degree and a 3 degree scenario (Table 13).[1]

Table 13. Climate Value-at-Risk for our listed equities portfolio at 30 June 2024

	1.5 degree Celsius scenario[2]	3 degree Celsius scenario
Transition risk	-12.5%	-2.6%
Physical risk	-2.1%	-3.2%
Opportunities	0.9%	0.2%
Total CVaR	-13.6%	-5.6%

Source: ART, using MSCI CVaR data

1 See **Appendix A** for more detail on the scenarios and methodology.

2 Transition risk, Physical risk and Opportunities may not sum to the Total CVaR due to rounding.

Key insights from this analysis:

- A 1.5 degree Celsius scenario results in greater costs to the listed equites portfolio, primarily driven by transition risks, likely due to more a more rapid implementation of climate policies and actions to reduce greenhouse gas emissions. A more rapid adoption of climate policies and actions to reduce greenhouse gas emissions could be expected to result in greater financial costs to companies in the short to medium term, as they adapt their businesses to produce lower emissions.
- A 3 degree Celsius scenario results in lower expected overall costs, mainly due to a lower cost associated with transition risk as companies defer or avoid making the changes needed to lower their greenhouse gas emissions. This scenario does result in greater expected costs associated with physical risk, which is consistent with our view that delayed actions to reduce greenhouse gas emissions will likely result in increased costs from physical risks. However, we expect that the costs associated with physical risks are likely to be underestimated.

Given the inherent assumptions associated with any methodology that seeks to calculate such complex and uncertain outcomes, we haven't yet established sufficient conviction in the use of this information to inform decision-making. However, the results are valuable in deepening our understanding of the transition and physical risks and in identifying areas for further exploration.

Management of risks

While we continue to learn more about climate risk assessment methodologies, we are also taking tangible steps to manage these risks, given listed equities is a material part of the portfolio and where more data is available.

Listed equities

Climate risk management is a requirement for both the passive and active external listed equities investment managers.

- For the passive component of the Australian and international shares portfolios, we use climate-aware indices.[1] The outcome of the climate-aware indices has been a reduction in carbon emissions intensity versus the respective asset class benchmark that will apply from 1 July 2025.[2] For our passive Australian shares portfolio, the reduction.
- in carbon emissions intensity has historically been in the range of 15% to 25% versus the asset class benchmark, whilst for the passive international shares portfolio, the reduction in carbon emissions intensity has historically been in the range of 45% to 60% versus the asset class benchmark.[3,4]
- A review of the approach to passive listed equities is in progress and is expected to conclude in FY26, and includes exploring the use of more forward-looking climate metrics, such as portfolio alignment and transition risk.
- For active managers, we apply a "carbon budget", which refers to a carbon reduction target relative to a benchmark, that is agreed with an external investment manager.

Work has also progressed in the risk management of other asset classes including fixed income and infrastructure and property, as set out below.

Fixed income

In FY25, we evaluated the Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) framework. We found it unsuitable as a framework for our internally managed sovereign fixed income portfolio, which is largely composed of derivative instruments. However, we see value in our external investment managers conducting their own climate-related assessments of sovereign credit risks, where they invest in physical Australian and sovereign bonds. Engagement has commenced with select external fixed income investment managers on this issue.

Infrastructure and property

To help manage climate-related risks and support our assets in the energy transition, we are developing a set of climate-related expectations for our direct infrastructure and property assets. These expectations outline key activities we consider fundamental to supporting real-world decarbonisation. Once finalised, they will be used to guide our evaluation of new investment opportunities and oversight of select existing assets.

To enhance our understanding of exposure to physical hazards, an initial assessment was undertaken on a selection of infrastructure and property assets, as outlined under **Scenario analysis** (Physical hazard exposure).

1 MSCI Custom Low Carbon Target (LCT) Indices.

2 As the ART Australian and international shares asset class benchmarks are changing effective 1 July 2025, the historic reduction in carbon emissions intensity is shown against these benchmarks.

3 Australian shares asset class benchmark is the S&P/ASX 300 Total Return Index, effective 1 July 2025.

4 International shares asset class benchmark is the MSCI All Country World Ex-Australia Index with Special Tax , effective 1 July 2025.

Research

We've undertaken research to develop positions on the topical areas of natural gas and carbon offsets (see **Partners**). This analyse supports our bottom-up approach so we can incorporate climate-related risks into our investment processes including stewardship.

Position on natural gas

We acknowledge the role that natural gas can have in the energy transition. However, it's important to also consider the long-term climate-related risks associated with natural gas. We are developing a position on the role of natural gas in the energy transition, outlining key considerations for gas-related infrastructure investments. We expect to form an initial view in FY26, which will help guide our asset due diligence and stewardship activities.

Use of carbon offsets

Carbon offsetting involves compensating for greenhouse gas emissions by purchasing credits that represent equivalent emissions reductions or removals. While offsets may play a role in achieving global net-zero goals - particularly for residual emissions that cannot be eliminated, overreliance on them may hinder real-world emission reductions. Additionally, using low-quality offsets to claim 'net-zero' status raises concerns about greenwashing.

To address this, we have developed a set of principles for the use of offsets in voluntary commitments made by companies. Central to our approach is the expectation that companies prioritise direct emissions reductions. Where offsets are used, they should be of high integrity and reflect permanent, real-world emissions reductions. This position informs our assessment of companies' or assets' transition plans as part of our stewardship efforts.

Investment portfolio and stewardship actions for 2024-25 outlined in the Roadmap are shown in Table 14, along with progress made during the year. See also **Strategy** and **Risk Management** for how we have addressed some of these actions.

Table 14: Investment portfolio and stewardship actions for 2024-25

Focus area		Jul 2024 – Jun 2025 action	Status as at 30 June 2025
Investment Portfolio	Investment strategy and resilience	Undertake qualitative scenarios analysis on 3 degree and net zero scenarios	Complete
		Annual stress testing of selected options to assess long term return impacts	Complete
		Assess opportunity to incorporate climate metrics into capital market assumptions	Moved to Roadmap FY26-30
	External managers	Develop engagement plan with relevant managers	Complete
		Benchmark existing external managers on climate change (this comprised a selection of managers as outlined in Integration)	Complete[1]
	Listed equities	Review climate change index for passive listed equities	In progress
	Fixed income	Assess use of climate related frameworks for sovereign bonds	Complete
		Explore opportunities to engage with issuers	Complete
	Infrastructure and property	Define minimum climate-related requirements for new and existing infrastructure and property investments	In progress
		Embed climate change expectations into asset management process and baseline current assets maturity	Moved to Roadmap FY26-30
		Analyse existing infrastructure and property assets exposure to physical / transition risk and ability to transition to NZE2050	In progress
		Develop infrastructure and property climate stewardship program to support the Engagement and Portfolio Alignment interim targets	Moved to Roadmap FY26-30
Stewardship	Engagement	Develop approach to assessing participation in collaborative engagement initiatives	Moved to Roadmap FY26-30

1 In March 2024 we identified a selection of external managers for SI assessment, including climate change. The initial baseline assessment is complete.

Metrics and targets

ART has adopted a target of a net zero greenhouse gas emissions investment portfolio by 2050:

- Aligned with the Paris Agreement goal of limiting global warming to well below 2 degrees Celsius
- Our net zero target refers to the Scope 3 category 15 (investments) emissions[1]
- This includes scope 3 emissions associated with our investments and loans. For ART, this could include scope 1, scope 2 and scope 3 emissions from our companies.

Four current interim climate-related targets have been developed as milestones to measure our progress in achieving our NZE2050 target. An important part of identifying, assessing and managing the risks and opportunities posed by climate change in our investment portfolio is measuring and reporting our progress in relation to these interim targets. We have aimed to be clear on what interim targets apply to what asset classes, which is driven by where we can measure and have available data. A summary of our interim climate-related targets and current assessments of progress towards these is provided in Table 15.

GHG emissions explained

Financed emissions: Absolute greenhouse gas emissions that we finance through our investments and loans. We report this metric at an aggregated asset class or portfolio level and it is expressed in tonnes of carbon dioxide-equivalent (tCO2e).

Emissions intensity: This metric divides financed emissions by the amount invested and is expressed in tonnes of carbon dioxide-equivalent per million dollars invested (tCO2e/$ million). It allows us to compare the financed emissions over time as we grow our funds under management.

1 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Table 15: Interim climate-related targets

	1 Emissions intensity[1]	2 Engagement	3 Portfolio alignment	4 Climate-related investments
Interim target	43% reduction in emissions intensity by 2030 (for listed equities, infrastructure and property asset classes)	Engage with 100% of ART's priority companies within listed equities by 2030	Portfolio alignment with 50% of ART's priority companies to be 'net zero' or 'aligned' within listed equities by 2030	Climate-related 'green' investments of 4% of total funds under management (FUM) by 2030
Description	• Relates to ART's scope 3 category 15 (investments) emissions. • These are also referred to as ART's financed scope 1 and 2 emissions. • An emissions intensity metric enables comparison of investment portfolios' emissions, regardless of size. This metric is used to compare ART's portfolio emissions each year to and track progress as we grow.	• ART's priority companies are defined as companies that together contribute 70% of ART's financed emissions in listed equities. • We review our priority companies on an annual basis. • Engagement can occur through direct, collaborative or service providers. • Objectives, timeframes and escalation measures are set for direct engagements.	Assesses the position of ART's priority companies within the listed equities portfolio on the pathway towards NZE2050. • Our companies are classified as either: • achieving net zero; • aligned to a net zero pathway; • aligning towards a net zero pathway; • committed to aligning; • not aligned; or • not assessed (due to insufficient information).	Investment in sectors and activities identified as 'green' in the Australian Sustainable Finance Taxonomy[2] that, on a reasonable basis, are intended to support real-world decarbonisation, consistent with ART's Net Zero 2050 target and in accordance with members' best financial interest. Includes exposure to assets that can be mapped to one or more of the 'green' activities.
Applicable asset classes	• Listed equities • Infrastructure • Property	• Listed equities (ART's 'priority companies')	• Listed equities (ART's priority companies)	• Listed equities • Infrastructure • Property • Private equity • Fixed income • Private debt
Metric	Emissions intensity: tCO_2e/$m invested	% of ART's 'priority companies' engaged	% of ART's priority companies classified as 'net zero' or 'aligned'	% of ART's total FUM invested in climate-related 'green' investments
Baseline date	30 Jun 2021	30 Jun 2022	30 Jun 2022	31 Dec 2023
Baseline assessment	62.7 tCO_2e/$m invested	74%[3]	8%	2.7%
30 June 2024 assessment	36.3 tCO_2e/$m invested[4] (42% reduction from baseline)	96%[5]	4%	2.9%

1 Source: Emissions data for listed equities calculated on MSCI Analytics.

2 The assessment of our baseline exposure to climate-related 'green' investments was based on sectors and activities identified as 'green' in the Australian Sustainable Finance Taxonomy V0.1. Now that the Australian taxonomy has been finalised, assessment of our exposure to climate-related 'green' investments is based on sectors and activities identified as 'green' in the **Australian Sustainable Finance Taxonomy – Version 1 2025**.

3 Assessment based on engagements over FY23 with ART's priority companies identified as at 30 June 2022.

4 Adjusted for changes in enterprise value including cash (EVIC) between the baseline date and the date of assessment.

5 Assessment based on engagements over FY25 with ART's priority companies identified as at 30 June 2024.

We provide further information on each of the interim targets and our current assessment of the relevant portfolio metrics below.

1 Emissions intensity

Interim target: 43% reduction in emissions intensity (financed scope 1 and 2 emissions) by 2030 (for listed equities, infrastructure and property asset classes).

We have used the Global GHG Accounting and Reporting Standard for the finance industry developed by the Partnerships for Carbon Accounting Financials (PCAF) to calculate our portfolio emissions. The method we use to calculate emissions is provided in **Appendix A**.

As previously reported, we established our FY21 emissions baseline for the aggregated portfolio across 3 key asset classes: listed equities, infrastructure and property. As at 30 June 2021, these 3 asset classes represented 54% of our portfolio by asset value; whilst as at 30 June 2024 they represented 61% of the portfolio by asset value.

In addition to the 3 asset classes included in our emissions intensity interim target, we also continue to calculate aggregated emissions metrics for these 3 asset classes plus private equity and listed corporate debt (physical) (a subset of our fixed income asset class), which results in coverage of 69% of our portfolio by asset value as at 30 June 2024. **Appendix B** outlines the rationale for inclusion or exclusion of an asset class or a subset of an asset class in our GHG emissions calculation.[1]

Consistent with our commitment to continue to capture additional asset class emissions data where possible, this year we attempted to collect emissions data for the private credit asset class. However, emissions reporting for this asset class is not yet well progressed, with many investment managers not collecting emissions data for their investments. In this reporting period only 12% of the asset class (by FUM) was able to provide emissions data. We have therefore chosen not to report emissions data for private credit in this year's report. We will continue to work with our private credit managers with the aim of improving data coverage over time.

Appendix C provides more detail on our financed scope 1 and 2 emissions for each of the asset classes for which we collected greenhouse gas emissions data for FY24. This includes disclosure on data that is proxied (i.e. that we estimate based on the relevant sector or asset class average), and the percentage of data collected that our external investment managers or assets have reported as verified or assured. We have not assessed the accuracy of any claims that reported data has been verified or assured.

Appendix C also shows our financed scope 3 emissions for the asset classes for which we collected greenhouse gas emissions data for FY24 in. We show our financed scope 3 emissions separately from our financed scope 1 and 2 emissions, as they do not form part of our interim 2030 emissions intensity reduction target. However, for certain sectors, we recognise that financed scope 3 emissions can be material, and so we report this data for asset classes where possible.

Table 16 shows the evolution from our baseline assessment through to 30 June 2024, for our aggregated portfolio financed emissions and emissions intensity for the 3 asset classes that made up our baseline assessment and which are included in our 2030 interim target (i.e. listed equities, infrastructure and property).

Adjusting for changes in enterprise value

Emissions intensity is the metric we use to compare financed emissions over time as we grow our funds under management, allowing us to track progress towards our interim emissions reduction target. Due to how a company's emissions are attributed to investors (which is based on the amount invested, divided by the company's enterprise value including cash), this metric is influenced by changes in market value, which reduces its usefulness when making comparisons at different points in time.[2] We have therefore adjusted the financed emission intensity metric for all years after the baseline year.[3]

While adjusting for enterprise value changes is a step towards providing a better understanding of the real-world emission changes within companies, there are other factors that this adjustment does not account for. We have therefore provided a more detailed attribution of the change in emissions intensity for our listed equities portfolio (see Figure 18).

1 Listed corporate debt (physical) is a subset of our fixed income asset class. For the purpose of making this report more readable, we refer to listed corporate debt as an asset class, along with listed equities, infrastructure, property, private equity and private credit.

2 See **Appendix A** for more detail.

3 The aim of this adjustment is to keep a company's enterprise value unchanged since the baseline assessment, thereby providing a better estimate of the changes in the real-world GHG emissions attributable to a portfolio's holdings.

Table 16: ART portfolio emissions for asset classes include baseline assessment[1]

Financial Year	2024	2023	2022	2021[2]
Asset classes included	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**
% of ART's total portfolio covered by included asset classes	61%	62%	59%	54%
Financed scope 1 and 2 emissions				
Financed scope 1 and 2 emissions (tCO2e)	5,839,164	4,931,844	4,289,486	6,726,724
$M invested	176,374	137,199	117,298	107,220
Unadjusted financed scope 1 and 2 emissions intensity (tCO2e/$M invested)	33.1	35.9	36.6	62.7
Unadjusted % change from baseline (2021)	-47%	-43%	-42%	-
Adjusted financed scope 1 and 2 emissions intensity (tCO2e/$M invested)	36.3	37.9	35.0	-
Adjusted % change from baseline (2021)	-42%	-40%	-44%	-
Financed scope 3 emissions				
Financed scope 3 emissions (tCO2e)	51,493,461	35,255,823	32,574,436	30,419,575

As at 30 June 2024:

- The total financed emissions (scopes 1 and 2 of our companies) for the 3 asset classes included in our 2030 interim target was 5,839,164 tCO2e, compared to our baseline assessment of 6,726,724 tCO2e.
- On an unadjusted basis, the FY24 emissions intensity of 33.1 tCO2e/$ million invested for the 3 asset classes related to our 2030 interim target represents a 47% reduction from our FY21 baseline.[3]
- On an adjusted basis, the FY24 emissions intensity of 36.3 tCO2e/$ million invested for the 3 asset classes related to our 2030 emissions intensity reduction target represents a 42% reduction from our FY21 baseline.
- A breakdown of the financed scope 1 and 2 emissions by asset class as at 30 June 2024, as well as the breakdown of financed scope 3 emissions by asset class as at 30 June 2024, is shown in **Appendix C**.

1 Source: Emissions data for listed equities and listed corporate debt (physical) calculated on MSCI Analytics.

2 Scope 1 and 2 emissions data was collected for the listed equities, infrastructure and property asset classes only. Scope 3 emissions data was collected for the listed equities asset class only.

3 Based on the asset classes to which our interim emissions intensity reduction target applies (listed equities, infrastructure and property).

Table 17 shows the evolution from our baseline assessment through to 30 June 2024 for our aggregated portfolio financed emissions and emissions intensity for the 3 asset classes that are included in our 2030 interim target plus listed corporate debt (physical) and private equity.

Table 17: ART portfolio emissions forasset classess included in baseline assessment plus listed corporate debt (physical) and private equity [1]

Financial Year	2024	2023	2022	2021[2]
Asset classes included	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**	**Listed equities Infrastructure Property**
% of ART's total portfolio covered by included asset classes	69%	71%	68%	54%
Financed scope 1 and 2 emissions				
Financed scope 1 and 2 emissions (tCO2e)	6,231,482	5,291,238	4,729,186	6,726,724
$M invested	198,049	157,208	136,024	107,220
Unadjusted financed scope 1 and 2 emissions intensity (tCO2e/$M invested)	31.5	33.7	34.8	62.7
Financed scope 3 emissions				
Financed scope 3 emissions (tCO2e)	52,621,208	35,933,508	33,662,987	30,419,575

Progress against our emissions intensity reduction target

In line with our Roadmap, each year we report portfolio emissions intensity against a target trajectory and guardrails. Figure 17 shows both the adjusted and unadjusted emissions intensity since the FY21 baseline against our target trajectory with upper and lower guardrails.[3] Over the past three years, the emissions intensity has been relatively stable and below the guardrails, following a significant initial reduction from the FY21 baseline.

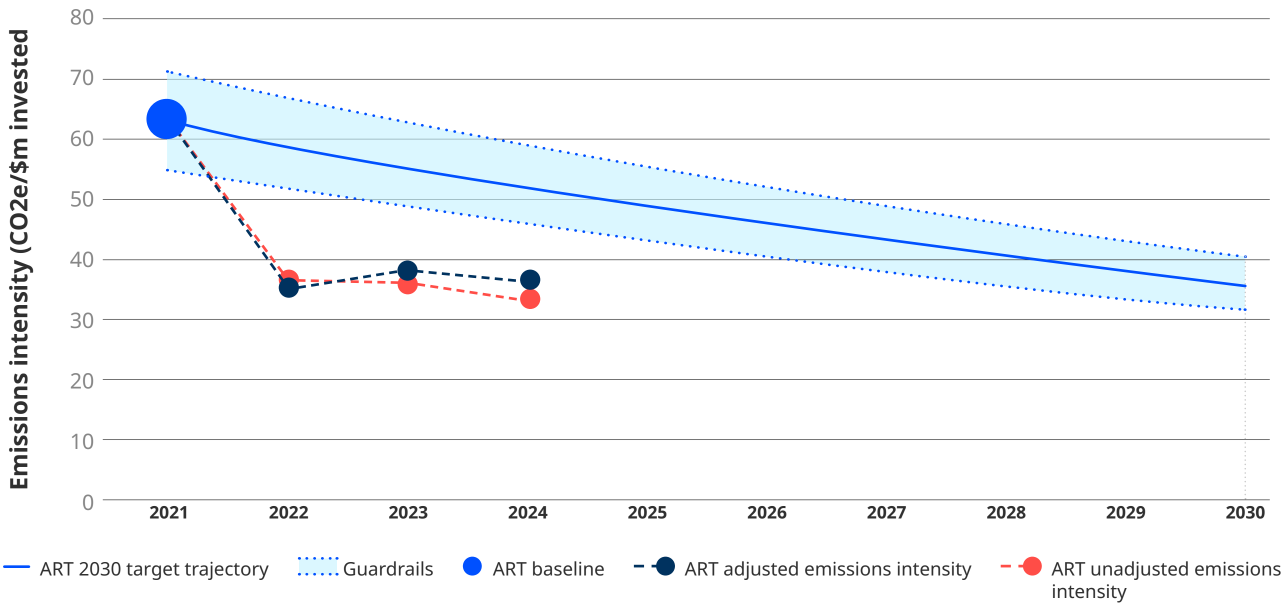


Figure 17: Emissions intensity compared with target trajectory and guardrails.

Asset classes included: Listed equities, infrastructure and property. Blue shading represents guardrails.

1 Source: Emissions data for listed equities and listed corporate debt (physical) calculated on MSCI Analytics.

2 Scope 1 and 2 emissions data was collected for the listed equities, infrastructure and property asset classes only. Scope 3 emissions data was collected for the listed equities asset class only.

3 The emissions intensity reduction target was adopted from the 2022 Intergovernmental Panel on Climate Change (IPCC) report with a median reduction of 43%. See GHG emissions reductions from 2019 % C1 [97] limit warming to 1.5 degrees (>50% probability) with no or limited overshoot: page 18 **https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_SummaryForPolicymakers.pdf** We defined guardrails for the expected 2030 interim emission intensity reduction target transition pathway. These guardrails were informed by the 5th to 95th percentiles from the IPCC report [34%-60%], respectively. In the Roadmap, we committed to reporting progress in emissions reduction against the guardrails.

Emissions intensity attribution for listed equities

Whilst the reduction in ART's financed scope 1 and 2 emissions intensity appears to be substantial and is pleasing, it's important to understand what has driven that reduction. Figure 18 below provides a break-down of the important component parts that have resulted in changes in ARTs emissions intensity within its listed equities portfolio from FY21 to FY24.[1] Whilst this analysis was only conducted for listed equities, given that this asset class made up the majority (78%) of ARTs total financed scope 1 and 2 emissions across all included asset classes, and 46% of ART's total FUM as at 30 June 2024, we believe the conclusions drawn are meaningful.

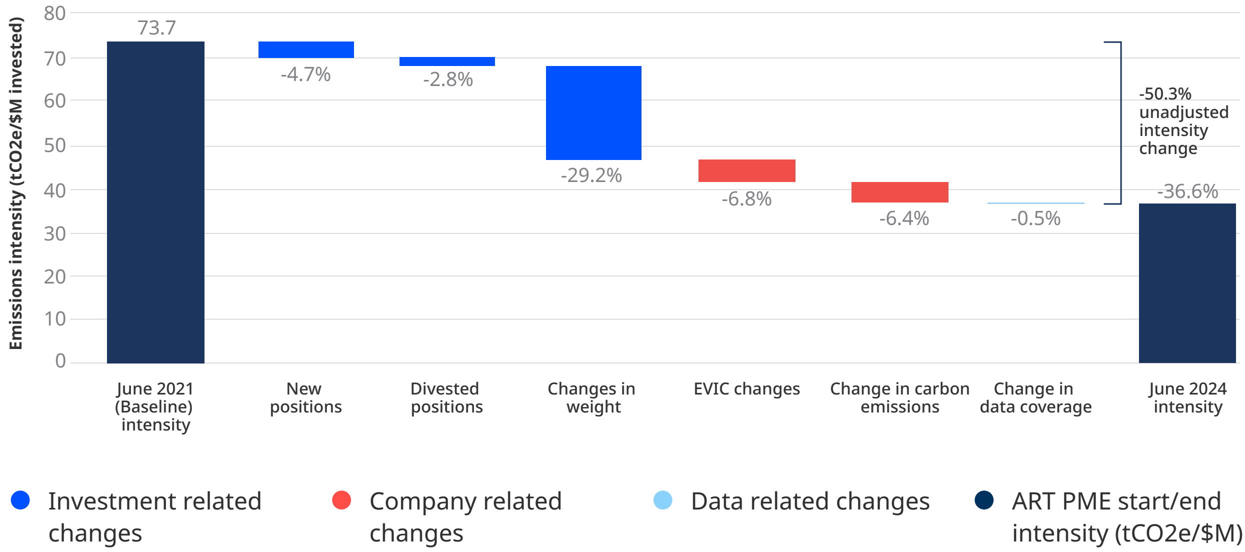


Figure 18: Attribution of the main contributing factors that have resulted in changes in the emissions intensity metric for our listed equities portfolio, June 2021 to June 2024.

Notes to help understand Figure 18:

June 2021 (baseline) intensity: ART's listed equities emissions intensity (tCO2e/$ million invested) as at 30 June 2021.

New positions: shows the extent to which positions added to the portfolio have affected the change in emissions intensity over the period.

Divested positions: shows the extent to which divested positions have affected the change in emissions intensity over the period.

Changes in weight: shows the extent to which changes in portfolio weights due to market movements or rebalancing have affected the change in emissions intensity over the period.

EVIC changes: shows the extent to which changes in the Enterprise Value Including Cash (EVIC) of companies contributed to the change in emissions intensity over the period.

Change in carbon emissions: shows the extent to which emissions at the company level have affected the change in the emissions intensity over the period.

Change in data coverage: shows the extent to which the changes in data coverage have affected the change in emissions intensity over the period.

June 2024 intensity: ART's listed equities emissions intensity (tCO2e/$ million invested) as at 30 June 2024.

Key takeaways:

- Investment related changes within our listed equities portfolio made up 36.7% of the overall 50.3% reduction in emissions intensity over the 3 year period, largely due to changes in portfolio weights. This reflects a change in our investment strategy for listed equites after the FY21 baseline was established, which reduced our exposure to some high-emitting companies.
- While company-related changes contributed to around 13.1% of the reduction in emissions intensity, only 6.4% of the overall 50.3% reduction in emissions intensity was driven by changes in company reported scope 1 and 2 emissions.

Given that one of the guiding principles in our Roadmap is real-world decarbonisation, we see changes in company emissions as an important metric to monitor and report progress on, to the extent that we are able to.

1 Listed equities attribution data utilises MSCI Financed Emissions Intensity Attribution reporting tool.

As a result of the current progress towards our emissions intensity target, improving data coverage and our understanding of what has driven these results, we intend to carry out a review of this target (along with our other interim climate-related targets) over the course of the next Roadmap, which covers the period FY26-30.

Financed emissions by sector

Figure 19 shows our financed emissions for the 5 asset classes that we capture this data for split by sector and compares this to our FUM for these asset classes.[1] Our financed emissions are largely concentrated in 4 sectors: materials, utilities, energy, and industrials, despite these sectors only representing a small part of our portfolio holdings by weight. This pattern is broadly reflected across the asset classes and so, as was the case last year, we have chosen to show this data only at the aggregated portfolio level (split by sector).

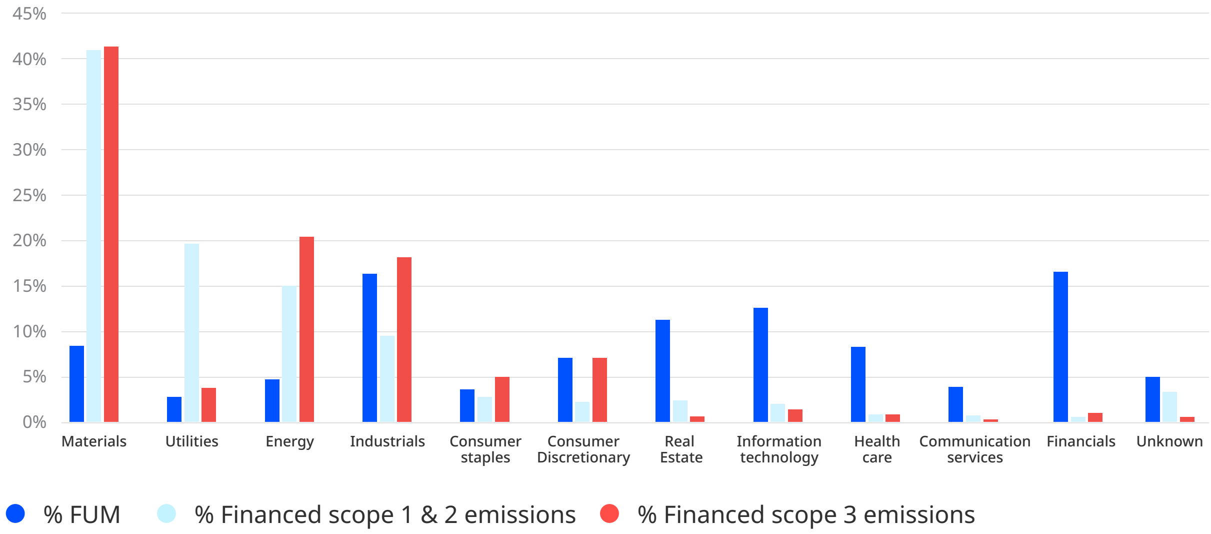


Figure 19: Portfolio financed emissions and FUM, split by sector, as at 30 June 2024.

1 Sector names are GICS sectors, with some infrastructure and property assets manually categorised under appropriate sectors on a best endeavours basis. See **Appendix C** for full financed scope 1, 2 and 3 emissions details, including data coverage.

Top 10 contributors to our financed emissions

The companies or assets that are the top 10 contributors to our financed scope 1 and 2 emissions are shown in Table 18. They represent 37% of our financed scope 1 and 2 emissions (of that component of our investment portfolio that was assessed) and are in either the listed equities or infrastructure asset class. They're also concentrated in the utilities and materials sectors. All listed equity companies in the top 10 largest emitters are companies identified for direct engagement.[1]

Table 18: Top 10 largest emitters (as % of ART's financed scope 1 and 2 emissions) as at 30 June 2024

Entity	Asset class	Sector	% of ART's financed scope 1 and 2 emissions
South32	Listed equities	Materials	6.6%
Origin Energy	Listed equities	Utilities	5.0%
Utility business (North America)	Infrastructure	Utilities	4.5%
Alumina	Listed equities	Materials	3.5%
BHP Group	Listed equities	Materials	3.5%
Rio Tinto	Listed equities	Materials	3.2%
Qantas Airways	Listed equities	Industrials	3.0%
Bluescope Steel	Listed equities	Materials	2.5%
AGL Energy	Listed equities	Utilities	2.5%
Woodside Energy	Listed equities	Energy	2.4%
Total			**36.7%**

2 Engagement

Interim target: Engage with 100% of our priority companies within listed equities by 2030.

We identified 67 priority companies that comprised 70% of ART's financed scope 1 and 2 emissions within listed equities (comprising the Australian shares and international shares asset classes), based on emissions data as at 30 June 2024. This included 31 companies that are ASX listed and 36 international companies. All Australian priority companies were engaged; whilst 33 of 36 international priority companies were engaged. Table 19 sets out the engagement activities with our priority companies undertaken in FY25, by type of engagement; whilst Table 20 shows the percentage of our priority companies engaged, split by type of engagement.

Table 19: Number of priority companies engaged during FY25, by region and type of engagement

	Direct	Collaborative	Service Provider	Total engaged	Number of FY25 priority companies
Australian priority companies	23	0	8	**31**	**31**
International priority companies	1	27	5	**33**	**36**

Table 20: Percentage of priority companies engaged, by type of engagement

	Direct	Collaborative	Service Provider	Total engaged
FY22 baseline (% of priority companies)	12%	34%	28%	**74%**
FY24* (% of priority companies)	21%	32%	21%	**74%**
FY25* (% of priority companies)	36%	40%	19%	**96%**

*Excludes priority companies that were acquired during the respective financial year and dual-listed companies where ART held positions in multiple entities. Numbers are rounded to the nearest %.

1 Alumina merged with Alcoa Corporation in August 2024. As at 30 June 2025, Alcoa was an engagement focus company.

Over FY25, we engaged with 96% of our priority companies, an increase from 74% in FY24. The proportion engaged directly also increased over the year, from 21% of our priority companies in FY24 to 36%. We plan to continue to engage with our priority companies on progress being made in seeking to transition their businesses to net zero. We note that this is a key factor in our ability to make progress towards our portfolio alignment target, while also recognising that these companies are subject to conditions in the broader economy that will influence the rate of investment needed for transformation.

3 Portfolio alignment

Interim target: 50% of ART's priority companies to be 'net zero' or 'aligned' within listed equities by 2030

For assessing portfolio alignment as at 30 June 2024, we assessed the 67 priority companies that make up 70% of our financed scope 1 and 2 emissions within listed equities as at that date, as either 1) achieving net zero, 2) aligned to a net zero pathway, 3) aligning towards a net zero pathway, 4) committed to aligning, 5) not aligned or 6) not assessed (due to insufficient data).[1] The assessment criteria were informed by international guidance and tailored internally to be suitable for our investment portfolio.[2]

Table 21 shows our assessment of alignment using the approach developed, as at end of the financial year shown, rounded to the nearest %.

Table 21: Portfolio alignment of our priority companies (as a % of ART's priority companies)[3]

	Achieving net zero	Aligned	Aligning	Committed	Not aligned	Not assessed
30 June 2022 (Baseline)	0%	8%	12%	30%	23%	27%
30 June 2023	0%	4%	6%	42%	45%	3%
30 June 2024	0%	4%	1%	52%	42%	0%

There was a small increase in the percentage of priority companies assessed as 'aligned', and a decline in those assessed as 'aligning'. However, compared to the FY22 baseline, the overall percentage of 'aligned' companies has decreased, primarily due to an enhancement in our assessment criteria. Notably the number of companies that are 'committed' has increased. These refinements, which included better use of existing data and integration of new sources, also allowed us to reduce the number of companies 'not assessed' to zero. We believe this updated approach provides a more accurate assessment of portfolio alignment.

The lack of progress towards this target may be reflective of the slow pace of the transition in the global economy and the limited progress made by our priority companies in transitioning their businesses.

4 Climate-related investments

Interim target: Climate-related 'green' investments of 4% of FUM by 2030

One of the guiding principles in the Roadmap is that capital is required for both existing and new investments that support real world decarbonisation. This creates an opportunity for us to invest in those activities that enable greenhouse gas emissions reductions in the broader economy, as well as supporting organisations that need capital to transition themselves, when doing so aligns with members' best financial interests.

Our approach to determining suitable investments was guided by the Australian Sustainable Finance Taxonomy V0.1, released on 28 May 2024 for public consultation and intended to support the Australian Government's plans for mobilising private capital to support the transition to a low carbon economy.[4] Given the final version of the Australian Sustainable Finance Taxonomy Version 1 - 2025 (Australian Taxonomy Version 1), released on 17 June 2025 contained minimal changes to the definitions and activities defined as 'green', we use this version for assessing sectors and activities identified as 'green', unless reported otherwise.[5]

1 Assessment against the criteria was informed by data from the Climate Action 100+ (CA100+) Net Zero Company Benchmark, the Transition Pathway Initiative (TPI) and MSCI.

2 This approach has been informed by the Paris Aligned Investment Initiative Net Zero Asset Owners Framework and can be viewed in more detail in our Net Zero 2050 Roadmap covering the period FY24-25.

3 Rounded to nearest whole percentage.

4 **Australian Sustainable Finance Taxonomy V0.1 (Public Consultation Paper)**.

5 **Australian Sustainable Finance Taxonomy Version 1 - 2025**.

We define climate-related 'green' investments as investment in sectors and activities identified as 'green' in the Australian Taxonomy Version 1 that, on a reasonable basis, are intended to support real-world decarbonisation, consistent with our NZE2050 target and in accordance with members' best financial interests. Applicable asset classes are listed equities; private equity; infrastructure; property; fixed income and private credit.

Our baseline exposure to climate-related 'green' investments was approximately $7.2 billion as at 31 December 2023 or 2.7% of our total funds under management (FUM) as at that date. Given the short time period between the baseline date and the current reporting date (30 June 2024), we did not seek to identify any new or additional exposures to climate-related 'green' investments and instead updated the values of assets previously identified as 'green'. Due to the growth in the value of these investments, our climate-related 'green' investments increased to $8.4 billion or 2.9% of our total FUM as at 30 June 2024.

With the Australian Taxonomy Version 1 now finalised, we aim to consider ways to more accurately assess our investment portfolio's exposure to sectors and activities defined as 'green'.

We also acknowledge the importance of investing in transition assets and activities that also support real world decarbonisation and will continue to seek opportunities to invest in transition assets where appropriate and in line with members' best financial interests.

Partners

Working with other organisations and collaborative initiatives to learn, share knowledge and advocate for change can be beneficial in seeking to address systemic risks such as climate change.

Partner actions identified in the Roadmap for the 2024-25 year are outlined in Table 22.

Table 22: Partner actions for 2024-25

Focus area	Jul 2024 – Jun 2025 action	Status as at 30 June 2025
Member organisations and industry forums	Actively participate in member organisations and forums that meet the evaluation framework	Ongoing
	Develop an evaluation framework for assessing climate-related initiatives and collaborations	Complete
Positions	Review carbon markets, offsets and pricing to build investment team knowledge for due diligence, asset management and stewardship	Complete
	Develop a position on oil and gas to build investment team knowledge for due diligence, asset management and stewardship	In progress
Advocacy	Actively participate in external stakeholder roundtables and policy advocacy that support climate change strategy	Ongoing

Member organisations and industry forums

We participated in a number of climate-related working groups. These are described in the **Collaboration** section in **What Sustainable Investment means to us**.

Positions

An internal position on the use of carbon offsets was developed for our investments. We are also developing a position on the role of natural gas in the energy transition, outlining key considerations for future gas-related investments. This will support our asset due diligence and stewardship activities. For further detail see **Risk Management (Research)**.

Advocacy

We provided two submissions related to climate change and climate-related financial disclosures – these are described in the **Advocacy** section in **What Sustainable Investment means to us**.

Memberships and organisations

We're members of several professional associations that address sustainable investment matters such as climate change, modern slavery and reporting standards. As well as advocating to government, industry and other stakeholders, these organisations provide expert advice, thought leadership and opportunities to engage with the companies we invest in.

AUSTRALIAN COUNCIL OF SUPERANNUATION INVESTORS

ACSI
acsi.org.au

Australian Sustainable Finance Institute

ASFI
www.asfi.org.au

A proud participant of: Climate Action 100+ Global Investors Driving Business Transition

Climate Action 100+
www.climateaction100.org

IAST APAC

IAST APAC
www.iastapac.org

Investor Group on Climate Change

IGCC
igcc.org.au

Signatory of: PRI Principles for Responsible Investment

PRI
www.unpri.org

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riaa Responsible Investment Association Australasia

RIAA
responsibleinvestment.org

The path ahead

As we look to FY26 and beyond, our focus shifts from building foundations to scaling our impact. The next phase of our Sustainable Investment Strategic Plan, which will include the next iteration of our Roadmap, will guide how we seek to deepen integration with our external investment managers, enhance data and analytics, and strengthen our stewardship with companies.

We're operating in a more demanding regulatory environment, with the Australian Government Sustainable Finance Roadmap and new climate disclosure laws raising the bar. These shifts bring both opportunity and responsibility, requiring deeper insights, stronger governance and greater transparency.

Our commitment remains clear, we'll continue in our aim to invest in ways that support a net zero economy when appropriate, manage financially material sustainability risks and deliver long-term value for our members. With an established team and a maturing strategy, we're well placed to meet our ambition to lead through this next chapter.

In 2025-26, we look forward to:

- Approval and implementation of our FY26–30 Sustainable Investment Strategic Plan
- Approval and progress of the next iteration of our Net Zero 2050 Roadmap
- Deploying capital into impact and climate-related investments when it is in members' best financial interests, guided by our newly approved Impact Investment Framework and our climate-related 'green' investment target
- Deepening integration of sustainable investment with our external investment managers and across our investment process
- Strengthening engagement with our companies and expanding our stewardship with select private market assets
- Transparent reporting on our progress

We will keep you, our members, informed of our progress, and we also invite you to contact us if you have questions about our approach.

Our corporate reporting suite

Annual report	The Australian Retirement Trust 2024-25 Annual Report provides information in relation to Australian Retirement Trust for the period from 1 July 2024 to 30 June 2025: **art.com.au/corporate-governance**
Our approach to sustainable investment	More detail about our approach to sustainable investment can be found on the ART website: **art.com.au/sustainable-investing** and on the QSuper website: **qsuper.qld.gov.au/sustainable-investing**
Sustainable Investment Policy	This policy articulates ART's approach to sustainable investment within its investment portfolio, including the principles, roles and accountabilities, application, risk management and reporting that constitute ART's integration of sustainable investment considerations: **art.com.au/sustainable-investing**
Investment Committee Charter	This charter outlines the roles and responsibilities of the committee including those pertaining to investment policy and management, operations and compliance: **art.com.au/corporate-governance**
Modern Slavery Statement	We submitted our most recent Modern Slavery Statement in December 2024. The statement can be found at: **art.com.au/corporate-governance** and the Australian Government register at **modernslaveryregister.gov.au**
Proxy voting records	Our proxy voting records can be found at: **art.com.au/prescribed-information**
ART investment options holdings data	Portfolio holdings disclosure information for ART products, in line with the specific requirements of Australian law, can be found at **art.com.au/investments/what-we-invest-in** The Socially Conscious Balanced (SCB) option holdings can be found at **art.com.au/investments/what-we-invest-in**. Select "superannuation" or "retirement" investment holdings, and then the option.

Glossary

ESG	Environmental, social and governance.
Exclusions (Screening)[1]	Applying rules based on defined criteria that determine whether an investment is permissible. ART applies negative screening rules, which we call Exclusions, that determine when an investment is not permitted.
First Nations peoples' rights	First Nations peoples' rights are codified in the Declaration of Rights of Indigenous People, which is a universal framework of minimum standards for the survival, dignity and well-being of the Indigenous peoples of the world and elaborates on existing human rights standards and fundamental freedoms as they apply to Indigenous peoples. Codified as an additional human rights instrument in regard to First Nations peoples, recognising they may need specific protection to fully enjoy human rights without discrimination.
IPCC	Intergovernmental Panel on Climate Change: the United Nations body responsible for assessing the science related to climate change. **www.ipcc.ch**
ISSB	International Sustainability Standards Board: a standard-setting board established to "deliver a comprehensive global baseline of sustainability-related disclosure standards". **www.ifrs.org/groups/international-sustainability-standards-board**
GHGs	Greenhouse gases (GHGs) are gases in the earth's atmosphere that trap heat. Seven gases are mandated under the Kyoto Protocol to be included in national inventories under the United Nations Framework Convention on Climate Change (UNFCCC) - carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride.
GHG protocol	Greenhouse gas protocol: provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions. **ghgprotocol.org**
GICS	Global Industry Classification Standard®: tool developed by MSCI and S&P Dow Jones Indices that describes the breadth, depth and evolution of industry sectors. **www.msci.com/our-solutions/indexes/gics**

1 Adapted from the **2023 CFA Institute, Global Sustainable Investment Alliance. Definitions for Responsible Investment Approaches**.

Human rights	Human rights are understood, at a minimum, as those expressed in the following instruments: • The International Bill of Human Rights (comprising the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights and its two Optional Protocols), • The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions, and • Human rights instruments relevant to First Nations peoples, recognising the specific protection to fully enjoy rights without discrimination codified in the Declaration of Rights of Indigenous People.
IEA	International Energy Agency: comprising 32 Member countries, 13 Association countries and 4 Accession countries, the agency promotes energy efficiency, aims to ensure energy security, tracks clean energy transitions, collects data, and provides energy education and training programs around the world. **www.iea.org**
Impact Investing	Investments where ART directs investment capital to deliver financial returns in line with members' best financial interests, while also seeking to generate positive, measurable, social and/or environmental outcomes.
Integration	The explicit and systematic inclusion of financially material sustainability factors in investment processes and decision-making. For ART, this is largely achieved through the selection of new external investment managers and monitoring of existing external investment managers' sustainable investment activities.
JANA-developed scenarios	JANA has used the International Energy Agency (IEA) scenarios and economic assumptions from the Network for Greening the Financial System (NGFS) scenarios to develop 3 scenarios in their climate change scenario model. **Current Path (3 degrees):** This scenario maps out a trajectory that reflects current policy settings, based on a detailed sector-by-sector assessment of what policies are actually in place or are under development by governments around the world. However, it assumes there are no material policy implementations unless they are backed with detail on how they're achieved. **Sustained Action (2 degrees):** This scenario assumes that all aspirational targets announced by governments are met on time and in full, including their long-term net zero and energy access goals. Thus, demand for all fossil fuels decline by 2030. Emissions peak in the mid 2020s and fall to 12 Gt in 2050, resulting in a projected global median temperature rise in 2100 of 1.7°C. **Net Zero by 2050 (1.5 degrees):** This scenario maps out a way to achieve a 1.5°C stabilisation in the rise in global average temperatures, alongside universal access to modern energy by 2030. In this scenario, CO_2 emissions fall to 23 Gt in 2030 and to zero in 2050, a trajectory consistent with limiting the temperature increase to less than 1.5°C in 2100.

Modern slavery	Modern slavery describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. ART uses the definition of modern slavery found in Australian law which includes slavery, servitude, forced labour, debt bondage, forced marriage, trafficking in persons, deceptive recruiting for labour or services and the worst forms of child labour.
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 195 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts to "limit the temperature increase to 1.5°C above pre-industrial levels." **unfccc.int/process-and-meetings/the-paris-agreement**
PCAF	Partnership for Carbon Accounting Financials: a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the emissions associated with their loans and investments. **carbonaccountingfinancials.com**
Scope 1 emissions[1]	Direct emissions from owned or controlled sources.
Scope 2 emissions[1]	Indirect emissions from the generation of purchased energy.
Scope 3 emissions[1]	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
Scope 3 category 15 (investments) emissions[1]	Includes scope 3 emissions associated with the reporting company's (ART's) loans and investments in the reporting year. For ART, this could include Scope 1, 2 and Scope 3 financed emissions from investments. The applicable scopes will be specified in any disclosures.
Stewardship	The exercising of ownership rights to protect value and enhance governance and long-term returns undertaken by ART through company engagement and proxy voting.
Sustainability factors	Climate and sustainability-related risks and opportunities that can be financially material for companies, sectors and markets and therefore, investment portfolios.
Sustainability-themed Investing (Thematic Investing)[2]	Selecting assets to access specified trends, such as investment in climate-related opportunities.

1 Adopted from **PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition**.

2 Adapted from the **2023 CFA Institute, Global Sustainable Investment Alliance. Definitions for Responsible Investment Approaches**.

Sustainable Development Goals (SDGs)	A framework of 17 objectives for improving human society, ecological sustainability and the quality of life, published by the United Nations in 2015. They cover a broad spectrum of topics, from eliminating hunger and combating climate change to promoting responsible consumption and making cities more sustainable.
Sustainable investment	Also known as responsible investment, is a broad approach to investing incorporating financially material sustainability factors (which include, among other factors, labour standards and climate change), into investment processes and decision-making, alongside other traditional financial considerations. Approaches include Integration, Stewardship, Exclusions, Sustainability-themed Investing and Impact Investing.

Appendix A: Greenhouse gas emissions, and climate-related data measurement method

Greenhouse gas emissions

We use the Global GHG Accounting and Reporting Standard, available at **carbonaccountingfinancials.com/standard#the-global-ghg-accounting-and-reporting-standard-for-the-financial-industry**, for the finance industry developed by the Partnerships for Carbon Accounting Financials (PCAF) to calculate emissions. Consistent with the ISSB standard, we selected a financial reporting year (2020-21) as our baseline year.[1] Emissions data used in this report is presented to align with financial years, although it may be made available or provided to ART for different time periods. We have attempted to align emissions data with the reported financial year to the extent possible. Where required, we converted data expressed in other currencies to Australian dollars.

This year we measured emissions from the following asset classes, which represented 69% of FUM as at 30 June 2024:

- Listed equities (including Australian and international shares asset classes)
- Infrastructure
- Property
- Private equity
- Listed corporate debt (physical), a subset of our fixed income asset class.

Emissions coverage is for each asset class is done on a best endeavours basis. We aim to include all relevant investments within each asset class, although this may not always be possible, as some investments may be misclassified or inadvertently omitted. We report the percentage of each asset class for which emissions data is:

- Reported or estimated, either by our investment managers or by a third-party data provider
- Proxied (estimated) by us
- Excluded from the analysis.

For listed equities and listed corporate debt (physical), there is broad coverage of the issuers and reliable data, along with reputable third-party estimates where gaps exist. MSCI data was used for this purpose.[2] In addition, the data coverage improved this year with listed equities and listed corporate debt (physical) exhibiting higher coverage rates and requiring a lower proportion of investments to be excluded compared to previous years.[3]

We collected emissions, valuation and other decarbonisation target data from the external investment managers of our property, infrastructure and private equity assets, and we proxied data where it was not available.

1 IFRS, March 2022: "Exposure Draft S1 General Requirements for Disclosure of Sustainability-related Financial Information", page 35.

2 Certain information contained herein (the "Information") is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates ("MSCI"), or information providers (together the "MSCI Parties") and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund's assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

3 This year, the percentage of investments excluded from listed equities and listed corporate debt (physical) was 4% and 5% respectively, compared to figures of 10% and 33% respectively as reported in ART's Sustainable Investment Report 2023-24.

Some infrastructure and property external investment managers reported scope 2 emissions as either 'location' or 'market' based.[1] This means our reported financed scope 2 emissions contain a mixture of both approaches. In the instances where those managers provided both numbers for certain holdings we opted to take the 'location based' data, given it was the most used and often the more conservative (higher emissions) of the two. As reporting guidance on this subject is clarified and it becomes normalised to collect data for both approaches, we will look to incorporate this specificity into future reporting.

Our approach to proxying data within an asset class is to take the emissions intensity data for the proportion of each asset class for which we do have reported/estimated data and to apply this to the remaining proportion of the asset class for which we do not have data.

Our approach to proxying data evolved this year, with the aim of providing more accurate estimates. In previous years, an asset without emissions data had its emissions estimated (proxied) using the average value for its asset class. This year, an average financed emissions intensity was calculated for each sector within an asset class, using reported values. For an asset without emissions data, the relevant sector-based average was then applied, based on its net asset value. Where an asset could not be assigned to a sector, then the asset class average value was used to proxy the asset's emissions.

We do not report on emissions from asset classes for which methods have not been developed or agreed but will seek to do so as they mature:

- Fixed income - sovereign bonds
- Fixed income - corporate debt (derivatives and other instruments)
- Shares (derivatives)
- Alternatives
- Cash

We do not consider net-negative dollar positions when calculating our carbon emissions, because they would create "negative emissions", effectively reducing emissions attributable to the portfolio.

Our emissions baseline comprises the scope 1 and 2 emissions of companies and borrowers' emissions, also known as financed emissions. We do not include financed scope 3 emissions in our baseline.[2]

All financed emissions data measurement and disclosure are point-in-time assessments and will differ over time as a result of changes in factors such as:

- portfolio composition (purchase and sale of assets, and reweighting of portfolios between asset classes)
- company emissions
- company valuations
- methodology, data quality and accuracy.

To allow for better tracking of our emission reduction progress against the baseline, financed emissions adjusted for changes in company valuations were also calculated, with reference to a method suggested by PCAF.

Adjustments were done on 2021-22, 2022-23 and 2023-24 reported Scope 1 and 2 figures for the following asset classes:

- Listed equities (including Australian and international shares asset classes)
- Infrastructure
- Property

The **Adjustment factor** formula sets out the methodology used.

For all GHG emissions and climate related metrics, ART relies on the accuracy of data provided by external investment managers and third-party providers. We will continue to engage and work with them to better understand and improve the accuracy of this data over time.

1 GHG Protocol Scope 2 Guidance available at **ghgprotocol.org/sites/default/files/2023-03/Scope 2 Guidance.pdf**, defines 'location based' as: based on average energy generation emission factors for defined geographic locations, and 'market based' as: reflecting emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own.

2 For definitions of emissions by scope, please see the **Glossary**.

The metrics and methodologies we use to calculate our emissions are:

Financed emissions

This formula is the PCAF Standard method of calculating financed emissions of investment in a company:

For listed companies:

$$\sum_{c} \frac{\text{Outstanding amount}_c}{\text{Enterprise Value including cash}_c} \times \text{Company emissions}_c$$

For unlisted companies:

$$\sum_{c} \frac{\text{Outstanding amount}_c}{\text{Total equity} + \text{debt}_c} \times \text{Company emissions}_c$$

Where:

- **Outstanding amount**
  amount invested in the borrower or investee company, or net asset value (NAV)
- **Enterprise Value Including Cash**
  market capitalisation plus book value of total debt and cash (to avoid negative enterprise values)
- **Company emissions**
  the investee's or borrower's scope 1 and 2 emissions
- **c**
  borrower or investee company

Emissions intensity (carbon footprint)[1]

For listed companies:

$$\frac{\sum_{c} \frac{\text{Outstanding amount}_c}{\text{Enterprise Value including cash}_c} \times \text{Company emissions}_c}{\text{Current portfolio value (\$ million)}}$$

For unlisted companies:

$$\frac{\sum_{c} \frac{\text{Outstanding amount}_c}{\text{Total equity} + \text{debt}_c} \times \text{Company emissions}_c}{\text{Current portfolio value (\$ million)}}$$

Where:

- **Numerator**
  financed emissions formula on facing page
- **Current portfolio value**
  net asset value in $ million
- **c**
  borrower or investee company

1 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Adjustment factor

The formula below is used for calculating the adjustment factor to be applied to the unadjusted financed emissions intensity figure for each asset class:

$$\sum_{c} \text{Weight}_{c,t} \times \frac{\text{Enterprise Value including cash}_{c,t}}{\text{Enterprise Value including cash}_{c,b}}$$

Where:

- **Weight**
  portfolio weight
- **Enterprise Value Including Cash**
  market capitalisation plus book value of total debt and cash (to avoid negative enterprise values)
- **t**
  current year
- **b**
  baseline year
- **c**
  borrower or investee company

Adjustments for changes in enterprise value

For FY24, the financed scope 1 and 2 emissions intensity for listed equities, infrastructure and property were adjusted by factors of 1.06, 1.27 and 1.25 respectively, resulting in an adjusted financed scope 1 and 2 emissions intensity (for the 2030 interim target asset classes) of 36.3 tCO_2e/$m invested (unadjusted figure was 33.1 tCO_2e/$m invested.)

For FY23, the financed scope 1 and 2 emissions intensity for listed equities, infrastructure and property were adjusted by factors of 1.03, 1.16 and 1.14 respectively, resulting in an adjusted financed scope 1 and 2 emissions intensity (for the 2030 interim target asset classes) of 37.9 tCO_2e/$m invested (unadjusted figure was 35.9 tCO_2e/$m invested.)

For FY22, the financed scope 1 and 2 emissions intensity for listed equities, infrastructure and property were adjusted by factors of 0.93, 1.08 and 1.05 respectively, resulting in an adjusted financed scope 1 and 2 emissions intensity (for the 2030 interim target asset classes) of 35.0 tCO_2e/$m invested (unadjusted figure was 36.6 tCO_2e/$m invested.)

The methodologies and scenarios used in scenario analysis

Munich Re physical hazard exposure

Munich Re's Location Risk Intelligence is a geospatial platform utilising global climate models and historical data to assess a given location's percentage of exposure to the given climate hazard, scoring or categorising the hazards under different warming scenarios and timeframes. To estimate the percentage of each asset's exposure, we utilised a combination of pin-point locations using latitude and longitude data, and plotting the land area the assets occupy using lines or shapes. This data was then used by ART to estimate the percentage of land area exposed to a hazard score, weight this by the net asset value of the asset as at 30 June 2024, and sum the results. Given the Location Risk Intelligence platform uses differing zones or scores across for each of the hazards, we scaled and normalised them to aid more uniform comparison. This asset level data could then be aggregated to show the changes in percentage of the assets exposed to the given climate hazard score between current and 2050 in a warmer scenario.

The warming scenario used for the 2050 assessment is based on Representative Concentration Pathway (RCP) 8.5 and Shared Socioeconomic Pathway (SSP) 5, from International Panel on Climate Change (IPCC) analysis. This scenario assumes a temperature range of around 1.9 – 3.0 degree Celsius as the very likely range above pre-industrial levels by 2050.[1]

MSCI Climate Value-at-Risk (VaR) scenarios

For this analysis, we used MSCI data for the following two scenarios - "Orderly" (1.5-degree Celsius Net Zero 2050), and "Hot house world" (3-degree Celsius Nationally Determined Contributions).[2] These scenarios, sourced from the Network for Greening the Financial System (NGFS), provide future transition pathways for assessing economic and environmental impacts of climate change, including carbon emissions pathways, global temperature projections, energy efficiency factors, and policy-related outputs like carbon pricing and mandated emissions reductions. Aligned temperature scenarios are leveraged from IPCCs Sixth Assessment Report (AR6) and the Coupled Model Intercomparison Project (CMIP6) models.

- "Orderly" (1.5 degree Celsius Net Zero 2050): limits global warming to 1.5 degree Celsius via assumed climate policies are introduced early and become gradually more stringent.
- "Hot house world" (3-degree Celsius Nationally Determined Contributions (NDCs)): includes all pledged targets even if not yet backed up by implemented effective policies, and respective targets on energy and emissions are reached in all countries.

MSCIs aggregated Climate VaR metric for each company is then an aggregation of the following:

Climate VaR = Transition Climate VaR (Policy risk + Technology opportunities) + Physical Climate VaR

We then translated and reported these component parts of the total Climate VaR as:

- Policy risk = transition risk,
- Technology opportunities = opportunities, and
- Physical climate VaR = physical risk.

The two scenarios were selected primarily because they included metrics for each of the component parts as well as the aggregated totals, and in order to contrast a higher and lower warming scenario.

1 IPCC AR6 Summary for Policymakers.

2 Full MSCI climate value-at-risk methodology available publicly: **www.msci.com/documents/%201296102/39141520/Updated_PUBLIC_CVaR_Meth+doc_EEC.pdf**

Appendix B: Emissions coverage for ART portfolio by asset class and rationale for inclusion or exclusion

Table 23 outlines the coverage by percentage of ART's total FUM in each asset class and the rationale for inclusion or exclusion in our GHG emissions calculations. Our coverage is based on availability of the Partnership for Carbon Accounting Financials (PCAF) methodology for each respective asset class, in addition to the availability of GHG emissions data. Compared with our portfolio coverage of 54% based on data as at 30 June 2021, emissions coverage across the investment portfolio has increased to 69% as at 30 June 2024 (this represents a small decline from 71% coverage as at 30 June 2023).

Table 23: Emissions coverage for ART's investment portfolio by asset class and rationale for inclusion or exclusion as at 30 June 2024

Asset class	Asset allocation	ART included	PCAF standard methodology	ART rationale for inclusion / exclusion
Listed equities (physical)	69%	✓	✓	PCAF 'listed equity and corporate bond' approach was used. Broad coverage of issuers and data reliability. Service providers estimate any data gaps.
Infrastructure		✓	✓	PCAF 'unlisted equity' approach was used. Sufficient coverage and improving reliability. Sourced from external investment managers and asset operators. Proxy data required for assets where no reported/ estimated data was provided or available.
Property		✓	✓	PCAF 'commercial property' covers both equity and debt investment and most asset types. ART data is sourced from external investment managers and asset operators. Sufficient coverage and improving reliability for equity investments. Proxy data required for assets where no reported/estimated data was provided or available (e.g. debt holdings).
Private equity		✓	✓	PCAF 'unlisted equity' approach was used. Just over 50% coverage and ART's first year collecting data in this asset class. Sourced from external managers and portfolio companies. Proxy data used for the remainder of the asset class.
Fixed income (listed corporate debt (physical))		✓	✓	PCAF 'listed corporate bonds' approach was used for issuers with sufficient reported market and GHG emissions data, and proxy data used for remainder of listed corporate debt (physical).
Fixed income (sovereign bonds)		✗	In progress	Although PCAF has provided guidance on sovereign bonds, at the time of assessment this was pending GHG Protocol review and approval.[1]
Derivative exposures (listed equities and corporate fixed income)	31%	✗	✗	Derivative financial products not yet covered by PCAF.
Fixed income (other debt instruments)		✗	✓	Although PCAF provides guidance on 'listed corporate bonds', ART holds some other instruments, such as mortgage-backed securities, where there is limited or no GHG emissions or market data.
Alternatives		✗	✗	Methodology not developed.
Cash		✗	✗	Methodology not developed.

1 PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Appendix C: FY24 greenhouse gas emissions by asset class

Table 24. Financed scope 1 and 2 emissions by asset class as at 30 June 2024[1]

FY24 emissions	Listed equities	Infrastructure	Property	Total (2030 interim target asset classes)	Private equity	Listed corporate debt (physical)	Total (2030 interim target asset classes + private equity + listed corporate debt (physical))
Asset class financed emissions coverage	96%	100%	100%	97%	100%	95%	97%
Data reported / estimated	95%	98%	77%	94%	60%	87%	91%
Data proxied	1%	2%	23%	3%	40%	7%	6%
Excluded	4%	0%	0%	3%	0%	5%	3%
$M invested	130,931	30,504	14,939	176,374	18,294	3,381	198,049
Financed scope 1 and 2 emissions (tCO2e)	4,797,575	925,902	115,687	5,839,164	249,541	142,777	6,231,482
Unadjusted emissions intensity (tCO2e/$M invested)	**36.6**	**30.4**	**7.7**	**33.1**	**13.6**	**42.2**	**31.5**
Emissions adjustment factor	1.06	1.27	1.25	1.10	n/a	n/a	n/a
Adjusted emissions intensity (tCO2e/$M invested)	**38.9**	**38.5**	**9.7**	**36.3**	**n/a**	**n/a**	**n/a**
% of financed emissions verified or assured	n/a	58%	37%	n/a	11%	n/a	n/a
Weighted PCAF data quality score	2.2	-	-	-	-	1.8	n/a
% of FUM with net zero plan or target	35%	70%	52%	42%	7%	29%	39%

1 Source: Emissions data for listed equities and listed corporate debt (physical) calculated on MSCI Analytics.

To be transparent, we identify any data that is proxied (i.e. that we estimate). We have also highlighted the percentage of data collected that our external investment managers or assets have reported as verified or assured. We have not assessed the accuracy of any claims of data that has been identified as verified or assured. All emissions data measurement and disclosures are point-in-time assessments and may be subject to changes over time that result from such factors as:

- portfolio composition (purchase and sale of assets and reweighting of portfolios between asset classes)
- company emissions
- company valuations
- methodology, data quality and accuracy.

For further detail on how asset class financed emissions coverage is defined and calculated, including limitations and considerations, please refer to **Appendix A**.

We provide some comments below on the results of the financed scope 1 and 2 emissions for the different asset classes.

Listed equities

Due to an increase in the size of the listed equities portfolio, our financed scope 1 and 2 emissions increased by around 22% over the year. However, after normalising for the size of the portfolio (dividing listed equities portfolio financed scope 1 and 2 emissions by $ million invested), the unadjusted emissions intensity decreased by approximately 11% to 36.6 tCO2e/$ million invested. This was driven by slightly lower portfolio weights to some more emissions intensive sectors, such as utilities and energy, and higher portfolio weights to lower emissions intensive sectors such as information technology and financials.

Infrastructure

Unadjusted financed scope 1 and 2 emissions and emissions intensity decreased by 4.3% over the year, with one large emitter showing a decrease in its scope 1 and 2 emissions.

Property

Unadjusted financed scope 1 and 2 emissions increased slightly by 3.2% from last year, with emissions intensity decreasing slightly. The reduction in emissions intensity was driven by an increase in funds under management outpacing increases in emissions. Moreover, assets added to the portfolio tended to have a lower average emissions intensity than the asset class average.

Private equity

For the second consecutive year, private equity saw increased coverage of emissions data, with coverage increasing from 58% in 2023-24 to 60% in 2024-2025.

In this reporting period, there was a reduction in the financed scope 1 and 2 emissions, as well as in financed emissions intensity. This was caused by significant reductions in reported emissions from several of the highest emitters in 2023-24 and because we use reported numbers to proxy those we don't have data for, this further reduces the total financed scope 1 and 2 emissions.

Listed corporate debt (physical)

In this reporting period, the universe for listed corporate debt was reduced to include just physical listed corporate debt assets that are held in listed corporate debt funds. This was done to improve the accuracy of what is included in the asset class for reporting purposes.

As a result of this change, there was a 19% increase in financed scope 1 and 2 emissions for the listed corporate debt (physical) asset class and a 57% increase financed emissions intensity. Whilst the increase in financed emissions intensity is significant, the resulting value for unadjusted emissions of 42.2 tCO2e/$ million invested is much more comparable to that of listed equities (36.6 tCO2e/$ million invested), which we believe is the result of a more accurate assessment.

Table 25. Financed scope 3 emissions by asset class as at 30 June 2024[1]

FY24 emissions	Listed equities	Infrastructure	Property	Total (2030 interim target asset classes)	Private equity	Listed corporate debt (physical)	Total (2030 interim target asset classes + private equity + listed corporate debt)
Asset class financed scope 3 emissions coverage	95%	71%	58%	88%	40%	95%	84%
Data reported / estimated	95%	71%	58%	88%	40%	87%	84%
Data proxied[2]	1%	0%	0%	1%	0%	7%	0%
Excluded	5%	29%	42%	12%	60%	5%	16%
Financed scope 3 emissions (tCO2e)	**47,392,112**	**3,978,281**	**123,067**	**51,493,461**	**240,734**	**887,013**	**52,621,208**

1 Source: Emissions data for listed equities and listed corporate debt (physical) calculated on MSCI Analytics.

2 We have not proxied any data for financed scope 3 emissions in the unlisted asset classes given the lower levels of coverage and the limited extent to which reported or estimated data is verified or assured by a third party.

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