

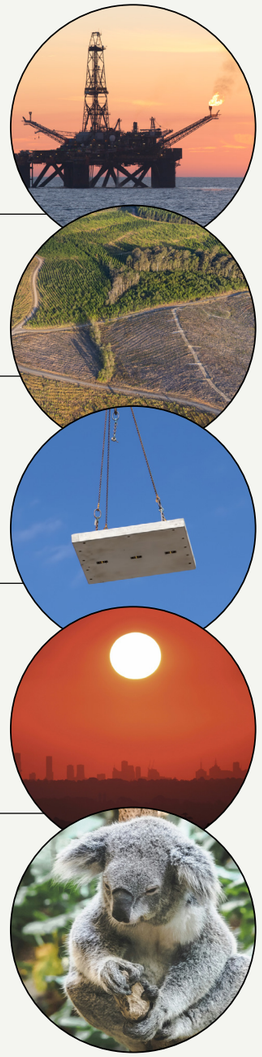
Stewardship Report 2026



CELEBRATING 40 YEARS ETHICAL INVESTING

5 years of wins – for people, animals and the planet

Looking back on five years of strategic stewardship, here are some of the big wins we played a role in achieving, together with and on behalf of our members.



1 National Australia Bank (NAB), one of Australia's largest financial institutions, has said publicly it expects oil and gas companies to cap or reduce hydrocarbon output. The bank has also markedly reduced its fossil fuel financing according to Non-Government Organisation (NGO) research.[1]

2 Australian banks and supermarkets have taken positive steps to address deforestation in Australian beef supply chains, an issue that was largely unacknowledged in corporate Australia when we first started raising it.

3 The Cement Industry Federation, and two of its member organisations Boral and Adbri, toned down their fossil fuel advocacy after we made headlines about it, according to Influence Map. Their lobbying became more transparent and better aligned with the goals of the Paris Agreement.

4 Treasury required that companies reporting under Australia's mandatory climate regime report against both a higher warming scenario and a 1.5-degree pathway, which helps to ensure that the costs of mitigating climate change be seen against the avoided costs of higher warming scenarios. We asked for this in our engagement with policy makers during a roadshow to Canberra.

5 One of NSW's last healthy koala colonies seems to have received a long-term reprieve from a proposed Lendlease development that would threaten the colony. We believe our public divestment of Lendlease securities and our direct engagement with the relevant NSW Minister's office contributed to regulatory delays that may have affected Lendlease's development. Big thanks to our members who kept pushing us to do more on this.

1. https://publications.marketforces.org.au/link/966615/5/

FY26 Snapshot

Australian Ethical won the 2026 Award for Innovation in System Stewardship from PRI (Principles for Responsible Investment) – the leading organisation globally for responsible investment.[2]

The Impact & Ethics team had approximately 230 engagements[3] in support of people, animals and the planet

- Around 130 of these were 'proactive' engagements (that is we did more than simply 'sign on' to an engagement coordinated by another organisation).[4]
- There was evidence of progress in FY26 in approximately 10% of our proactive engagements.[5]
- Over 60 of our engagements were 'in depth' engagements (involving 3+ activities in FY26, or had been part of a multi-year engagement).
- There was evidence of progress in FY26 in approximately 15% of our in-depth engagements.[6]

Our four strategic ethical stewardship initiatives:









2. www.unpri.org/case-study?id=australian-ethical-investment-restricting-finance-to-unsustainable-fossil-fuel
3. We count one engagement where we engaged with a target (company, organisation, government) on a topic or series of topics. There may be multiple activities within that engagement. For example, our engagement with Westpac is counted as one engagement which included meetings, emails and co-filing a shareholder resolution. We may count two engagements with a company if there were separate activities on entirely separate topics. For example, we had one engagement with NAB in relation to its fossil fuel exposure and a separate engagement with NAB in relation to its deforestation financing.
4. We distinguish proactive engagements from passive engagements. Our 'proactive' engagement count includes where we engaged directly with a company, government or other entity, actively contributed to collective engagements (as distinct from simply 'signing on'), used a nominal advocacy holding to support shareholder resolutions, or co-filed a resolution.
5. KPMG have provided limited assurance over key metrics in our sustainability disclosures, including some engagement statistics. KPMG's assurance opinion is available in our 2026 Annual Report available here: www.australianethical.com.au/globalassets/pdf-files/annual-reports/2026-annual-report.pdf from p 174.
6. We cannot claim attribution for all these outcomes. There are many other people and organisations working hard toward similar objectives.

Why our stewardship helps deliver results

We use our influence as investors to help address real-world problems affecting people, animals and the environment. The outcomes on the previous page were not achieved through one-off meetings or annual engagement programmes. We believe we contributed to those outcomes through long-term, strategic stewardship.

Our approach is disciplined

We care more about real world progress than we do about activity metrics. We believe our stewardship has contributed to important changes in corporate behaviour, public policy and industry practice over the last five years and we attribute this to our disciplined approach to stewardship. We:

- Set focussed real-world objectives. We select our areas of focus based on where we see systemic risks or significant harm and where we believe our influence can help drive change toward the objective. We don't select them based on what will be easy to achieve. Objectives may be set at a level of ambition beyond what our stewardship activities can achieve on their own, provided we believe we can contribute to their achievement.
- Develop strategies designed to help achieve those objectives. Our strategies are built around where we believe investor influence has the greatest chance of delivering real-world outcomes. If we can't see a pathway to influencing change, we look for a different way of coming at the problem.
- Commit to those strategies for the long term. Meaningful real-world outcomes rarely result from a single company engagement and rarely occur within a single financial year. We have been working on our strategic stewardship initiatives for multiple years, and in some cases more than a decade.
- Measure progress and adapt. Where we aren't making progress, we are upfront about it and pivot.

Our approach is different

We start with the problem and ask where our influence is most likely to create change to help fix the problem, rather than starting with a company and asking how to influence that company. We look for levers of influence that have greater capacity to drive change. Sometimes that is a company; often it is a lender, insurer, regulator, policymaker, industry body, or other investors.

When we engage, we aren't doing it to simply ensure an individual investee company does well. We engage to help solve a problem. The difference in intent matters most when you look at companies whose activities cause harm without necessarily affecting their own bottom line or the risk profile of the business. For example:

- An investor might engage with a fossil fuel company about how they're managing climate transition risk focusing on protecting the company's risk adjusted returns, rather than addressing their actual contribution to climate change;
- A bank may say, "agri-lending is a small part of our business so we don't see our financing of deforestation as material". Investors applying a narrow financial materiality lens to stewardship might see that as a reason to stop engaging. We don't. The issue may not be material to the bank, but if the bank is materially contributing to a real-world harm, we will keep looking for ways to influence them.

We think our approach is not only better for the planet and its inhabitants, it can also help protect absolute portfolio-level returns as suggested by the PRI Active Ownership Guide 2.0.[1] This approach helps address activities that while profitable for an individual company, may have an adverse impact on the stability of critical systems (like climate, nature or social systems) on which the economy and therefore portfolio-level investment returns depend. As long-term diversified investors, we recognise that our members' investment returns are influenced by the long-term health and performance of the whole economy.

This report summarises our ethical stewardship activities for the 12 months to 30 June, 2026. Where relevant, we have also identified developments occurring outside that period to provide context on longer-term stewardship activities. The report also outlines our intended areas of focus for the year ahead.

Other investors might approach stewardship this way:

Company/government → Engagement → Outcome

We approach it this way:

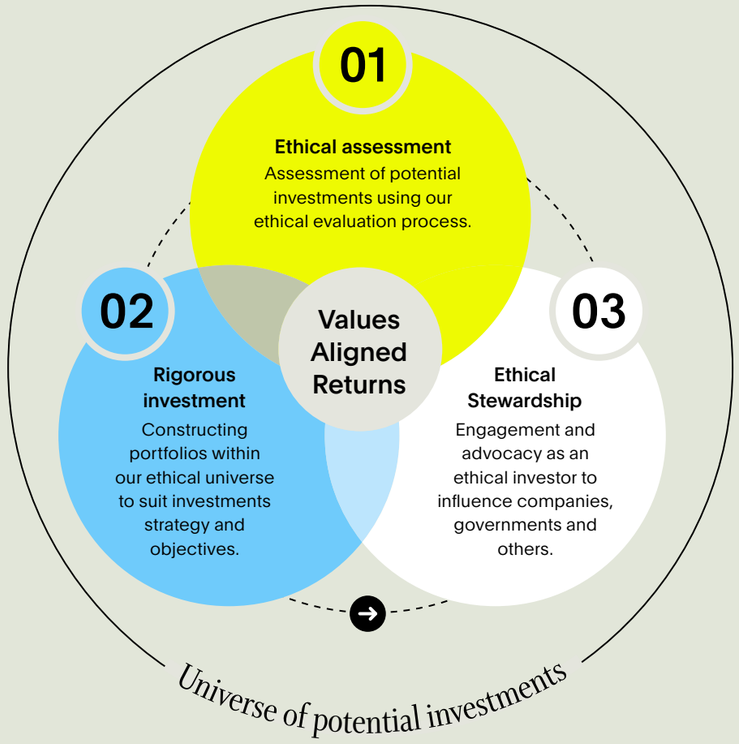
Problem → Leverage points → Strategy → Outcome

1. https://public.unpri.org/download?ac=9721

Stewardship is an integral part of our Theory of Change

Our purpose is to invest for a better world. We believe investing can deliver both attractive investment returns while also influencing progress towards a better future for the planet and all its inhabitants. Our advocacy and engagement is one lever for how we influence change to make money a force for good.[3] Within our ethical investment process, stewardship sits alongside our rigorous ethical assessment process, and investment analysis and portfolio construction, to deliver values aligned returns.

Information in this report is current as at 3 November 2026.



3. See page 5 of our 2026 Annual Report for a complete explanation of our Theory of Change.



Restricting finance to fossil fuel expansion

Goal

Our objective is to stop unsustainable fossil fuel expansion. This supports global efforts to avoid the worst effects of climate change and thereby protect people, animals and the planet in line with our Ethical Charter. Mitigating climate change can also help protect our members' long-term financial interests by limiting climate-exacerbated economic and social volatility that can adversely impact financial performance.

The problem

Oil and gas have a role in the energy transition, but a restricted one[1]. New long-lead-time upstream oil and gas projects can undermine the critical transition away from fossil fuels by displacing investment in renewable energy.

Many large financial institutions have made high-level climate commitments, but their policies allow them to continue financing upstream oil and gas projects, without sufficient consideration to whether those projects undermine the transition.

Our strategy

We deliberately target financial institutions rather than fossil fuel producers. Fossil fuel companies have strong incentives to continue expanding production. We believe that financial institutions should be more incentivised to protect broader economic interests given their broader financial exposure. They can also influence whether and on what terms new fossil fuel projects obtain finance and insurance, and therefore have influence over whether new projects proceed.

Our Theory of Change is that if major banks and insurers apply meaningful, transparent client-level and project-level restrictions on their financing of fossil fuel expansion, this can constrain capital for misaligned expansion, improve the relative economics of transition-aligned investment, send a clear signal to the market and help reshape social licence, creating conditions for stronger climate policies over time.

In recent years, we have focused on the Australian financial institutions we invest in, namely Macquarie Group, National Australia Bank (NAB), insurer QBE and Westpac.[2] We recognise that direct engagement alone is unlikely to achieve the change we want. So, in addition to directly engaging with banks and insurers, we help increase third party scrutiny of their financing decisions to create stronger incentives for these financial institutions to strengthen their policies.

Progress to date

At the end of 2025, NAB publicly stated that it expects oil and gas companies to cap or reduce hydrocarbon output. This is a significant signal from one of Australia's largest financial institutions in a fossil-fuel-dominated economy. Alongside the policy shift, NGO research reported a substantial reduction in NAB's lending to oil and gas clients.[3] NAB and Westpac also began disclosing the proportion of oil and gas companies that were assessed against their climate criteria as meeting the requirements for continued lending.

We believe we contributed to these outcomes through our long-running collaboration with Market Forces. In 2022 we identified that low investor support for climate shareholder resolutions filed at company Annual General Meetings (AGMs) was a blocker to progress. We then worked with Market Forces to improve the resolution strategy based on feedback from institutional investors, making the resolutions more relevant to investors' engagement and decision-making. This was reflected in a significant increase in support for the resolutions we co-filed. Support increased from approximately 6% at NAB's 2022 AGM to almost 30% in 2023. Similarly, in 2024 the Westpac climate resolution received around 34% support, up from around 10% in 2022.

While these developments represent important progress, significant gaps remain. NAB has taken steps that align with aspects of our engagement objectives. However, Westpac, Macquarie Group, QBE and others (including those outside our investable universe, like ANZ) continue to facilitate fossil fuel expansion through shortcomings in their financing and underwriting frameworks. Our focus remains on securing further change at these three financial institutions in which we invest.

1. www.iea.org/reports/the-oil-and-gas-industry-in-net-zero-transitions/executive-summary
2. We currently consider Commonwealth Bank (CBA) to have in place sufficient policies and practices to appropriately restrict fossil fuel financing. We do not invest in ANZ because we assess that they do not meet our climate criteria for an institutional lender.
3. https://publications.marketforces.org.au/link/966615/5/

A look back on the last five years

We have engaged with the finance sector on their fossil fuel financing for more than a decade. Over time we have seen some financial institutions make commitments to align their lending, investing and underwriting activities to the Paris Agreement, to phase out thermal coal, restrict project finance for oil and gas, and cap oil and gas lending. In the last five years we have focused on encouraging stronger restrictions on fossil fuel financing, using shareholder resolutions, leveraging the media, publicly questioning boards, and briefing institutional investor groups and proxy advisers.

2022

- We co-filed shareholder resolutions with NAB and Westpac and publicly questioned climate commitments at AGMs. The resolutions received limited support from shareholders, and in our view, sent the wrong message to Australian financial institutions.

2023

- We interviewed investors, diagnosed why prior resolutions failed, redesigned the asks and provided investor briefings on the new resolutions.
- The shareholder resolutions we co-filed received increased support – rising from 10.15% in 2022 to 21.5% for Westpac, and from 6.67% to 28.4% at NAB.
- We voted against QBE's executive remuneration plan and the re-election of directors, including the chair, citing fossil fuel project underwriting.

2024

- NAB published details of how it will assess customer climate transition plans. Ambiguity remained in how it would apply its scope 3 emission requirements, so we still co-filed a shareholder resolution which received 14% support.
- We again filed a shareholder resolution at Westpac. Support rose to 34%.

2025

- We escalated our engagement with QBE by writing to the board, making our concerns public through the media, questioning the Chair and other directors at the QBE AGM and briefing other investors.
- Westpac published details on how it will assess customer climate transition plans, but ambiguity remained in its application of scope 3 requirements.
- For the first time, we pursued the same shareholder resolution strategy with Macquarie Group. The resolution received 35% support.

2026

- NAB set a public expectation that oil and gas companies cap or reduce hydrocarbon output – a notable policy development from a large financial institution in a fossil-fuel dominated economy. Because of this progress, we withdrew the fossil fuel financing shareholder resolution we had co-filed.
- We co-filed a shareholder resolution with Westpac, publicly challenged Westpac in the media and questioned the Chair and CEO at the AGM. The resolution received 14% support.
- We co-filed two climate-related shareholder resolutions with QBE and challenged the Chair on QBE's climate risk disclosure and fossil fuel underwriting. The resolutions received 5 and 10% support, but earned substantive media coverage.
- Macquarie Group walked back its net zero commitment. We co-filed a shareholder resolution, briefed investors and publicly questioned Macquarie's climate approach at its ESG roundtable and AGM. The resolution received 18% support.

Cutting off financing to fossil fuel expansion

FY26 What we did and where to next

What we said we'd do	What we did	What's next (year ahead)
	Banks	
• Monitor WBC and NAB's application of their criteria for customer transition plans, testing whether it rules out lending to companies engaged in unsustainable fossil fuel expansion or non-aligned lobbying. • Seek further meetings with Macquarie aiming to translate the results of the shareholder resolution into credible action. • Continue to seek opportunities to encourage and facilitate the increased attention needed on this issue by other investors to influence greater change.	**Westpac** • Publicly raised our concerns about the shortcomings in Westpac's criteria for assessing the climate transition plans of its oil and gas customers through media commentary in the AFR and by asking questions at Westpac's sustainability roundtables with institutional investors. • Co-filed a shareholder resolution together with Market Forces, gave institutional investors a briefing on the resolutions, asked related questions at Westpac's sustainability market update, secured media coverage on the resolution including again in the AFR, and asked questions at the AGM. • Continued a dialogue with Westpac management about the limitations of their climate transition plan assessment criteria. **Macquarie Group** • After Macquarie walked back its commitment to align its financing with the goals of net zero by 2050, we co-filed another resolution, asked questions at Macquarie Group's ESG roundtable for institutional investors, briefed other investors, asked questions at the AGM, and met directly with the Macquarie Board.	• Continue direct discussions with Macquarie and Westpac. • Where we see insufficient progress we will continue to explore using shareholder resolutions and other shareholder actions to draw attention to these issues, taking lessons from what worked and what has not worked over the last five years. • Investigate other complimentary strategies, recognising that direct engagement and shareholder resolutions may not be enough to achieve our change objectives.
	Insurers	
• Continue to build investor and industry recognition of the need for insurers and brokers to rule out insuring activities that are inconsistent with preventing dangerous climate change. • Explore the possibility of co-filing a QBE shareholder resolution and pursuing other novel advocacy options. • Continue to seek opportunities to encourage and facilitate the increased attention needed on this issue by other investors to influence greater change.	• Worked with ethical share-trading platform SIX Invest to file resolutions that formally put climate change on the agenda at QBE's 2026 AGM. • Briefed proxy advisers and investors on the resolution, and secured media coverage including Bloomberg syndication. • Worked with SIX and ACCR to help secure the attendance of two climate scientists at QBE's AGM, to ask questions of the board. • Questioned the board extensively on QBE's disclosure of climate risk and its inadequate restrictions on fossil fuel underwriting (see video on right hand side)	• Continue direct engagement with QBE. Where we see insufficient progress, continue to explore using shareholder actions to draw attention to these issues. • Investigate other complimentary strategies, recognising that direct engagement and shareholder resolutions may not be enough to achieve our change objectives.
	Responsible finance ecosystem	
• Review and consider contributing to the Australian government's consultation on guidance for best practices in climate-related transition planning.	• Responded to the Australian government's consultation on guidance for best practices in climate-related transition planning. We argued that transition planning, particularly for financial companies, should focus on an organisation's most material climate impacts and strategic levers even where precise quantification is difficult, rather than small improvements in head office operations. Although not all our recommendations were adopted, we were pleased to see changes in the final guidance aligned with this recommendation. Specifically, the final draft suggests that financial institutions focus on capital allocation and financed emissions rather than direct operational emissions.	• Re-engage with other institutional investors to better understand what motivates them to support climate shareholder resolutions.

Stewardship in action

Some of the headlines our stewardship engagement team made this year.



TOP TO BOTTOM:

1. Published by Australian Financial Review on November 18, 2025 www.afr.com/companies/financial-services/westpac-under-fire-for-going-too-easy-on-big-polluters-climate-plans-20251113-p5nf79
2. Published by Capital Brief on December 11, 2025 www.capitalbrief.com/newsletter/westpaclash-8729b3e7-798f-4717-b49a-7c09d1ce5dfc/
3. www.bloomberg.com/news/articles/2026-05-05/insurer-qbe-faces-investor-pressure-over-extreme-weather-risks



Watch our Ethical Stewardship Lead questioning the chair and other directors at the FY26 QBE Annual General Meeting.





Stopping livestock-driven deforestation in Australia

Goal

Our objective is to help reduce the land-use impacts of the livestock sector and encourage a transition towards more plant-based diets. This supports global efforts to avoid the worst effects of climate change and nature loss and reduce harms to animals associated with animal agriculture, thereby protecting people, animals and the planet in line with our Ethical Charter. Mitigating climate change and nature loss can also help to protect our members' long-term financial interests by limiting consequent economic and social volatility that can adversely impact financial performance.

The problem

Deforestation is one of the most significant drivers of biodiversity loss, climate change and ecosystem degradation globally and in Australia. Land clearing destroys habitat and weakens the natural systems that support life and economic activity. Australia is the only developed country on the list of global deforestation hotspots, with livestock production the primary driver.[1]

Simultaneously, livestock production, particularly ruminant livestock, has substantially higher greenhouse gas emissions and land-use impacts than plant-based food per unit of protein.[2] It accounts for more than half of Australia's land use, limiting opportunities for ecosystem restoration and carbon sequestration.[3] A shift to more plant-based diets can significantly reduce the adverse impacts of food production, but supermarkets are not adequately leveraging their influence to achieve this.

Our strategy

We strategically focus on the Australian banks and supermarkets because they sit at critical leverage points in the food system. Banks provide finance to landholders, supermarkets set procurement policies and engage with suppliers, and can also influence consumer choices toward less impactful options. Through multiple levers, these companies can influence land-use outcomes at scale.

Our Theory of Change is that we will disincentivise further clearing and encourage land-use practices that work with rather than against nature, if:

- banks restrict their financing of deforestation, and
- supermarkets impose meaningful deforestation-related restrictions on their supply chains and nudge consumers toward more plant-based options.

We seek to influence these outcomes through direct engagements with the Australian banks and supermarkets we invest in to explore barriers and opportunities to addressing deforestation issues in Australia. Recognising that our engagement alone is unlikely to shift policies and practices, we complement this by working with NGOs and other stakeholders to ensure livestock driven deforestation and the plant-based transition are on the agenda for other investors' engagements with these companies.

Progress to date

When we began engaging on this topic, deforestation in Australia was not on the agenda for many investors and companies. Today, Coles and Woolworths have both made 'no deforestation' commitments covering their Australian beef sourcing and appear to be making genuine efforts to implement them within what remains a complex and currently opaque supply chain.[4] The supermarkets have made some progress on protein diversification through the introduction and marketing of plant-based products. On the lending side, Commonwealth Bank (CBA), National Australia Bank (NAB) and Westpac have all introduced or strengthened aspects of their due diligence for deforestation risks in their agricultural lending.

This progress reflects the efforts of many organisations and initiatives. We believe we have made an important contribution by ensuring that Australian deforestation is recognised as an investor issue. Through collaborative investor forums, networks and engagement initiatives, we consistently highlighted evidence of livestock-driven deforestation in Australia and challenged suggestions that it represented a low-risk issue. This includes working closely with organisations such as the Australian Conservation Foundation (ACF) and ethical share trading platform SIX to increase investor focus on financed deforestation.

Progress has not been linear. During the year we challenged backsliding by both Westpac and Woolworths. Westpac abandoned its no deforestation commitment shortly before it was due to come into effect. Woolworths' 2025 reporting appeared to suggest that Australian beef posed a lower deforestation risk than certain other commodities. Woolworths now appears to have revised its approach and continues to focus on addressing deforestation in its Australian beef supply chain. We believe we contributed to this turn around by engaging extensively with Woolworths directly, helping to ensure investors asked questions about this in collaborative engagement meetings, raising concerns in the media and challenging the board at their AGM, complementing the important work of others including ACF, The Wilderness Society and SIX.

Implementation of existing commitments by supermarkets remains a work in progress, and financed deforestation continues to be a material issue. Our focus remains on encouraging stronger implementation, greater transparency and more ambitious action from both banks and supermarkets.

1. The Wilderness Society, Drivers of deforestation and land clearing in Queensland (May 2025) https://wilderness.org.au/images/uploads/WEB_Drivers-of-Deforestation_2025-Report-V2.pdf
2. Poore, J. & Nemecek, T. (2018). Reducing food's environmental impacts through producers and consumers. *Science*, 360(6392), 987–992. https://doi.org/10.1126/science.aaq0216; and Fouillet, H., Dussiot, A., Perraud, E., Wang, J., Huneau, J-F., Kesse-Guyot, E. & Mariotti, F. (2023). Plant to animal protein ratio in the diet: nutrient adequacy, long-term health and environmental pressure. *Frontiers in Nutrition*, 10, 1178121. https://doi.org/10.3389/fnut.2023.1178121
3. Climateworks Centre. Land Use Futures: Australia's Land Use. Source: www. climateworkscentre.org/land-use-futures/australias-land-use/
4. www.woolworthsgroup.com.au/content/dam/wwg/sustainability/documents/POL.089-Policy-Woolworths-Group-No-Deforestation-Policy-v2.pdf; www.colesgroup.com.au/sustainability/?page=no-deforestation

A look back on the last five years

We have focused on helping to raise awareness about deforestation in Australia and the importance of investor engagement with banks and supermarkets as the key leverage points. We have worked closely with NGOs, leveraged industry groups and collaborative investor engagements, filed shareholder resolutions, publicly questioned boards and briefed institutional investor groups. Here's a summary of our key activities over the past five years:

2022

- We identified these issues as one of our focus areas and developed a strategy and execution plan.

2023

- Through Finance Sector Deforestation Action we ensured Australian deforestation was on the agenda for collective investor engagements with Woolworths, an Australian bank and a global meat sourcing company.
- Woolworths committed to assess a transition to deforestation and conversion free supply chains – a significant step up from its previous no net deforestation commitment.
- We drew attention to deforestation in Australia through the RIAA Nature Working Group and the Investor Group on Climate Change (IGCC). The IGCC invited us to be on a panel to discuss deforestation at their annual summit, which had over 400 registered attendees. They also provided investor education sessions on the topic.

2024

- We helped ensure deforestation and protein diversification was on the agenda in collective investor engagements with Woolworths and Coles.
- Westpac became the first Australian bank to make a public no deforestation commitment.
- Woolworths announced its no deforestation commitment, in accordance with the Science-based Targets Initiative.

2025

- NAB made progress on efforts to address illegal deforestation through enhancing its ESG due diligence processes and geospatial data capabilities.
- Woolworths seemed to backpedal on its no deforestation commitment by failing to classify Australian beef as high risk for deforestation, despite clearing for grazing being the number one driver of deforestation here.
- Coles announced its deforestation-free commitment for Australian beef, in accordance with the Science-based Targets Initiative.

2026

- Westpac walked back its no-deforestation commitment.
- NAB faced two deforestation shareholder resolutions, receiving 14% and 10% support.
- Woolworths' reporting suggested it no longer differentiated Australian beef from other high-risk commodities, reversing the apparent earlier backpedal.
- CBA conducted a deforestation risk assessment across its agribusiness portfolio using geospatial mapping data.
- Together with ACF and SIX we co-filed a deforestation shareholder resolution ahead of the CBA AGM in October.

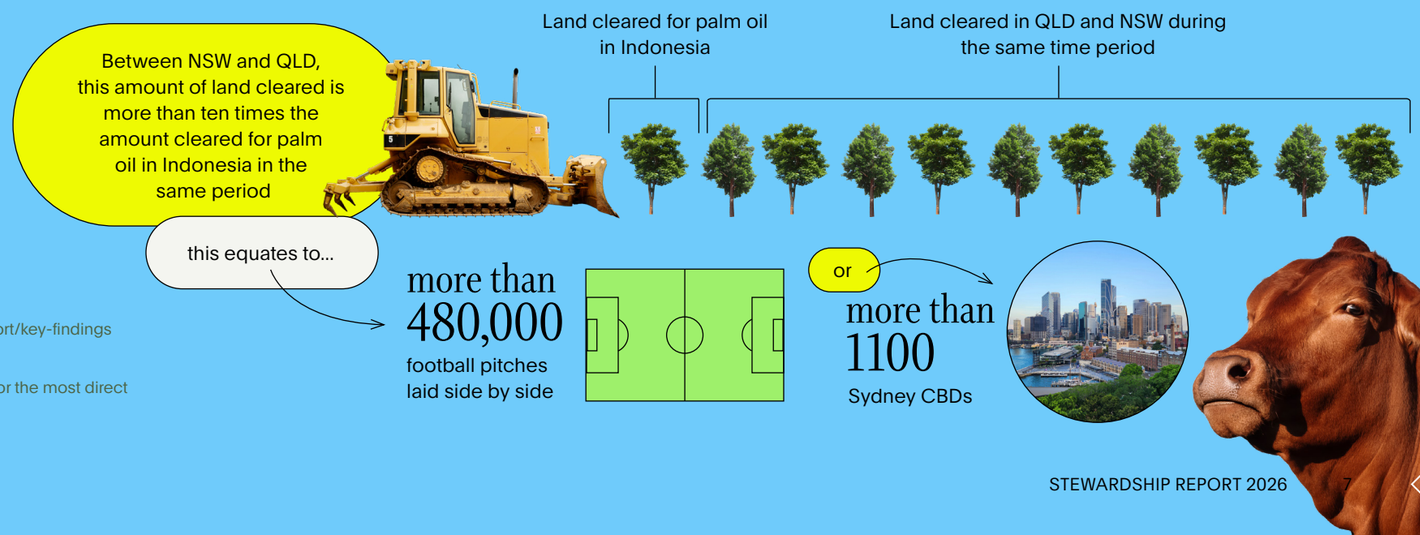
Stopping livestock-driven deforestation in Australia

FY26 What we did and where to next

What we said we'd do	What we did	What's next (year ahead)
	Supermarkets	
• Pressure Woolworths to recognise Australian beef as high-risk for deforestation, and continue advocacy for protein diversification through both direct and collective investor engagements with Coles and Woolworths.	• Engaged extensively with Woolworths on its deforestation risk rating for beef, both directly as well as through NA100 and CA100 collaborations. • Questioned the Woolworths board at the AGM and voted in favour of resolutions related to nature and deforestation. • Sent a written question on protein diversification for the Coles AGM and voted in favour of the resolution related to nature and biodiversity (seafood sourcing). Engaged directly with Coles to congratulate the company on its deforestation-free commitment.	• Now that both supermarkets have set a no deforestation commitment, we will explore the challenges and opportunities in implementation and consider what role we can play to support high integrity implementation. • Continue to engage both supermarkets on the importance of protein diversification as a mechanism to address nature loss and reduce Scope 3 emissions.
	Banks	
• Where possible, support NGO campaigns targeting bank exposure to deforestation.	• We engaged with NAB to encourage a stronger deforestation approach and together with ACF and SIX, co-filed two deforestation-focused shareholder resolutions which received 14% and 10% support. • We questioned Westpac on its approach to deforestation at its AGM.	• Promote the CBA deforestation shareholder resolution to our peers (institutional investors) and continue engagement with CBA, NAB, and Westpac.
	Responsible finance ecosystem	
• Continue to raise awareness of deforestation in Australia in investor forums where opportunities arise.	• Actively participated in an investor/NGO deforestation working group led by ACF and SIX. • Created a collaborative initiative on the PRI platform to bring together investors interested in learning more about financed deforestation in Australia, and engaging the banks. • Engaged with media to increase investor awareness of financed deforestation and public scrutiny. • Drew attention to financed deforestation when speaking on a panel at the 2026 RIAA conference.	• Learn more about the barriers and solutions to livestock driven deforestation, and identify where there may be avenues for us and other investors to positively influence. • Coordinate greater investor pressure on the Australian banks through the PRI collaboration platform. • Explore targeted research that could influence investor engagement with the banks.

How much land is Australia really clearing?

In Australia, land clearing is monitored on a state-by-state basis – and not all states release this data publicly. In Queensland alone, the latest government figures revealed that 274,616 hectares of land was cleared in 2023-24. The vast majority of this was to make way for livestock pasture (86%)[1]. In NSW, 70,162 hectares were cleared, 78% of which was for agriculture[2]. Between NSW and QLD, this amount of land cleared is more than ten times the amount cleared for palm oil in Indonesia in the same period[3,4]. To put this into context – this equates to more than 480,000 football pitches laid side by side, or, more than 1100 Sydney CBDs.



1. www.qld.gov.au/environment/land/management/mapping/statewide-monitoring/slats/slats-reports/2023-24-slats-report/key-findings
2. www.seed.nsw.gov.au/slats-dashboard
3. https://nusantara-atlas.org/2023-marks-a-surge-in-palm-oil-expansion-in-indonesia/
4. The most recent reporting released by QLD at the time of writing is for the period covering 2023-2024. For NSW, 2023. For the most direct comparison, the 2023 reporting period was used for Indonesia.



Pursuing science-led climate policy

Goal

Our objective is to help shift climate policy in Australia and the Asia Pacific Region towards a least-cost transition to net zero emissions economies, consistent with limiting warming to 1.5 degrees. Sensible climate policy is essential to avoid the worst effects of climate change and is therefore needed to protect people, animals and the planet in line with our Ethical Charter. Mitigating climate change can also help protect our members' long-term financial interests by limiting climate-exacerbated economic and social volatility that can adversely impact financial performance.

The problem

A decade on from the Paris Agreement, substantial progress has been made but globally ambition and implementation are both falling short of what is needed to avoid harmful effects of climate change. If all nations met their currently committed NDCs (Nationally Determined Contributions), this would likely result in the world warming between 2.3 and 2.5°C by the end of the century, according to UNEP forecasts[1]. This level of warming would have a greater cost on lives, livelihoods, jobs and businesses compared to a scenario where we take steps now to transition our economies and significantly reduce emissions.

To avoid higher levels of warming, we need governments to set science-led climate policy. Government policy is essential because it sets out national and state plans for how we can transition to net zero; and because it provides a critical signal to businesses and investors to allocate private capital to support the transition.

However, obstructionist lobbying by vested interests has been a significant barrier to stronger climate policy. Too often, policymakers hear from those seeking to slow the transition and too rarely from businesses that stand to benefit from it. This imbalance can amplify the influence of vested interests, create the perception that ambitious climate policy lacks business support, and make governments less willing to pursue it.

Our strategy

Our Theory of Change is that governments are more likely to adopt ambitious climate policies when they can see credible support from investors, businesses and the broader community. By increasing positive advocacy in the private sector and reducing the influence of obstructive lobbying, we can help create the political conditions for stronger climate action.

We do this by lending our unique, principled investor voice to the public debate and in direct dealings with government. However, we recognise that our voice alone will not be sufficient to influence meaningful outcomes. We therefore seek to leverage the lobbying capacities of others including investors, corporates and their business associations. Australian business voices are underutilised as a force for stronger climate policy.

We have focused our efforts on the Australian Government, the Western Australian Government and, more recently, key countries in the Asia Pacific region. We prioritise these governments because their policy settings have significant influence over the global transition.[2]

We have also begun exploring opportunities to influence climate policy in the Asia Pacific region. Emissions continue to grow across much of the region, creating an opportunity to avoid locking in new emissions-intensive infrastructure and support development pathways that decouple economic growth from emissions growth. Progress in the region can also reduce demand for Australian fossil fuel exports, while engagement with countries that have close economic and trade relationships with Australia can reinforce domestic climate-policy objectives.

Progress to date

In 2025, the Australian government announced Australia's emissions reduction target of 62–70% by 2035. While this was below the level we supported, it was above what other influential groups were calling for. We believe the sustained investor engagement we contributed to played an important role in demonstrating strong market backing for ambitious climate action.

Following the announcement of Australia's 2035 target, we directed our efforts towards the levers that would help deliver the higher end of that target. This included engagement on the Safeguard Mechanism Review. The Safeguard Mechanism is a key piece of legislation that places an emissions constraint on Australia's largest industrial facilities. It offers the opportunity to create a carbon signal across more of the economy, and to incentivise the reduction of industrial emissions. We have been working closely with investor groups to develop positions on the policy. Our goal is to ensure investors are advocating for high impact and high integrity settings that incentivise onsite emission reduction, rather than creating an overreliance on carbon offsets. The government will release policy positions in 2027.

We strengthened investor engagement with the Western Australian government by securing endorsement from a coalition of investors to a letter our CEO wrote to the Western Australian Premier, Treasurer and Minister for Energy and Decarbonisation, urging the Western Australian government to set comprehensive interim emission reduction targets and provide a clear pathway to net zero.

We also influenced the IGCC to focus on corporate climate lobbying.

1. www.unep.org/news-and-stories/story/world-likely-exceed-key-global-warming-target-soon-now-what
2. Australia has an outsized impact on global climate outcomes because of its large economy, its potential to contribute to clean energy solutions, and the influence of its fossil fuel exports on global emissions. Western

A look back on the last five years

We have engaged on climate policy for over a decade. Much of the earlier work we were involved in was making direct submissions to government consultations on climate related policies and legislation. In the last three years we have strategically focused on influencing the lobbying asks of investor groups, corporates and associations to increase positive lobbying and minimise obstructive lobbying - thereby having an impact that is greater than the influence of our voice on its own.

2024

- We lifted the ambition of investor group submissions on key pieces of climate policy: the 2035 NDC, the Future Gas Strategy, and the EPBC Reforms.
- We met with the Department of Industry, Science and Resources to discuss the Future Gas Strategy, Australia's commitment to the Paris Agreement and emission reduction goals.
- We championed a positive lobbying initiative through the IGCC.

2025

- We chaired a positive lobbying working group through the IGCC and CA100+, exploring ways to create public support for an ambitious 2035 target. This paved the way for an IGCC OpEd published in the AFR, with voices from major investors backing a strong NDC.
- Our Chair, and separately our Deputy Chief Investment Officer, joined groups of investors, to meet with key politicians and departments in Canberra to discuss the importance of the NDC and encourage an ambitious emissions reduction target.
- Our CEO wrote an open letter to the Prime Minister calling for an 85% greenhouse gas emissions reduction target by 2035.
- The Government announced a target of 62-70%. While lower than we hoped, it is stronger than what other business groups were asking, highlighting the value of a credible investor voice in the national policy debate.
- We led an investor delegation to Perth to discuss interim targets and fossil fuel exports with relevant Western Australian government departments and elected officials' offices; and wrote a letter to the Queensland government expressing concerns with the state's proposed changes to its climate policy.

2026

- We strengthened investor engagement with the Western Australian government on climate mitigation.
- We worked alongside civil society organisations to improve corporate accountability for the climate lobbying undertaken by industry associations.
- We worked to strengthen investor engagement on the review of the Safeguard Mechanism.
- Our team joined what is believed to be the first international investor delegation to meet with members of the Indonesian Government on climate and nature topics.

Pursuing science-led climate policy

FY26 What we did and where to next

What we said we'd do	What we did	What's next (year ahead)
	Federal Government Engagement	
• We will continue to look for opportunities to amplify our calls to government for sensible climate policy. • We will publicly amplify our support for a strong 2035 target until the target is set in September.	• Our work on the 2035 NDC culminated early in the financial year with a letter from our CEO to the Prime Minister, encouraging ambition. This built on in person visits to Canberra, an Op-ed in the Financial Review alongside other investors, and contributing to a public campaign on the target. • We focused our attention at the federal level on the review of the Safeguard Mechanism, and how the policy could be strengthened to deliver onsite abatement of industrial emissions. We worked with investor groups to strengthen asks for ambitious settings.	• We will participate in an investor roadshow to Canberra to engage with policy makers, focused on the review of the Safeguard Mechanism and increasing its effectiveness at reducing emissions. • We will seek to strengthen the ambition of investor submissions on the Safeguard Mechanism, and in particular, asks that contribute to increasing its ability to incentivise onsite abatement over offsetting.
	Encouraging Corporate Positive Climate Lobbying	
• We will consider what can be achieved through the policy lobbying group going forward.	• We worked to ensure investor groups will prioritize corporate lobbying in their corporate and policy engagement programs. • We collaborated with a group of civil society groups to co-draft a letter to members of the Business Council of Australia, highlighting concerns about obstructive climate lobbying being done on their behalf. We engaged with Google, Telstra, Wesfarmers, Medibank, NAB, Fortescue and Rio Tinto on this, and other collaborators in the group engaged with IAG, Stocklands, AGL, UNSW, Woolworths, Coles, CBA, Bendigo Bank, UTS, Bupa and Atlassian, sharing the signed letter.	• We plan to seek opportunities to create public accountability for corporates whose industry associations are lobbying obstructively on climate policy on their behalf. • We will seek to increase positive corporate engagement on reforms to the Safeguard Mechanism aligned with high ambition, and to reduce obstructive lobbying on the policy, including though the lobbying working group we chair, and through other collaborations.
	States	
• We will continue to engage with the WA government through the PRI Sovereign Engagement, working to see more robust climate policy, specifically regarding progress toward interim targets and greater management of export transition risk. • We will continue to provide feedback on how the state can navigate the emissions profiles of its various sectors, and seize green industry opportunities and green capital, by being seen as a credible actor on climate change. • We will continue to seek engagement with the Queensland Government, and consider how we can best effect greater certainty in its climate policy, including through public pressure.	• We led engagement with the offices of the WA Premier, Treasurer and Energy Minister alongside investors on the setting of a whole of economy emissions reduction target. • Our CEO wrote to the WA Premier, Treasurer and Minister for Energy and Decarbonisation, urging the Government to set comprehensive interim targets and provide a clear pathway to net zero. Our letter was endorsed by a coalition of investors. • We also continued to support public advocacy efforts calling for the establishment of a renewable energy target in Western Australia.	• We will continue our engagement with the Western Australian Government as it considers emissions reduction targets and other key elements of the state's transition framework. We hope to see policy open for consultation late in 2026. • We will continue to seek engagement with the Queensland government alongside other investors. • We will also seek to strengthen the effectiveness of our engagement by exploring different channels, mediums and collaborators.
	Asia Pacific Region	
	• We joined an international investor delegation to engage with the Indonesian Government on climate and nature risks. Given Indonesia's pivotal role in global energy markets and the future of some of the world's most important forest ecosystems, these discussions are critical to both regional and global net zero outcomes.	• We will join an investor delegation to New Zealand to engage on the Government's backtracking. This will be the first investor group engagement on climate with the New Zealand government. • We will look to play an active role in a newly established UN partnership program facilitating engagement between Australian investors, the Australian Government, and South East Asian nations on how strong climate policy settings can support the attraction of international capital to energy transition projects.



Advancing alternatives to animal research

Goal

Our objective is to accelerate the transition to alternatives to animal research. This will help reduce animal suffering in line with our Ethical Charter. We believe it is also in our members' long-term financial interests for investee companies to reduce risks and costs associated with animal research.

The problem

Each year, tens of millions of animals are used for scientific purposes.[1] Most of these animals will suffer. Their lives may be spent entirely in confinement. Many are bred, genetically altered, undergo surgery or are forced into situations to induce stress or to introduce a specific disease or mimic health conditions. Generally, animals are killed when an experiment ends, if they do not die as part of the experiment.

While animal research is still a necessary part of developing important medicines and medical devices, there are existing and potential opportunities to replace animals in some forms of research. We believe these opportunities are underutilised. While in many cases non-animal models can be faster, cheaper and more predictive of human outcomes than traditional animal models, there are cultural, institutional, regulatory, commercial and technological barriers to change. For example, governance structures which are intended to oversee animal research may not be well placed to identify alternatives or challenge existing practices. Some of these barriers can be addressed at an individual organisation level, while others need to be challenged at a system level.

Our strategy

We focus on universities as major users of animals in research and potential developers of alternatives. We also focus on publicly-listed healthcare companies that commission, and sometimes conduct their own, animal research. These are not the only influential stakeholders in animal research but they are the stakeholders we have the greatest potential to influence as an investor – universities issue bonds and healthcare companies can raise capital through equity – both of which give us an opportunity to engage.

Our Theory of Change is that we can help accelerate the transition to alternatives to animal research by:

- Influencing the norms, policies and practices of universities and healthcare companies involved in animal research, so that at an institutional level they are doing everything they can to prioritise replacement and minimise harm.
- Channelling aligned corporate and academic voices to advocate for a regulatory and political environment that better enables the development, validation and adoption of alternatives in Australia.

Progress to date

We developed what we believe to be the first animal research benchmark for Australian universities, designed to create greater transparency and competitive pressure around animal research practices and encourage stronger adoption of alternatives. The criteria was co-developed with and reviewed by independent veterinary and animal welfare experts. We piloted the benchmark across four Australian universities, assessing institutional practices against criteria that extend beyond minimum regulatory requirements. Feedback from participating universities has been positive, with enthusiasm for further development. If we can secure wider adoption, we believe the benchmark has the potential to help encourage a greater focus on alternatives across the sector and support enabling policy reform.

This work reflects a pivot in our strategy. In 2023, Australian Ethical and the Australian Ethical Foundation co-sponsored a CSIRO paper[2] outlining a roadmap for how Australia could accelerate the development and adoption of non-animal research models. We subsequently worked to build support for policy recommendations based on that roadmap. We were able to secure 27 organisations across the healthcare sector to support the initiative. Other organisations working in the space were able to use this work to support relevant policy asks. However, we were unable to secure the level of university support needed to confidently progress a unified policy ask to government. Recognising that this approach was unlikely to deliver the level of change we were seeking, we shifted our focus towards influencing universities more directly through the benchmark.

We are one of many organisations that continue to advocate for the recommendations contained in the CSIRO roadmap. In 2025 we provided a submission to the National Health and Medical Research Strategy 2026–2036 consultation, calling for greater support for the development, validation and commercialisation of non-animal research models. The final strategy acknowledged the role of non-animal technologies and proposed establishing a National Collaborative Platform for Non-animal Technologies which coordinates and promotes non-animal model capabilities in partnership with state and territory governments. This outcome closely aligns with the asks we and others advocated for.

Challenges remain. Australia continues to lag leading international jurisdictions such as the United States and United Kingdom, both of which have recently announced national strategies aimed at reducing and replacing animal testing. Our focus therefore remains on encouraging stronger action from universities, healthcare companies and policymakers to accelerate the transition to non-animal research models.

1. The number of animals used in research is not consistently recorded. The most reliable figure we have to date is that over 190 million animals were used for scientific purposes (not including observational studies) in 2015: Taylor K, Alvarez LR. An Estimate of the Number of Animals Used for Scientific Purposes Worldwide in 2015. Alternatives to Laboratory Animals. 2019;47(5-6):196-213. doi:10.1177/0261192919899853; Statista reports over 50 million animals used in research and testing in 2020 across selected countries: www.statista.com/statistics/639954/animals-used-in-research-experiments-worldwide/
2. www.csiro.au/en/work-with-us/services/consultancy-strategic-advice-services/CSIRO-futures/Health-and-Biosecurity/Non-animal-models
3. The Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) provides independent, assessment of an institution's animal research program. Seeking to only use AAALAC accredited vendors demonstrates that companies vet research institutions specifically on animal welfare credentials.

A look back on the last five years

We have been engaging on animal research issues for more than eight years. Over that time, we have helped drive healthcare companies to strengthen their animal research policies and practices, and encouraged industry bodies to begin adding alternatives to animal research to their agendas. In the last five years we have focused on advancing the recommendations of a CSIRO roadmap for non-animal research models, building support for policy reform, and more recently developing the university benchmark.

2018

- We developed an understanding of best practice for health companies commissioning animal research, set and tested minimum expectations and influenced companies to meet those expectations. We made initial attempts to apply similar concepts to universities.

2022

2023

- Australian Ethical and the Foundation co-sponsored the development of a CSIRO paper that set out a roadmap for Australia to advance non-animal models.
- After notifying of our intention to divest over animal research concerns, Cochlear committed to establishing a formal policy on animal ethics and Opthea committed to using only the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC)[3] accredited vendors for animal research.

2024

- We developed a statement calling for the government to implement recommendations in the CSIRO paper to advance non-animal models in Australia. We secured support from 27 signatories including two universities, three research institutes, two health related industry associations, and 12 healthcare companies.

2025

- We needed additional university and research institutes signatories to meaningfully progress the statement, but were unable to obtain this. We pivoted our strategy.

2026

- We developed and piloted an evidence-based benchmark designed to increase ambition and improve university animal research practices. Four Australian universities completed pilot assessments and provided positive feedback.
- Our CSIRO-informed statement was used effectively by an NGO in their discussions with politicians about animal research.
- We asked for a National Health and Medical Research Strategy that commits to establishing a national centre and dedicated funding to advance Australian non-animal model capabilities. The final strategy closely aligns with recommendations we and others advocated for.

Advancing alternatives to animal research

FY26 What we did and where to next

What we said we'd do	What we did	What's next (year ahead)
	Domestic & International companies	
• Continue promoting alignment with our minimum expectations among both domestic and international companies, and advance benchmarking of best practices to inform future expectations or support information sharing.	• We engaged 5 domestic healthcare companies on our minimum expectations for animal research. We also engaged one international company on animal research for non-medical products, which ended in divestment.	• Continue promoting alignment with our minimum expectations among both domestic and international companies, and advance benchmarking of best practices to inform future expectations or support information sharing.
	Universities	
• Commission external input into refining our university expectations, defining effective leadership on this issue, and identifying gaps in ambition. • Explore whether we could evolve the criteria into a public benchmark for Australian universities. A similar approach has been successfully implemented in the Netherlands through the Beyond Animal Testing Index.	• We commissioned an independent veterinary and animal welfare expert to co-develop criteria to benchmark universities on their approach to animal research, including their support for alternatives. The criteria was tested with other industry experts and then used for a pilot study on four Australian universities.	• Promote the benchmark amongst key stakeholders. • Work with relevant stakeholders to create a public benchmark of Australian universities.
	System-level initiatives to support alternatives	
• Explore how to pivot our strategy on the statement on non-animal models. • Contribute to the public consultation on the NHMRC's review of the Code for the care and use of animals for scientific purposes.	• In the university benchmark we included criteria that assesses whether universities are advocating for policy settings that support a transition to alternatives. • We provided a submission to the National Health and Medical Research Strategy 2026–2036 consultation. • The review of the Code for the care and use of animals for scientific purposes has been deferred.	• Contribute to the public consultation on the NHMRC's review of the Code for the care and use of animals for scientific purposes, and encourage investee companies and Australian universities to do the same.

Through engagement and collaboration with these three groups of stakeholders, we seek to encourage adoption of best practices in animal research and the advancement of animal research alternatives.

Industry

We encourage corporates to implement best practice in conducting and commissioning animal research, and influence system change to address commercial, regulatory and technological barriers to alternatives.

Academia

We encourage academic institutions to implement best practice in conducting animal research, and contribute to system change to address commercial, regulatory and technological barriers to alternatives.

Government

We encourage government to raise regulatory standards for animal research and help address barriers to alternatives.



Tactical Stewardship

Modern slavery in healthcare supply chains

We engaged Australian Clinical Labs, one of Australia's largest private pathology providers, about its approach to identifying and managing modern slavery risks within its supply chain. We sought further information on whether the company undertakes supplier due diligence beyond questionnaires, including through additional verification or assessment of supplier practices. We also asked whether the company considers risk factors beyond contract value and supplier size when selecting suppliers for due diligence. While spend-based thresholds can help prioritise resources towards suppliers with the highest contract values, smaller suppliers may still operate in sectors or locations with acute modern slavery risks. We encouraged the company to consider a broader range of risk-sensitive criteria when assessing suppliers. Modern slavery remains a historically underattended issue in the healthcare sector and we continue to encourage companies to uplift responses.



Responsible AI

As artificial intelligence continues to expand, we engaged with companies exposed to the sector to better understand how they manage emerging ethical risks, including energy use, data privacy and governance.

We engaged Sharon AI, a provider of AI-focused computing infrastructure, regarding its participation in a data centre joint venture that included plans for a new gas-fired power plant. Although the company subsequently exited the venture, it did not provide assurance that it would avoid future arrangements involving fossil fuel expansion or that it had adequately considered clean energy alternatives. As a result, we were unable to gain confidence that the company's growth strategy was aligned with our climate expectations and we therefore excluded the company from investment.

We also engaged Pureprofile regarding its expansion into AI-related opportunities. For instance, the company collects voice recordings from native language speakers to support accurate language and tone recognition for transcription. The company outlined its AI governance framework, privacy controls and guardrails governing the use of consumer data. It also confirmed it would decline AI-related opportunities where risks relating to misuse, harmful outcomes or re-identification could not be adequately mitigated, such as where children's data is required, or where a potential client's application requirements are insufficiently transparent. The company's approach to responsible AI met our expectations.

Circular economy in the electronics retail sector

When we assess retailers like JB Hi-Fi, we look at whether they are demonstrating genuine commitment and credible action to manage negative impacts on people, animals and the environment across their products, marketing, operations and supply chains. The electronics retail sector faces a number of sustainability challenges, including electronic waste and business models that encourage high rates of product turnover and overconsumption. Addressing these impacts is complex and requires broader change across the sector, particularly through initiatives to promote product longevity, repair, reuse, refurbishment and recycling.

In FY26, we engaged with JB Hi-Fi to understand what progress they are making to implement circular economy initiatives. We found that JB Hi Fi had implemented some initiatives related to electronic product recycling, lower-impact packaging and the management of harms within its supply chains. We did not find evidence that their business model was overly reliant on short-lived or disposable goods compared to peers. We will continue to monitor how the company expands on its circular economy initiatives as expectations evolve over time and lower impact products become more available.



Divestment due to insufficient efforts to address human rights

O'Reilly Automotive is a specialty retailer of automotive aftermarket parts based in the United States, with own-brand suppliers around the world. We consider that their supply chain is high-risk for human rights concerns given the opaque nature of supply chains in that industry. We engaged with O'Reilly after identifying several gaps in their human rights approach, relating to grievance mechanisms, due diligence and remediation. We met with O'Reilly to discuss these concerns. We then sent a follow-up email to confirm their position on several items, which unfortunately resulted in our decision to divest from the company shortly after year end.



Carbon sequestration and wildlife protection

We continued engagement with the manager of a carbon sequestration project that acquires grazing land, generates carbon credits through ecosystem restoration and leases land to cattle graziers. When the investment was first proposed, we were concerned about potential conflicts between commercial grazing objectives and biodiversity and animal welfare outcomes. We secured an agreement from the manager requiring independent oversight on biodiversity issues including restrictions on wildlife culling.

In FY25, the project manager sought our approval to replace the independent biodiversity expert with another organisation. While we supported the appointment, we were concerned that the new expert was unwilling to assess whether any proposed kangaroo cull was necessary and proportionate to protect animal welfare or other biodiversity outcomes. After extensive engagement over FY26, we secured new safeguards. These include requirements to exhaust commercial non-lethal management options before culling, a prohibition on culling macropods where the purpose is to benefit livestock production, cattle destocking requirements where forage is limited to reduce the need for culling, and enhanced transparency and reporting to investors. In addition the new expert will provide science-based methodologies for determining sustainable macropod populations.



Transparency, not greenwash, for sustainable investors

The Australian Government has been exploring how to make it easier for people to compare ethical and sustainable investments and make informed decisions about where they invest their money. Earlier this year, Treasury sought feedback on proposed reforms for sustainable investment product labelling.[1]

We contributed to the policy submissions planned by three respected responsible investment voices: The Responsible Investment Association of Australasia (RIAA), the Principles for Responsible Investment (PRI) and the Financial Services Council (FSC). We also provided input through their member consultations and participated directly in a Treasury consultation session.

We agreed with the consultation proposition that where a fund is marketed as having environmental or social benefits, investors should also have access to detailed information about the fund's sustainability approach and objectives. In our view, this should extend to fund wide claims, as well as product specific ones.

Distinctively, we also advocated that investors should receive clear information about how sustainability is considered in investment decisions across all investment products – a matter that was omitted from the consultation.

We believe this information should be presented in a consistent and standardised way so investors can more easily compare different funds and investment strategies and not be unduly influenced by marketing slogans or imagery that may not reflect the reality of the investment approach.

Many of these ideas were reflected, to varying degrees, in the submissions made by RIAA, PRI and the FSC. We now look forward to Treasury's response.

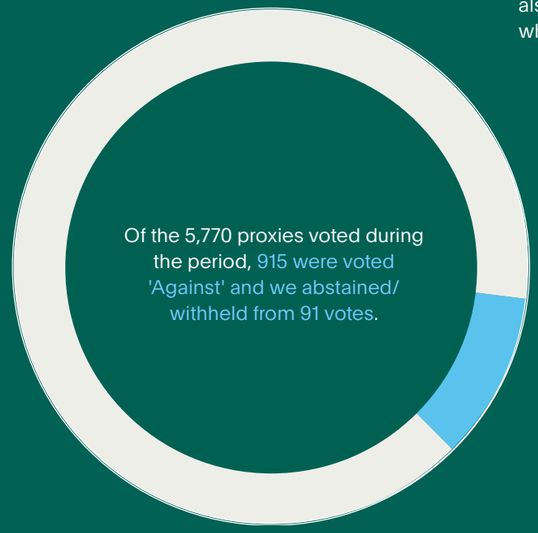


1. Australian Government, Treasury, Consultation on a Sustainable Financial Product Label Policy Framework, 13 February 2026.



How we voted[1]

Voting is an important lever for shareholders to influence company boards and management. This can be voting on shareholder resolutions about climate; diversity of directors; transparency or other matters of concern. Shareholders also vote on resolutions to elect and re-elect directors and whether to approve the company's remuneration report.





Within our 1,011 votes against management recommendations there were:

636 instances related to diversity and inclusion concerns, primarily a lack of diversity on the board	
136 related to management, executive or board compensation and incentives	
91 instances concerned with the independence or performance of board members, committee members, or auditors	
90 in the interest of protecting shareholder rights	
6 instances where we supported further disclosure around lobbying activities	
6 instances where we supported increased reporting of risks to human rights	
46 related to other ESG concerns, including climate and employee welfare	

1 This breakdown provides the number of instances where a vote was cast due to the reasons mentioned. However, a decision to vote against management recommendations may be attributed to multiple reasons and therefore this breakdown does not reflect numbers of individual votes.

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