



Responsible Investment Report 2026

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Awards and ratings¹

Over the past 12 months, we’ve been recognised by the industry’s top rating agencies. Highlights include:



SuperRatings
Fund of the Year
(2026)



Epic Retirement
Award for Chant West
(2025)



Chant West
Pension Fund of the Year
(2026)



Chant West
Super Fund of the Year
(2026)



Canstar
Outstanding Value (2022–2026)



Money magazine
Ultra Long-Term Performance
(2026)

For more on our awards, see: aware.com.au/awards



Acknowledgement of Country

In the spirit of reconciliation, healing and truth-telling, Aware Super acknowledges the Traditional Custodians of the Country throughout Australia. We pay our deepest respects to Elders past and present.

Uluru Statement from the Heart

Aware Super supports the Uluru Statement from the Heart, its spirit and aspirations. We believe in the human right of self-determination for all First Nations peoples.

We believe deeply that every Australian deserves to live their best possible retirement. Aware Super takes seriously our responsibility to work towards a superannuation system that allows for equitable access and participation for all First Nations peoples. As part of our ongoing reconciliation journey, we will continue to work with others in our industry, governments and the wider community to address this inequity.

For our full Uluru Statement from the Heart commitment, see:

aware.com.au/corporatesustainability

How we report

Our purpose is to be a force for good in superannuation and retirement, shaping the best possible outcomes for our members, their families, the communities they live in and our industry.

Our Annual Report 2026 is one of the ways we communicate to our members and other stakeholders. It applies the guiding principles of the Integrated Reporting <IR> Framework. The materiality process determines which topics we cover in detail and information is relevant to creating value for members over the short, medium and long term.

The Member Experience Committee, as delegates of the board, reviewed and approved this report.

Annual Report 2026 suite

Our Annual Report 2026 is made up of three documents:

Annual Report 2026

Covers highlights from the past year, how we’ve used resources (known as ‘capital’) to create value for our members, stakeholders and our future priorities. A strategic scorecard ensures we hold ourselves accountable.



aware.com.au/annualreport2026

Governance Report 2026

Covers board and executive leadership team profiles, and how we manage risks and opportunities to create long-term value for members.



aware.com.au/governancereport2026

Investment Performance Report 2026

Covers investment objectives and performance, sub-funds and investment disclosures.



aware.com.au/investmentperformancereport2026

Responsible Investment Report 2026

Covers the five pillars of responsible ownership and how we’re managing environmental, social and governance risks to create enduring value.



aware.com.au/responsibleinvestmentreport2026

Additional report

Important information and disclaimer

This report contains information about Aware Super’s responsible ownership activities, climate-related objectives and sustainability-related initiatives. Statements regarding future objectives, targets, pathways, expected outcomes and investment impacts are based on current expectations, assumptions and methodologies. Actual outcomes may differ materially. Sustainability and climate-related metrics may be based on estimates, third-party information and methodologies that may change over time.

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1. Awards and ratings are only one factor to be considered when choosing a super fund. Past performance is not a reliable indicator of future performance.

Responsible ownership

“Responsible ownership is not separate from how we deliver returns – it is an integral part of how we build a portfolio that can grow our members’ savings sustainably over the long term and create enduring value.”

Deanne Stewart Chief Executive Officer, Aware Super

Being a responsible owner means integrating environmental, social and governance (ESG) considerations into our investment approach. This includes how we select investments (including restricting certain sectors) and evaluate investment managers, and how we vote, engage and advocate.

For us, managing ESG risks across our portfolio is an essential part of achieving strong long-term returns for our members. We believe a company’s approach to managing ESG risks and opportunities can have a meaningful impact on its viability and success. Over the long term, we believe companies and assets with sound ESG management are more likely to increase in value. By contrast, poorly managed ESG risks have the potential to reduce shareholder value.

Some of the ESG factors we consider include:

Environment

- Climate change mitigation and adaptation (including physical and transition risks and opportunities)
- Waste, pollution and contamination
- Water (including availability and supply)
- Biodiversity
- Sustainable land use

Social

- Diversity and inclusion
- Modern slavery
- Labour relations (including supply chain management)
- Workplace health and safety

Governance

- Board structure
- Director remuneration
- Conduct and culture
- Technology and innovation (including the responsible use of AI, data privacy and cybersecurity)
- Transparency and reporting

We report on our responsible ownership approach under five pillars

Pillar 1: Environmental, social and governance integration	See  page 3
Pillar 2: Advocacy and collaboration	See  page 6
Pillar 3: Stewardship: engagement and voting	See  page 8
Pillar 4: Restrictions	See  page 17
Pillar 5: Measuring our impact	See  page 17

Pillar 1: ESG integration

Investments

We assess and monitor ESG risks and opportunities throughout the life of an investment, from due diligence and selection (before we invest) and during our ownership.

ESG considerations for investing in direct assets

Relevant ESG metrics and risk information reported over the life of the investment to assist asset management

The origination stage incorporates an ESG red flag assessment, highlighting any material ESG issues using our ESG Toolkit

Monitoring occurs through formal annual ESG assessment, ongoing monitoring and engagement with the portfolio company

Full ESG due diligence is undertaken to identify material ESG risks and opportunities



Examples of key ESG risks and opportunities

- Climate change
 - Greenhouse gas emissions reduction
 - Environmental regulation
 - Physical climate risk
 - Equitable transition (workers and communities)
- Biodiversity dependencies and impacts

- Governance
 - Board composition
- Conduct and compliance
- Health and safety
- Human rights
- Modern slavery
- People and culture
- Workplace diversity and inclusion

Responsible ownership (continued)

Pillar 1: ESG integration (continued)

External managers

Our ESG integration approach extends to the way we select and partner with our external managers. We expect them to consider ESG as part of their investment activity and analysis, while allowing flexibility around how they apply the considerations.

For more on our external manager assessment criteria, see: [Responsible Investment Report 2023](#)

In the 2025/26 financial year, we completed annual ESG assessments across our external managers using the enhanced due diligence framework introduced in the previous financial year. The refreshed approach is generating more granular and comparable insights into manager ESG integration, climate risk management and modern slavery capabilities. It also supports stronger benchmarking both within and across asset classes.

Enhanced data capture and scoring methodologies are improving our ability to identify strengths, gaps and engagement priorities across the manager suite. They also create a structured ESG dataset for more efficient analysis, monitoring and reporting. This provides a stronger foundation for targeted manager engagement and ongoing oversight where ESG issues are most financially material. Key insights include:

- Manager ESG capability remains comparatively mature across the portfolio, with a funds under management (FUM)-weighted score of 4.1 out of 5.

- Climate capability scored 2.9 out of 5. This reflects differing exposure to climate-material sectors and the continued evolution of practices, such as scenario analysis, transition planning and climate integration.
- Modern slavery scored 2.3 out of 5, consistent with a largely compliance-led market. The greatest opportunity for improvement lies in supply chain oversight, monitoring and demonstrated outcomes.
- Approximately 33% of FUM (21 of 68 managers assessed) have committed to a portfolio net zero target; ~71% of FUM is covered by an operational-level target. This gap is driven by large managers with operational but not portfolio commitments.
- Around 70% of FUM is subject to both Australian and UK modern slavery disclosure regulation. This is concentrated in large managers who report in both jurisdictions.
- For the first time we tested managers' response to nature risk. As expected, a small number (around 2% of portfolio FUM (six of 68 managers assessed)) have a formal nature strategy. Property stands out, with ~80% of FUM having a formal strategy in place, driven by early industry adoption of the Taskforce on Nature-related Financial Disclosures. Approximately 57% of FUM has partial integration of nature considerations into broader ESG processes. This is concentrated in Australian equities (~94%) and mid-tier international equity managers but is mostly qualitative and limited to high-risk sectors.

Case study

Responsible use of artificial intelligence

Artificial intelligence (AI) has moved very quickly from an emerging technology to a mainstream business application, with real implications for long-term investment returns. Used well, AI has the potential to create investment opportunities and generate real economic value. It can also introduce reputational, legal, financial and systemic risks – particularly when AI systems are poorly designed or lack clear governing principles.

AI governance is a growing concern for investors globally. Between 2024 and 2025, shareholders in the United States and Canada filed approximately 55 AI-related shareholder proposals, covering human rights risks, misinformation, disclosure and environmental impacts.² How our investee companies and external investment managers govern their use of AI is directly relevant to our members' retirement outcomes.

In response, we've been developing our internal view on the responsible use of AI. This will deepen our understanding and frame how we engage with companies and our external managers.

Our view is that the governance of AI use is a financially material issue that needs to be managed. Companies and investment managers that fail to anticipate the regulatory, reputational and operational consequences of AI deployment expose investment portfolios to potential losses. Conversely, companies that embed responsible AI into their governance architecture are better positioned to capture the productivity, innovation and cost-efficiency gains that AI can create.

This work provides our investment analysts with guidance on minimum expectations for AI governance, such as senior leadership oversight, risk identification and management, data governance and privacy controls and appropriate oversight of use cases. It also includes 'better practice' examples that companies and external managers can work towards.

Our Responsible Investment team's ongoing research will help us to better understand companies' approaches to AI in the due diligence phase of our analysis. It will also guide our engagement with investee companies as we advocate for improved AI governance across investment markets.



2. SHARE (Shareholder Association for Research and Education) (2026). *Investor Advocacy on Responsible Artificial Intelligence*, by D. Makinde & J. Lee. See: share.ca/publications/investor-advocacy-on-responsible-artificial-intelligence/

Responsible ownership (continued)

Pillar 2: Advocacy and collaboration

We take a whole-of-industry approach to responsible ownership. This involves engaging and collaborating with like-minded investors and industry associations to help inform our understanding of ESG risks and opportunities. We also engage with non-government organisations, unions, community stakeholders and other representative bodies. Some of the key initiatives we're involved in are outlined below.



Through Climate Action 100+, we've joined more than 600 global investors across 30 markets to engage the world's largest carbon emitters to act on climate change. For more about Climate Action 100+, see:

climateaction100.org



We're a signatory to the Principles for Responsible Investment (PRI). The PRI is a universal framework to help investors learn from each other and be a collective voice on ESG issues. We participate in convened working groups, contribute to their annual benchmarking survey and publish our assessment and transparency report on our website. For more about PRI, see:

unpri.org



The Investor Group on Climate Change (IGCC) is an Australian and New Zealand collaboration on how climate change impacts the financial value of investments. We're a signatory to the Global Investor Statement to Governments on Climate Change. For more about IGCC, see:

igcc.org.au



We're a member of the Australian Council of Superannuation Investors (ACSI) and a signatory to its Australian Asset Owner Stewardship Code. We actively participate in ACSI working groups that address topics such as First Nations and cultural heritage, climate disclosures, just transition and governance guidelines. For more about ACSI, see:

acsi.org.au



40:40 Vision is an investor-led initiative to achieve gender balance in executive leadership across all ASX200 companies by 2030. 40:40 stands for a ratio of 40% women, 40% men, 20% any gender – the composition we have for our own board. For more about 40:40 Vision, see:

hesta.com.au/4040Vision



The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital aligns with achieving a healthy society, environment and economy. For more about RIAA, see:

responsibleinvestment.org



Federated Hermes EOS (EOS) engages with international companies on our behalf. EOS consults with and provides submissions to regulators and stakeholders globally and participates in collaborative stewardship initiatives. For more about EOS, see:

hermes-investment.com



The Transition Pathway Initiative (TPI) is a global, asset owner-led initiative that assesses companies' preparedness for the transition to a low-carbon economy. The TPI is supported globally by 128 investors with more than US\$50 trillion combined assets under management and advice. For more about TPI, see:

transitionpathwayinitiative.org



Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) is an investor-led initiative convened to engage with companies in the APAC region and promote effective action among them to find, fix and prevent modern slavery, labour exploitation and human trafficking. For more about IAST APAC, see:

iastapac.org

We also engage governments on policy, because we believe long-term member outcomes can be influenced by the policy and regulatory environments in which our investments operate. Our policy engagement takes multiple forms, including formal submissions to government consultations, meetings with government officials (elected and/or departmental) and collaborative advocacy through industry bodies.

Case study

Policy advocacy in action

Union Housing Roundtable

We hosted a Union Housing Roundtable with senior leaders from our key union stakeholders in September 2025.

The roundtable was convened in response to union concerns about the housing affordability crisis facing their members, particularly essential workers and the fragmented nature of existing housing advocacy efforts.

The primary objective was to identify housing policy ideas and ways to potentially unlock greater institutional investment in housing supply, including affordable and essential worker housing.

External Reporting Australia

In early 2025, the Federal Treasury released a consultation paper on the structure of Australia's financial reporting system. The paper proposed new draft legislation to merge the Australian Accounting Standards Board (AASB), the Auditing and Assurance Standards Board (AUASB) and the Financial Reporting Council (FRC) into External Reporting Australia (ERA).

We lodged a submission that broadly supported the draft legislation but also suggested some opportunities to further enhance the design of these reforms. For example, we suggested ways to help ensure there is relevant experience and knowledge in the Governing Council and specialist boards.

Responsible ownership
(continued)

Pillar 3: Stewardship: engagement and voting

Stewardship

Stewardship is an important element of our responsible ownership approach. It means actively monitoring and engaging with the companies we invest in and the fund managers we partner with. We aim to positively influence policies, behaviours and practices in areas such as climate change, worker safety, diversity, conduct and culture, and cultural heritage management. We also use our voting rights to influence how these companies are governed in a way that enhances their long-term performance and creates enduring value.



Engagement

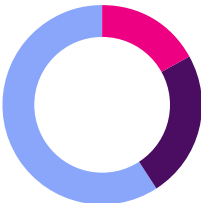
We use our ownership rights to engage with companies on ESG issues. Where ESG management falls short of industry standards or community expectations, or threatens reputation and value, we work with the company to encourage them to improve their practices and policies. We believe this improves the company's ability to deliver long-term returns for our members. For companies in Australia, we engage directly, through our fund managers, with ACSI and with other collaborative groups, including IAST APAC and Climate Action 100+. We engage with international companies through our partner, Federated Hermes EOS, and our fund managers.

Australia

In the 2025/26 financial year, we engaged with 59 companies across 212 activities (such as meetings and letters), both directly and in collaboration with ACSI.

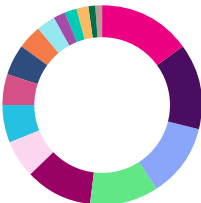
Engagement issues
By theme

Environment	17%
Social	24%
Governance	59%



Issues engaged

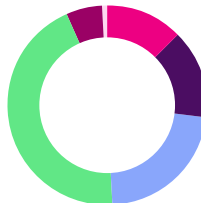
Business	15%
Remuneration	14%
Board profile	12%
Climate change	11%
Governance	11%
People and culture	6%
Sustainability reporting	6%
Culture and conduct	5%
Health and safety	5%
Nature and biodiversity	4%
Social licence to operate	3%
First Nations	2%
Environment	2%
Diversity and inclusion	2%
Cybersecurity	1%
Modern slavery and human rights	1%



International

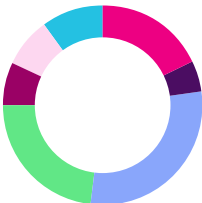
Companies engaged
By region

Developed Asia	67
Emerging and developing markets	76
Europe	117
North America	232
United Kingdom	31
Australia and New Zealand	3



Issues and objectives engaged
Social and ethical

Digital rights and AI	18%
Indigenous and community rights	5%
Other human and labour rights	29%
Talent management	23%
Employment terms and conditions	7%
Health, safety and wellbeing	8%
Wider social impacts (incl. conduct and ethics)	10%



Issues and objectives engaged
By theme

Environmental	37%
Social	27%
Governance	27%
Strategy, risk and communication	9%



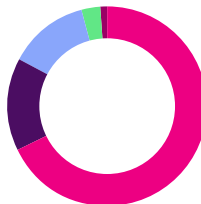
Issues and objectives engaged
Governance

Pay design and disclosure	34%
Board composition and structure	38%
Investor protection and rights	11%
Board and management dynamics	9%
Responsible pay outcomes	3%
Succession and stability	5%



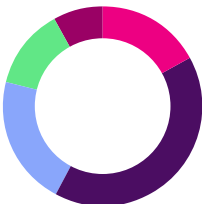
Issues and objectives engaged
Environmental

Climate change	68%
Biodiversity and nature	15%
Pollution and circular economy	13%
Water and oceans	3%
Infectious diseases, antimicrobial resistance and animal welfare	1%



Issues and objectives engaged
Strategy, risk and communication

Sustainability transparency	17%
Purpose strategy and policies	41%
Enterprise risk practices	21%
Audit and accounting	13%
Cybersecurity	8%



Note: The information reflects engagement through Federated Hermes EOS only and is based on our portfolio holdings as at 30 June 2026. For more on our international engagements, see:

International Engagement Summary Report

Responsible ownership (continued)

Pillar 3: Stewardship: engagement and voting (continued)

Case study

Snapshot of an external manager influencing change

Baillie Gifford is one of our external investment managers in the international shares asset class. Engagement is essential in developing its investment thesis for a company. It may take the form of fact-finding, monitoring, supporting or influencing and voting. While Baillie Gifford refrains from drawing causal connections between its engagements and company outcomes, some examples of its engagement approach in action include:

- **Cloudflare** began disclosing Scope 3 emissions in 2025, a gap that Baillie Gifford had repeatedly raised in its engagements with the company. Baillie Gifford also hoped to see science-based targets set this year. They have not yet been announced, although management has committed to doing so.
- Baillie Gifford has long encouraged **Amazon** to expand its emissions disclosures and backed a shareholder resolution to this effect in 2025. Baillie Gifford is pleased to see a definite increase in Amazon's engagement with suppliers on decarbonisation this year, though there remains more work to do.

- Baillie Gifford engaged with **Axon** during 2025 on strengthening its financial reporting oversight after material weaknesses were identified in internal controls. After engagement on remediation and the combined COO/CFO role, the company appointed its Chief Accounting Officer as Principal Accounting Officer, adding capacity and support.
- **Meituan** sought Baillie Gifford's advice on enhancing its sustainability governance and improving how it communicates with investors. Baillie Gifford encouraged a clearer net zero pathway with periodic objectives and will continue to support the company as it develops its approach.

Health and safety

Poor management of health, safety and wellbeing creates material financial risks for investee companies and, consequently, member returns. These risks extend beyond physical injury to include process safety, mental health, psychosocial risks, such as sexual harassment, and contractor safety. Each can materially impact operations and reputation.

Case study

Workers' safety and rights: BYD Company Limited

Background

BYD Company Limited (BYD) is a leading Chinese electric vehicle (EV) manufacturer, seeking to build market share in key European territories. In April 2025, it outsold Tesla in Europe for the first time, following a consumer backlash against the US EV manufacturer.³ However, in May 2025, Brazilian prosecutors brought a lawsuit against BYD over labour conditions at a factory construction site.⁴

The case highlighted the severe risks of inadequate human rights oversight in global supply chains. According to media reports, a surprise Brazilian labour department inspection in late 2024 revealed poor conditions for over 100 Chinese workers at BYD's EV plant construction site in Bahia.⁵ The lawsuit filed in May alleged human trafficking and forced labour, and sought damages of approximately US\$45 million. The incident delayed the plant launch and disrupted BYD's South American expansion, while raising reputational concerns globally.

Engagement initiatives

EOS, our engagement partner for international equities, has engaged with BYD on this matter since January 2025, pressing for stronger governance and risk management. While BYD has terminated its contractor, repatriated workers and formed a compliance committee, EOS considers these steps to be reactive, exposing gaps in board-level oversight.

Outcomes and next steps

The case underscores financially material risks, such as legal penalties and associated compensation, which increase costs. Other risks include operational delays and reputational harm, potentially deterring prospective buyers, reducing sales and revenue. This is harmful to profitability and can deter investors. EOS continues to advocate for systematic improvements, including third-party audits, greater local expertise and robust oversight, to prevent a recurrence at other overseas manufacturing premises, and protect long-term value.

3. See: reuters.com/business/autos-transportation/chinas-byd-outsells-tesla-europe-first-time-report-says-2025-05-22/
See: jato.com/resources/media-and-press-releases/byd-outsells-tesla-in-europe-for-the-first-time-as-registrations-surge-in-april
4. See: bbc.co.uk/news/articles/c3v5n7w55kpo
5. See: bbc.co.uk/news/articles/c8xj9jp57r2o

Responsible ownership (continued)

Pillar 3: Stewardship: engagement and voting (continued)

Board governance

Effective board governance is fundamental to protecting and enhancing long-term value creation. We therefore seek to ensure that the companies we invest in are governed and managed in ways that support sustainable performance and align with shareholders’ long-term interests.

Case study

Engaging to improve governance at WiseTech Global

Background

WiseTech Global (WTC) is an Australian founder-led business and a leader in the provision of cloud-based software globally. The corporate governance issues that the company has faced over the past two years include:

- allegations of inappropriate behaviour and secret cash payments by the founder and CEO, Richard White
- board instability with four directors simultaneously resigning in early 2025
- a formal ASIC investigation into market announcements around White’s conduct and the possibility of insider trading
- an Australian Federal Police investigation into White’s personal conduct.

Our engagement

Since 2024, we’ve engaged with WTC in response to these governance concerns. Our approach combined direct engagement with the company’s board and management, and collaborative engagement with our external managers and ACSI to amplify our voice.

In the 2025/26 financial year, we engaged with the WTC board on four occasions on board independence, the composition of skills and experience and ongoing investigations relating to Richard White and his broader role within the company.

At the 2026 Annual General Meeting (AGM), we acknowledged the positive steps taken to strengthen the board but voted against the re-election of Executive Director and co-founder, Maree Isaacs.

After reports of insider trading allegations, we also

issued a formal letter to WTC seeking clarity on the matter and the effectiveness of the company’s risk controls, while advocating for targeted changes to the board structure to further enhance governance.

In June 2026, after the Australian Federal Police announced its investigation into White’s personal conduct, we engaged with the board to understand its response, how it was managing associated risks, and White’s role in the company. Despite these discussions, we ultimately reduced our holding.

Outcomes and next steps

In mid-2025, WTC announced the appointment of three new independent non-executive directors and the departure of two affiliated directors. A further director appointment in November brought much-needed audit and ASX directorship experience to the board.

These director appointments were welcomed by investors. We believe WTC now has a more independent board, with an appropriate balance of skills and experience. The company has also indicated its intention to appoint an additional independent non-executive director.

We’ll continue to engage with WTC’s board about the allegations involving Richard White and advocate for further governance improvements.

Executive remuneration

Remuneration practices can provide insight into a company’s culture, performance and strategy. Well-structured remuneration supports a company’s long-term success. Excessive pay, persistently high bonus outcomes and a lack of shareholder alignment can negatively affect a company’s social licence to operate and our members’ investments.

Engaging with portfolio companies on executive remuneration is a key focus of our engagement strategy. We engaged (both directly and alongside ACSI) with 109 ASX-listed companies across all sectors of our portfolio on:

- appropriateness of the remuneration framework and the quality of its disclosure
- design of short-term and long-term incentive structures (including metrics, targets and time horizons)
- integration of ESG and other non-financial metrics into performance assessment (where relevant and material)
- use of one-off awards outside the standard remuneration framework
- the board’s rationale for remuneration outcomes, including fixed pay increases and vesting under incentive plans
- application of board discretion in determining outcomes, including upward or downward adjustments.

Case study

Remuneration at Woodside Energy Group Ltd

Background

Oil and gas company, Woodside Energy Group Ltd (Woodside, WDS), has been a target of our engagement on executive remuneration in recent years. The company has consistently delivered generous executive incentive outcomes despite poor shareholder experience.

Our engagement

At the 2025 AGM, we voted against Woodside’s remuneration report over persistent misalignment between shareholder experience and executive incentives, and wrote a letter to the Chair. We highlighted the need to place greater emphasis on the long-term incentive component and to incorporate performance hurdles that better align with shareholder value. The remuneration report received over 15% of ‘against’ votes.

In response, the company made changes to its remuneration structure ahead of the 2026 AGM. We remained concerned about the overall size of remuneration packages and the return hurdles, which we considered too soft relative to the company’s return targets and cost of capital. To inform our view, we engaged directly with the Chair to seek further information and clarification, alongside consultation with our external managers.

While we acknowledge that the company responded to investor feedback and made changes, we believed these were insufficient. This slow progress and the absence of a climate-related resolution to express our views on the company’s climate strategy caused us to again vote against the remuneration report at the 2026 AGM and write to the Chair.

Outcomes and next steps

We’ll continue to engage with the company to seek improvements in remuneration alignment and broader governance outcomes.

Responsible ownership (continued)

Pillar 3: Stewardship: engagement and voting (continued)

First Nations rights and cultural heritage

We recognise that effective management of First Nations rights and cultural heritage is both a human rights responsibility and an important indicator of company quality.

Companies that engage meaningfully with First Nations communities tend to build trust with governments, regulators and local communities – protecting their reputation and social licence to operate.

As a long-term investor, we view strong stakeholder engagement and respect for cultural heritage as important drivers of sustainable value creation, reducing operational and reputational risks and supporting more resilient performance.

Case study

Engagement with the Yindjibarndi people

Background

Our Annual Report 2026 includes a case study on engaging with Fortescue Metals Group Ltd (FMG) on First Nations communities, particularly the Yindjibarndi people in Western Australia’s remote Pilbara region. We build on that case study by providing an update on our recent engagement with the Yindjibarndi Ngurra Aboriginal Corporation.

In May 2026, the Federal Court ordered FMG to pay approximately A\$150.1 million to the Yindjibarndi Ngurra Aboriginal Corporation as compensation for operating the Solomon Hub on Yindjibarndi land for around 20 years without consent or agreement.

Our meeting with the Yindjibarndi occurred after this ruling and has helped us to better understand their perspective on this long-standing First Nations issue.

Our engagement

In June 2026, we met with representatives of the Yindjibarndi people to gain insights into their interaction with FMG and how they have interpreted the recent compensation award.

It was evident in our meeting that the Yindjibarndi community hold a broad-based disappointment with the judgment. They don’t believe it adequately compensates them for the economic loss and significant heritage impacts they have experienced over the past 20 years. The court order also places no requirement on FMG to enter an Indigenous Land Use Agreement (ILUA) with the Yindjibarndi despite FMG being the only mining company operating on Yindjibarndi country without an agreement.

The Yindjibarndi told us they have not had any direct engagement with FMG for the past two years and that the company’s heritage surveys have effectively ceased.

The Yindjibarndi cited productive relationships with other mining companies by way of comparison.

Outcomes and next steps

While the compensation awarded to the Yindjibarndi people is a positive development, it’s still subject to the potential for further appeals, which creates ongoing uncertainty.

We believe there is still much work to be done, as it’s more than just a historic claim: Solomon Hub is expected to operate until the mid-2040s and there is still no ILUA in place with FMG.

These insights from the Yindjibarndi people are helping us frame our ongoing engagement with FMG on how they interact with Traditional Owners, particularly in the Pilbara region.

Social value

Case study

Spotlight on social factors



Social factors, also known as the ‘S’ in ESG, are people-focused issues closely associated with respecting and upholding human rights.

Social factors impact all organisations and are an integral part of the investment landscape. Businesses can both cause and be affected by social factors, such as workforce conditions, labour relations and practices, health, safety and wellbeing, community engagement, First Nations rights, modern slavery and human rights. The systemic nature of these risks goes beyond simply impacting individual businesses, they can also affect the broader market and society.

We think it’s important to consider social factors in our responsible investment and stewardship approach because they can impact company valuations and the returns we deliver to our members. We believe companies that incorporate social factors into their decision-making are better able to retain talent, drive innovation, strengthen community ties and build resilient, strongly performing businesses. By contrast, companies that manage these risks poorly can face fines and litigation, operational disruptions, lower productivity and reputational damage.

Some examples of social factors that we consider in our investment analysis and engagement strategy include:

- **Conduct and compliance** – how companies adhere to laws, regulations and better practice standards, ensuring transparency and accountability in their operations.
- **People and culture** – how companies recruit, develop and retain employees, and how they foster and maintain a positive workplace culture.
- **Health, safety and wellbeing** – the protocols and measures that companies implement to protect the wellbeing and physical and psychosocial safety of their employees, contractors, suppliers and customers.
- **Modern slavery and human rights** – efforts to respect fundamental rights and freedoms in company operations and supply chains.
- **Community engagement and social licence to operate** – how companies interact with and support the communities they operate in, respecting local heritage and Indigenous rights.
- **Diversity, equity and inclusion** – the initiatives aimed at promoting a diverse workforce, ensuring fair treatment and creating inclusive environments within the company and its supply chain.

In the 2025/26 financial year, we engaged 178 companies on social factors, including health and safety, modern slavery, human rights, people and culture, and social licence to operate.

We believe the ‘S’ in ESG is just as important as the ‘E’ and the ‘G’. Analysing social factors and engaging with investee companies on how they build them into their business models is a key aspect of our responsible ownership approach that helps us deliver strong long-term returns to our members.

Responsible ownership
(continued)

Pillar 3: Stewardship: engagement and voting (continued)

Voting

Voting is one of the most direct ways we exercise our ownership rights as an investor. We vote at company meetings to promote strong governance, effective oversight and sustainable long-term value creation for our members. Through voting, we seek to influence company practices and decisions on issues that are financially material, including board effectiveness, executive pay, human rights, workforce diversity and climate-related risks and opportunities.

Australian shares

Our approach to voting on resolutions for Australian listed companies is informed by robust analysis, engagement and stewardship. We consider recommendations from our proxy advisors, ACSI and CGI Glass Lewis, alongside the views of our active investment managers and our own assessment of the issues. For shareholder proposals, we seek to engage with proponents and companies where appropriate. We consider a company’s responsiveness to engagement and its willingness to address material concerns before determining our final vote.

International shares

During this financial year, we refined our approach to international voting. Historically, some of our managers could vote directly and may differ to the recommendations we received from our international proxy advisor, CGI Glass Lewis.

We’ve now transitioned to a more consistent approach based on a bespoke policy. All international shares are now voted in line with recommendations from CGI Glass Lewis.

We abstain from voting in limited circumstances where we lack sufficient information to assess a resolution or where a shareholder proposal raises a legitimate concern but no appropriate solution. Environmental and social shareholder proposals are increasingly common in global markets. We assess each resolution on its merits, taking into account its likely impact on long-term shareholder value and outcomes.

We supported 52% of these proposals, covering say-on-climate resolutions and climate reporting, bioengineering and nanotechnology safety, compliance with international human rights standards, workforce practices, wellbeing and animal welfare.

Voting statistics – Australian share and international shares

Australian shares	
Meetings	334
Resolutions voted on	2,003
International shares	
Meetings	3,532
Resolutions voted on	40,187

For more, including a summary of our voting outcomes and detailed reporting, see:

aware.com.au/proxyvoting

Pillar 4: Restrictions

Our approach to integrating ESG across our investments generally involves taking action on the impact of these factors on a company’s value and using our ownership rights, such as engagement and voting, to positively influence companies’ behaviour. However, in some circumstances we may restrict or exclude a sector or specific company.

Our current investment restrictions

Manufacturers of tobacco or cigarettes

Direct investments in tobacco manufacturers and/or producers (including subsidiaries, joint ventures and affiliates) that derive 5% or more of their revenue from the manufacture and/or production of tobacco products.

Thermal coal miners

Direct investments in companies that generate 10% or more of their revenues directly from thermal or energy coal mining.

Controversial weapons

Our controversial weapons exclusion includes direct investment in companies verifiably involved⁶ in the manufacture and/or production of anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium, incendiary weapons and white phosphorous weapons (whole systems or key components⁷).

It also includes direct investments in companies verifiably involved⁶ in and deriving 5% or more revenue from the manufacture and/or production of nuclear weapons (whole systems or key components⁷).

The exclusion does not apply to companies involved in the deployment of these types of weapons, such as aviation companies.

For more on restrictions and exclusions, see:

[Investment and Fees handbook](#)

Pillar 5: Measuring our impact

One of the real opportunities for us as a responsible owner is to develop ways to measure and monitor the impact of our investments. A good example is our Positive Impact Measurement Framework, which was introduced in June 2019 to measure the positive impact of some direct assets held in our portfolio.⁸

Our framework identifies positive social and environmental themes, sub themes and activities that investee companies can contribute to, although not all indicators will apply to every investment. Examples include climate change solutions and positive social impacts.

We periodically review and update the investments we include and the indicators we assess to measure the impacts of our investments.

Measuring this positive impact aims to show that our investments are effective at instigating and maintaining change, compared with what would have happened without our financing.

The diagram on the following page provides an overview of the impacts we measured in the 2025/26 financial year.

For more on our Positive Impact Measurement Framework, including the social and environmental themes, sub-themes and activities, see:

[Responsible Investment Report 2023](#)

6. For directly held liquid investments, such as shares and bonds, this verification is undertaken by our ESG data provider, ISS STOXX. An internal assessment is made for unlisted direct investments.
7. A component is a key component if it plays an essential role in the functionality of the specified weapon system or is specifically designed or modified for the specified weapons.
8. Portfolio companies can be sold at any time, so the impacts/sustainability outcomes that we measure are only valid for the period that we remain invested in the asset.

Responsible ownership
(continued)

Pillar 5: Measuring our impact (continued)

Climate change solutions



2,300 GWh

renewable energy generated⁹ (enough to power 450,000 homes in Australia for one year¹⁰)

950,000 tonnes

CO₂ emissions avoided through renewable energy generation¹¹

Positive social impact



345

key workers have access to essential worker housing¹² (65% told us their commute time reduced, 45% now travel 10 kilometres or less to work¹³)

3,400

people benefited from health and wellbeing initiatives¹⁴

10,025

social groups or events run¹⁴

Disclaimers:
Source: Aware Super June 2026.
Note: These figures show Aware Super's proportional share of the positive outcomes based on our % share of equity within each asset.
Note: These figures have been rounded down to the nearest 50, 25 and 5 depending on the magnitude of the measured outcomes present in a conservative estimation of the positive outcome.

9. This metric relates to 10 assets. Due to reporting deadlines and data availability, the metric is based on data for varying periods in 2025 and/or 2026 and has not been annualised. In particular: four assets provided data for 1 July 2025 to 30 June 2026, two assets provided data for 1 January 2025 to 31 December 2025, one asset provided data for 1 July 2025 to 30 April 2026, and three assets provided data for 1 July 2025 to 31 May 2026.

10. This calculation is for illustrative purposes and has been undertaken with the best data available on the average Australian household's electricity usage. For comparison purposes, the overseas renewable generation has been converted to the equivalent number of Australian houses.

11. This calculation has been undertaken with the best available data on the grid emissions intensities of the various electricity grids our assets are in. We recognise these are not definitive calculations and are therefore for illustrative purposes only. Additionally, it is anticipated that as the grid decarbonises the emissions intensity will naturally come down, therefore this 'emissions avoided' calculation should also decline over time per GWh of electricity generated.

12. This metric is based on two assets as of 30 June 2026.

13. This metric is based on one asset as at 30 June 2026.

14. This metric is based on two assets. The metric is based on data for varying periods in 2025 and/or 2026, and has not been annualised: 1 June 2025 to 31 May 2026 and 1 July 2025 to 30 June 2026.

Climate change

Since 2015, we've actively considered the impact of climate change in our investment approach, drawing on the latest climate science and global best practice to address the associated social, environmental and economic risks.

By focusing on risk and opportunity, we aim to secure long-term returns for our members and protect their retirement outcomes, while having a positive impact on communities and the environment.

Our Climate Transition Plan 2023 (CTP or Transition Plan) is our current framework helping us navigate the systemic and structural shifts ahead.

For more on our approach to climate change, see:

➤ [Climate Transition Plan 2023](#)

Governance

Our fund's long-term success depends on strong governance and effectively managing the financial risks arising from climate change. The key roles involved in achieving this are summarised below.

Aware Super Board	The board is ultimately responsible for overseeing all investment decisions, including the management of any financial risks arising from climate change. The board sets and approves the Investment Governance Framework (IGF), which combines the systems, structures, policies, processes and people employed to ensure a disciplined approach to investment risk management. It also approves our investment beliefs.
Investment Committee (IC)	The IC is a nominated sub-committee of the board and has delegated authority to oversee certain elements of the IGF. Our responsible ownership approach, including our response to climate change, is embedded in the IGF. It's also embedded in: • our Investment Beliefs • our Investment Policy Statement • our Responsible Ownership Policy.
Chief Investment Officer (CIO) and Head of Responsible Investment	Our CIO is responsible for implementing our Transition Plan, with our Head of Responsible Investment overseeing the day-to-day work. They frequently update the board and IC about our efforts to manage climate risk, including an annual review detailing progress toward the goals and actions outlined in our Transition Plan.
Risk	The board is ultimately responsible for setting our overall risk appetite (which includes investment risk and incorporates ESG and climate risk). Reporting on those risks is provided to the IC, the Audit and Finance Committee and the board.
Responsible Investment team	The Responsible Investment team is a group of ESG professionals working within the Investments team. The team focuses on the day-to-day implementation of our Transition Plan, alongside all other investment teams.
Investments team	The Investments team, including listed equities, infrastructure, property, private equity, credit, fixed income and investment strategy works alongside the Responsible Investment team on climate-related due diligence, Transition Plan implementation and investment ownership.

Climate change (continued)

Oversight and approval bodies

Trustee board and Investment Committee				
Investment Governance Framework	Investment Beliefs	Investment Policy Statement	Responsible Ownership Policy	Climate Transition Plan
Combines the systems, structures, policies, processes and people employed to meet our member responsibilities. Ensures a disciplined approach to managing investment risk, including climate and other ESG-related risks	Explains responsible ownership and details how we add value by closely managing risks, including ESG and climate risks	Sets out the fund's investment policies, including objectives, strategy, our responsible investment and ESG approach, as well as our approach to managing the financial risks due to climate change	Describes the approach to ESG issues from an investment perspective and specifically, our approach to climate change	Provides a framework of recommendations and targets for contributing to the large, systemic and structural changes required to address climate change
Responsible for implementation: CIO/Head of Responsible Investments				

Climate strategy

Purpose	To be an active contributor to climate action through decarbonisation and transition of Aware Super's investment portfolio, while delivering member outcomes				
Vision	Strive for Aware Super's investment portfolio to be net zero emissions by 2050 and to be an active participant in supporting an equitable economy-wide net zero transition				
Climate pillars and themes	Climate pillar 1: Decarbonisation	Climate pillar 2: Portfolio transition and resilience	Climate pillar 3: Investing in climate solutions	Climate pillar 4: Be a leader in company climate engagement	Climate pillar 5: Having an influential voice
	Research to support the climate strategy				

These five pillars reflect our purpose to deliver the best returns for our members and our goal to reach net zero portfolio emissions by 2050.

As global climate efforts evolve and new scientific insights emerge, our approach will continue to adapt. We review our climate strategy regularly and at least every three years and provide updates on our progress.

Managing climate risks and opportunities

Risks

Climate-related and material ESG risks are managed through Aware Super's Risk Management Framework, Risk Appetite Policy and investment governance arrangements. The board sets overall risk appetite and is ultimately responsible for oversight of the Risk Management Framework, while management and employees are responsible for identifying, assessing, managing, monitoring and reporting risks within their areas of accountability.

Climate-related risks, including physical, transition and liability risks, are considered as part of Aware Super's broader risk taxonomy and are incorporated into relevant enterprise, investment and operational risk categories. These risks are assessed using standard risk assessment methodologies, including consideration of inherent risk, control effectiveness, residual risk and alignment to target residual risk and Board-approved appetite.

Risk owners are responsible for maintaining current and complete risk assessments, with Line 2 risk and compliance providing oversight and constructive challenge. Material risks are monitored through established reporting cycles, including risk appetite monitoring, key risk indicators, control assessments, incidents, breaches, emerging risks and action plans where risks are outside appetite or trending upward.

The risk taxonomy provides a consistent classification structure for identifying, aggregating and reporting risk across the organisation. Climate-related risks are embedded into business-as-usual risk management practices through the relevant Tier 1 and Tier 2 risk profiles, rather than treated as a standalone taxonomy category. This supports consistent assessment, monitoring and escalation of climate-related risk exposures across the fund.

Policies and process

Climate-related risks are identified and assessed using standard risk assessment methodologies and prioritised by their risk rating, using our risk rating matrix. Climate-related risks and opportunities and scenario analysis assessments are used as inputs into these risk assessments. Consistent with APRA CPG 229, climate risk is defined under three categories: physical, transition and liability risks. Day-to-day management responsibility for climate-related matters is delegated to the Chief Investment Officer, Chief Risk Officer and Chief Operating Officer, with overall management oversight resting with the CEO.

Physical risks

Physical climate risk refers to the financial risks arising from the physical impacts of climate change, including both acute events and chronic shifts in climate conditions. Acute risks stem from the increased frequency and severity of extreme weather events, such as floods, heatwaves and cyclones, that can damage assets and disrupt operations. Chronic risks arise from longer-term changes in climate patterns, including rising temperatures, shifting rainfall and sea level rise.

These risks may affect portfolio performance through damage to physical assets, disruption to operations and supply chains and reduced resilience of infrastructure and business models. Acute events can drive increased insurance costs, repair and retrofit expenditure and service interruptions, while chronic changes may erode asset performance over time, reduce productivity in exposed sectors and increase operating costs. Collectively, these impacts can influence earnings, valuations and long-term return outcomes, requiring active management within the investment portfolio.

Transition risks

Climate transition risk refers to the financial risks arising from the transition to a lower-carbon economy. These risks are driven by changes in policy and legal frameworks (such as carbon pricing and regulatory standards) and technological developments that enable lower emissions alternatives.

Transition risks may affect portfolio performance through changes in costs, competitiveness and capital requirements across individual investments, as well as the potential for asset repricing, stranding or early retirement. These factors can influence earnings, valuations and long-term return outcomes, and therefore require active management within the investment portfolio.

Liability risks

Liability climate risk refers to the financial risks arising from potential litigation, regulatory enforcement or other legal actions related to the failure to adequately consider, manage or disclose the impacts of climate change. These risks may arise from evolving legal standards, regulatory expectations and stakeholder scrutiny regarding climate-related commitments, disclosures and performance.

Liability risks may affect portfolio performance through legal costs, fines or penalties and reputational impacts that influence investor confidence and stakeholder trust. This includes the risk that climate-related targets, commitments or product claims are not met or are perceived as misleading, leading to increased scrutiny and potential allegations of greenwashing. These dynamics can affect asset valuations, cash flows and the ability to attract and retain capital, with implications for long-term return outcomes.

Climate change (continued)

Managing investment climate risk sees us draw on a range of frameworks, processes and tools. The table below summarises our climate risk identification process.

Risk identification process

Risk identification measure	Description of mitigant
Fund managers	• New fund manager assessments, including approach to climate change • Annual review with a separate climate questionnaire of how the fund managers assess climate risk in their own business operations in addition to within the full investment lifecycle • Ongoing engagement with fund managers, including specific climate risk assessment, monitoring and engagement examples
Investments	• Initial ESG and climate assessments, bespoke to each investment sector • Engagement meetings, where climate risks are discussed • Assessment and consideration of climate-related shareholder resolutions • Investment monitoring • Annual review of investment, where needed
Climate scenario analysis	• Climate risk analysis to better quantify potential future climate-related financial risks under different climate scenarios, across sectors • Physical climate risk assessment of direct assets

Opportunities

Climate-related opportunities refer to the potential for improved financial outcomes arising from the transition to a lower-carbon and more environmentally sustainable economy. These opportunities are driven by structural shifts in policy, technology and market demand that support decarbonisation and climate adaptation, including the growth of renewable energy, low-carbon industries and climate solutions.

From an investor perspective, these opportunities may enhance portfolio performance through exposure to assets and sectors that benefit from these trends, including renewable energy, energy storage, electric transport and other enabling technologies. They may also support value creation across the broader portfolio by facilitating the transition of existing assets and business models. These dynamics can contribute to revenue growth, improved asset valuations and more resilient long-term return outcomes, supporting portfolio positioning over time.

We continue to pursue investments in sectors well placed to transition. This may include opportunities in renewable energy, energy storage solutions, electric vehicle infrastructure, plus other technology and transport solutions. We also work with companies on their path to decarbonisation – for example, supporting higher-emitting companies where we believe they can reduce emissions over time.

Climate-related metrics and targets

Our Climate Transition Plan 2023 sets out our pathway to decarbonisation through measurable, timebound emissions reduction goals.

15. Emissions intensity for listed equities is calculated as $\text{Financed Emissions Scope 1 and 2 (tCO}_2\text{-e)} / (\text{sum of net asset value (NAV) for companies where a gross Scope 1 and 2 GHG emissions figure has been estimated or reported} / \text{A\$1,000,000})$. Emissions intensity for unlisted assets is calculated as $\text{Financed Emissions Scope 1 and 2 (tCO}_2\text{-e)} / (\text{sum of net asset value (NAV) for assets where a gross Scope 1 and 2 GHG emissions figure has been estimated or reported} / \text{A\$1,000,000})$.

16. See: [aware.com.au/member/about-us/responsible-ownership/managing-climate-risk](https://www.aware.com.au/member/about-us/responsible-ownership/managing-climate-risk)

Our five-pillar climate strategy, along with the initiatives under each pillar, positions us to meet these goals. Details on the work going on behind each pillar are summarised on the following pages.

We'll be transparent about the progress we make, providing regular updates to our board and (at least) yearly updates to our members. To reach our long-term targets, we must set short- and medium-term milestones that guide us towards net zero.

The pathway to net zero will inevitably be uneven and our net zero trajectory could regularly change due to organic growth and mergers with other funds. There will be ongoing risks to achieving the climate target milestones and we'll not be alone with this risk. Even so, we're determined to make sustainable progress – delivering the best financial returns to our members while considering how climate change affects people and the planet as we shift to a low-carbon economy.

Progress against targets is discussed in the next section – Pillar 1: Decarbonisation.

Our overarching targets

We support an orderly and equitable transition to net zero greenhouse gas (GHG) emissions through our investment activities, stewardship and advocacy. Our overarching targets to support this are:

- striving to achieve net zero GHG emissions in our portfolio by 2050
- supporting an economy-wide reduction in GHG emissions of 45% by 2030
- striving for 45% reduction in Scope 1 and 2 emissions intensity¹⁵ in our portfolio by 2030.¹⁶

Pillar 1: Decarbonisation

The aim of Pillar 1 is to reduce emissions across our portfolio. This involves reducing emissions at a sector level and within each investment, as it supports our broader efforts to reduce emissions in the economy. The methodologies for tracking portfolio emissions and projecting decarbonisation progress into the future are outlined below.

Strategic initiatives

- Developing a bespoke, dynamic decarbonisation roadmap and pathway to achieve net zero portfolio emissions
- Setting, measuring and achieving credible short-, medium- and long-term emissions reduction targets in all asset sectors
- Establishing a meaningful framework to measure, manage and forecast investment GHG emissions
- Undertaking an annual assessment of progress towards our decarbonisation goals

In the 2025/26 financial year, we undertook a portfolio-wide GHG emissions measurement exercise to reflect 2024/25 financial year data. The outputs of this exercise are provided in the tables on [pages 24 and 25](#).

Data sources, quality and coverage

For listed equity portfolios, we source emissions data from our ESG data provider.¹⁷ For unlisted portfolios, we request data directly from our external investment managers and portfolio companies. Efficient access to reliable GHG emissions data remains a challenge but we're making progress in addressing this. We've set 2030 emissions reduction targets for several sectors. Data quality has been a barrier to setting targets for our private equity and credit income sectors.

17. We source emissions data for our listed equity portfolios from ISS STOXX ESG DataDesk. ISS STOXX collects self-reported emissions data annually from all available sources and evaluates their reliability. Companies are categorised based on their carbon profile, which allows for benchmarking non-reporting companies against their reporting counterparts. ISS STOXX uses 800 sub-sector specific models to estimate the emissions of non-reporting companies based on relevant financial or operational metrics. Emissions from holdings are allocated to the portfolio following an investor ownership logic. To ensure compatibility with other providers, such as the TCFD recommendations or PCAF, various other metrics may be used. The data provided by ISS STOXX is refreshed at annual intervals and draws on emissions from the ISS STOXX company carbon footprint database. There is a time lag between the date at which the emissions data is published by ISS STOXX and the reporting period that the data relate to. This is to enable all emissions data used in a given report to be from the same financial year and for the reported data to be thoroughly quality checked.

Financed emissions data limitations

Year-on-year changes in portfolio financed emissions can be influenced by a range of factors beyond underlying emissions performance. These include portfolio turnover, changes in asset allocation, variations in data coverage and reliability, and structural changes within investee companies, such as mergers, acquisitions and shifts in capital structure.

Financed emissions calculations rely on data provided by portfolio companies, external data providers and external investment managers. As a result, reported emissions are subject to the completeness and accuracy of information received from third parties. Emissions data may also be estimated where reported information is unavailable. Historical figures can be materially revised as disclosures improve, methodologies evolve and data providers update their datasets.

Consequently, changes in financed emissions should be interpreted with appropriate caution. While movements in emissions may reflect genuine changes in company performance, they may also arise from improvements in data quality (as indicated by PCAF scores), methodological refinements or changes in portfolio composition. Over time, we expect continuing improvements in data availability and quality to support more robust measurement and analysis of climate-related exposures.

Partnership for Carbon Accounting Financials (PCAF) data quality scores

PCAF score	type of data required
1	Detailed calculated emissions, based on the Greenhouse Gas Protocol, that have been verified by a third-party auditor
2	Detailed calculated emissions, based on the Greenhouse Gas Protocol, not verified by a third-party auditor
3	Production-based data, for example, tonnes of steel produced
4	Economic data, such as revenue, company value and amounts lent or invested
5	Economic data, such as the amount loaned or invested

Climate change
(continued)

Financed emissions¹⁸ data

Metric	Australian equities					
	Baseline FY20	FY24	FY25	Perf. vs baseline	FY26	Perf. vs baseline
Coverage (% FUM)	98.83	98.74	99.3		99.49	
PCAF score	NR	1.3	1.3		1.2	
Carbon intensity (tCO ₂ -e / \$1m)	78.98	42.72	45.25	-43%	42.66	-46%
Total gross GHG emissions (Scope 1 & 2) (tCO ₂ -e)	1,706,015	1,526,944	1,916,818		2,352,489	
Gross Scope 1 GHG emissions (tCO ₂ -e)	1,329,876	1,158,425	1,484,962		1,760,402	
Gross Scope 2 GHG emissions (tCO ₂ -e)	376,139	368,519	431,856		593,087	

Metric	International equities					
	Baseline FY20	FY24	FY25	Perf. vs baseline	FY26	Perf. vs baseline
Coverage (% FUM)	97.63	99.46	99.47		98.08	
PCAF score	NR	1.2	1.3		1.3	
Carbon intensity (tCO ₂ -e / \$1m)	38.99	17.33	14.05	-64%	18.79	-52%
Total gross GHG emissions (Scope 1 & 2) (tCO ₂ -e)	1,171,381	967,822	904,784		1,485,428	
Gross Scope 1 GHG emissions (tCO ₂ -e)	918,517	776,890	729,688		1,239,044	
Gross Scope 2 GHG emissions (tCO ₂ -e)	252,864	190,933	175,096		262,680	

18. All Scope 2 emissions, including direct, are reflective of location-based emissions.

Metric	Infrastructure							
	Direct ¹⁹				Indirect			
	Baseline FY22	FY24	FY25	Perf. vs baseline	Baseline FY20	FY24	FY25	Perf. vs baseline
Coverage (% FUM)	100	100	100		NR	100	100	
PCAF score	2.0	2.07	1.59		NR	2.03	1.89	
Carbon intensity (tCO ₂ -e / \$1m)	6.28	4.94	3.18	-50%	66.14	31.59	27.63	-58%
Total gross GHG emissions (Scope 1 & 2) (tCO ₂ -e)	61,452	56,730	39,284		307,859	274,717 ²⁰	323,434	
Gross Scope 1 GHG emissions (tCO ₂ -e)	24,855	26,156	15,633		NR	214,463	228,941	
Gross Scope 2 GHG emissions (tCO ₂ -e)	36,597	30,573	23,651		NR	60,255	94,493	

Metric	Property							
	Direct ¹⁹				Indirect			
	Baseline FY22	FY24	FY25	Perf. vs baseline	Baseline FY20	FY24	FY25	Perf. vs baseline
Coverage (% FUM)	100	100	100		NR	100	98%	
PCAF score	2.02	2.00	1.26		NR	1.68	1.73	
Carbon intensity (tCO ₂ -e / \$1m)	2.46	1.99	1.47	-40%	6.90	3.41	2.89	-58%
Total gross GHG emissions (Scope 1 & 2) (tCO ₂ -e)	9,244	8,598	8,746		41,247	13,660	11,791	
Gross Scope 1 GHG emissions (tCO ₂ -e)	1,686	1,504	1,351		NR	3,263	2,130	
Gross Scope 2 GHG emissions (tCO ₂ -e)	7,557	7,093	7,396		NR	10,397	9,661	

Metric	Private equity			Credit income		
	FY20	FY24	FY25	FY20	FY24	FY25
Coverage (% FUM)	NR	99.53	98.00	NR	88.57	81.12
PCAF score	NR	2.92	3.07	NR	3.42	3.60
Carbon intensity (tCO ₂ -e / \$1m)	20.14	9.35	8.33	33.45	37.9	18.40
Total gross GHG emissions (Scope 1 & 2) (tCO ₂ -e)	115,204	94,928	97,726	175,080	237,279	140,830
Gross Scope 1 GHG emissions (tCO ₂ -e)	NR	71,311	66,901	NR	204,900	116,181
Gross Scope 2 GHG emissions (tCO ₂ -e)	NR	23,617	30,825	NR	32,380	2,649

Note: NR means not reported.

19. For both Infrastructure and Property direct assets, baseline and FY24 numbers have been recalculated to provide consistent methodologies across periods and to align to PCAF. This ensures comparability across years and represents best practice. Property data now reflects only the operational portion of these assets. Infrastructure has been recalculated using Enterprise Value Including Cash (EVIC) as the denominator across all periods in the calculation of the attribution ratio.

20. FY24 gross Scope 1 & 2 financed emissions for Infrastructure (indirect) have been restated from 562,311 tCO₂-e to 274,718 tCO₂-e (-287,593 tCO₂-e; -51.1%). The restatement corrects a prior-period error in input data originally submitted by an external investment manager, since corrected at source. FY24 emissions intensity has also been restated as a result of this correction. It reflects a data correction only, not a change in underlying emissions performance. Consistent with the Greenhouse Gas Protocol's treatment of significant errors, the prior-period figure has been recalculated and restated to ensure comparability across periods.

Climate change (continued)

Performance against targets

Against the 2020 baseline, for both the 2024/25 and 2025/26 financial years, across **listed equities** portfolios, emissions intensity decreased during the period. This partly reflects the implementation of a carbon-constrained index and later a Climate Transition Index, against which these portfolios have been managed since 2019.

The **indirect property** portfolio emissions data indicates a decrease in total financed emissions and emissions intensity despite experiencing growth in assets under management over this time. Our internal emissions attribution analysis shows a small real-world emissions reduction was achieved across the portfolio, but the result was largely driven by changes in the data quality provided by external investment managers.

Over the year, **direct property** again saw a decrease in financed emissions intensity and an increase in absolute financed emissions. These changes were driven predominantly by changes in the value of investment holdings and the effect this has on the financed emission calculation.

Within the **indirect infrastructure** portfolio, the data indicated a material decrease in emissions intensity and an increase in absolute emissions. These changes primarily reflect changes in portfolio composition and a material improvement in data quality. The **direct infrastructure** portfolio experienced material decreases in absolute financed emissions and financed emissions intensity. This was due to changes in portfolio composition.

In addition to the emissions intensity target for our direct property and infrastructure portfolios, we have supplementary progressive annual coverage targets. These aim to lift the share of assets with an individual decarbonisation target, and we monitor whether they are meeting these targets. The annual coverage target has been static over the last few years and is under review as part of the broader climate strategy work. The table to the right sets out our progress for 2024/25 financial year. Property performance fell short of the target this year, as a number of assets faced delays to planned capital works. We expect this to improve for the next financial year based on additional projects that are scheduled.

For our sector-level targets, target setting approach, baseline and review process, see:

📄 [Climate Transition Plan 2023](#)

Table: Target: % of companies that are achieving their board-approved targets²¹

	Property		Infrastructure	
	Coverage target	Actual performance	Coverage target	Actual performance
FY23	60%	98%	50%	98%
FY24	60%	100%	50%	100%
FY25	60%	32%	50%	76%

Other emissions data

The private equity portfolio saw a slight decrease in emissions data quality to a PCAF score of 3.07 in the 2024/25 financial year from 2.9 in the 2023/24 financial year, however this is still better than the score for 2022/23. The data showed a decrease in absolute financed emissions and emissions intensity measured over the year and can be attributed in part to this outcome. Data corrections as well as changes in financed emissions calculation methodologies by some GPs were also contributing factors.

The credit income portfolio emissions data showed a significant decrease in absolute financed emissions and emissions intensity. There continues to be a significant amount of estimated data in the 2024/25 financial year credit income emissions number. Credit income has the lowest emissions data quality score (PCAF 3.6) as there is no globally accepted emissions calculation methodology available for certain security types. This makes it particularly challenging to measure emissions reliably in credit portfolios.

21. We define a company as on track to meets its targets if its annual emissions are below the asset’s target pathway or annual emissions are no more than 10% above the target pathway and the board has confirmed it can still achieve the 2030 target or progress against the action plan is on schedule.

Case study

Managing climate change in our share portfolios – our custom benchmarks

Since 2019, Aware Super has supported a 45% economy-wide reduction in GHG emissions by 2030, and the fund has sought to reduce its own carbon footprint in line with this target.

Listed equities play an important role in these efforts, both due to the size of the fund’s share portfolios as a percentage of the overall size of the fund, and the ability to reposition them more easily than illiquid asset classes, such as unlisted infrastructure and property.

In early 2020, the fund undertook research to determine the most effective way to reduce the financed emissions intensity²² of the fund’s equities portfolio. This led to the introduction of carbon constrained custom benchmarks later that year in collaboration with MSCI. These benchmarks were constructed by excluding, or having a reduced weighting to, some of the most carbon-intensive companies identified by Aware Super’s analysis of company-level emissions and fossil fuel reserves data. They also exclude companies generating revenue

(above applicable materiality thresholds) from tobacco, thermal coal or controversial weapons in line with our fund-wide investment restrictions.

At the time the benchmarks were introduced there was reliable historic reporting of Scope 1 and 2 emissions. However, few companies had publicly available climate transition plans. In 2025, a review of the benchmarks was undertaken to consider how a company’s transition plans and 2030 goals, which are now more readily available, could be factored into the benchmark process. Following this review, a company carbon-transition metric from MSCI’s Climate Solutions team was incorporated into the benchmark methodology.

The revised custom benchmarks combine MSCI’s proprietary carbon-transition metric with our fund-wide investment restrictions. The result is more transition-focused benchmarks, which include companies expected to be better positioned for the climate transition, supporting the fund’s progress towards achieving our 2030 emissions reduction target.

22. Financed emissions intensity measures the GHG emissions associated with investments held in the portfolio, attributed to an investor based on its share of financing or ownership per \$1 million invested.



Climate change (continued)

Pillar 2: Portfolio transition and resilience

Pillar 2 includes two primary aims:

- 1. Ensure our portfolio is well positioned to thrive
 - maximising returns and minimising risk in the transition to a low-carbon economy
- 2. Equip the portfolio to avoid (where possible) or become more resilient to the physical impact of climate change

Climate resilience means being able to ‘anticipate, prepare for and respond to hazardous events, trends, or disturbances related to climate’.²³ This means acknowledging the present temperature rises as well as those locked in for the future due to already emitted GHGs. In other words, we should expect more frequent severe events – fires, heatwaves and heavy rainfall as well as chronic challenges, such as rising sea levels.

Strategic initiatives

- Refining our investment transition assessment tool
- Enhancing our physical climate risk assessment and climate adaptation plans for susceptible assets
- Implementing a robust internal carbon pricing methodology across relevant investment sectors
- Further developing our climate risk analysis roadmap, including climate scenario analysis

Climate scenario analysis

In 2025, we completed our annual climate scenario analysis.²⁴ The analysis assessed the potential financial impacts of transition and physical climate risks on our listed equity portfolios under a net zero by 2050 scenario. Results were broadly consistent with previous years, indicating a modest adverse impact on portfolio valuations and no material change in overall climate risk exposure.

Consistent with previous analyses, the largest valuation impacts were concentrated in the energy, industrials and materials sectors. Australian equities were more affected than international equities due to higher exposure to these sectors. Our custom equity benchmarks again proved more resilient than standard market-cap benchmarks. Differences between portfolios and benchmarks were largely attributable to sector- and stock-level allocations.

While climate risks are expected to affect equity valuations under the modelled scenarios, the overall impact at the total portfolio level remains relatively muted. Transition risk impacts were estimated to be less than 5% of portfolio value, while physical risk impacts were approximately 1%. Given the scale of these impacts and the uncertainty inherent in long-term climate modelling, the analysis doesn’t support changes to our capital market assumptions or strategic asset allocations at this time.

Climate scenario analysis remains an important monitoring tool, helping us assess potential portfolio vulnerabilities under a range of future pathways. However, recognising the limitations of current climate models, our primary focus continues to be managing climate-related risks through bottom-up analysis at the sector and security level, supported by active stewardship and engagement with companies on climate-related risks and opportunities.

To strengthen oversight and reduce reliance on any single methodology, we supplement periodic comprehensive climate analysis with annual monitoring using alternative modelling approaches and providers.

Pillar 3: Investing in climate solutions

We aim to invest in low-carbon opportunities and companies that have a clear decarbonisation pathway.

Strategic initiatives

- Investing in climate solutions that support a low-carbon economy
- Measuring the effectiveness of our investments as contributors to our decarbonisation goals
- Establishing an internal framework to assess, manage and invest in nature and biodiversity

Global investment in the energy transition continues to accelerate, yet the capital required to achieve net zero by mid-century still far exceeds current levels. This gap presents an opportunity for investors worldwide, including us, to play a catalytic role in driving decarbonisation.

Traditionally, climate-aligned investing has focused on renewable energy and low-carbon industries. While these remain essential, a more holistic approach expands our scope to include companies that enable emissions reductions across the economy. This includes firms whose products or technologies help others decarbonise, as well as high-emitting companies that require substantial financing to transition. Without this capital, their transition may be delayed or not occur at all.

This strategy presents a challenge: investing in transitioning companies may temporarily increase portfolio emissions, potentially conflicting with short-term reduction targets. A narrow focus on emissions metrics risks limiting investment diversity and missing opportunities to support meaningful change.

To navigate this, we assess investments through a transition lens and prioritise companies with credible plans and the potential to thrive in a net zero economy. We acknowledge this may lead to year-on-year volatility in absolute and intensity-based emissions. However, our portfolio-wide approach remains aligned with our long-term goal to support a 45% economy-wide reduction in GHG emissions by 2030.

The following case studies are examples of our investments to support this pillar.

Case study

Eelpower Energy

Battery storage is one of the keys to enabling the growth of abundant, low-cost renewable energy. It’s a technology we see as fundamental to the energy transition, with battery energy storage systems crucial for preventing blackouts, lowering consumer bills and achieving the UK’s 2050 net zero target.

Eelpower is a leading UK battery storage platform that has extensive experience in screening and selecting Ready-To-Build projects, managing the procurement and construction of the assets post-acquisition, and operating these assets from Commercial Operations Date throughout the entire lifecycle.

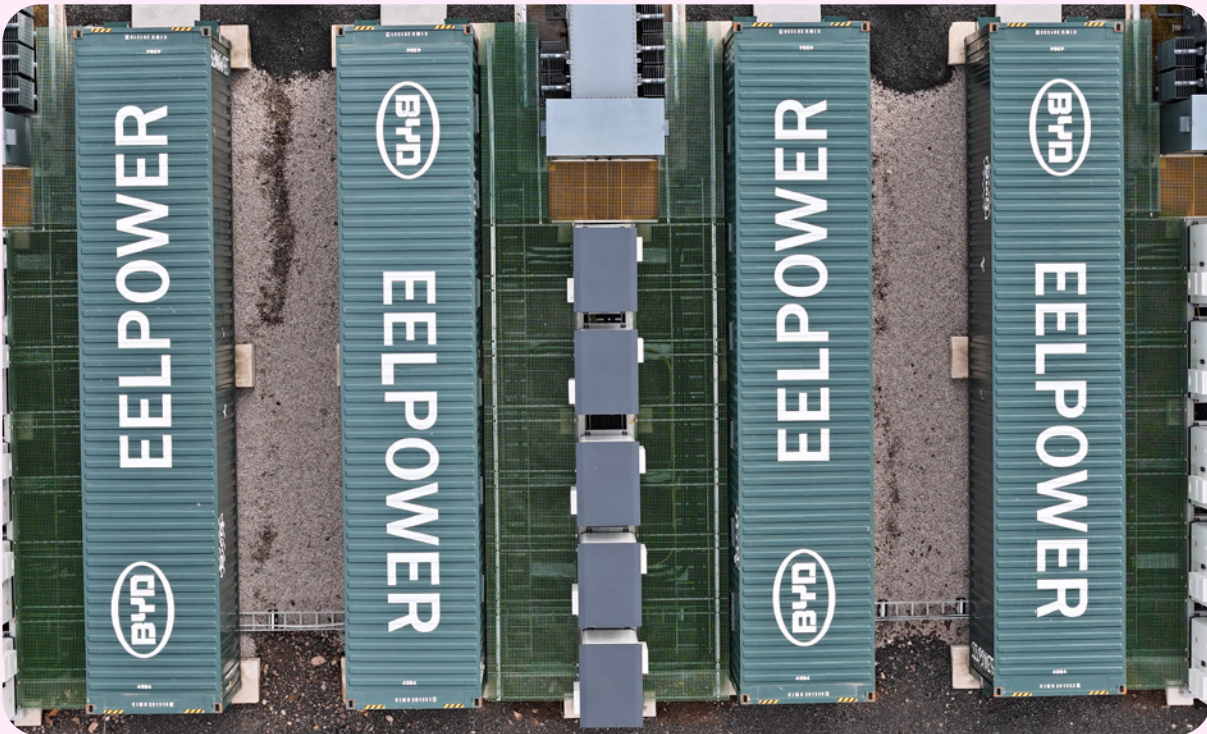
Eelpower was a first mover in the battery storage sector, having operated batteries since 2014 and delivered 11 battery sites to date. It has successfully constructed 240 MW of operational assets and has an additional asset of 250 MW currently in construction.

We’re the largest shareholder in Eelpower, having invested as part of a consortium that also includes global investment manager, Equitix, and the UK’s National Wealth Fund. It marks our first direct investment into the UK energy transition.

Eelpower is led by an experienced management team with strong technical capabilities and an established track record in battery storage delivery, asset management and optimisation in the UK. The company also has strong relationships with counterparties to diversify exposure and facilitate competitive pricing and terms for the projects it acquires across its portfolio.

Working with the investor consortium, the company acquired a portfolio of seed assets which are now entering construction and recently added to this with the acquisition of a 50 MW site in South East England. Additionally, Eelpower maintains a material pipeline of high-quality, actionable project opportunities to facilitate growth of the platform over time.

This platform builds on our existing UK and European infrastructure portfolio and demonstrates our confidence in the battery storage sector’s role in delivering cleaner, more resilient energy systems.



23. For Climate and Energy Solutions (C2ES), see: [Climate Resilience Portal: c2es.org/content/climate-resilience-overview/](https://climate-resilience-portal.org/content/climate-resilience-overview/)

24. We used International Shareholder Services (ISS) climate scenario analysis tool. ISS’s transition risk stress test is based on the Net Zero by 2050 (NZE2050) scenario from IEA World Energy outlook 2024. Portfolio data was at 30 September 2025.

Climate change (continued)

Case study

Kwetta – A grid-friendly EV charging solution

Through our external private equity manager, Blackbird, we have a position in New Zealand company, Kwetta, that provides innovative electric vehicle (EV) charging.

EVs have become a hot topic: in 2024, 17 million EVs and hybrids were sold globally, representing over 20% of global car sales (92% in Norway and ~10–12% in Australia, New Zealand and the United States).

But questions remain as to whether the grid will be capable of powering these EVs, and if not, the implications for keeping EVs on the road, particularly given the parallel rise in electrified heavy vehicles, such as buses and trucks.

Kwetta is bridging the gap between steep consumer adoption of EVs and a rigid (and increasingly fragile) energy infrastructure. The company has taken a radically different approach to this intermediation, building what is referred to as a ‘grid-first’ charging system that not only delivers highly reliable fast charging to consumers, but also helps to fix and manage grid capacity issues.

Networks are being stretched as they try to maintain reliability and accommodate growth in climate-

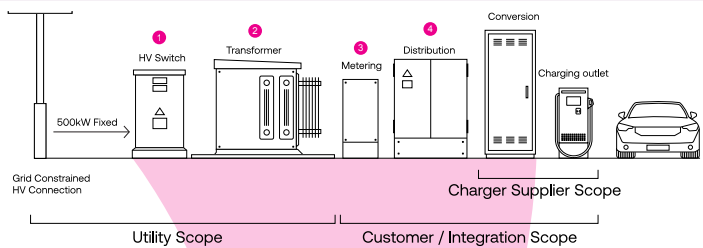
friendly renewable energy and electrification, while needing billions of dollars in upgrades to underlying infrastructure.

Kwetta bundles and adds intelligence to what has traditionally been a multi-modal, multi-step process of getting electricity from the grid to fast chargers. As the diagram below shows, Kwetta’s system collapses this complexity into a single piece of hardware that simultaneously delivers higher throughput while helping networks manage security and capacity issues. It connects directly to high-voltage networks, delivering megawatt-scale charging at a fraction of the time and cost.

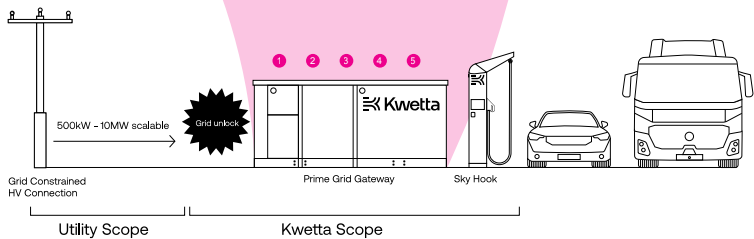
One of the attributes we liked most about Kwetta when we invested was that it was designed for future demand. Not only is its charging system workable for all vehicle types, it can scale as megawatt needs and capacities change – a critical design principle considering the pace of change across these systems.

Since launching in 2021, Kwetta has installed 103 chargers across New Zealand and Australia, powering over 67,000 charge sessions so far. The company also has expansion plans in Europe.

Traditional approach



The Kwetta difference



Pillar 4: Be a leader in company climate engagement

Pillar 4 leverages our overall stewardship program and focuses on our engagement and voting activities as it relates to climate outcomes.

Strategic initiatives

- Implementing an active climate engagement strategy that includes a strong framework approach to:
 - engage with listed companies
 - vote on climate-related issues
 - engage with fund managers (listed and unlisted)
 - engage with directly owned assets
- Actively engaging on and supporting a fair and equitable transition for workers and their communities

We hold investments in thousands of companies spanning virtually every sector and region. We engage with companies to influence change where it will be most impactful.

Listed equities, which accounted for over 50% of our financed emissions in 2020, are a priority for us. Direct engagement, collaboration and working with our fund managers is crucial to decarbonisation.

As we move to net zero, there will be moments when climate-related investment decisions are called into question, for example, where climate engagement efforts fail or prove to be ineffective.

With our primary obligation to always act in the best financial interests of our members, we’ll re-evaluate and adjust our allocations in climate-related investments (if appropriate) as the future unfolds. This is particularly true for companies falling in value or facing the risk of becoming stranded assets.

Case study

Climate engagement with Rio Tinto Limited

Background

Rio Tinto is a priority for climate engagement, reflecting both the materiality of the company to our members’ portfolio and its systemic role supplying transition-relevant materials to the global economy.

Our engagement

At the 2025 AGM, we supported the company’s second Climate Action Plan, recognising its 2030 target to halve Scope 1 and 2 emissions, its Scope 3 targets for the four largest emission sources, and the proactive engagement with shareholders.

However, over the past year a series of developments has raised questions about the consistency of focus on decarbonisation. These include changes to climate governance, a reduction in planned decarbonisation capital allocation to 2030, reduced weightings to decarbonisation within the incentive scorecards and indications of further delays in electrification timelines.

To test these signals and seek clarity from the board, we engaged directly with the Chair ahead of the 2026 AGM and followed up with a formal letter. In his response, the Chair reaffirmed Rio Tinto’s commitment to a 50% reduction in Scope 1 and 2 emissions by 2030 and net zero operational emissions by 2050, noting a 14% gross reduction achieved to date and additional projects expected to contribute materially to the 2030 target. He also highlighted fleet electrification trials and a battery-swap truck demonstration, alongside an ongoing study of renewable diesel as a complementary pathway.

Outcome and next steps

We value the board’s continued engagement with shareholders and will continue to seek a clearer link between stated ambition, near-term actions and deliverable outcomes. We’re particularly interested in the timing of the 2030 target and the pathway beyond 2030. We will maintain active dialogue with the board as the company’s transition progresses.

Climate change (continued)

Case study

International engagement: Centrica

Our international engagement partner, Federated Hermes EOS (EOS), engages with many companies on climate-related financial risks and opportunities. An example is the engagement it has undertaken with British integrated energy company, Centrica, on its energy transition pathway.

Background

Centrica delivers energy services to households via its retail brands, including British Gas (the UK's second largest gas and electricity utility) and Bord Gáis Energy in Ireland. The company also produces and stores energy through its stake in the UK's nuclear fleet, a portfolio of renewable, storage and flexible assets, Spirit Energy (a gas production business), and the Rough gas storage facility. Centrica is also engaged in the trading of energy, including through its liquefied natural gas (LNG) shipping business.

Technological change, innovation and the energy transition challenge the company's traditional business model of fossil fuel-driven electricity generation, natural gas retail and storage, and gas boiler installation and maintenance. The transition also presents a considerable commercial opportunity for Centrica to lead in low-carbon solutions, reshape its service offerings and accelerate progress towards a more sustainable energy system.

EOS engagement

In 2021, EOS began engaging Centrica as company co-lead under the Climate Action 100+ collaborative engagement initiative, focusing on the company's energy transition strategy. The UK had announced its target for a net zero power grid by 2035, but uncertainty remained over how heat would be decarbonised to achieve the UK's wider net zero by 2050 commitment. This raised questions around how the company would deliver its targets, with implications for capital expenditure and long-term growth.

Centrica had established a target to reduce its customer emissions intensity (electricity and gas sales) by 28% by 2030 versus 2019.²⁵ Over the next few years, EOS met several times with the CEO, the Chair, the head of environment, the head of strategy, the company secretary and technical experts from the company. EOS asked Centrica to consider whether this target was sufficiently ambitious to remain competitive, including evaluating the compatibility of this plan with the Paris Agreement goal of 1.5°C and the commercial opportunities that this presents.

In 2024, the company invited EOS and an investor to participate in a series of technical engagements with Centrica's Head of Environment and sustainability strategy teams to allow an exchange of views on strategic opportunities for the energy transition. These covered how Centrica would address its gas-fired electricity generation, commercial levers for low-carbon heat provision, its LNG growth strategy and its public policy advocacy strategy.

Outcomes and next steps

In 2025, Centrica published its updated Climate Transition Plan. It brought forward its Scope 1 and 2 emissions net zero commitment to 2040 from 2045, while retaining its 2050 net zero commitment for customer Scope 3 emissions, currently primarily attributable to the use of natural gas for domestic and commercial heating.

For the customer emissions intensity associated with electricity and heat, the company retained its target to reduce this figure by 28% by 2030 versus 2019, while also referencing a new 'stretch' goal to reduce the customer emissions intensity by 40% by 2030, recognising that this would be required to deliver a 1.5°C-aligned pathway.²⁶

Supplementing these targets, Centrica has identified and quantified individual decarbonisation levers across electricity, heat electrification and gas distribution, guiding investors on the strategic positioning of the business. The plan brings clarity to the roles for heat electrification versus hydrogen solutions and each lever is complemented by an explanation of the company's policy dependencies, as well as proactive advocacy actions identified to promote an enabling external environment. Over 50% of its capex from 2023 to 2028 is classified by the company as 'green'.

EOS plans to continue engaging with Centrica on the implementation of its transition plan, including how energy transition implications will be addressed by the LNG shipping business and how the company will remain agile against a backdrop of policy uncertainty. They also aim to continue engaging on succession planning and board effectiveness as the company seeks to replenish its balance sheet through significant planned greenfield capital expenditure.

²⁵ See: centrica.com/media-centre/stories/2021/centricas-climate-transition-plan/
²⁶ See: centrica.com/sustainability/climate-transition-plan/emissions-and-targets

Case study

Climate engagement in action

Fossil fuel companies

The fossil fuel sector remains a priority focus area for our climate engagement program, given its significant contribution to GHG emissions and systemic role in enabling an orderly transition to net zero.

Our engagement with Woodside Energy and Santos²⁷ continues. For both companies, we're seeking to strengthen climate-related transparency and accountability through enhanced disclosure on key transition risks and strategic dependencies. Ahead of Woodside commencing reporting under the mandatory climate reporting framework this year, we met with the company to reinforce our engagement objectives around transparency and more detailed disclosure.

Banks

We also continue to engage with financial institutions, including major banks and an insurer, on climate change. While the four major banks all disclose their climate strategies in detail, the maturity of these strategies varies. We welcome the progress made in their climate-related approaches and disclosures over the past year and continue to seek further improvements in areas such as sectoral pathways, customer engagement, climate governance and physical climate risk. Notably, NAB made considerable progress, leading to the withdrawal of a shareholder proposal.

²⁷: The 2025 Responsible Investment Report incorrectly reported Aware Super's vote on Santos Resolution 4 (Climate Transition Approach) as an abstain; the vote recorded and lodged was Against. You can view our voting records here: aware.com.au/member/about-us/corporate-governance/proxy-voting



Climate change (continued)

Pillar 5: Having an influential voice

We're an active contributor to policy, advocacy, market development and education forums related to climate change and investment.

Strategic initiatives

- Having an influential voice by actively participating in policy, advocacy, education and communications
- Actively participating in climate policy development with a focus on government policy and Australia's sustainable finance taxonomy
- Delivering clear and transparent climate reporting

Case study

Our involvement in a system-level approach to methane

Steel is vital to modern economies and will also be an integral material used in the energy transition.²⁸ Steel is a hard-to-abate sector and with blast-furnace production still dominant, metallurgical coal is expected to remain a meaningful part of the steel value chain for decades.²⁹

Fugitive methane emissions from metallurgical coal mining account for approximately 27% of the steel industry's near-term climate impact,³⁰ making methane abatement crucial. With increasing regulatory scrutiny and advances in detection technologies revealing significant underreporting, methane-related risks are also becoming material from an investment perspective.

In 2024, alongside Fidelity International and another asset owner, we began exploring a system-level engagement approach to address methane emissions from metallurgical coal. The collaborative initiative goes beyond traditional company engagement by:

- working with the United Nations Environment Programme's (UNEP) International Methane Emissions Observatory (IMEO) Steel Methane Programme to help establish an industry-wide methane abatement framework

28. See: [iea.org/reports/iron-and-steel-technology-roadmap](https://www.iea.org/reports/iron-and-steel-technology-roadmap)

29. See: [ember-energy.org/latest-insights/why-the-steel-industry-needs-to-tackle-coal-mine-methane/](https://www.ember-energy.org/latest-insights/why-the-steel-industry-needs-to-tackle-coal-mine-methane/)

30. See: [ember-energy.org/latest-updates/coal-mine-methane-adds-27-to-steels-climate-footprint/](https://www.ember-energy.org/latest-updates/coal-mine-methane-adds-27-to-steels-climate-footprint/)

31. See: wedocs.unep.org/rest/api/core/bitstreams/beeeb9f1-851b-4707-9abf-72d82fe06beb/content

Climate change policy and advocacy

Managing climate risk is dynamic and complex. We recognise collaborating and sharing knowledge with fellow industry participants and stakeholders not only enhances our approach to how we transition our portfolio but also encourages the wider move towards a low-carbon economy.

During the 2025/26 financial year, we continued our climate advocacy by participating in industry forums and collaborations, and advocated through our advocacy partners who provided numerous submissions on a variety of reforms.

- engaging with policymakers to advocate for clearer direction on methane regulation
- exploring how to leverage players across the steel value chain
- engaging with metallurgical coal miners.

In 2026, momentum has extended beyond this collaborative initiative, helping catalyse global investor backing (representing almost US\$9.6 trillion in assets under management) for the Investor Position Statement on Metallurgical Coal Methane.³¹ The statement calls for robust measurement, credible reduction plans, improved disclosure and participation in initiatives such as UNEP's IMEO Steel Methane Programme. We see this as an important step in managing systemic climate risk and will continue to engage on this issue with a system-level lens.

2025/26 Climate Transition Plan outcomes

Theme	Target for FY25/26	Progress made during the year	More information
Climate Transition Plan review	Review of Climate Transition Plan to ensure it remains fit-for-purpose, including a review of the latest climate science, current targets and best practices target setting and implementation	Review undertaken with 2026 Climate Roadmap being presented to our board in September 2026 for approval.	NA
Refresh of climate engagement strategy	Review climate-related engagement strategy with listed companies to ensure it remains focused and aligned with our transition objectives	Incomplete. Work is continuing on engagement with a full strategy to be developed to align to our 2026 Climate Roadmap.	See page 31
Monitor and build out framework to measure, manage and forecast investment GHG emissions	Continue to drive improvement in GHG emissions data quality, incorporate anticipated updates to key measurement methodologies into our approach and further develop our methodology to forecast emissions	Ongoing. Continue to streamline processes to measure and prepare auditable fund-wide financed emissions data. Further work to build out the data and systems architecture to support this process initiated.	See page 23
Climate change stakeholder engagement	Continue to engage with direct investments and fund managers on topics related to climate-related risks and opportunities, emissions reduction plans and our emissions target	Ongoing. Direct assets' performance against emissions reduction plans monitored on an ongoing basis. Engagement with new and existing managers where portfolios have exposure to material climate sectors.	See page 4 and 26
Advocacy, policy groups and initiatives	Prioritise the most critical advocacy and policy work, internally and across external organisations and initiatives	Ongoing. Continued involvement with IGCC policy priorities.	See page 34
Mandatory climate reporting	Continue work to prepare for mandatory climate disclosures with a focus on assurance and audit readiness	Ongoing. Working group established. Draft report in progress.	NA

2026/27 financial year and beyond

Theme	Activity proposed
Implement Climate Roadmap 2026	The priority is to develop the transition alignment methodology and establish a portfolio baseline.
Climate change stakeholder engagement	Continue to engage with direct investments and fund managers on topics related to climate-related risks and opportunities, emissions reduction plans and our emissions target.
Advocacy, policy groups and initiatives	Prioritise the most critical advocacy and policy work, internally and across external organisations and initiatives.
Mandatory climate reporting	Continue work to prepare for mandatory climate disclosures with a focus on assurance and audit readiness.

Climate reporting and disclosures

We currently report our climate action and progress against targets in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD). However, with the release of the Australian Government's mandatory climate reporting for Australian companies and financial institutions, this will mean our future disclosure will be updated to comply with those requirements.

Awards and ratings³²

2026 RIAA Responsible Super Fund Leader³³



Rainmaker ESG Leader Rating³⁴



We'd love your feedback on our report

Let us know your thoughts on our responsible investment report by emailing us:

✉ enquiries@aware.com.au

32. Awards and ratings are only one factor to be considered when choosing a super fund. Past performance is not a reliable indicator of future performance.

33. Aware Super is recognised as a Responsible Super Fund Leader 2026 by the Responsible Investment Association Australasia (RIAA). This acknowledges our strong governance, commitment to responsible investment practices, focus on delivering measurable outcomes and dedication to transparency. For information about what it means to be a responsible super fund leader, see: responsibleinvestment.org/resources/super-study/

34. The Rainmaker ESG Leader Rating is earned by funds that perform environmental, social and governance (ESG) principles to a high level, while having a track record of strong investment performance. The assessment considers whether funds have declared a strong commitment to ESG principles and are transparent about their operations, voting and investments. For more, see: rainmaker.com.au/products/ratings-awards



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