

ESG and Stewardship Policy Summary

May 2025

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It's super.
And it's yours.

1. Purpose

The purpose of the ESG and Stewardship Policy (the Policy) is to outline the key principles and components by which AustralianSuper (the Fund) integrates Environmental, Social and Governance considerations within the Fund's investment program.

2. Introduction

2.1 Context

The Policy is formulated with regard to AustralianSuper's duty to act in the best financial interests of members and our purpose of helping members achieve their best financial position in retirement.

The Fund believes ESG considerations are an important part of managing investment risk and opportunity and maximising long-term returns for members.

As such, consideration of ESG risks and opportunities is an important part of delivering on our duty and purpose for members.

As part of the Fund's broader responsible investment approach, AustralianSuper offers members a screened investment option which excludes certain assets based on ESG criteria. The exclusions applied to this investment option (the Socially Aware investment option) are outlined in the Investment Guide published on our website.

2.2 Application and Definitions

The Policy applies to the investment activities undertaken by AustralianSuper entities detailed below.

Term/abbreviation	Definition
AustralianSuper	Each of the following entities as the context requires: <ul style="list-style-type: none">• AustralianSuper Pty Ltd as trustee of the Fund• AustralianSuper (UK) Ltd• AustralianSuper (US) LLC• AS Direct Investments (UK) Ltd• AustralianSuper Research Pty Ltd Other domestic or international separate legal operating entities of the Trustee, as and when they are established.
Board	The Board of AustralianSuper Pty Ltd, unless otherwise stated.
Colleague	Means all permanent and maximum term contract employees of AustralianSuper.
ESG	The Environmental, Social, and Governance factors that can positively or negatively impact investment risk and returns. Considerations can be specific to an asset or investment, or systemic.
Financial materiality	The potential financial magnitude of an issue on investment value. In the case of ESG factors, materiality depends on a range of factors including the investment time horizon, the specifics of the investment and potential impacts on strategy, business operations, operating costs and capital expenditures. The materiality of a specific ESG factor may change over time.
Fund	The AustralianSuper superannuation fund constituted under Australian law by a declaration of trust dated 13 December 1985, as amended from time to time.
IC	Investment Committee of the Board.
Ownership rights	The rights that owners or shareholders hold by virtue of their ownership of assets. Ownership rights differ based on the type of asset and investment, the structure of the investment, type of ownership or shares, and other contractual rights.
System settings	Public policy, regulations, standards and frameworks which underpin the operation and stability of the financial, environmental, social and governance systems that support the economy as a whole.
Systemic risks	Disruption to the financial, environmental, social and governance systems that have, or are likely to have, a material impact on investment returns.

2.3 Scope

We seek to apply the Policy across the investment portfolio. The extent to which ESG and stewardship activities are undertaken in different investment types is determined by financial materiality, investment characteristics and the practical considerations outlined in section 3.1.1.

The Policy applies in conjunction with the Fund's internal policies and procedures. This document is a summary of the Policy and it does not provide in depth detail on the processes applied to the implementation of the Policy.

3. ESG and Stewardship Policy

Consistent with our duty to act in the best financial interests of members, our purpose is to help members achieve their best financial position in retirement. Consideration of ESG risks and opportunities is an important part of delivering on this duty and purpose for members.

The Policy guides the Fund's approach to integrating the consideration of ESG risks and opportunities into the Fund's investment, stewardship and advocacy activities, with the aim of creating better long-term financial outcomes for members.

The Policy also supports the Fund's reputation as a global investor of choice which can expand investment opportunities.

The following beliefs and principles influence our ESG and Stewardship approach, while remaining subject to practical considerations detailed in section 3.1.1 below.

Our beliefs

- ESG considerations are an important part of managing investment risks and opportunities and maximising investment returns for members.
- Companies which effectively manage financially material ESG issues are likely to provide better investment returns.
- System settings have the potential to impact the operation and stability of financial, environmental, social and governance systems, and therefore investment returns.
- Active stewardship of assets can support investment value.
- Not all ESG risks and opportunities are financially material for all investments. The materiality of ESG issues varies across different companies and sectors.

Our principles

- Consideration of ESG issues is integral to the Fund's investment process.
- We integrate ESG at the asset level, supported by systemic advocacy.
- Activities are underpinned by three core pillars: ESG Integration, Stewardship and Advocacy.

3.1 ESG and Stewardship Program

We aim to identify the ESG issues that can most impact the investment value of companies and assets, consider these when we invest, and advocate for their effective management during ownership. We work individually and with others to address these issues at the company and system levels.

Our ESG and Stewardship Program has three pillars:

Integration

Considering ESG risks and opportunities when deciding which assets and companies to invest in and when assessing their investment value.

Stewardship

Exercising our rights and responsibilities as an asset owner to seek effective management of ESG issues that we believe can impact investment value.

Advocacy

Engaging with policymakers, regulators and industry bodies, directly and through investor networks, to advocate for ESG-related system settings that support investment value.

3.1.1 Practical considerations

While we seek to apply the Policy across the investment portfolio, the extent to which we undertake ESG and Stewardship Program activities varies across asset classes and investment types.

The implementation of the Policy is affected by a number of practical considerations including:

- The financial materiality of ESG issues to the asset class and/or investment.
- The characteristics of our ownership stake.
- Whether the investments are transacted on public or private markets.
- Whether the investment is managed internally or through external managers.
- Whether the investment is actively or passively held.
- Relevant regulatory and reporting requirements.

3.1.2 Integration

Integration refers to the consideration of ESG factors for certain assets during due diligence, which precedes the decision to invest, and during ownership when an asset's value is assessed. This has a focus on the identification and analysis of financially material ESG risks and opportunities. ESG issues are considered alongside a range of factors, including company financials, qualitative data, and other issues when assessing the investment value and selection, retention and realisation of investments.

External managers are responsible for ESG integration for the investments they manage on our behalf. As such, our integration activities for externally managed investments focuses on the assessment of external manager investment processes before appointment and on an ongoing basis.

3.1.3 Stewardship

The Fund recognises the rights and responsibilities of being a large asset owner. We exercise our ownership rights with the aim of improving investment value for members. Stewardship is exercised through engagement, voting and participation in class actions in applicable assets.

- **Engagement:** Engagement with investee companies aims to promote practices that improve investment value for members. Engagement is tailored to the characteristics of the relevant holding, and may be undertaken with company management, boards (via the Fund's nominee directors (where relevant)) or external investment managers. Engagement may be undertaken directly by AustralianSuper, or indirectly via networks or initiatives with other investors, or via engagement service providers. The Fund may engage with investee companies proactively or to raise specific ESG concerns.
- **Shareholder Voting:** The Fund makes voting decisions with the aim of producing outcomes that improve investment value. The Fund is generally supportive of resolutions that promote appropriate disclosure, suitably skilled and experienced board composition, effective board operation, and appropriate performance-based remuneration practices. The Fund may consider advice from external advisors but is ultimately responsible for making decisions in the best financial interests of members. Shares within the

voting coverage universe may be voted directly or according to the voting approach for different holding types as outlined in our Share Voting Approach published on our website.

- **Class Actions:** Class actions are a last resort stewardship activity. They can offer a cost-effective way to recover member losses in the event of a company's misleading or deceptive conduct or inadequate market disclosures and improve general corporate governance standards in the market. Factors we consider when deciding if we will participate in class actions as a class member include whether:
 - It has been determined that there is a genuine allegation of a breach of law.
 - This breach resulted in a financial loss for the Fund.
 - There is a reliable and reasonable assessment that the costs associated with the litigation are low (and reasonable).
 - It has been assessed that there are no significant reputational risks to AustralianSuper.

3.1.4 Advocacy

We believe it is important that the operation of the financial system and regulatory policy is aligned with the interests of long-term investors to help achieve the best investment outcomes for members. AustralianSuper may engage with policymakers, regulators and industry bodies directly or through investor networks with the aim of advocating for ESG-related system settings that support investment value.

3.2 Regulations, standards and frameworks

Our ESG and Stewardship Program is implemented in recognition of the relevant regulations and laws governing the Fund and its investee companies and may include consideration of relevant standards and frameworks.

For example, we may consider the International Financial Reporting Standards (IFRS), Sustainability Accounting Standards Board (SASB) Standards, Global Reporting Initiative, International Labour Organisation conventions, the UN Guiding Principles on Business and Human Rights, Principles for Responsible Investment, UN Sustainable Development Goals, the Paris Agreement on Climate Change and the Australian Asset Owner Stewardship Code.

3.3 Priority ESG issues

The Fund considers a range of ESG issues but prioritises those which we believe are likely to have the greatest financial impact on members' investment returns. We consider financial materiality in identifying priority ESG issues for investments which may consider factors such as potential impacts on business strategy, operations, operating costs and capital expenditures.

Issues we may prioritise include:

Environmental

- Climate Change
- Circular Economy
- Nature

Social

- Workforce
- Diversity, Equity, Inclusion
- First Nations/Cultural Heritage
- Sustainable Digitalisation

Governance

- Board effectiveness
- Remuneration

We may also consider other issues, where relevant, for different investments. Our approach is more developed for some of these issues than others and varies depending on the asset.

3.4 Investor networks and industry associations

The Fund may work with other investors and industry groups to gain insights and broader influence on ESG issues.

We may hold strategic leadership positions on local and global investor initiatives to enable us to contribute to the governance and strategy setting of the initiative. We may also participate in various working groups to help investors evolve their approaches to managing ESG issues, and to gain greater insights.

AustralianSuper is a signatory to the Principles for Responsible Investment (PRI). The Fund also participates in a number of investor initiatives including the Australian Council of Superannuation Investors (ACSI), Climate Action 100+, the Investor Group on Climate Change (IGCC) and Investors Against Slavery and Trafficking Asia Pacific.

3.5 Reporting and disclosure

We value transparency and believe it is important to keep members informed of our ESG and stewardship activities. The Fund reports on and discloses information about its ESG and Stewardship Program in its Annual Report, Climate Change Report, Modern Slavery Statement and other communications including our website. The Fund may measure progress on its ESG and stewardship activities through independent assessments.

In addition to meeting its mandatory reporting obligations, the Fund may support voluntary reporting and disclosure initiatives subject to the time required, potential benefits, and whether participation will contribute to improved ESG industry standards and practices locally and globally.

3.6 Exclusions

We believe the three pillars outlined in this document represent the most effective way of considering ESG risks and opportunities to support investment value for members. Therefore, the explicit exclusion of assets based on certain sectors or business activities are not a focus of the Fund's ESG and Stewardship Program.

The exception to this approach is investment in companies involved in the production of tobacco products, which the Fund considers to be inconsistent with its purpose of helping members achieve their best possible financial position in retirement. As such, the Fund seeks to screen out these companies across the investment portfolio as detailed in the Investment Guide published on our website.

4. Roles and Responsibilities

Role	Responsibilities
Board	Ultimately responsible for the Fund's investment program, with oversight through regular reporting, including ESG and Stewardship reports.
Investment Committee	Oversees implementation of the ESG and Stewardship activities to manage investment risks and opportunities related to governance, social and environmental issues, including climate change.
Chief Investment Officer	Execution and implementation of the Fund's investment program, including approval of the ESG and Stewardship Policy and oversight of its implementation.
ESG & Stewardship Team	<p>Designs, implements and reviews the ESG and Stewardship Policy and ESG and Stewardship Program.</p> <p>Informs the Board and Investment Committee on the key activities of the ESG and Stewardship Program.</p>
Asset Class Teams	Works with ESG and Stewardship team to integrate consideration of relevant ESG factors into the Fund's investment decision-making and stewardship processes in accordance with the ESG and Stewardship Policy.

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