

Australian
Ethical



SUPERANNUATION

Annual Report 2025

Important

Issued by Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733, RSEL0001441, AFSL 526 055) (Trustee), trustee of the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743, USI AET0100AU) (Fund). Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (Australian Ethical) arranges the issue of interests in the Fund, under its arrangement with the Trustee. The Trustee issues interests in the Fund, where the offer is accepted.

Information is up-to-date however subject to change. Contact your financial adviser, go to our website or call us (details below) for updated information or a paper copy of this Annual Report, free of charge. Information is general advice only and not based on your personal financial situation or needs. Obtain financial advice for your personal circumstances.

Before making a decision, read the Product Disclosure Statement and Target Market Determination (including any risks) on our website. Past performance is not a reliable indicator of future performance.

Contact us

Phone 1800 021 227
Email members@australianethical.com.au
Web australianethical.com.au
Post Australian Ethical Super
 Locked Bag 20013
 Melbourne VIC 3001

Join online australianethical.com.au/join-now

Investing for a better world

By choosing Australian Ethical, you're with a super fund that's committed to delivering long-term returns while doing right by people, planet and animals.

Contents

Overview	4
Highlights for FY25	6
We are ethical investors	9
Our portfolios look different	10
Money as a force for good	11
Our approach to climate change	14
Investment performance	17
Investment strategy	21
Investment options	22
Accounts	27
Things you should know	30
More information	33
Directors	36



Overview

Maria Loyez - Group Executive, Superannuation



As one of Australia's first ethical investors, we have been investing for a better world for almost 40 years. Our investment decisions are guided by our Ethical Charter and its 23 principles designed to support a better future for people, planet and animals.

Unlike most other super funds, our Ethical Charter forms part of our Fund Trust Deed. Our Charter guides us to invest in future-focused sectors such as healthcare, renewable energy and technology – growing your money without harming our world. When we invest we strive to achieve strong long-term returns while influencing progress towards a better future for the planet and all its inhabitants.

Guided by our Ethical Charter, we employ a three-step ethical investment process – our inhouse ethical research team first review assets against our ethical criteria, then our highly experienced investment team focus on securing strong risk adjusted long-term returns. Once invested, our Stewardship team incorporates the monitoring of our investments in their whole of system view.

We believe our products provide strong value, incorporating rigorous ethical screening, a successful stewardship approach, and above-median long-term returns.

Our approach has won awards in recent years¹. In the last 12 months we were named Sustainable Fund of the Year 2025 by Super Review, our pension product was rated Best ESG Pension Product by Money Magazine and two of our team members were recognised in the Customer Service Institute of Australia, Service Excellence Awards.

Our Fund is showing strong growth and creating a thriving community of like-minded Australians. We rank third in the market for customer advocacy², further evidence that we are on the right track.

However, we don't take this loyalty for granted. We're continually looking for ways to enhance our offer to members. Late in 2024, we started the process of moving accounts to a single administration platform – Grow Inc. We expect to complete this transition at the end of 2025, and will look to further streamline and uplift the digital touchpoints experienced by our members,

employers and advisers when they interact with us. Through migrating to a single administration platform and from our growth, we're achieving economies of scale which will better position us to further reduce fees and costs over time. Reflecting this commitment, in October 2024, we reduced investment fees and costs across several investment options. On 1 August 2025, we reduced administration fees.

At the same time as streamlining more routine digital interactions, we have moved high touch interactions such as claims and complaints to an inhouse customer service team dedicated to providing members with the care and support required during these moments. Our team's commitment to the swift and satisfactory resolution of claims and complaints has delivered a strong improvement in handling times, tripling the number of claims being resolved in less than 90 days³. A level of service we intend to improve on over the coming year.

Following a tender process, we selected Metlife as our insurer and negotiated a new insurance policy, with standard Default Cover which will represent better value for money for most members. We have been working with MetLife to roll out this insurance cover across our entire member base. As part of this rollout, we reduced super administration fees for all members by 0.01% and introduced an insurance administration fee (charged on insurance premiums) from 1 August 2025. This is designed to ensure that only members with insurance will pay for the cost of managing it.

Finally, we remain focused on supporting members as they approach and transition into retirement. We have been expanding our education and guidance resources to help members better understand their retirement income needs and options. We are also developing digital tools that make planning for and decision making in retirement easier, including a new retirement calculator – we look forward to bringing you more on this over the next 12-18 months.

¹ See page 6 for more information about our awards

² Net Promoter Score ranking of 3 out of 23. Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds

³ Under our previous administration model 22% of death claims were resolved in less than 90 days. With our insourced model, 68.4% of death claims are being resolved within the same timeframe

Performance

FY25 was certainly a rollercoaster for all investors, with events resulting in sharp share market sell-offs followed by swift recoveries.

One of the most notable events was the sharp drop in share markets in early 2025 in response to the introduction of sweeping tariffs by the US. Initially, the S&P500 fell more than 20% from prior highs, but remarkably this decline was largely reversed within a month, with the market going on to reach new highs in June. This resilience seems to highlight the adaptability of markets to shocks, reminding investors to stay the course instead of reacting to short-term movements.

This year of significant volatility demonstrated that a consistent ethical approach, favouring future-focused investments that reduce harm and benefit stakeholders beyond financial returns, can also deliver quality investment performance outcomes.

In FY25 our strategies were able to navigate these unfolding market scenarios, in many cases meeting and exceeding benchmarks and objectives⁴. Over the 12 months to 30 June 2025 our Balanced (Accumulation) super option delivered 10.5%, our Conservative option 6.2%, Defensive option 3.9%, Growth option 11.5% and our High Growth option 12.8%.

Indeed, our Growth, High Growth and Balanced superannuation options all landed within the top 20 super funds in the country for the 12 months to the end of June according to the latest SuperRatings data⁵.

While over the 10-year period to 30 June 2025 the same options outperformed their respective performance targets, except for the Defensive option which met its performance target, and the Conservative option which fell short by 0.7% p.a.⁶.

While we always encourage our members to focus on long rather than short-term returns, these results demonstrate the resilience of our ethical approach to investing in the face of significant volatility. Ethical investing can generate healthy returns while enabling our members to invest in line with their values.

Outlook

Since 2013, our Trustee Board has been expertly chaired by Steve Gibbs who has steered the Fund through significant growth, while uplifting our member experience and governance processes. As part of a planned Board renewal process Steve stood down as Chair in August 2025 and was replaced by Fiona Reynolds who has been a non-Executive Director since July 2024.

Fiona brings more than 30 years' global experience in the financial services and superannuation sector, most recently serving nine years as the CEO of the Principles for Responsible Investment (PRI). She joined the PRI from the Australian Institute of Superannuation Trustees (AIST), where she spent seven years as CEO. Fiona has been named one of the 20 most influential people in sustainability globally by Barron's magazine and has twice been named one of Australia's 100 women of influence by the Australian Financial Review.

We are very fortunate to have Fiona as our new Chair and in the forthcoming year, she'll oversee the Fund as we move the balance of our member accounts to our new administrator, finalise the delivery of the insurance harmonisation project and continue to build out our offering for pre-retirees. Finally, we look forward to rolling out an exciting new mobile app for members.

⁴ See page 18 for our performance against benchmark over 1, 3, 5, 7 and 10 years.

⁵ SuperRatings Fund Crediting Rate Survey June 2025. High Growth option ranked 9th in the FY to 30 June 2025, delivering 12.96% p.a. vs Median 12.9% p.a. Growth option ranked 15th in the FY to 30 June, delivering 11.60% p.a. vs. Median 11.4% p.a. Balanced option ranked 19th in the FY to 30 June 2025 delivering 10.59% p.a. vs. Median 10.34% p.a.

⁶ See page 18 for our performance against benchmark over 1, 3, 5, 7 and 10 years

Highlights for FY25

\$9.5bn

in super funds under administration

122,000+

members

Top 10

Fastest growing super fund⁷

#3

NPS super⁸

Awards

Superannuation

SuperReview Super Fund of the Year Awards
Sustainable Super Fund of the Year 2025



Money Magazine Awards
Best of the Best – Best ESG Pension Product 2025



Rainmaker ESG Leader Rating 2022-2025



Rainmaker
AAA Quality Rating 2021-2025



SuperRatings GOLD
For MyChoice Super 2025⁹



Responsible investment leadership

RIAA Responsible Investment Leader since 2024¹⁰



Persephone Fraser, Ethical Stewardship Lead
Winner - Best in Corporate Engagement Award at the 2024 IGCC Climate Leaders Awards

Certified for Impact

Record B Corp score¹¹



Customer experience

CSIA Australian Service Excellence Awards

- 2024 Best of the Best: Caroline Maillols
- Customer Service Professional of 2024 (Service Hero): Avir Alagh

⁷ KPMG 2025 Super Insights Report, published May 2025, using statistics from APRA and ATO as at 30 June 2024. <https://assets.kpmg.com/content/dam/kpmg/au/pdf/2025/super-insights-2025.pdf>

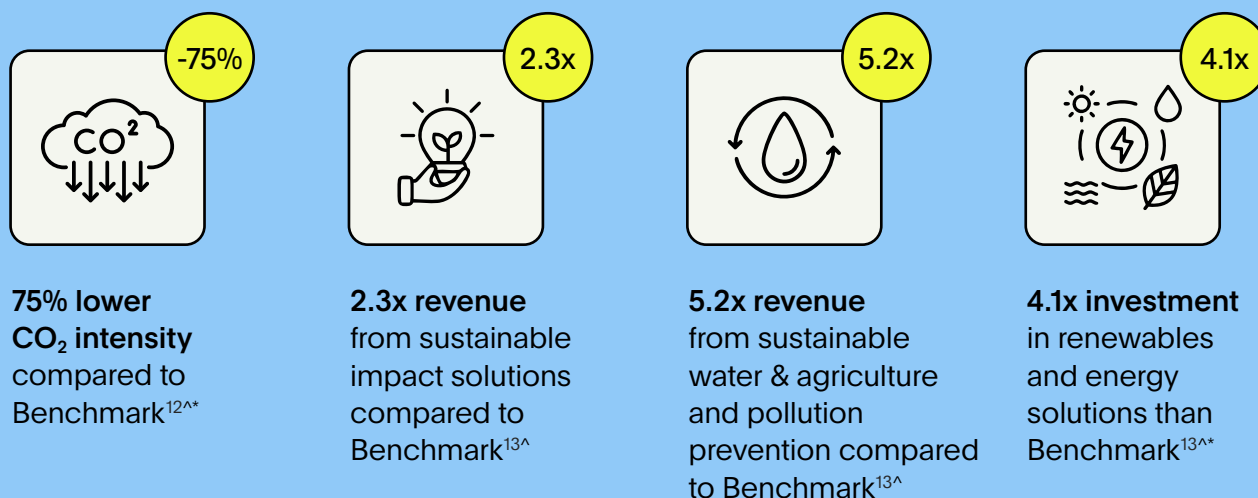
⁸ Net Promoter Score rating of 3 out of 23. Investment Trends Super Member Engagement Report 2025. Independent research with 23 major super funds

⁹ The rating is issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings use proprietary criteria to determine awards and ratings and may receive a fee for the use of its ratings and awards. Visit superratings.com.au for ratings information. © 2023 SuperRatings. All rights reserved

¹⁰ Australian Ethical was recognised as a Responsible Investment Leader 2024 by the Responsible Investment Association Australasia (RIAA). This means we are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

¹¹ Highest scoring Certified B Corporation in Australia & NZ at date of last assessment – 13 July 2023

Our portfolio[@]



Active Stewardship

400+

engagements for people,
planet, animals¹⁴

~130

proactive engagements ~25%
committing to change¹⁵

Top 5

most supported climate-
themed shareholder
resolutions globally¹⁶

¹² Source: MSCI. Scope 1 and 2 carbon intensity is measured as tonnes CO₂e per million \$ revenue earned by companies in which Australian Ethical invests through both listed shares and public corporate fixed income securities.

¹³ Based on the revenue from sustainable impact solutions earned by companies in which Australian Ethical invests, through both listed shares and fixed income securities, and the proportion of these investments in the relevant category of solutions. See pages 33 to 35 for more information.

¹⁴ We count one engagement where we engaged with a company on a topic or series of topics. There may be multiple activities within that engagement. For example, our engagement with Westpac is counted as one engagement which included meetings, emails and co-filing a shareholder resolution. We may count two engagements with a company if there were separate activities on entirely separate topics.

¹⁵ Our 'proactive' engagement count includes where we engaged directly with a company, government or other entity; we actively contributed to collective engagements (as distinct from simply 'signing on'); we used a nominal advocacy holding to support shareholder resolutions; or we co-filed a resolution. Commitments to change are commitments made by the engaged entity after our engagement commenced, that reflect progress towards the ultimate objectives of the engagement beyond acknowledgment of an issue. They may be identified through e.g. direct company responses, company reporting or actions taken, changes to government policies or draft legislation, or actions taken by industry associations. For examples of commitments, see our Stewardship Report: australianethical.com.au/why-ae/ethical-stewardship/

¹⁶ Based on FY25 climate change-themed resolutions lodged on the UN's Principles for Responsible Investing (PRI) resolutions database, accessed 29 July 2025.

[@] These numbers reflect the whole of the Australian Ethical portfolio's investment in listed shares and fixed income securities, because these comprise a large proportion of Australian Ethical total funds under management (~81.0% of all holdings including the superfund), and because data is less readily available across Australian Ethical's other investments.

[^] Compared to a blended benchmark that best reflects the benchmarks used by the underlying investment strategies. Based on holdings at 30 June 2025 and analysis tools provided by external sources which cover ~74% of the investments Australian Ethical holds by value other than wholesale cash fund and mandates. Both carbon intensity and sustainable impact solutions revenue relate to the listed companies and public corporate fixed income securities in which Australian Ethical invests across its funds and super fund options. This should not be considered representative of individual funds or options which will have their own mix of share and other investments. See pages 33 to 35 for more information about this comparison.

^{*} Indicates FY25 metric included in KPMG's Limited assurance scope. See pages 156-158 of the 2025 Australian Ethical Annual Report for more information.



“

Australian Ethical really stood out for me for their commitment to ethical investing. It was clear to me that Australian Ethical understood the effect of their investment decisions in driving sustainability and action on climate.^

SASHA CEO & CO-FOUNDER OF KOSKELA, MEMBER SINCE 2016

[^] The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

We are ethical investors

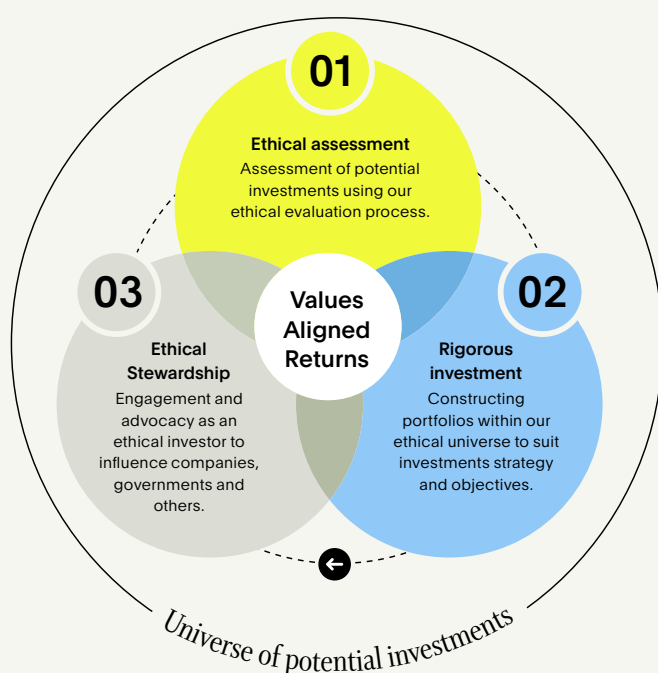
The Trustee has an Investment Management Agreement with Australian Ethical, who provides investment management and ethical assessment services for the Fund including for the super and pension investment options.

As Australian Ethical's Company Charter also incorporates the Ethical Charter, both the Trustee and Australian Ethical's approaches to ethical investing are aligned. We believe the power of money can be harnessed to deliver both competitive returns and positive change for people, planet and animals.

To ensure we're investing for a better world we follow a three-step process: our Impact & Ethics team first assess whether potential investments align with the 23 principles of the [Australian Ethical Charter](#). Once approved as complying with our Ethical Criteria, the investment team are able to construct investment options with the focus of delivering long term returns for members. Our stewardship team takes a whole of system view and engages with companies and others strategically.

Our ethical investing approach aims to:

- Give members access to ethical portfolios of companies and other investments which are more aligned with their values than general market portfolios;
- Influence progress towards a better future for people, animals and the environment by engaging with select companies to improve key business practices;
- Help us identify, understand and manage investment risk and opportunity, at a company, portfolio and systemic level which we believe can help construct better investment portfolios.



1. Ethical assessment

Our inhouse Impact & Ethics team assess possible investments identifying companies we believe can influence progress towards a better future for people, animals and the environment, and restricts+ investment in those that we believe are a threat to that progress. This research defines our universe of potential ethical investments. Where we invest via an external investment manager, then our processes involve some important differences which you can read about in section 5.13 of our [Ethical Guide](#).¹⁷

2. Investment analysis and portfolio construction

Our investment team then constructs portfolios suitable for the investment strategies and objectives of our super fund options.

3. Ethical stewardship

We don't just set and forget. Monitoring our investee companies and engaging to influence companies, governments and others is an important part of our process. See our [Stewardship Report](#) for more.

¹⁷ <https://www.australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf>

+ Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Guide: [australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf](https://www.australianethical.com.au/globalassets/pdf-files/why-ae/ae-guide-to-our-ethical-investment-process.pdf)

Our portfolios look different

Our ethical investing approach means our portfolio looks different. While we are more likely to invest in renewables and energy generation solutions than the Benchmark (4.1 times more likely in fact, see page 7), we find opportunities to invest in ethical companies across most sectors. This means our portfolio is overweight in Charter-positive sectors such as Health Care, Communication Services and Information Technology, and underweight in Materials, Energy and Consumer Discretionary and Consumer Staples making it look quite different to the mainstream.

Interface is a global flooring company headquartered in the U.S. that's known for making carpet tiles and other durable flooring like vinyl and rubber. Their products are designed for offices, schools, and other commercial spaces where both looks and performance matter. The company is serious about sustainability. They design their flooring to last, to be reused or be recycled. In 2024, more than half of the materials used across all their products were either recycled or bio-based. Their carpet tiles, for example, contain about 67% recycled or bio-based content. Through their ReEntry™ program, Interface works with customers to take back old flooring and recycle it, helping reduce waste in places like office renovations and commercial fit-outs.

Interface has set bold environmental goals, including a pledge to become carbon negative by 2040—meaning their products will store more carbon than their creation generates, without relying on carbon offsets.

In 2020, they launched the world's first carbon negative carpet tile, which actually stores carbon during production. This innovation has earned them global recognition, including an award from the United Nations and a spot on Fast Company's World's Most Innovative Companies list. They're also working to power all their factories with 100% renewable energy, showing leadership in how manufacturing can be both high-quality and environmentally responsible.

Image source: Interface Inc



Money as a force for good

Systemic change is needed across multiple industries to tackle some of the most difficult and important challenges of our time, such as climate change, the biodiversity crisis, human rights abuse, and industrialised animal cruelty.

Allocating capital to positive companies and restricting+ investment in harmful ones is critical to resolving the global challenges we face. But we know that on its own, our ethical assessment process is not enough to achieve the economic and social transformation we need to get to a future where people, animals and the planet prosper consistent with the aims of the Ethical Charter.

Investor stewardship is one way we can directly have real world influence. Investor stewardship uses the capital our members have entrusted to us to influence investee companies, the economy and society. Often, investor stewardship is solely focused on lowering the risks and improving the returns of individual holdings and the portfolio. We certainly do this at Australian Ethical, but we also do more.

We do ethical stewardship. Ethical stewardship is focused on reducing the negative and increasing the positive impacts of companies and achieving systemic change at an economy or society-wide scale. We are here to make money and a difference.

Our stewardship priorities include the critical need to halt financing for fossil fuel expansion. To this end, we continued to engage both publicly and privately with two of our investee companies, Westpac and NAB and stepped-up our engagement with Macquarie Group. Given the economy-wide reach of our major banks, we see the climate expectations they set for themselves and their customers as key levers in the acceleration of Australia's transition to a low-carbon economy.

A climate proposal we co-filed at Westpac's AGM, one which received strong investor support, encouraged Westpac to release additional climate disclosures. When this additional disclosure revealed gaps, our Chief Impact & Ethics Officer Alison George was quoted on the front page of the Australian Financial Review, highlighting these issues. Insurers are also critical to a just transition and their business models are already deeply affected by climate change. It is hard to fathom how insurers such as QBE can continue to underwrite fossil fuel projects while the climate crisis pushes premiums ever higher. Homes in flood and fire-prone areas have been subject to huge insurance cost increases, and in some cases, homes have been deemed uninsurable as climate-driven disasters hit more frequently and with greater intensity.

Our Ethical Stewardship Lead Amanda Richman challenged QBE's Chair and directors at their AGM, exposing contradictions in the company's climate approach. Her advocacy was amplified through media coverage and a podcast appearance, and she collaborated with our content team to engage customers via social media.

Alison George identified and raised concerns about proposed amendments to global climate disclosure standards that would exempt investment banks and insurers from reporting emissions intensity of their customer books. Her commentary gained traction across trade and social media. With several influential groups echoing our position in their submissions to the regulator, we are optimistic about seeing the amendment withdrawn. In addition to media traction, our efforts to advance climate progress were recognised through industry accolades and appointments.

Persephone Fraser, a senior member of our Impact & Ethics team, received the IGCC Climate Leaders' Award in the 'Best in Corporate Engagement' category, acknowledging her leadership in driving effective climate-focused corporate advocacy.

We continued to engage with the supermarkets on deforestation in their supply chains. In FY25 Woolworths announced a 'no-deforestation' commitment for their beef supply chain consistent with our engagement asks. A Coles spokesperson has also confirmed the supermarket is developing a formal commitment through the Science Based Targets initiative to eliminate deforestation from its supply chains. This follows the announcements made by Woolworths and ALDI in 2024, setting 'no-deforestation' and 'no-conversion' (of natural ecosystems) commitments respectively.

Whilst we divested from Tassal in 2014, we are continuing to engage with the supermarkets on farmed salmon sourcing. We are one of the few investors calling for substantive action on farmed salmon, rather than merely increased disclosure, consistent with our longstanding view that fish farming cannot be considered sustainable.

+ For more information on how we restrict investments see note on page 9.



“

I'm eager to contribute to the world being a better place. I want my money to be where my mouth is, and Australian Ethical really aligned with my values in that way.[^]

MATT GP, MEMBER SINCE 2015

[^] The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

The Australian Ethical Foundation

Every year, the Australian Ethical Group (which includes Australian Ethical Superannuation), distributes 10% of its profits to its Foundation, demonstrating its commitment to protecting people, planet and animals.

In FY25, the Foundation will distribute a record \$2.5 million to organisations whose work aligns with its strategic focus.

The Foundation's strategy is to focus on nature protection, restoration, and market development. In allocating funds, the Foundation strives to play a catalytic role—supporting Indigenous-led stewardship, driving systemic change, and helping unlock scalable solutions and investment from others to secure a just and regenerative future.

Two examples of this strategy in action are:

- A grant to fund the Biodiversity Council to assess the biodiversity impacts of ASX200 companies using leading commercial datasets. The project aims to raise awareness of corporate responsibility for nature loss and support the development of biodiversity markets by identifying and quantifying impacts. This work is vital to inform investor decisions, promote stronger environmental accountability, and drive demand in emerging nature repair markets, unlocking capital for nature protection and restoration.
- The Foundation's support for Environs Kimberley, an organisation working to protect one of Australia's most ecologically pristine and culturally significant regions, the Kimberley in WA. It campaigns to safeguard the Martuwarra Fitzroy River, Scott Reef, and the broader Kimberley landscape from threats such as fracking, gas drilling, industrial agriculture and climate change. It works in close partnership with Traditional Owners and other allies and promotes regenerative economic models and long-term protection of the region's lands and waters.

Impact through our Foundation

10%

yearly profits donated through the Foundation (after tax and before bonuses)

\$13m+

cumulatively allocated to charitable organisations¹⁸

\$2.5m

provisioned for grants to non-profit organisations in FY25

¹⁸ Since 2010



Our approach to climate change

This summary outlines Australian Ethical's climate change approach, with reference to the Task Force on Climate-related Financial Disclosures (TCFD) and the new Australian Sustainability Reporting Standard AASB S2. We are working toward full alignment with AASB S2 over the next few years.

Additional emissions data and metrics are available in Australia Ethical's full annual report.

Governance

As described on page 9, Australian Ethical's Ethical Charter, embedded in its Constitution and overseen by the Board, guides all investment decisions. The Charter's 23 principles are applied using our ethical frameworks, policies and measurement systems. These ensure we prioritise action to avoid dangerous climate change and its serious impacts on the planet, people, and animals.

Our investment beliefs recognise that preventing dangerous climate change is essential to both our ethical and our financial goals.

Management responsibilities are delegated to the Chief Investment Officer and the Chief Impact & Ethics Officer, supported by our in-house Impact & Ethics team of six, which includes members with climate change knowledge and experience. Climate risks are monitored using diverse sources including scientific, regulatory, and industry data.

Risk Management

Climate change poses systemic risks to our business, investments, and the broader financial system. Our main activity is investing in a broad range of asset classes and jurisdictions on behalf of our customers. As a result, our main climate risks relate to our investment portfolios.

- Transition risks stem from the shift to a low-carbon economy. High emitters in particular face technological, regulatory, legal and reputational risks, as do their value chains, including those who finance their activities. This risk can manifest as increased costs, changes in demand, and declines in asset values, including asset stranding.
- Physical Risks resulting from climatic changes, both chronic and acute, can affect costs, revenues, and asset values. Increased variability of returns across all asset classes is already arising from climate change experienced to date, and will continue to escalate unless effective policy and technological responses are implemented to prevent dangerous climate change.

Our ethical research and company engagement guides us to sectors and companies which are aligning their businesses with the transition needed to limit climate change consistent with the global goals set out in the Paris Agreement. We believe these investments are better positioned to manage many climate transition risks, such as the risk of introduction / increase in carbon pricing.

Our strategic and active asset allocation processes consider climate risks over 10 and one-year time frames respectively. We utilise a subset of NGFS (Network for Greening the Financial System) climate scenarios, including both low and high warming scenarios, and considering both climate physical risk and transition risk in an integrated way. Our Asset Allocation (Management) Forum meets quarterly to monitor signposts (like renewable energy investment and climate ambition) and review probabilities for each scenario, as well as considering whether new scenarios should be added. Our model was updated in March 2024 (and after year-end in July 2025) and scenarios were run during FY25 and at the start of FY26.

Our response to climate change is considered by The Australian Ethical and Australian Ethical Super Boards when reviewing and approving our corporate strategy and public disclosures, and via our investment committee, where climate change related topics are regular agenda items. The Boards include members with climate change knowledge.



“

Australia has the best coastlines. The best beaches in the entire world. And they deserve protection. And future generations deserve to have the same enjoyment as I have. I was really attracted to Australian Ethical because they have the same values as I do.^

STEPH CEO OF SURFRIDER FOUNDATION AUSTRALIA, MEMBER SINCE 2019

^ The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

Strategy

Our long history of climate leadership strengthens our brand, reputation, and competitive position.

In all scenarios, imperfect information on climate attributes creates challenges to investment management as well as opportunities for outperformance given our priority on active management. Rapid action to address climate change would contribute further to already rapid growth in climate investment opportunities (such as renewables, clean tech, and transition minerals).

We also see opportunities to develop climate-focused products to meet growing demand from ethically-minded investors.

These factors help support our business resilience. But we also expect high-temperature scenarios to bring lower economic output and higher variability of returns, increasingly over longer timeframes, undermining trust in investment markets and overall demand for investment management that will impact all players.

Metrics and Targets

We pursue net zero outcomes for our investments and the world (our climate ambition) aligned with the emissions reduction needed to limit temperature rise consistent with the most ambitious aims of the Paris Agreement.

We use a range of measures to check the effectiveness of our ethical investment approach in managing climate risk and pursuing our climate ambition including:

- Scope 1, 2, and 3 emissions – both financed and operational
- Use of carbon credits in offsetting operational emissions
- Fossil fuel reserves exposure
- Investment in renewable energy solutions
- Climate-related engagement, voting and advocacy
- Foundation giving targeting emissions reduction

These metrics appear in the 2025 Australian Ethical Annual Report, with select KPIs assured by KPMG.

It is uncertain whether we will achieve our climate ambition. The impact of our actions is uncertain, and there are many factors outside our control, including climate policy and regulation in Australia and globally, as well as the action of companies, other investors and individuals. While we aim to influence stronger climate action by others, we do not control their actions.

Investment performance¹⁹



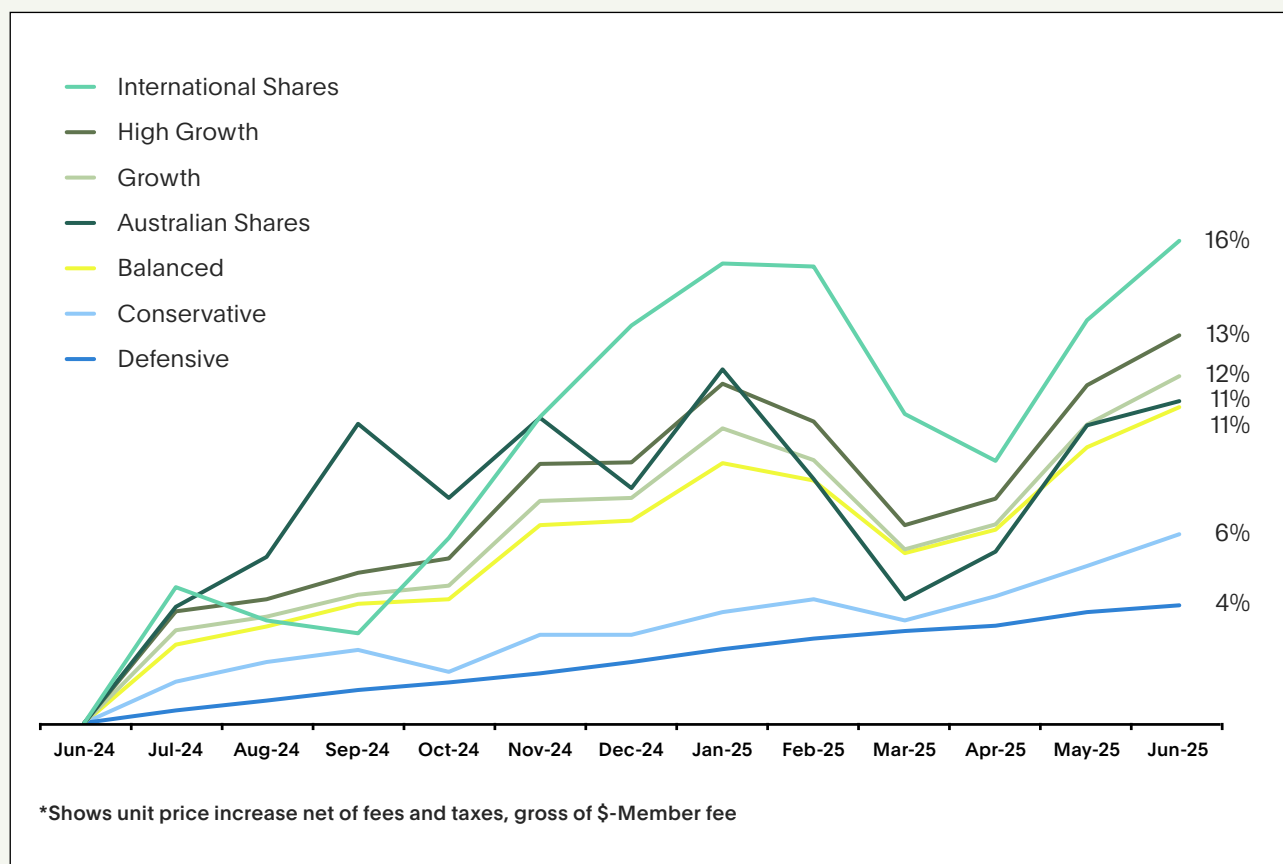
John Wood,

Deputy Chief Investment Officer and Head of Multi-Assets, Australian Ethical

Investor excitement around technology and artificial intelligence, escalating conflicts in the Middle East, and protectionist policy announcements such as the 'Liberation Day' tariffs from the US were among the big events and themes shaping investment markets in FY25. These events led to sharp sell offs at certain times, but investment markets proved resilient and bounced back strongly to be trading at near or above all-time highs by the financial year-end.

While slowing global growth emerged as a concern for investors earlier in the year as the foreshadowed US trade tariffs began to materialise, continued strong consumer spending in the US, a gradual recovery in Europe, and more targeted stimulus measures in China seemed to calm these fears. Inflation pressures eased in developed markets – allowing central banks to begin cautiously lowering interest rates in the first half of 2025. This helped support investment returns, but we remain cautious about high market valuations of investment assets leading into the 2026 financial year and beyond.

Super (accumulation) investment options growth - 12 months to 30 June 2025*



¹⁹ Past performance is not a reliable indicator of future performance. Investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the portfolio(s) may not have exposure to specific assets which over or underperform over the investment cycle, and so the returns and volatility of the portfolio(s) may be higher or lower than non-ethical, non-sustainable portfolios over all investment time frames

How being different has helped

Our returns in FY25 were helped by some of the unique characteristics defined by our Ethical Charter.

Our limited exposure to fossil fuel companies and the energy sector has been a positive for our portfolio returns as the economic slowdown globally resulted in lower oil prices and decreased demand for resources. Meanwhile, our limited exposure to tariff-impacted consumer sectors such as fast fashion means we avoided some of the more extreme selloffs in April.

We have also been cautious about owning highly priced technology stocks, resulting in us reducing our holdings of the 'Magnificent 7'²⁰ US technology stocks and instead looking for high-quality opportunities across other sectors and asset classes when valuations became unrealistic.

Looking ahead, we expect the next year to be marked by ongoing uncertainty over global trade policy and rising geopolitical tensions.

As we see share market valuations on the more expensive side of long-term averages, we continue to have a defensive portfolio approach while remaining ready to take advantage of future opportunities as they arise. This means we want to continue to have broad diversification across regions, sectors, and asset classes, with a focus on investing for the long-term.

Results

The performance for our super and pension options against their relevant benchmarks in the following tables:

Super returns to 30 June 2025

	1 year %	3 years % p.a.	5 years % p.a.	7 years % p.a.	10 years % p.a.
Accumulation options**					
Defensive Accumulation	3.9	3.4	1.9	1.6	1.4
Benchmark: Bloomberg AusBond Bank Bills Index ²¹⁻	3.7	3.2	1.8	1.5	1.4
Conservative Accumulation	6.2	4.6	2.1	2.9	3.1
Benchmark: CPI + 1.25% [#]	4.0	5.4	4.9	4.2	3.7
Balanced Accumulation	10.5	8.8	7.3	7.0	6.8
Benchmark: CPI + 3.25% [#]	6.0	7.6	7.3	6.6	6.2
Growth Accumulation	11.5	10.1	8.7	7.8	7.5
Benchmark: CPI + 3.75% [#]	6.6	8.1	7.8	7.1	6.7
High Growth Accumulation	12.8	11.8	10.6	8.8	8.4
Benchmark: CPI + 4.25% [#]	7.1	8.6	8.3	7.6	7.2
International Shares Accumulation	16.0	16.5	12.9	11.1	9.7
Benchmark: MSCI World ex Australia [~]	16.2	17.7	13.7	11.8	10.7
Australian Shares Accumulation	10.7	11.0	10.0	8.9	9.4
Benchmark: ASX 300 Monthly Index Accum. ²²⁻	11.9	11.6	10.3	7.1	8.3

²⁰ The Magnificent 7 stocks include Alphabet, Amazon, Apple, Broadcom, Meta Platforms, Microsoft, and NVIDIA, representing some of the most influential companies in the technology sector.

Pension returns to 30 June 2025

	10 years % p.a.	7 years % p.a.	5 years % p.a.	3 years % p.a.	1 year %
Pension options**					
Defensive Pension	4.5	3.9	2.2	1.8	1.7
Benchmark: Bloomberg AusBond Bank Bills Index ^{23<}	4.1	3.6	2.1	1.7	1.7
Conservative Pension	6.8	5.2	2.3	3.2	3.3
Benchmark: CPI + 1.5% [#]	4.3	5.5	5.0	4.3	3.8
Balanced Pension	9.7	8.2	6.2	6.2	6.3
Benchmark: CPI + 2.75% [#]	5.5	7.1	6.8	6.1	5.7
Growth Pension	12.7	11.3	9.4	8.4	8.1
Benchmark: CPI + 4.25% [#]	7.1	8.4	8.0	7.3	6.8
International Shares Pension	17.1	17.9	13.7	11.8	10.2
Benchmark: MSCI World ex Australia) ^{<}	18.3	20.0	15.4	13.3	12.1
Australian Shares Pension	11.5	11.8	10.7	9.5	10.0
Benchmark: ASX 300 Monthly Index (Accum.) ^{22<}	13.4	13.1	11.5	7.8	9.2

21 Net of % admin fees. Benchmark changed from Australian 90 Day Bank Bill to Bloomberg AusBond Bank Bill Index from 1 Dec 2019.

22 Benchmark changed from S&P/ASX Small Industrials Net of tax and %-admin fees to ASX 300 Monthly Index Accum. Net of tax and %-admin fees on 1 Dec 2019.

23 Benchmark changed from S&P/ASX Small Industrials Net of tax and %-admin fees to ASX 300 Monthly Index Accum. Net of tax and %-admin fees on 1 Dec 2019.

** Super and Pension returns are calculated in compliance with APRA SRS702. It is the return that would have been achieved for a representative member with a \$50,000 balance and no contributions, after all administration and investment fees, taxes and other costs. Past performance is not a reliable indicator of future performance.

CPI benchmarks are quarterly lagged, compounded monthly and reflect changes to the hurdle rates over time. CPI benchmarks are gross.

~ Net of tax and % administration fees

< Net of % administration fees



“

I love my super fund. It's incredible to read through the ethical charter. It's so inspiring to see that it aligns so much with my values and where I would want to be spending my money.^

NABA GP & FOUNDER OF RAHMA HEALTH, MEMBER SINCE 2020

^ The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

Investment strategy

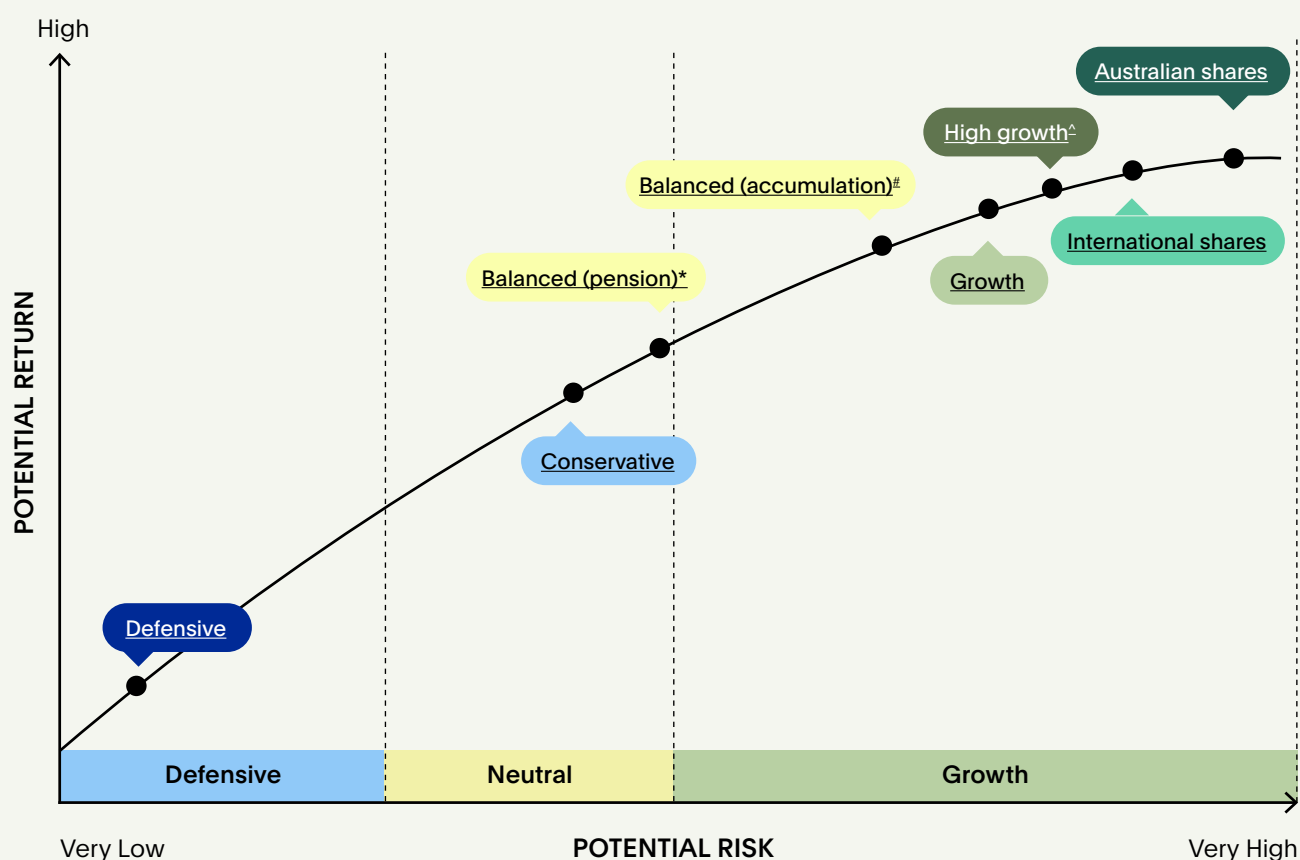
The current strategy for the Australian Ethical Super Fund is:

- The Australian Shares, International Shares, Growth and High Growth investment options all offer suitable risk/reward profiles for members with a longer-term investment timeframe and those comfortable with a higher level of risk. The Balances (accumulation) investment option also offers a suitable, well diversified option for a relatively long-term investment.
- For those members with a shorter-term investment timeframe or who seek a more conservative risk/return profile, the Conservative investment option (suitable for both before and after retirement) as well as the Balanced Pension investment option (which is more conservative than its accumulation counterpart), may be appropriate.
- The Defensive investment option is designed to minimise volatility in a member's retirement income stream and/or returns. It is most suitable for members who have very little tolerance for risk, such as those who are well advanced in their retirement or who simply want exposure to a low-risk option because they may have other investment or superannuation assets outside the Fund. It is also suitable for deceased estates.

The objectives and asset allocation for each of the Fund's investment options as at 30 June 2025 is outlined in the next section. The objective is not a guarantee of a particular return or benefit but is used by the Trustee to measure the investment option's performance.

Asset allocations may vary from time to time for various reasons.

You should consider the likely investment returns, risk and your investment timeframe when choosing an investment option. You can find more information within the Product Disclosure Statement or relevant Target Market Determination found at www.australianethical.com.au/super/pds-forms.



This chart represents the potential risk and return characteristics of our super investment options. It is not a forecast of actual risk or returns. The scale is indicative only and the colours used are for visual distinction only and do not represent any specific meaning or implication.

This option is only available in the accumulation and transition to retirement division

* This option is not available in the accumulation division

^ This option is not available in the pension division

Investment options

We have seven ethical super investment options ready-made for you to pick from to suit your needs.

Each has a different risk profile for you to choose from based on your financial objectives, risk tolerance and personal financial situation. The following information outlines the investment objectives, minimum investment timeframes, risk levels and asset allocations of each of the investment options as at 30 June 2025.

For more information, please refer to the PDS, Super and Pension Additional Information Booklet and Target Market Determination at www.australianethical.com.au/super/pds-forms/ for more information.

We may make changes to the investment option from time-to-time, including changes to the types of assets held. We will notify members of significant changes. You can also keep up-to-date with the option’s unit price, performance and portfolio holdings through our website.

Defensive option

Investment objective

The option aims to track the return of the Bloomberg AusBond Bank Bill index¹ before taking into account fees and taxes over a 1 year period.

Investors that the option may suit

Members wanting a low risk of capital loss and low volatility with a short investment timeframe.

Recommended minimum investment timeframe

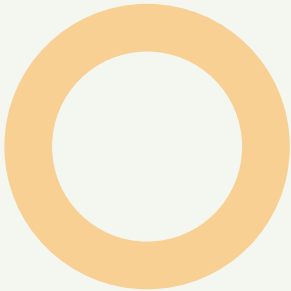
1 year

Risk level

Very low

	Asset type	Ranges	Actual
Growth 0%	 Australian & New Zealand Shares^	–	–
	 International Shares	–	–
	 Alternatives	–	–
	 Property & Infrastructure	–	–
Defensive 100%	 Fixed Interest	–	–
	 Cash and short term interest bearing securities	0-100%	100%

Asset allocation
as at 30 June 2025



¹ Bloomberg Finance LP and its affiliates (collectively ‘Bloomberg’) do not approve or endorse this material and disclaim all liability for any loss or damage of any kind arising out of the use of all or any part of this material.

Conservative option

Investment objective

The option aims to achieve returns 1.25% above inflation after investment fees and taxes over a 10 year period.¹

Investors that the option may suit

Members closer to, or in retirement, who need to protect their retirement savings and keep up with inflation or members who want a low volatility option.

Recommended minimum investment timeframe

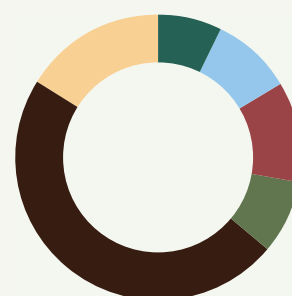
4 years

Risk level

Low to medium

	Asset type	Ranges	Actual
Growth 22.5-42.5%	 Australian & New Zealand Shares^	0-17.5%	7.3%
	 International Shares	0-17.5%	9.3%
	 Alternatives	0-20%	11.4%
	 Property & Infrastructure	0-17.5%	8.3%
Defensive 57.5-77.5%	 Fixed Interest	37.5-57.5%	47.7%
	 Cash and short term interest bearing securities	10-30%	16.1%

Asset allocation
as at 30 June 2025



Balanced (accumulation) option

Investment objective

The option aims to achieve returns 3.25% above inflation after investment fees and taxes over a 10 year period.¹

Investors that the option may suit

Members comfortable with a medium to high level of risk that have an investment timeframe of at least 8 years.

Recommended minimum investment timeframe

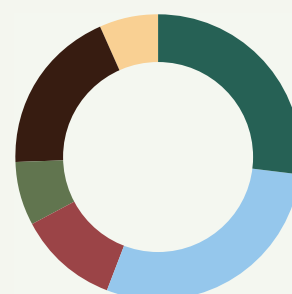
8 years

Risk level

Medium to High

	Asset type	Ranges	Actual
Growth 62.5-82.5%	 Australian & New Zealand Shares^	17.5-37.5%	27.2%
	 International Shares	17.5-37.5%	28.9%
	 Alternatives	0-20%	11.2%
	 Property & Infrastructure	0-17.5%	7.2%
Defensive 17.5-37.5%	 Fixed Interest	7.5-27.5%	18.9%
	 Cash and short term interest bearing securities	0-20%	6.6%

Asset allocation
as at 30 June 2025



¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis.

[^] No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

Growth option

Investment objective

The option aims to achieve returns 3.75% above inflation after investment fees and taxes over a 10 year period.¹

Investors that the option may suit

Members who have a longer timeframe to accumulate retirement savings and who are comfortable with short-term market fluctuations.

Recommended minimum investment timeframe

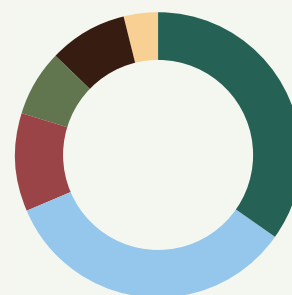
9 years

Risk level

High

	Asset type	Ranges	Actual
Growth 75-95%	 Australian & New Zealand Shares^	25-45%	34.9%
	 International Shares	22.5-42.5%	33.7%
	 Alternatives	0-20%	11.3%
	 Property & Infrastructure	0-17.5%	7.3%
Defensive 5-25%	 Fixed Interest	0-17.5%	8.9%
	 Cash and short term interest bearing securities	0-17.5%	3.8%

Asset allocation
as at 30 June 2025



High Growth option

Investment objective

The option aims to achieve returns 4.25% above inflation after investment fees and taxes over a 10 year period.¹

Investors that the option may suit

Members seeking capital growth through long term investments and who have a higher tolerance for risk.

Recommended minimum investment timeframe

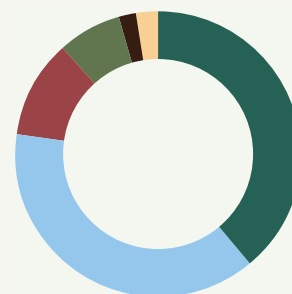
10 years

Risk level

High

	Asset type	Ranges	Actual
Growth 85-100%	 Australian & New Zealand Shares^	30-50%	38.9%
	 International Shares	27.5-47.5%	38.4%
	 Alternatives	0-20%	11.2%
	 Property & Infrastructure	0-17.5%	7.2%
Defensive 0-15%	 Fixed Interest	0-10%	1.9%
	 Cash and short term interest bearing securities	0-15%	2.4%

Asset allocation
as at 30 June 2025



¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis.

[^] No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.

International Shares option

Investment objective

The option aims to track the MSCI World ex Australia Index (AUD), before taking into account fees and expenses over a 3 year period.

Investors that the option may suit

Members seeking an exposure to international companies who are comfortable with short term volatility. It is suited for members with a longer investment timeframe and a higher risk tolerance.

Recommended minimum investment timeframe

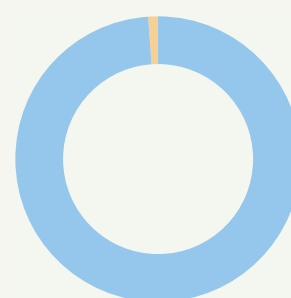
7 years

Risk level

High

	Asset type	Ranges	Actual
Growth 80-100%	 Australian & New Zealand Shares^	–	–
	 International Shares	85-100%	98.3%
	 Alternatives	–	–
	 Property & Infrastructure	–	–
Defensive 0-20%	 Fixed Interest	–	–
	 Cash and short term interest bearing securities	0.15%	1%

Asset allocation
as at 30 June 2025



Australian Shares option

Investment objective

The option aims to exceed the return of the S&P/ASX300 Accumulation Index after taking into account fees and taxes over a 7 year period.

Investors that the option may suit

Members seeking capital growth through long-term investments who have a higher tolerance for risk.

Recommended minimum investment timeframe

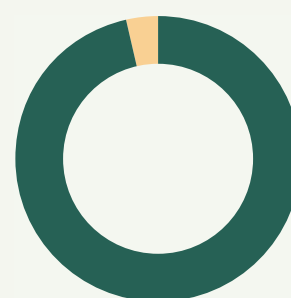
7 years

Risk level

Very High

	Asset type	Ranges	Actual
Growth 80-100%	 Australian & New Zealand Shares^	80-100%	96.65%
	 International Shares	0-5%	0%
	 Alternatives	–	–
	 Property & Infrastructure	–	–
Defensive 0-20%	 Fixed Interest	–	–
	 Cash and short term interest bearing securities	0.20%	3.4%

Asset allocation
as at 30 June 2025



¹ The measure of inflation is the Consumer Price Index (Trimmed mean) released by the Australian Bureau of Statistics on a quarterly basis.

[^] No more than 20% of the option's exposure to Australian and New Zealand shares will come from securities listed on the New Zealand stock exchange.



“

I've been with Australian Ethical now for around 5 years. It just sits well with myself as a person, and then, with my company.^

PETE CEO & CO-FOUNDER OF SEABIN, MEMBER SINCE 2020

^ The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

Accounts

Our super fund financial statements for the years ending 30 June 2024 and 2025 are shown in abridged form below. A copy of the full accounts and the auditor's report is available to members upon request. Please phone 1800 021 227 if you would like a copy sent to you.

Statement of financial position as at 30 June 2025

	2025 \$'000	2024 \$'000
Assets		
Cash and cash equivalents	55,506	49,811
Investments	8,950,946	8,212,705
Derivative assets	1,147	547
Receivables		
Receivables	792,257	167,421
Other assets		
Deferred tax assets	1,345	663
Total assets	9,801,201	8,431,147
Liabilities		
Payables	23,586	14,141
Current tax liabilities	90,748	25,319
Deferred tax liabilities	125,696	119,803
Total liabilities (excluding member benefits)	240,030	159,263
Net assets available to pay benefits	9,561,171	8,271,884
Member benefits		
Allocated to members	9,527,735	8,242,744
Unallocated to members	6,509	6,182
Total member benefits	9,534,244	8,248,926
Total net assets	26,927	22,958
Equity		
Operational risk reserve	26,927	22,958
Total equity	26,927	22,958

Income statement for the year ended 30 June 2025

	2025 \$'000	2024 \$'000
Superannuation activities		
Distributions and dividends	890,212	262,127
Interest	1,869	2,279
Movement in fair value of investments	173,844	408,971
Other income	121	5,288
Net revenue	1,066,046	678,665
Expenses		
Investment expenses	64,739	56,369
Administration expenses	28,594	24,407
Other expenses	78	101
Total expenses	93,411	80,877
Profit from operating activities before income tax expense	972,635	597,788
Less: Income tax expense	67,489	34,700
Profit from operating activities after income tax expense	905,146	563,088
Less: Net benefits allocated to members' accounts	901,176	559,245
Profit after income tax	3,970	3,843

Statement of changes in member benefits for the year ended 30 June 2025

	2025 \$'000	2024 \$'000
Opening balance of member benefits	8,248,926	7,207,695
Employer contributions	677,644	627,560
Member contributions	177,346	131,615
Transfers from other funds	232,360	298,572
Government contributions	6,390	6,717
Income tax on contributions	(106,699)	(99,631)
Net after tax contributions	9,235,967	8,172,528
Benefit payments	(603,183)	(475,403)
Insurance premiums charged to members' accounts	(20,020)	(19,738)
Death and disability benefits credited to members' accounts	20,304	12,294
Benefits allocated to members' accounts, comprising;		
Net investment income	907,160	561,477
Net direct administration fees	(5,984)	(2,232)
Closing balance of member benefits	9,534,244	8,248,926

Fund Investments with a value greater than 5% of the total assets of the fund

	Percentage of total fund assets	Amount \$'000
Australian Ethical Balanced Fund	52.41%	4,996,633
Australian Ethical Australian Shares Fund	7.13%	679,452
Australian Ethical High Growth Fund	8.78%	837,053

Statement of changes in reserves for the year ended 30 June 2025

	2025 \$'000	2024 \$'000
Opening balance of operational risk reserve	22,958	19,115
Net funding to reserves	583	2,298
Movement in fair value of investments	3386	1,545
Closing balance of operational risk reserve	26,927	22,958

The Fund maintains an operational risk financial reserve (ORFR) in accordance with the requirements established by the Australian Prudential Regulatory Authority under Prudential Standard SPS 114 Operational Risk Financial Requirement.

The purpose of the ORFR is to provide protection to the Fund in the event that a loss is incurred from an operational risk event occurring. The use of the ORFR is governed by the requirements of SPS 114, which is applicable to all APRA regulated funds.

The Trustee has assessed a target ORFR balance of 0.25% of funds under management as appropriate for the Fund, with a 0.20% to 0.33% range to allow for changes in market movements. As at 30 June 2025 the ORFR balance equates to 0.28% (2024: 0.28%) of funds under management.

Transfers in and out of the ORFR are made only at the authorisation of the Trustee and in accordance with the Fund's Reserve Policy. The ORFR is funded out of the Trustee's administration fee entitlement. Earnings on invested amounts are retained within the ORFR. The reserve is held separately to other Fund assets and is fully invested in the Australian Ethical Balanced Fund.

Things you should know

The Trustee

The Trustee of The Australian Ethical Retail Superannuation Fund is Australian Ethical Superannuation Pty Ltd. The role of the Trustee is to operate and manage the Fund in accordance with its Trust Deed and relevant law. The Fund is regulated by various pieces of legislation including the Superannuation Industry (Supervision) Act 1993 (SIS) and the Corporations Act 2001.

The Australian Ethical Retail Superannuation Fund is managed by a board of four Directors. All Trustee Board Directors undertake ongoing education and training relevant to their duties. Details about each Director can be found on the Australian Ethical website.

Directors receive a Director's fee and reimbursement for their expenses. Remuneration details for Directors and Senior Management are disclosed on the Australian Ethical website.

Indemnity insurance

The Trustee is covered by indemnity insurance to protect it from losses arising from claims against it. The insurance has been provided by Chubb Insurance Australia Ltd throughout the 2023-2024 financial year.

Investment managers

The Trustee uses Australian Ethical Investment Ltd as its investment manager. More than 5% of the Fund's assets were invested in the Australian Ethical managed investment schemes where Australian Ethical Investment Ltd is the responsible entity (AFSL 229949).

Derivatives

Derivatives are investment instruments that provide exposure to a certain asset or asset class without physically owning the asset. Derivatives include futures, options, swaps and forwards. The Australian Ethical Retail Superannuation Fund may use derivatives, directly or indirectly, for hedging purposes and/or for investment purposes in accordance with the policies, procedures and controls in the Trustee's Derivative Risk Statement.

Currency hedging

Currency hedging can be used to protect Australian investors against movements in foreign currency. This can reduce a potential loss from unfavourable currency movements, but it can also reduce a potential profit. We determine the portion of currency hedging across all portfolios. We may also, directly or indirectly, take currency positions with or without owning securities denominated in such currencies for investment or hedging purposes.

Complaints resolution

If you are not satisfied with any aspect of our service, please contact our Client Service team on 1800 021 227 or email members@australianethical.com.au.

We aim to acknowledge your complaint within one business day of receiving it, or as soon as practicable.

The legislated timeframe to resolve your complaint is 45 calendar days after receiving your complaint or for complaints about superannuation death benefit distributions, no later than 90 calendar days after the expiry of the 28 calendar day period for objecting to a proposed death benefit distribution.

If we do not resolve your complaint to your satisfaction, you can complain to the following external dispute resolution body at no charge to you:

The Australian Financial
Complaints Authority (AFCA)
w www.afca.org.au
e info@afca.org.au
t 1800 931 678

Unclaimed super

If you are a lost Member and your account balance is less than \$6,000 we are required to transfer your account balance to the ATO. Transferring your account to the ATO may affect your benefits because you will no longer be a member of the Fund and any insurance cover you hold through the Fund will cease. It is important you tell us when your address changes to avoid having your benefits sent to the ATO.

ASIC statement

The Trustee relies on ASIC relief to the effect that the Trustee is not obliged to notify or give an exit statement to a non-resident in circumstances where the Trustee pays unclaimed superannuation to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (unclaimed Money and Lost Members Act) 1999.

Temporary residents

If you are, or have been, working in Australia on a temporary resident visa and you are not a permanent resident or an Australian or New Zealand citizen, then once you permanently depart Australia you may be able to apply for and be paid your benefit from the Fund subject to providing the Trustee with the required evidence and meeting other eligibility requirements for the Departing Australia superannuation payment (DASP). If it has been six months or more since you left Australia, your visa has ceased to be in effect. If you have not claimed DASP, your super fund will transfer your super money to the ATO as unclaimed super money and you will need to claim your super benefit directly from the ATO.

For more information, visit the ATO website, www.ato.gov.au/super

Allotment of earnings

Australian Ethical Retail Superannuation Fund uses unit prices for its investment options. The investment options in the Fund are valued daily. This in turn determines the value of each member's account. Movements in unit price reflect movements in the value of an investment option's assets as well as amounts payable by the investment option for fees and expenses.

Service providers

The Trustee has appointed the following independent organisations to assist with the key operations of the Fund.

- Administration –
MUFG Pension & Market Services Holdings Pty Limited, ABN 27 120 964 098
(ex-Christian Super members)
Grow Super Ops Pty Ltd ABN 83 617 346 568
(Australian Ethical Super members)
- Custody Services and Investment Administration –
State Street Australia Limited ABN 21 002 965 200
- Investment Manager –
Australian Ethical Investment Ltd ABN 47 003 188 930
- Group Life Insurer –
MetLife Insurance Limited ABN 75 004 274 882
- External Auditor – KPMG Australia Pty Ltd
ABN 47 008 644 728
- Internal Auditor – PricewaterhouseCoopers
ABN 52 780 433 757
- IT Infrastructure Services –
Canon Business Services Australia Pty Ltd
ABN 42 063 577 739

You can find a full list of material service providers at australianethical.com.au/super/governance.

More information

Super to be paid on Government-funded paid parental leave (PPL)

A superannuation payment has been added to the Paid Parental Leave scheme. Eligible parents with babies born or adopted on or after 1 July 2025 will receive an additional payment, based on the superannuation guarantee (12% of their paid parental leave payment), as a contribution to their nominated superannuation fund. This will be paid from 1 July 2026. This initiative builds on the Government's investment to enhance the PPL scheme to 26 weeks by 1 July 2026.

Increase to the concessional tax on accounts above \$3 Million

In the 2025/26 Federal Budget, the Government confirmed its intention to increase the concessional tax applied to future earnings on total superannuation balances that exceed \$3 million. This reform intends to

increase the tax rate for earnings on balances above \$3 million to 30%. Any earnings related to an individual's balance below the \$3 million threshold will remain at 15%. Subject to the passage of legislation, this change is intended to apply from 1 July 2025.

Concessional contributions cap

The concessional contribution cap remains unchanged at \$30,000 from 1 July 2025.

Non-concessional contributions cap

The non-concessional contributions cap will remain unchanged at \$120,000 per year. This means the 3-year bring-forward rule will also remain at up to \$360,000 depending on your total super balance. Refer to the ATO website for further information.

Low-rate cap no longer applicable

As at 1 July 2024, the low-rate cap was \$245,000.

The low rate cap amount is the limit set on the amount of taxable components (taxed and untaxed elements) of a super lump sum that can receive a lower (or nil) rate of tax. It applies to members that have reached their preservation age but are below 60 years. From 1 July 2025, the low-rate cap is no longer applicable as preservation age is now 60 for everyone born after 1 July 1964.

Increased payment frequency for superannuation guarantee contributions

In the 2025/26 Federal Budget, the Government confirmed its intention to amend the payment frequency of superannuation guarantee (SG) contributions by requiring employers to pay SG contributions at the same time that they pay their employee's salary or wages, from 1 July 2026. This will increase the minimum frequency for the payment of SG contributions from the existing quarterly requirement and will allow employees to have better visibility over their SG contributions. Receiving contributions earlier will also see contributions invested for a longer period giving a greater potential for compounding returns.

Superannuation guarantee (SG) increase

From 1 July 2024, the superannuation guarantee rate increased from 11% to 11.5%. This will increase to 12% on 1 July 2025.

Increased transfer balance cap

The transfer balance cap is a limit on the total amount of superannuation that can be transferred into the retirement phase. All your super account balances (regardless of how many you have) will be included to calculate this amount.

As at 1 July 2024, the general transfer balance cap was \$1.9 million and will increase to \$2 million from 1 July 2025.

Important product changes

From time to time, we make changes to our Australian Ethical Super offer. A summary of the changes is below, however further detail of these changes can be found on our website.

Effective 1 October 2024, these changes include:

- Reduced investment fees and costs for a number of investment options.
- Updated Indirect cost estimates and net transaction costs.
- Change of Custodian and Investment Administration to State Street Australia Limited.
- Changes to asset allocation ranges.

Effective 4 November 2024, Australian Ethical Super members transitioned to a new administration provider, GROW Technology Services Ltd.

More information

+Investment Restrictions

Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues, such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our Ethical Guide available on our website at:

australianethical.com.au/why-ae/ethics/ethical-criteria/

Sustainability information calculation and limitations

This year we have expanded our reporting to cover our investments in public corporate fixed income investments as well as our listed share investments, as at 30 June 2025 and for which we have relevant sustainability data. This aggregate data should not be considered representative of individual funds or options which will have their own mix of share, debt and other investments. Sustainability information will change with changes to investments, the sustainability performance of companies, and the companies for which we have sustainability data.

We have used carbon and sustainable impact revenue data and analysis tools provided by global research firms MSCI ESG Research LLC and ISS STOXX. These tools mainly focus on listed equity and public fixed income securities issued by corporates. In order to leverage all the data these providers have available, we upload the bulk of our holdings into these tools, excluding mandates and the Wholesale Cash Fund that are not public offer funds.

74% of the holdings uploaded had data in the MSCI tool.

83% of the holdings uploaded had data in the ISS STOXX BIAT tool.

We present the sustainability information and the benchmark comparison only for investments which have been analysed by MSCI ESG Research for their carbon intensity and sustainable impact revenue; and ISS STOXX for their biodiversity impact.

The data providers (ISS STOXX and MSCI ESG Research) are not responsible for the way we have used their data and tools to calculate the amounts in this report.

Comparison benchmark

The comparison benchmark is a blended benchmark designed to reflect, as closely as possible, the benchmarks used by the underlying investment strategies. In most instances, the benchmarks disclosed for each individual investment strategy are applied. For a few Fixed Income strategies that utilise synthetic benchmarks, however, Carbon, Biodiversity and Sustainability data cannot be calculated. In these cases, alternate benchmarks have been applied that appropriately reflect the risk profile of the respective strategies.

The selection of securities in the comparison indices does not consider ethical, sustainability or ESG factors. The industry mix and other characteristics of companies comprising the Australian Ethical investment portfolio and the indices are different.

Use of sustainability information

The sustainability information is limited to the specific sustainability metrics reported. Sustainability characteristics of an investment may or may not be relevant to individuals' investment decisions. The sustainability metrics relate to the impacts of companies which Australian Ethical invests in, and they are not a measure of the impact of acquiring an investment in those companies or in an Australian Ethical fund. Investment decisions should take into account the financial, risk, fee and other characteristics of potential investments.

The information in this report is general information only and does not take account of your individual investment objectives, financial situation or needs. Before acting on it, consider its appropriateness to your circumstances and read the Financial Services Guide (FSG), the Product Disclosure Statement (PDS) and Target Market Determination (TMD) for the relevant product available on our website for information on the benefits and risks of our Funds. You should consider seeking advice from an authorised financial adviser before making an investment decision.

Investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the Portfolio may not have exposure to specific assets which over or underperform over the investment cycle. This means that the returns and volatility of the Portfolio may be higher or lower than non-ethical, non-sustainable portfolios over all investment time frames.

Past performance is not a reliable indicator of future performance.

Carbon footprinting, biodiversity impact and sustainability measurement limitations

Investment carbon footprint metrics need to be used with caution. Company carbon data is historical, it often includes estimates or is incomplete, and it may include errors and be out of date. Companies make different decisions about what they do and don't include when calculating and reporting their operational footprints, and will apply different emissions factors in arriving at emissions estimates. Data providers undertake their own estimates for some companies and types of emissions.

There are also different carbon metrics which can be used to assess carbon footprint, each with different strengths and weaknesses.

Similar limitations apply to measurement of other types of impact of companies, such as their sale of sustainable products and services. Company reporting of the revenue they earn from different products and services may be inaccurate or incomplete, and data providers may make estimates in breaking down and categorising company revenue. There are different methodologies and frameworks for classifying products and services and for taking account of negative impacts of a company's operations.

The Biodiversity model utilized (BIAT) covers the most material biodiversity impact indicators and LCA databases available as of today. However, it is important to note that biodiversity impact assessment frameworks are still in early stages of development. In addition, similar to other biodiversity assessment models, BIAT is built upon proxies and assumptions. Some of the limitations of the current methodology include:

- Input/Output Model: EXIOBASE limitation related to covered activities, regions, and relevant resources and emission data
- Environmental pressures, for example: lack of availability of comprehensive data on invasive species and water-related environmental impact indicators

External tool and data provider MSCI ESG Research LLC

We have used data and tools provided by MSCI ESG Research when calculating the sustainability information in this report about financed emissions, carbon intensity, share of carbon emissions, carbon exposure, sustainable impact revenue, fossil fuel reserves and investment in renewables and energy solutions. We accessed the MSCI tools and data for our calculations on 08 August 2025.

More information on MSCI carbon footprinting methodology and metrics is available here:

<https://www.msci.com/legal/climate-disclosures>

The Sustainable Impact Solutions table in this report shows links between MSCI's categories of sustainable impact solutions and selected Sustainable Development Goals (SDGs). We have determined these links based on our own assessment of how MSCI's criteria for their Sustainable Impact Solutions relate to SDGs. There is more information about MSCI's categories here:

<https://www.msci.com/documents/1296102/15233886/MSCI+Sustainable+Impact+Metrics+Methodology+2024.pdf>

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

External tool and data provider ISS STOXX

We have used data and tools provided by Institutional Shareholder Services Inc. and/or its subsidiaries ("ISS STOXX") when calculating the sustainability information in this report about Biodiversity Impacts. We accessed the ISS tools and data on 22 August 2025.

More information on the ISS Biodiversity Impact Assessment Tool methodology and metrics is available here:

<https://www.issgovernance.com/file/publications/methodology/Biodiversity-Impact-Assessment-Tool-Methodology.pdf>

The Biodiversity Data utilized in this report is the property of ISS STOXX and/or its licensors and is provided for informational purposes only. The information may not be modified, reverse-engineered, reproduced or disseminated, in whole or in part, without prior written permission from ISS STOXX.

The user assumes all risks of any use that it may make or permit to be made of the information. While ISS STOXX exercised due care in compiling this data, ISS STOXX makes no express or implied warranties or representations with respect to the information in, or any results to be obtained by the use of, the report. ISS STOXX shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use of, reliance on, or inability to use any such information.

The Information has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), or a promotion or recommendation of, any security, financial product or other investment vehicle or any trading strategy, and ISS does not endorse, approve, or otherwise express any opinion regarding any issuer, securities, financial products or instruments or trading strategies.

Currency conversion for sustainability Information

Some of the sustainability data we use is provided to us in US\$ or EURO terms, and some of this data has been converted using exchange rates selected by the data provider. Where we convert sustainability information into A\$ terms, we have used an average exchange rate as published by the Australian Taxation Office for the 2025 Financial year.

Directors

The following persons were directors of Australian Ethical Investment Superannuation Pty Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Steve Gibbs

**Non-Executive Director since 2012
and Chair 2013 - August 2025**

BEcon, MBA



Steve is a member of the Audit, Risk and Compliance Committee and the Insurance Benefits Committee. He is also Chair of Australian Ethical Investment Limited for which he Chairs the People, Remuneration and Nominations Committee, is a member of the Investment Committee, the Product Disclosure Statement Committee and the Australian Ethical Investment Limited Audit, Risk & Compliance Committee. He is Chair of Australian Ethical Foundation Limited.

Steve is also the Non-Executive Chair of Netlinkz Limited. Steve has extensive experience at both an executive and non-executive level in the investment and superannuation industries, including being a former CEO of the Australian Institute of Superannuation Trustees, a former CEO of what is now Commonwealth Superannuation Corporation and a non-executive director of Hastings Funds Management and Westpac Funds Management. Steve has been recognised for his commitment to, and expertise in, ethical and responsible investing.

Kate Greenhill

Non-Executive Director since 2013

BEc, FCA, GAICD



Kate is Chair of the Audit, Risk and Compliance Committee and a Member of the Insurance Benefits Committee. She is a director of Australian Ethical Investment Limited for which she is Chair of the Audit, Risk and Compliance Committee, and is a Member of the People, Remuneration and Nominations Committee and the Investment Committee. She is also a Director of Australian Ethical Foundation Limited.

Kate is a Fellow of the Institute of Chartered Accountants in Australia and a Graduate of the Australian Institute of Company Directors. Kate has over 25 years' experience in the financial services industry with extensive knowledge of finance and risk. As a former Partner with PwC, Kate has worked in both Australia and the UK providing assurance and advisory services to clients. Kate is also the Treasurer of a not-for-profit organisation in the education sector and a Director and Chair of the Audit and Risk Management Group of Intersect Australia Ltd.

Fiona Reynolds

**Non-Executive Director since 2024
and Chair from August 2025**



Fiona joins the Board with more than 30 years' global experience in the financial services and superannuation sector. She served as the CEO of the Principles for Responsible Investment (PRI) for over nine years, stepping down at the beginning of 2022. She joined the PRI from the Australian Institute of Superannuation Trustees (AIST), where she spent seven years as CEO. Fiona was named one of the 20 most influential people in sustainability globally by Barron's magazine and has twice been named one of Australia's one hundred women of influence by the Australian Financial Review. In Australia and a Graduate of the Australian Institute of Company Directors.

Michael Anderson
Non-Executive Director since 2022
 BEc, FIAA, MAICD



Michael is a member of the Investment Committee. Michael has been a director of financial services, community services and church organisations with roles focusing on strategy, investments, ethics and leadership. He is currently Chair of Wesley Mission and Chair of Synod Board NSW/ACT, Uniting Church of Australia. He has been a member of the ethics and stakeholder advisory committees at other organisations.

In the funds management industry, Michael had experience spanning senior investment and general management roles. These roles have included leadership of a large Australian Sustainable Investment Fund and being a company spokesperson on corporate governance issues.

Mara Bun (retired 31 October 2024)

Executive leadership

The executive leadership team for Australian Ethical Group (of which Australian Ethical Super is a part of) consists of the following people:

- John McMurdo, Chief Executive Officer, Australian Ethical
- Maria Loyez, Group Executive – Superannuation, Australian Ethical
- Ludovic Theau, Chief Investment Officer, Australian Ethical
- Mark Simons, Chief Financial Officer, Australian Ethical
- Karen Hughes, Chief Risk Officer & Executive Officer Superannuation

Further information about the executive leadership team and executive remuneration can be found at www.australianethical.com.au/super/governance.

Image credits:

COVER: iStock.com, *molchanovdmitry* / **p.3** iStock.com, *Mr Twister* / **p.13** unsplash.com, *Isabelle Truong*
Member photography on p.8, 12, 15, 20, 26, 38 *Patrick Moran*

“

With Australian Ethical, you know that the money that you're investing is going to the good of the planet. And for me, that has given me the comfort, knowing that Australian Ethical does that on my behalf.[^]

NATALIE CEO & FOUNDER OF 1 MILLION WOMEN, MEMBER SINCE 2015



[^] The members featured in this report are busy people who were compensated for their participation in the development of our member campaign. The views expressed here are those of the members featured and not of Australian Ethical. This information should not be construed as advice, whether it be general or personal advice

**Australian
Ethical**



Contact us

Australian Ethical Super
Locked Bag 20013
Melbourne VIC 3001

T 1800 021 227

E members@australianethical.com.au

W australianethical.com.au