COMMUNICATION ON ENGAGEMENT

The Australian Council of Superannuation Investors (ACSI)

From: 10 November 2024 To: 10 November 2026

Statement of continued support

10 November 2026

To our stakeholders,

I am pleased to confirm that the Australian Council of Superannuation Investors (ACSI) reaffirms its support for the United Nations Global Compact and its Ten Principles in the areas of human rights, labour, environment and anti-corruption.

ACSI's Communication on Engagement describes the actions our organisation has taken that align to the UN Global Compact and its Principles.

Over the past two years, ACSI held more than 600 engagement meetings with ASX-listed companies. Topics included modern slavery, workplace safety, the rights and cultural heritage of First Nations peoples, climate change and nature, and the board accountability and transparency that underpin ethical conduct. We also introduced Responsible AI as an engagement theme, recognising its implications for workers and communities.

Alongside this engagement, we advocated for stronger public policy settings. These included a more robust Modern Slavery Act and the effective implementation of mandatory climate-related reporting. We also worked with others, including as a founding member of Investors Against Slavery and Trafficking Asia-Pacific.

ACSI's work is particularly aligned with Sustainable Development Goals 5, 8 and 13.

We will share this Communication on Engagement with our members and stakeholders through our primary communication channels, and we welcome feedback on its contents.

Yours sincerely,



Louise Davidson AM
Chief Executive Officer

ACTIONS AND MEASUREMENT OF OUTCOMES

About ACSI

Established in 2001 ACSI provides a strong voice on financially material governance and sustainability issues. Our members include Australian and international asset owners and institutional investors with more than $2 trillion in funds under management.

We aim to lift the governance standards of corporate Australia, set the agenda for tackling long-term investment risks, and promote accountability when companies fall short of expectations.

ACSI's integrated approach incorporates research, company engagement, public policy advocacy, thought leadership and collaboration, all aimed at protecting and enhancing investment value. We work to address both company level risk and systemic risk, based on research and the financial materiality of the issues.

By supporting members in exercising active ownership, ACSI helps to enhances the long-term value of the retirement savings entrusted to them to manage.

Background

With its longer investment horizons, the superannuation sector in Australia is increasingly focussed on risks that will impact investment performance in the medium to long term – from the risks relating to climate change, nature loss, natural disasters and ageing populations, to the economic value lost from weak corporate governance systems and emerging risks such as the governance of artificial intelligence.

The ACSI work program includes developing research on financially material issues, a comprehensive company engagement program, public policy and advocacy, and development of independent voting recommendations at listed company AGMs. Through our work program we seek to contribute to progress on key SDGs.

The SDGs cover key ESG risks that ACSI and our members focus on, including workplace health, safety and wellbeing (SDG3), gender equality (SDG5), decent work and economic growth, including the elimination of modern slavery (SDG8), climate action (SDG13), and biodiversity loss and supporting a circular economy (SDGs 11, 12, 14 and 15).

Through collaboration, and our integrated work program we seek to support the work of the UN Global Compact by:

- Engaging our members in collective efforts on Global Compact related issues;
- Engaging companies in Global Compact-related issues;
- Participating in partnership projects on corporate sustainability; and
- Participate in Global Compact events at the global and local level.

For more information on ACSI's work program, impact, and how our work aligns to the SDGs, please read our Annual Report here and Stewardship Report here.

Collaboration

We cultivate relationships with Australian and international organisations to share important knowledge and information on ESG issues, including related to the SDGs. We also collaborate with our members to deliver events and other programs that promote ESG issues. Examples include:

- ACSI Annual Conference and member events – Our event program seeks to elevate understanding of ESG issues. The 2025 Annual Conference (309 delegates) featured the inaugural public address by Australia's Anti-Slavery Commissioner, alongside sessions on nature, AI, workplace safety and climate. The 2026 Annual Conference (286 delegates) covered global stewardship practices, modern slavery, climate and AI.
- Australian Sustainable Finance Initiative - As a member of the Australian Sustainable Finance Institute (ASFI) Advisory Committee, ACSI contributes to the development of Australia's sustainable finance architecture. In FY26, ACSI, ASFI and the Responsible Investment Association Australasia (RIAA) made a joint submission encouraging the ACCC to consider a class exemption for sustainability-related collaboration, which could give businesses greater legal certainty to collaborate on climate, nature and modern slavery risks.
- Educational events – ACSI delivers seminars, workshops and member webinars to build understanding of sustainability and governance matters. In FY25, two climate seminars attracted 157 delegates in Sydney and Melbourne. In FY26, 98 people attended two modern slavery seminars, with other, smaller, workshops focused on workplace mental health and diversity.
- Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) – ACSI is a founding member of IAST APAC, an investor-led, multi-stakeholder initiative of over 50 investors with AU$12 trillion in assets under management, which engages companies in the Asia-Pacific region on finding, fixing and preventing modern slavery in operations and supply chains.
- Joint guidance with the Australian Institute of Company Directors (AICD) – ACSI and the AICD published Governing for Net Zero: The Board's Role in Organisational Transition Planning, bringing together insights from preparers and users of climate transition plans.
- Policy and expert forums – ACSI participates in the Attorney-General's Modern Slavery Expert Advisory Group, the Net Zero Economy Agency Stakeholder Panel, the ASIC Consultative Panel on Corporate Governance, and the ICGN Global Stewardship Committee and Global Network of Investor Associations.

We also support the promotion of the goals and principles of the UN Global Compact through collaboration and promotion of activities:

- Attendance and participation in GCNA events
- Engagement with Global Compact Network Australia on policy and advocacy matters
- Communicating with our members about UN Global Compact and SDGs.

RESEARCH

ACSI's research program promotes the principles aligned with the Global Compact.

We produce evidence-based research on material governance and sustainability issues, providing detailed insights into investment issues, market practices and ASX300 companies.

Our research is the foundation of our work, informing our company engagement, supporting our advocacy work and underpinning voting advice to members.

Examples of research include:

Incremental progress, persistent gaps: ASX200 reporting under Australia's Modern Slavery Act – October 2026

This is ACSI's third assessment of company reporting and risk management under Australia's Modern Slavery Act ('MSA'). This research follows six cycles of reporting under the MSA and finds that while progress continues, it remains uneven. Many companies have strengthened the foundations of their modern slavery risk management, but relatively few are demonstrating the more mature practices needed to identify, prevent and remediate modern slavery risks.

How we use the research:

- Promoting better Modern Slavery disclosure and reporting practices among listed companies.
- Informing discussions with companies about their approach to Modern Slavery risk management and mitigation.

Establishing the Baseline: ASX20 Performance Against the CCLA Mental Health Benchmark – April 2026

ACSI commissioned Chronos Sustainability to assess ASX20 public reporting against the CCLA Mental Health Benchmark, establishing a baseline for workplace mental health disclosure in Australia. Comcare estimates poor mental health costs Australian businesses approximately $11 billion a year through absenteeism.

How we use the research:

- Informing discussions with companies about their approaches to the mental health of their workforce.
- Identifying trends and setting safety engagement priorities related to mental health and wellbeing.

Governing for Net Zero: The Board's Role in Organisational Transition Planning – July 2025

Developed jointly with the Australian Institute of Company Directors (AICD), this guide brings together insights from preparers and users of transition plans to help boards navigate climate transition planning. It complements existing frameworks and supports compliance with Australia's mandatory climate reporting requirements.

How we use the research:

- Supporting directors and investors to assess the credibility of company climate transition plans.

- Informing engagement with climate priority companies and ACSI's input to the Government's transition planning guidance.

ACSI also published **The Financial Materiality of Sustainability Issues** (May 2025) and high-level guidance for superannuation fund climate reporting to members (March 2026).

Our public research is supplemented by member-only research, which during the period covered nature-related reporting, safety, gas, gambling harm, inclusion and diversity, and responsible artificial intelligence.

See all ACSI's public research here.

ENGAGEMENT

ACSI regularly engages with ASX listed companies on Global Compact-related issues. ACSI held 340 engagement meetings with 202 companies in FY25, and 333 engagement meetings with 209 companies in FY26.

ACSI seeks to improve the performance of companies on ESG issues through constructive engagement with their boards and management, with the aim of promoting long-term shareholder value and minimising risk.

The SDGs have been supported by all UN Member States as the globally recognised goals and targets for sustainable development to 2030. As such they are a vital platform for considering financially material risks and opportunities and will increasingly be used as a benchmark for ESG reporting.

We acknowledge that company actions are influenced by various internal and external factors. While our engagement aims to enhance company practices, we do not claim sole credit for any change we may have helped influence.

Climate change and circular economy

Adapting to a low-carbon future and minimising climate change impacts generates both investment risk and opportunity. We encourage companies to assess and identify their business and physical risks and to disclose strategies for measuring and managing them in line with Australia's mandatory climate reporting regime, which began for the largest entities in 2025.

We are also working to understand how environmental degradation can be reduced by shifting from the 'take, make, use, dispose' approach to a continuous flow system.

Our engagement highlights include:

- In FY25, ACSI engaged with 59 companies on climate change, largely in emissions-intensive and climate-exposed sectors, and 85% of climate priority companies made improvements.
- In FY26, ACSI held 68 climate-related engagements with 39 companies, and 86% of climate priority companies improved.
- Six companies – AGL Energy, APA Group, Dyno Nobel, Origin Energy, Sims and South32 – offered shareholders a second 'say on climate' vote in FY26. At APA Group, investor support rose from 79% in 2022 to 90% in 2025.
- Following long-term engagement, APA Group set a methane emissions reduction target, introduced two Scope 3 emissions goals and significantly improved its physical risk disclosures.
- On the circular economy, ACSI engaged with priority companies in the retail, packaging and built environment sectors, with 78% of priority companies improving in FY25 and all priority companies improving in FY26.

Nature and biodiversity

More than half of global GDP is moderately or highly dependent on nature, making biodiversity loss a systemic risk for investors. ACSI engages with priority companies that have material nature dependencies and impacts to understand their key nature risks, and encourages disclosure aligned with the Taskforce on Nature-related Financial Disclosures (TNFD), even if initially high-level.

Our engagement outcomes include:

- 69% of nature priority companies improved in FY25, and 87% in FY26.
- ACSI engaged with ANZ, NAB and Westpac on biodiversity and deforestation exposure through agricultural lending. NAB disclosed that 36 customers were investigated for suspected illegal land clearing in 2025, and introduced land-clearing questions in ESG risk assessments, geospatial data trials and mandatory banker training.

Board Diversity

When ACSI first made board diversity an engagement priority, women held only 15% of ASX200 board seats and many boards were not open to engagement. Today, representation has improved significantly, with the ASX20, ASX50 and ASX100 all averaging 40% or more women on their boards, and the ASX200 and ASX300 following closely at 38% and 37% respectively.

ACSI views this progress as clear evidence that companies increasingly recognise board gender diversity as a core element of governance maturity, reflecting the sustained and coordinated efforts of investors and directors over the past decade.

Our engagement outcomes include:

- The ASX20, ASX50 and ASX100 now all average 40% or more women on their boards, with the ASX200 and ASX300 at 38% and 37% respectively. When ACSI first made board diversity a priority, women held only 15% of ASX200 board seats.
- In FY25, 28 of ACSI's 50 diversity priority companies appointed women directors, made near-term commitments to improve gender diversity, or reached the 30% minimum.
- More than 40 women now chair ASX300 companies – the highest level ever.
- Under its Gender Diversity Voting Policy, ACSI recommended against 18 directors on diversity grounds in FY25 and six in FY26, reflecting improvement across the market.

Human Rights and Modern Slavery

ACSI's engagement is informed by the UN Guiding Principles on Business and Human Rights, and ACSI encourages companies to strengthen human rights due diligence in line with emerging leading practice under the Guiding Principles.

ACSI engages with ASX300 companies in sectors with high Modern Slavery risk. We encourage greater transparency of modern slavery risks and mitigation actions, improved processes to identify instances of modern slavery, and their remediation – applying a 'find it, fix it, prevent it' approach. This work also helps ACSI's members meet their own obligations under the Modern Slavery Act.

Our engagement activity and outcomes include:

- ACSI engaged with 24 companies across eight sectors on modern slavery in FY25. In FY26, ACSI focused on 11 priority companies, with 82% of priority companies improving.
- Engagement with major supermarkets on seafood supply chains, which are high risk for modern slavery. Coles and Woolworths have strengthened traceability, extended audits to incorporate worker voice to high-risk geographies, and improved disclosure of risk drivers.
- JB Hi-Fi has updated its supplier grievance assessment mechanisms through its ethical sourcing self-assessment and audit processes, and supplier facilities in Malaysia hold face-to-face feedback sessions with migrant workers aiming to detect recruitment fees.
- In partnership with Pillar Two, ACSI developed a new benchmark for modern slavery reporting by ASX200 companies, with the 2026 benchmark under development to inform future engagement.

First Nations and local communities

In Australia and internationally, problematic practices in company interactions with First Nations people generate risk not only for First Nations communities but also for investors. Issues include 'gag' clauses in agreements that limit rights, insufficient depth and frequency of contact with Traditional Owners and internal siloes and company cultures that undermine constructive engagement with First Nations people.

Our engagement activity and outcomes include:

- In FY25, ACSI engaged with seven mining and oil and gas companies whose operations interact with First Nations people, their land or cultural heritage, with 71% of priority companies improving. In FY26, ACSI held 21 engagements with 13 companies, and 80% of priority companies improved.
- Engagement focused on modernising long-standing agreements with Traditional Owners – including removing 'gag' clauses – embedding Free, Prior and Informed Consent standards, and board oversight of community relationships.
- ACSI also engaged directly with representatives of communities affected by company operations to better understand the issues.

Workplace health, safety and workforce

Workplace health and safety is a longstanding priority in ACSI's engagement program. ACSI monitors safety performance across the ASX300 and seeks engagement with every ASX300 company involved in a workplace fatality, to understand what happened, the outcomes of investigations, changes made in response and the support provided to those affected.

Our engagement activity and outcomes include:

- ACSI engaged with 31 companies on safety in FY25 and held 27 safety engagements with 22 companies in FY26.
- Contractor safety reporting among companies in high-risk sectors rose from 47% to 57%, following ACSI engagement seeking separate disclosure of contractor-related data.

- Following engagement, Newmont agreed to release future fatality announcements on the ASX platform, and companies including Perenti and Woolworths strengthened the link between safety outcomes and executive remuneration.
- ACSI developed a workforce framework covering strategy and culture; workforce composition; skills and development; artificial intelligence; compensation and benefits; and safety and wellbeing. It was tested with companies and shared with members.

Responsible AI

In FY26, ACSI introduced Responsible AI as a new engagement theme. How companies govern their use of AI, manage emerging risks – including cyber security, data governance and workforce disruption – and treat their workers in the process bears directly on long-term value.

Building on its member-only Responsible AI research series and workforce framework, ACSI is engaging with companies across the finance, healthcare, mining and technology sectors.

POLICY AND ADVOCACY

ACSI engages the public and policymakers on issues aligned to the GC principles and SDGs and advocates with government, regulators and policy makers to better align financial markets with long-term sustainable investment. Examples include:

Climate change

Climate change can materially impact investment value through physical, transition and systemic risks. These can alter asset valuations, cost structures, supply chains and long-term growth and profitability, while also creating opportunities in renewable energy, green technologies and sustainable solutions. As universal owners, superannuation funds cannot easily diversify away from the impact of climate change and investments are increasingly expected to be affected over time.

During FY25 and FY26, ACSI engaged with policy makers on the implementation of mandatory climate reporting – including ASIC's sustainability reporting guidance and sustainability assurance standards – as well as the Government's climate-related transition planning guidance, sustainable investment product labelling, the Carbon Leakage Review and the creation of External Reporting Australia with a dedicated Sustainability Standards Board. ACSI also convened climate policy roundtables with senior business and investment leaders to discuss the need for pragmatic climate policy that supports the transition to a low-carbon economy.

First Nations

ACSI advocates for higher standards of protection of the rights and cultural heritage of First Nations people, both through improved company practices and stronger legislative protections. ACSI engages with companies to seek improvement in practices and with Government and policymakers for legislative changes to improve the standards to which companies must adhere.

Modern Slavery

ACSI has advocated for legislative reform to strengthen Australia's Modern Slavery Act. Across the market, there is a need for tangible progress to reduce modern slavery. ACSI will continue to engage with Government, seeking to support an updated Modern Slavery Act that is robust and sets high standards of action and disclosure to prevent, mitigate and respond to modern slavery.

ACSI is a member of the Attorney-General's Modern Slavery Expert Advisory Group. During the period, ACSI advocated through forums and targeted submissions, including on Strengthening the Modern Slavery Act, for mandatory due diligence requirements, financial penalties for non-compliance and better guidance for business.

Nature

Serious risks inherent in the ongoing decline of nature and biodiversity highlighted by Australia's State of the Environment Report provide investment risks. Companies need to manage their impacts and dependencies on nature, and the policy environment should support this. ACSI participated in the consultation to develop the Taskforce on Nature-Related Financial

Disclosures (TNFD) as a step to better recognition and disclosure of the risks. ACSI intends to continue to engage with stakeholders and policy makers to understand the risks and advocate for policy settings that support awareness and risk mitigation.

During the period, ACSI advocated for reform of the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), including through its submission to the Government's Economic Reform Roundtable; reform legislation passed Parliament in November 2025. ACSI also contributed to consultation on Implementing Australia's Strategy for Nature 2024–2030, and welcomed the inclusion of EPBC Act reform and climate priorities in the final Implementation Plan.

Continued advocacy for board composition and diversity

ACSI is committed to supporting diversity more broadly at the board level, supported by evidence that companies are likely to be most successful when they harness collective intelligence and approach problems with diversity of thought.

Gender diversity is an important component of board diversity, and ACSI continues to engage with Government and regulators on the topic. This includes a response to the Workplace Gender Equality Amendment (Setting Gender Equality Targets) Bill 2024, and advocacy for a measurable objective of 40:40:20 for gender-balanced boards in a consultation with the ASX Corporate Governance Advisory Group (2026).

Governance and shareholder rights

ACSI advocates for governance settings and investor protections that support confidence in Australia's capital markets. During the period, ACSI's submissions to the Government's Economic Reform Roundtable and on ASIC's regulatory simplification report highlighted the importance of shareholder rights such as 'one share, one vote', the 'two strikes' rule and continuous disclosure obligations.

ACSI also engaged with the ASX on Listing Rule reforms following James Hardie's acquisition of AZEK; the ASX's proposed changes to protect shareholder rights through transactions are generally consistent with ACSI's advocacy.