GOVERNMENT OF WESTERN AUSTRALIA

GESB SUPERANNUATION

Climate Change Report

2024/25 financial year

June 2025

Acknowledgement of Country

GESB acknowledges the Traditional Owners of the land on which we stand. We pay our respects to Elders past and present.

Through the waters we wade, the air we breathe, the lands on which we live and travel, we honour the presence of these ancestors. It's because of their strength and resilience that we continue to stay strong and connected to their culture, and we stand proud, following in the footsteps of their ancestors.

Artwork by Acacia Collard

To request this document in an alternative format such as Braille, call us on 13 43 72 or use our Live Chat service at gesb.wa.gov.au.

IMPORTANT INFORMATION

The information contained in this report is of a general nature, and does not constitute legal, taxation or personal financial advice. Unless otherwise mentioned, all our holdings are determined as at 30 June 2025. All dollar values are published in AUD unless otherwise stated. Unless otherwise mentioned, companies have been assessed based on information available up to 30 June 2025. Any information announced or published after this date was not considered in company assessments. This report may contain statements that are, or may be deemed to be forward looking statements, including climate related goals, targets, pathways and ambitions. Such forward looking statements are not guarantees and involve known and unknown risks, uncertainties and other factors, which are beyond the control of GESB. This may cause actual results to differ materially from those expressed or implied in such statements. GESB reserves the right to update this report from time to time, if required.

Contents

Message from GESB Chair and CEO

GESB CEO Ben Palmer and Chair Jo Gaines

We are pleased to present GESB's Climate Change Report for the 2024/25 financial year.

In line with Western Australian Climate Policy and the goals of the Paris Agreement, GESB is committed to transitioning its investment portfolio to net zero carbon emissions by 2050.

With around 250,000 members and approximately $44 billion in funds under management (as at 30 June 2025), we are the largest superannuation fund based in WA. We have investments across a wide range of industries both globally and within Australia.

We strongly believe we have a responsibility to our members, stakeholders, and the broader community to address the risks and opportunities of climate change as part of our broader approach to responsible investing.

This report outlines the steps we have taken to identify, assess, measure and reduce our exposure to carbon emissions.

This is the fourth iteration of our Climate Change Transition Plan, and it will evolve as we continue to build on actions taken. We recognise that there is still plenty of work to do. We look forward to sharing our progress with our members.

Jo Gaines

Jo Gaines
Chair

Ben Palmer

Ben Palmer
CEO

Pathway to net zero

Our net zero commitment

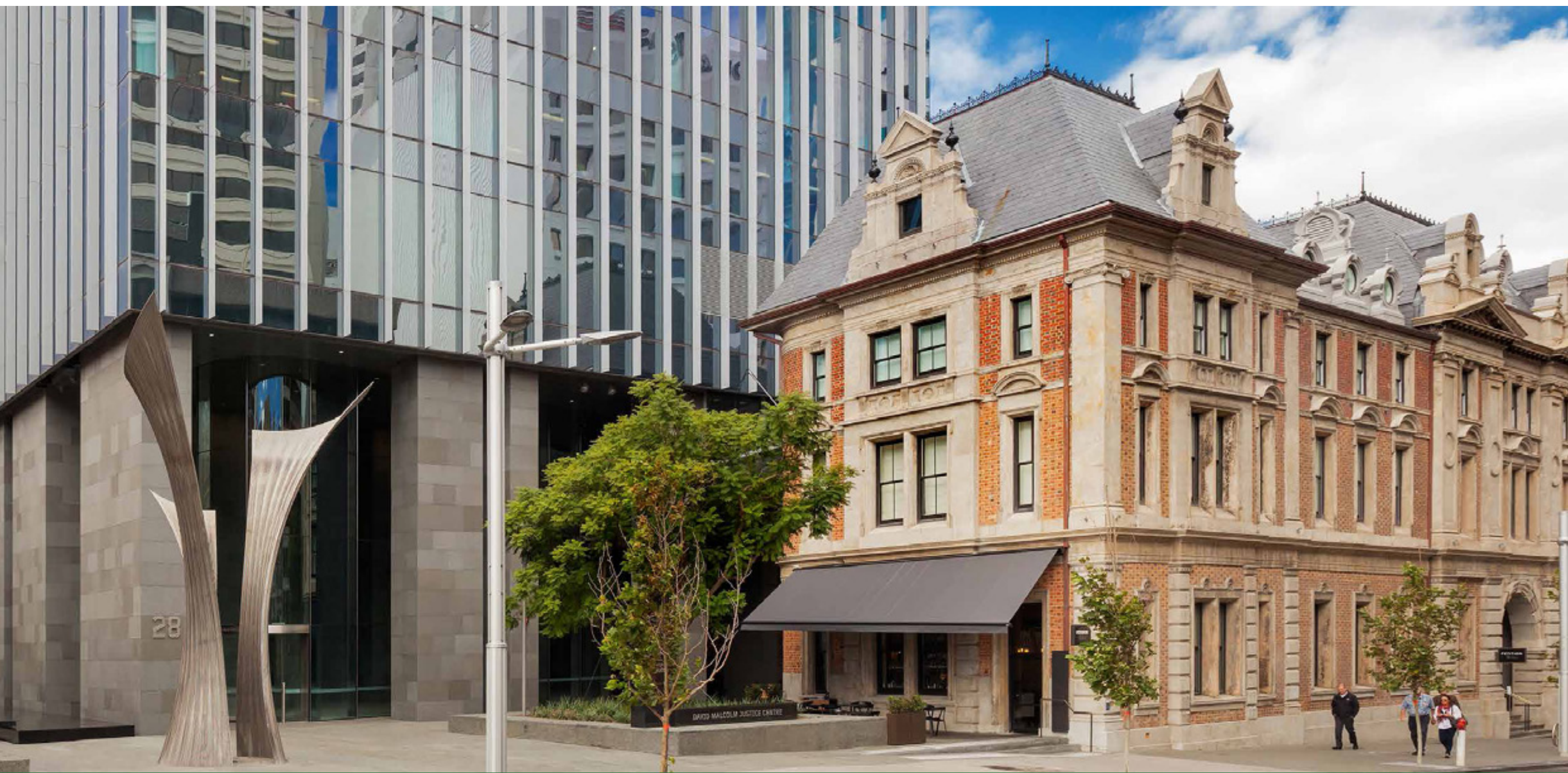
At GESB, our purpose is to help our members achieve a quality retirement. We know that to fulfil this purpose we need to consider and understand the impact of climate change on our investments.

To achieve net zero, our focus is to:

1. Gradually reduce carbon emissions
2. Seek alignment of investments to net zero pathway
3. Support the transition by investing in low-carbon technologies and energy efficiency

We have made a commitment to achieve net zero carbon emissions in our investment portfolio by 2050. This aspirational goal is consistent with the goals of the Paris Agreement and in line with the Western Australian Climate Policy.

Our Climate Change Transition Plan outlines the steps identified to help reduce our investment portfolio's exposure to carbon emissions. Our net zero goal helps us prioritise our investment activities in a considered way.



Climate targets

Interim targets help track our progress towards net zero by 2050

Our Climate Change Transition Plan outlines our intended pathway to transition our investment portfolio towards net zero. This includes the interim targets we've set and the actions we've identified to help reduce our investment portfolio's exposure to carbon emissions.

A 45% reduction in financed emissions intensity by 2030 (using a 2020 baseline)

The target covers Listed Equity within our Australian Shares, International Shares, Listed Property and Listed Infrastructure asset classes. Together, this accounts for 51% of assets under management as at 30 June 2025.

Our baseline measurement and 2030 target currently comprises of scope 1 and scope 2 carbon emissions of investee companies, commonly referred to as financed carbon emissions. We do not currently include scope 3 financed carbon emissions in our baseline measurement.

A net zero target for our Unlisted Property portfolio by 2040

We have set a net zero by 2040 target for our Unlisted Property portfolio. This target is also based on scope 1 and scope 2 financed carbon emissions.

We collect emissions data from the external investment managers responsible for managing Unlisted Property assets and aim to report on the emissions once sufficient data has been obtained.

A phased reduction in thermal coal investments in Equities by 2030

We have set a target to exit investments that derive 15% or more of its revenue from thermal coal production by 2030 in developed market equities.

Our climate change targets do not currently cover our entire investment portfolio. This means the carbon emissions profile and intended pathways associated with our Cash, Investment Grade Bonds, Defensive Alternatives, Medium Risk Alternatives and Unlisted Infrastructure asset classes have not yet been determined. Additionally, the targets outlined above do not apply to our Sustainable Balanced plan, as investments in this plan are managed separately.

Progress to net zero

Implementing a gradual and considered reduction in financed carbon emissions

Monitoring emissions metrics is one way to understand our climate risk exposure and track progress towards our 2030 target of a 45% reduction. A key metric to track our progress is weighted average carbon intensity, or WACI.

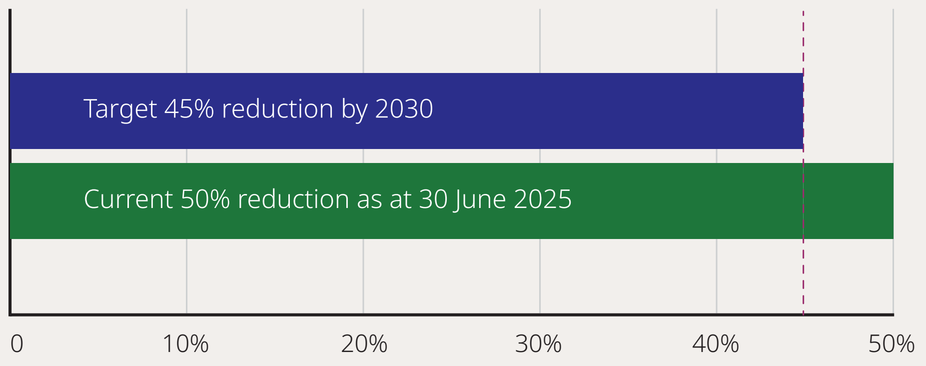


Chart 1: Progress against our 2030 target - Listed Equities
Against 2020 baseline using scope 1 and 2 emissions

To illustrate progress towards our 2030 target, the chart captures the reduction in carbon emissions intensity, as measured by WACI[1], for our Listed Equities against a 2020 baseline.

The chart demonstrates we are currently ahead of our target, with a 50% reduction in emissions intensity achieved to 30 June 2025.

The pace of transition will be different for certain sectors and different asset classes. This means that there may be times where our reported progress is negligible and/or going backwards, despite the actions taken.

1 WACI calculation uses data from MSCI, our third-party provider and is based on our holdings data. See page 22 for detailed information on the methodology used and for limitations.

Climate change actions

Actions we've taken to manage exposure to climate-related risks and opportunities

Some of the actions we've taken in the 2024/25 financial year include:

- Considering climate risk and opportunities when reviewing Australian Shares and International Shares asset classes
  - This concluded that the existing low-carbon strategies adopted within International Shares remain appropriate
  - Thermal coal exposure was also reviewed and the Board agreed to work towards reducing the exposure to zero by 2030, for developed market equities, in line with the Paris Agreement. This is based on a definition using 15% revenue threshold from thermal coal production
- Conducting annual scenario analysis to help us understand the potential impact climate change may have on our investment returns
- Measuring our exposure to thermal coal (within equities) to understand how it contributes to climate change risk
- Carrying out a review of the preferred carbon emission metrics to support our 2030 target, as well as ongoing monitoring and tracking
- Ongoing measuring, monitoring and progress reporting against the 2030 interim target across our Listed Equities portfolio and a net-zero emissions target for our Unlisted Property portfolio, as part of our Climate Change Transition Plan
- Interacting regularly with our external investment managers on their engagement and proxy voting activities to understand how they are managing climate risk on our behalf
- Joining the conversation with like-minded investors by becoming a member of the Investor Group on Climate Change (IGCC)
- Participating in WA's government emissions tracking and reporting program, aimed at calculating emissions arising from our business operations

Our approach

Responsible investing

Climate change forms part of our responsible investing approach

Responsible investing plays an important role in how we manage investments over the long term.

For GESB, responsible investing means making sure environmental, social and governance (ESG) risks and opportunities are taken into account when investing on behalf of our members. That is, when investing on behalf of our members, we are focused on ensuring material investment risks, including climate-related risks and opportunities, are considered throughout the investment process.

This includes, but is not limited to:

Investment strategy	We carry out stress testing on an annual basis to help understand the impact that different climate change scenarios could have on long-term investment returns and risk
Portfolio construction	When reviewing the structure and strategy adopted within asset classes, we try to understand the portfolios' exposures to various ESG-related risks, including those relating to climate change
Investment manager selection and monitoring	We consider how our external investment managers integrate climate-related risks and opportunities into their investment decisions and review their regular reporting, which may include key climate-related metrics
Company engagement and voting	We expect our external investment managers undertake proxy voting on GESB's behalf and engage with investee companies on climate-related matters
Working with others	We maintain dialogue with industry participants to advance knowledge around investor practice while providing education and support to the broader business

Climate change governance

Our Board maintains oversight of climate risks and opportunities

Oversight and accountability

Prudent management and oversight of various risks and opportunities arising from climate change is consistent with long-term investment objectives and forms part of our business process.

Our Board is responsible for the overall governance, compliance and performance of GESB. This extends to our investment governance framework, which:

- Details our investment approach and key investment responsibilities, principles and policies
- Establishes governance processes to ensure the Board executes its investment responsibilities

The Board recognises the importance and potential disruption of climate change. Climate-related risks and other ESG risks are part of investment risks we consider within our overall risk management strategy.

Climate change is an integral part of GESB's ESG and Responsible Investment Policy. Our policy captures our approach to ESG risks and opportunities, including climate-related factors, and is reviewed annually by the Board.

Reporting mechanisms are in place to ensure the Board is overseeing and monitoring progress against our net zero commitment. This includes progress against goals and targets set as part of our Climate Change Transition Plan, which was first introduced in 2022.

The Investment Committee meets four times a year and is provided with a regular responsible investment update prepared by GESB's Investments team.

Board

The Board is responsible for approving the overall governance, compliance and performance of GESB. This includes approving GESB's ESG and Responsible Investment Policy, setting the net zero commitment and any interim targets.

Investment Committee

The Investment Committee is a sub-committee of the Board, including two independent members, and is responsible for assisting the Board in prudent management of investment activities.

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the Board and is responsible for overseeing GESB's activities in relation to risk management, compliance, financial management and reporting, as well as the internal and external audit functions.

Chief Investment Officer

The Chief Investment Officer is responsible for the implementation and monitoring of the investment portfolio. This includes overseeing the management of climate-related risk, and ensuring there is appropriate understanding of, and opportunity to discuss, ESG risks and opportunities with the Board and Investment Committee.

Investments team

Together with the Head of Responsible Investing, the Investments team is responsible for implementation of our ESG and Responsible Investment Policy. This includes providing recommendations to the Board on any ESG objectives with any responsible investment objectives as they relate to managing and monitoring ESG risks and opportunities.

External investment managers, asset consultants and service providers

External investment stakeholders support the implementation through integration of ESG factors into investment analysis and decision making.

Our Climate Change Transition Plan

We continue to work through the actions supporting our transition plan

GOAL	INTERIM TARGETS
Net zero carbon emissions in our investment portfolio by 2050	45% reduction in financed emissions intensity by 2030 Net zero for Unlisted Property portfolio by 2040 Phased exit from thermal coal investments by 2030

Intended actions

Integration	Engagement	Support
Considering ways to gradually reduce our carbon emissions through portfolio construction	Using the collective efforts of our external investment managers and the wider investor community to help drive improvements	Supporting a responsible transition towards a low carbon economy
• Measure, monitor and review progress against targets, including assessment of portfolio alignment to net zero • Undertake scenario analysis and incorporate any targets into portfolio construction • Consider appropriateness of low-carbon strategies within each asset class and additional targets • Ongoing review and disclosure of measurement, metrics and data quality • Extend coverage over time	• Maintain regular interaction with our external investment managers on their engagement with investee companies and proxy voting activities • Explore engagement and escalation strategies for high impact sectors and/or high emitting companies • Embed net zero goals, objectives and targets into mandates for external investment managers, where appropriate • Collaborate with like-minded investors and other industry participants to enhance knowledge, gain insights, promote better practice and work together to consider system-level climate risk	• Identify, classify and monitor emissions associated with climate solutions and transition assets • Determine minimum requirements on climate-related considerations for new investment in real assets • Seek to increase investment to climate solutions over time

Reporting
Seek to disclose and report in line with legal obligations, fiduciary duties and industry best practice

Metrics we monitor

Measuring our carbon footprint

Monitoring emissions metrics is one way to understand our climate risk exposure

We define our investment portfolio's exposure using a range of metrics including the weighted average carbon intensity (WACI) and financed carbon emissions. Over time we may consider introducing additional measures to help gauge alignment of our investment portfolio with the trajectory required to reach net zero.

GESB's latest carbon footprint based on carbon emissions metrics for the Australian Shares, International Shares, Listed Property and Listed Infrastructure asset classes are shown below.

The reported emissions figures represent around 51% of assets under management (as at 30 June 2025) after cash and derivatives held within these asset classes are excluded from the calculation(s).

Carbon footprint as at 30 June 2025 – Listed Equities

			Financed carbon emissions	WACI
Sector	**Proportion of assets* (%)**	**Coverage# (%)**	**tCO2e / AUD M invested**	**tCO2e / AUD M sales**
Australian Shares	36%	98%	54	88
International Shares	55%	99%	15	44
Listed Property	4%	99%	5	57
Listed Infrastructure	4%	99%	108	552
Total – Listed Equities	51%		32	83

* Percentage relative to total portfolio based on market value, after cash and derivatives positions are removed.

Coverage denotes the portion of the portfolio where climate datasets and/or metrics are available for the underlying securities, determined and reported by MSCI. Coverage is calculated after cash and derivatives are excluded.

Emissions metrics used in this report are outlined below

WACI

This metric aggregates individual company carbon intensities multiplied by the weight in the portfolio. A company's carbon intensity factors in the emissions as well as the revenues generated by the company. This measure helps us understand our exposure to emissions-intensive companies. In line with our target, we seek to reduce our WACI over time.

Financed carbon emissions

This measures the portfolio's carbon emissions allocation in absolute terms and is based on amount invested in the company over the company's enterprise value including cash (EVIC). This is a useful measure as it aligns with our overarching net zero commitment and provides a way to measure our portfolio's contribution to climate change.

Each metric provides a slightly different way of measuring our carbon footprint. Both metrics are based on scope 1 and 2 emissions. Additional detail on each metric is included in the *Appendix* on page 21.

Changes to our carbon footprint

Our investment portfolio's exposure to climate risk continues to decline

Changes in carbon footprint over time – Listed Equities

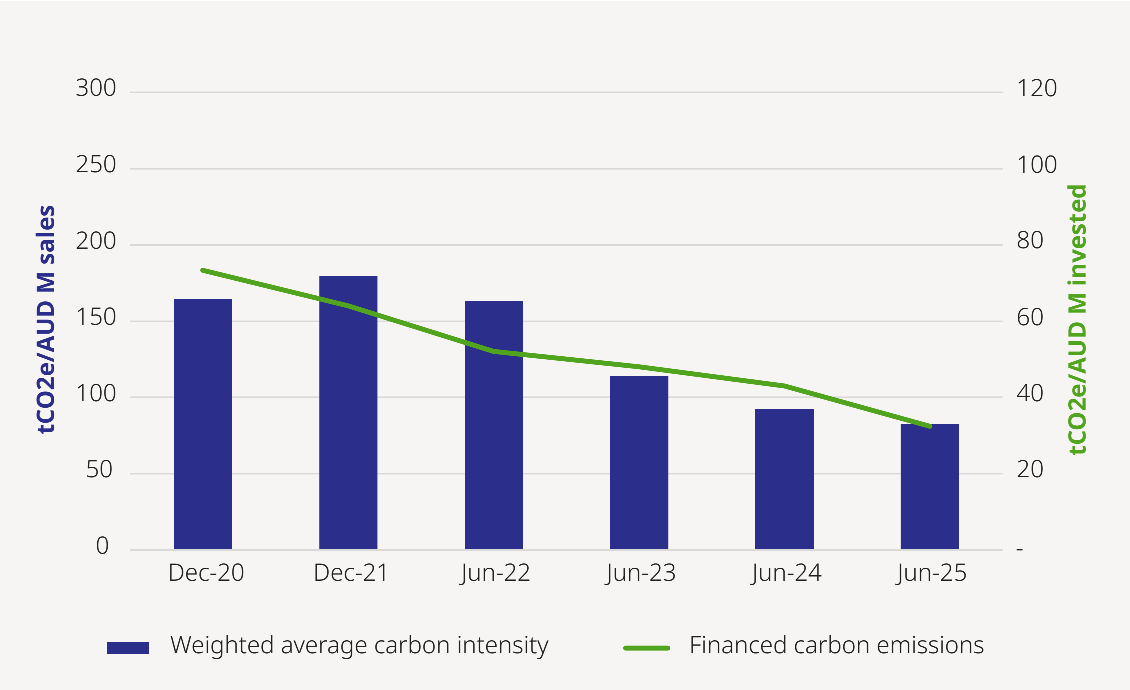


Chart 2: Portfolio – Listed Equities

Factors contributing to the changes observed over the past four years include:

- Adopting low-carbon strategies for our index-tracking developed market share portfolio and quantitative style developed market share portfolio
- Moving away from index-tracking emerging market exposure
- Ongoing engagement by our external investment managers with investee companies either directly or through collaborative investor groups. Climate change continues to be an engagement priority for some of our investment managers
- Ongoing decarbonisation efforts of some of the underlying investee companies
- Making minor changes to allocation to each asset class over time may also contribute to the decline, but to a lesser extent

The chart shows both the portfolio's exposure to climate risk (through the WACI metric) and captures the wider implications of investee companies on real-world emissions (through the financed carbon emissions metric).[2] The latter is an important metric as it is only through the reduction in real-world emissions that the systemic financial risk posed by climate change can be mitigated.

Please note, intensity measures can fluctuate over time with currency and changes in valuations of investee companies. For this reason, we will continue to monitor all metrics, even beyond when targets are achieved.

2 WACI and financed emissions are calculated using data from MSCI, our third-party provider and based on our holdings data. See page 21 for detailed information on the methodology used and for limitations.

Managing thermal coal exposure

Managing down our exposure to thermal coal companies by 2030 in developed market equities

Thermal coal is considered to be one of the high-impact material sectors affecting real-world emissions. A transition away from thermal coal is required under a net zero scenario – although the pace of the transition will be dependent on the availability of alternative clean energy sources.

In line with the Paris Agreement, we are working towards reducing our exposure to thermal coal companies to zero by 2030 in developed market equities.

Implementation will involve the gradual phase down of investment in these companies.

How we define thermal coal

As opposed to metallurgical coal, which is primarily used for steel making and other industrial processes, thermal coal is used for electricity production.

We currently monitor our exposure to thermal coal based on a 15% minimum threshold for revenue that the company receives from the production of thermal coal. The degree of involvement is determined through the company's reporting.[3]

This does not include companies earning revenue from metallurgical coal or coal mined for internal power generation.

Exposure to thermal coal as at 30 June 2025

The chart below represents the percentage of the ASX300 (the benchmark) exposed to thermal coal companies and compares this to our portfolio exposure at each time period.

Based on this assumption and the information available to GESB as at 30 June 2025, our exposure is 0.55% within Australian Shares.

Within International Shares, based on the information available to us, we do not hold any interests in companies that have more than 15% of their reported revenues from the production of thermal coal.[3]

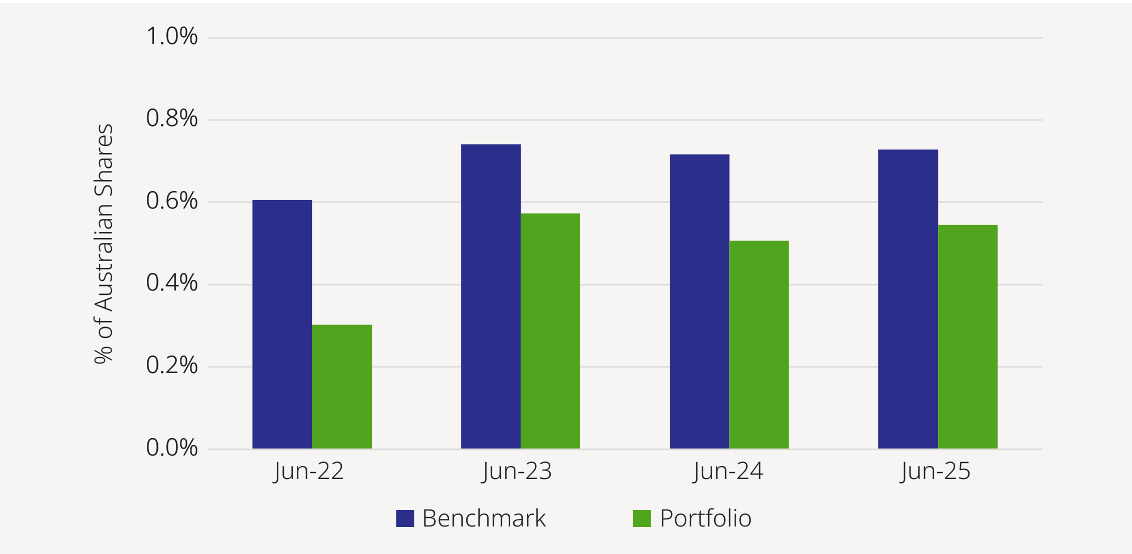


Chart 3: Thermal coal exposure - % of Australian Shares

3 To determine the companies which meet the revenue threshold criteria, we have relied on the company's reported revenue, as captured by MSCI. Thermal coal exposure is then calculated for these companies using our holding data. See page 21 for further details and limitations.

Our Sustainable Balanced plan

Pendal, the underlying investment manager, aims to maintain the WACI of the plan below that of the benchmark

The Sustainable Balanced investment plan was launched in 2023 to give members the option to invest their super with a greater focus on ESG considerations. It is not formally part of our 2030 target for Listed Equities.

A key focus of our Sustainable Balanced plan is to use additional exclusions to manage the exposure to certain business activities and/or sustainability factors, including those contributing to or impacted by climate change.

Exposure to climate-related risks in the Sustainable Balanced plan

For this plan, we work with the underlying investment manager Pendal to measure and monitor the overall exposure to climate-related risks and compare it against the relevant benchmark. While we work with Pendal, our method for calculating weighted average carbon intensity (WACI) may differ. For details, see the *Appendix* on page 21.

Using WACI, the Listed Equities exposure within the Sustainable Balanced plan is estimated to be 26% lower than the benchmark. The WACI of the plan has gradually decreased since the plan's inception in September 2023, with a year-on-year change of -16% when compared to the previous financial year.[4]

The plan's exposure to thermal coal companies is managed through the exclusions adopted within asset classes where a specific threshold is applied.[5] By applying these exclusions, the plan's exposure to thermal coal companies is currently zero under the definition on page 17.

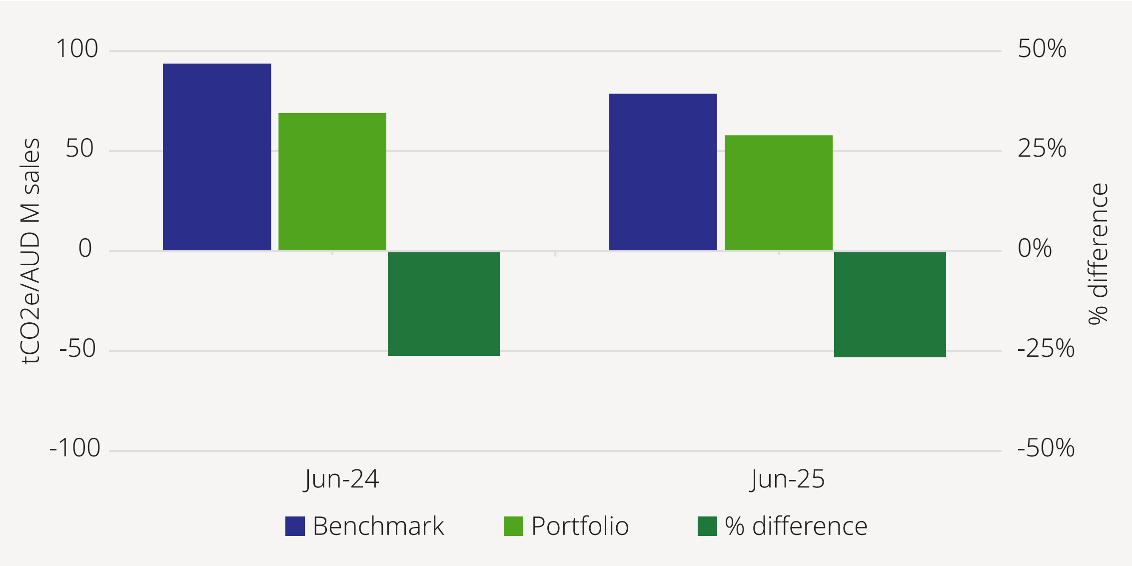


Chart 4: Weighted average carbon intensity (WACI) - Sustainable Balanced

4 WACI is calculated using data from MSCI and is based on the holdings data in each of the following asset classes, Australian Shares, International Shares and Listed Property. The WACI of the benchmark is calculated in the same way using the constituents of the relevant market indices weighted use the plan's strategic asset allocation. The difference is then calculated and converted into a percentage.
5 This includes Australian Shares and International Shares and extends to Fixed Interest and part of Alternatives, where a revenue threshold of 10% or lower is applied. Please refer to the Investment choice brochure for full details.

Collaborative efforts

Working together to achieve a common climate goal

GESB recognises the benefit of collaboration with others who have a shared vision for a climate-resilient economy while also managing internal resources more effectively.

In 2025, GESB became a member of the Investor Group on Climate Change and is part of its Investor Practice Working Group.

About the Investor Group on Climate Change (IGCC)

The IGCC is a network for Australian and New Zealand investors to understand and respond to the risks and opportunities of climate. The membership includes superannuation and retail funds, specialist investors and advisory groups.

About the Investor Practice Working Group

The working group brings the latest international developments and provides access to local and international experts and peer-to-peer learning and knowledge sharing.

Working with other government organisations

Released in November 2020, the Western Australian Climate Policy establishes requirements for all State Government agencies and Government Trading Enterprises (GTEs) to develop and implement plans to transition to net zero emissions by 2050.

To align with WA Climate Policy, government agencies are expected to reduce emissions from State government operations which will contribute to the interim goal of an 80% reduction in emission by 2030.

Initial steps have been taken to estimate GESB's business operations. We are currently working alongside other government organisations to monitor their operational energy use, greenhouse gas emissions and to identify opportunities for emissions reduction.

Appendix

Definitions

Greenhouse gases are measured as carbon dioxide equivalent (CO_2e), where carbon equivalent takes into account other greenhouse gases such as methane, nitrous oxide etc based on their global warming potential. When using the word 'carbon', we are referring to all major greenhouse gases.

Our calculated footprint only includes scope 1 and 2 emissions, as defined by the Greenhouse Gas Protocol. These are defined as per below.

Scope 1 emissions

These are direct emissions from a company's own production or controlled by the company. It includes emissions from activities including generation of electricity, heat or steam, physical or chemical processing, transportation and fugitive emissions.

Scope 2 emissions

These are indirect emissions from a company's operations. This includes emissions associated with the generation of electricity, steam, heating or cooling purchased by the company for its own consumption.

Scope 3 emissions

These are indirect emissions from the production of goods and services purchased by that company, or other indirect emissions that occur from sources not owned or controlled by the company. We do not currently include scope 3 emissions in our footprint calculations.

Thermal coal

Thermal coal is used in the production of electricity.

We currently monitor our exposure to thermal coal based on a 15% minimum threshold for revenue that the company receives from the production of thermal coal.

It does not include companies earning revenue from metallurgical coal or coal mined for internal power generation.

Metrics

We use metrics adopted by external data provider Morgan Stanley Capital International (MSCI) to measure, track and report our carbon emissions. The definitions and terminology adopted by other third-party providers may vary and therefore caution must be exercised when comparing metrics. Our metrics are outlined below.

Financed carbon emissions (tons CO_2e/AUD M invested)

This measures the carbon emissions, for which an investor is responsible, per million AUD invested. Emissions are apportioned based on the portfolio's share of enterprise value including cash (EVIC).

Weighted average carbon intensity (WACI) (tons CO_2e/AUD M sales)

This metric measures a portfolio's exposure to carbon-intensive companies. The WACI is calculated based on company revenues and portfolio weights (instead of ownership share of each company) which enables us to apply the metrics across different sectors and asset classes.

The MSCI-supplied security level WACI for the Sustainable Balanced plan is calculated as carbon emissions (Greenhouse Gas emissions equivalents, scope 1 & 2) per AUD million sales of investment.

Financed carbon emissions (tons CO_2e)

This measures the total emissions financed by an investor across both equity and debt.

Coverage

Where an investee company is not covered by MSCI or cannot be identified, these securities have been removed from the calculation.

Cash and derivatives are also removed from our calculations. While these financial instruments typically provide an indirect exposure to an underlying asset class and/or company, the methodology for attributing carbon emissions is not established.

Methodology

In December 2020, we established a baseline measurement for Australian Shares and International Shares.

This enabled us to measure our progress towards our 2030 target over the subsequent periods up until June 2023. Collectively, Australian Shares and International Shares made up around 50% of our portfolio at the time the baseline was measured.

The decision to focus initially on Australian Shares and International Shares asset classes was based on our ability to identify the carbon emissions profile, our access to sufficient data and where initial actions could be taken that are consistent with keeping in members' best financial interests.

In 2024, the 2030 target was extended to Listed Equities within Listed Property and Listed Infrastructure. To incorporate this change, we were required to recalculate our 2020 baseline. This expanded coverage means our 2030 target is made up of 51% of our portfolio and our Climate Change Transition Plan covers 55% of our portfolio, with our target set for Unlisted Property included.

Over time, we have extended coverage to increase the assets under management captured within the Climate Change Transition Plan.

Limitations

We rely on external data from a range of sources for calculating the carbon metrics of our investments and to determine the thermal coal exposure within our investments. There are certain inherent limitations with this external data, and the availability, quality, relevance, and accuracy of the data can affect our calculated emissions results. Due to our reliance on external data, and external data providers' controls in producing the data, there are risks regarding the lack of completeness of data, unverified data sources, and complexity and judgement involved when the emissions data is sourced.

We currently monitor and report on a range of metrics across our portfolio relating to our carbon footprint. We caution that there are limitations of using carbon metrics as an indicator of the portfolio's exposure to climate-related risks. We acknowledge that not all companies provide reporting on their emissions and therefore our analysis may understate the likely risk. Portfolio carbon analysis does not capture exposure to physical climate-related risks, or the unique transition risks some companies may face.

While we seek to adopt best practice and methodologies when it comes to carbon emission metrics, we have chosen to stay broadly consistent with previous reported metrics, where possible. We do acknowledge that it is a rapidly evolving area with global standards and guidelines changing as the level of sophistication and data quality improves. We will endeavour to consider new methodologies and metrics as part of ongoing review and revisions to our Climate Change Transition Plan.

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