



Betashares Australian Sustainability Leaders ETF

ASX: FAIR

Quarterly Report - December 2025

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Performance ¹	1 month %	3 month %	6 month %	1 year %	3 years % p.a.	Inception % p.a. ²
Fund Return (net)	-3.13%	-6.57%	-5.96%	-0.12%	9.45%	6.70%
Growth Return	-3.13%	-6.57%	-7.92%	-3.27%	6.61%	3.81%
Income Return	0.00%	0.00%	1.96%	3.15%	2.84%	2.89%
Index	-3.09%	-6.47%	-5.68%	0.44%	10.01%	7.23%

Past performance is not a reliable indicator of future performance.

¹As at 31 December 2025. Returns are calculated after fees & expenses have been deducted and distributions have been reinvested.

²Inception date for the Fund is 27 Nov 2017.

Investment objective

The Fund aims to track the performance of an index (before fees and expenses) that provides exposure to Australian companies that have passed screens to exclude companies with direct or significant exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations. The Fund's methodology also preferences companies classified as 'Sustainability Leaders' based on their involvement in business activities aligned to the United Nations Sustainable Development Goals.

Responsible entity

Betashares Capital Ltd

Distribution frequency

Semi-annual

Suggested minimum investment timeframe

At least five years

Fund facts	
Inception Date	27-Nov-17
Fund Size	\$1225.45m
Historical Tracking Error (annualised)	0.09%
ASX Code	FAIR
Bloomberg Code	FAIR.AU
IRESS Code	FAIR.ASW

Fees	% p.a.
Management fee	0.39
Recoverable expenses	0.10

Investment strategy

The Fund generally invests in a portfolio of Australian securities that comprise the Index in proportion to the weightings of the securities in the Index.

Screening criteria

From the universe of eligible ASX listed securities, the Index methodology removes companies which are exposed to activities considered to carry significant negative environmental, social and governance (ESG) risks (subject to certain materiality thresholds), including:

- Fossil Fuels – including any direct and any material indirect exposure + any companies with very high use of fossil fuels
- Gambling
- Tobacco

- Armaments and militarism
- Uranium and nuclear energy
- Destruction of valuable environments
- Chemicals of concern
- Mandatory detention of asylum seekers and for-profit prisons
- Alcohol
- Junk foods
- Pornography
- ESG related reputational risk or controversy
- Human and labour rights violations
- Lack of gender diversity at the board level
- Predatory lending

Preference is given to companies engaged in sustainable activities that been identified as "Sustainability Leaders". To be classified as a Sustainability Leader, a company must satisfy at least one of a number of criteria, which have been determined by reference to the United Nations Sustainable Development Goals. The criteria generally require a company to earn 50% or more of gross revenue from activities in at least one of the following categories:

- Climate Adaptation
- Nutrition, Agriculture and Land Use
- Improved Industrial Processes, Improved Materials and Pollution Reduction
- Healthcare
- Transportation Solutions
- Education
- Water Efficiency
- Renewable Energy and Energy Efficiency
- Green Buildings
- Sustainable Tourism
- Sustainable and Regional Infrastructure
- Social and Community Housing
- Worker and Consumer Protection
- Regional and Community Banking, or
- Have a Relevant Certification

Note that not every security in the Index is necessarily a Sustainability Leader (but every security will have met the above screening criteria).

The Index uses a modified market capitalisation weighting method, includes sector concentration limits, gives preferential weighting to Sustainability Leaders, and applies a maximum weight per security of 4% at each annual rebalance date.

For more information on the Index, see the Index methodology document available on our website.

Top 10 positions	% ¹
Woolworths Group	4.5
Telstra Corp	4.4
Scentre Group	4.1
Goodman Group	4.0
Brambles	3.9
ResMed Inc	3.7
Suncorp Group	3.6
CSL	3.6
Computershare	3.5
Insurance Australia Group	3.5

¹As at 31 December 2025

Sector exposure	Fund Weight % ¹
Real Estate	20.2
Health Care	19.1
Financials	16.2
Communication Services	11.8
Industrials	9.1
Information Technology	8.0
Consumer Staples	5.7
Consumer Discretionary	5.1
Materials	4.8
Utilities	0.0
TOTAL	100.00

¹As at 31 December 2025

Fund performance summary

The Fund returned -6.57% (in AUD) during the quarter. Assets decreased from \$1258.17m to \$1225.54m over this period.

Materials and Consumer Staples were the largest sector contributors to total return, with returns of 40.26% and 9.83% in AUD; their contributions were 1.27% and 0.46%, respectively. Information Technology was the largest sector detractor with a return of -27.92%, and contribution of -2.90%.

PLS Group, Woolowrths and Liotown Ltd were the largest three stock contributors to total return, and with returns of 67.46%, 10.04% and 59.90%; their contributions were 0.87%, 0.38% and 0.20% respectively. Xero, Pro Medicus and Life360 were the largest detractors, returning -27.61%, -28.36% and -37.00%; they contributed -1.09%, -0.80% and -0.56% respectively.

Other commentary

Shareholder opposition to executive pay remained a material governance issue during the 2025 AGM season. Under Australia's two-strikes rule, a remuneration report attracts a "strike" when 25% or more of votes cast oppose it, with a second consecutive strike potentially triggering a board spill resolution. In 2025, around 30 companies in the S&P/ASX 300 recorded remuneration strikes, slightly fewer than in 2025 but still indicative of sustained investor activism on pay outcomes. A small number of issuers faced second consecutive strikes, most notably ANZ Group Holdings, where investor dissent centred on perceived misalignment between executive incentives, performance outcomes and broader stakeholder expectations.^{1,2} Proxy advisers and institutional investors

cited pay-for-performance misalignment, cost-of-living pressures and concerns about long-term value creation as key drivers of dissent.³

A study on modern slavery disclosures within ASX100 companies reveals that while reporting on modern slavery risks among ASX100 companies has improved, significant gaps remain. Utilities (e.g., AGL Energy, APA Group, Origin Energy), consumer staples (Woolworths, Coles) and real estate firms led disclosure quality, but healthcare and information technology sectors performed poorly, mainly due to weak supply chain risk descriptions, inadequate due diligence and limited remediation details. The proportion of companies achieving an 'A' grade modern slavery statement rose sharply from 3% in 2020–21 to 58% in 2024–25, reflecting stronger compliance with reporting mandates. However, Australia's first Anti-Slavery Commissioner, Chris Evans, emphasised that better national commitment, clearer reporting criteria and robust due diligence requirements are still needed to lift disclosure quality further and drive meaningful action against modern slavery.⁴

¹<https://www.afr.com/markets/equity-markets/the-great-tech-revolt-and-4-other-surprising-stats-from-agm-season-20251127-p5nizg>

²<https://www.investordaily.com.au/anz-shareholders-hand-down-second-strike-at-sydney-agm/>

³<https://www.aicd.com.au/board-of-directors/career/salary/remuneration-committees-busier-than-ever.html>

⁴<https://www.fssustainability.com.au/improvements-needed-in-modern-slavery-disclosures-report>

Proxy voting & engagement

During the quarter, Responsible Investment Committee (RIC) actively engaged in Proxy Voting on Environmental, Social, and Governance (ESG) resolutions for index constituents.

Voting activities in Q4 2025

	Number	Proportion of total
Votes lodged	376	100%
Votes against management	198	53%

Votes against management by topic

	Number	Proportion of total
Governance	193	97%
Social	0	0%
Environmental	5	3%

In the fourth quarter of 2025, the RIC engaged with Woolworths Group Limited following media and stakeholder commentary questioning the company's commitment to sourcing deforestation-free beef. In August 2025, the Australian Conservation Foundation raised concerns that Woolworths may have stepped back from its stated 2025 commitment, citing disclosures in the company's 2025 Sustainability Report that lowered the deforestation risk ranking assigned to beef.⁵ Similar concerns were raised at Woolworths' annual general meeting in late October 2025, where civil society groups and investors called for stronger action to protect Australia's forests and bushland.⁶

Woolworths also stated that it will continue to work with suppliers to support implementation and will provide

market updates on progress across deforestation-linked commodities, including beef. The engagement aimed to clarify Woolworths' approach to deforestation risk management and its alignment with broader climate and decarbonisation commitments. The RIC will continue to monitor developments and assess any implications for Woolworths' deforestation risk management and broader sustainability governance practices.

⁵<https://www.acf.org.au/news/woolworths-walks-back-its-deforestation-commitment-only-a-day-after-coles-beefs-up-its-policy>

⁶<https://wilderness.org.au/news-events/deforestation-dominates-woolworths-agm-as-shareholders-demand-urgent-action>

There are risks associated with an investment in FAIR, including market risk, non-traditional index methodology risk and sector concentration risk. For more information on risks and other features of FAIR, please see the Product Disclosure Statement.



The Betashares Australian Sustainability Leaders ETF (ASX: FAIR) has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsiblereturns.com.au for details¹.

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Any person wishing to invest in Betashares Funds should obtain a copy of the relevant PDS from www.betashares.com.au and obtain financial advice in light of their individual circumstances. You may also wish to consider the relevant Target Market Determination (TMD) which sets out the class of consumers that comprise the target market for the Betashares Fund and is available at www.betashares.com.au/target-market-determinations.

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