



## Australian Climate Transition Index May 2025 Factsheet



PROJECT  
**GREEN KANGAROO**

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### Introduction



The Australian Climate Transition Index was designed in 2020 to provide a sustainable investment strategy which enables institutional investors to align their objectives with those of the Paris Agreement.



It is one of the first forward looking, sustainable investment indices in the world to dynamically adapt to different climate transition scenarios as we move towards a well below 2-degree ambition.



The Australian Climate Transition (ACT) Index considers the risks and opportunities of climate change transitions, with regard to financial markets. It also incorporates the environmental, social, legal, financial and regulatory imperatives of action on climate change.



ACT Index has been developed through a unique collaboration that leverages the climate transition expertise of ClimateWorks Centre, the forensic corporate analysis of ISS ESG Australia and the quantitative expertise of the Centre for Quantitative Finance and Investment Strategies at Monash University.



The first Green Growth Bonds linked to the Australian Climate Transition Index were issued in July 2020, backed by three leading Australian institutional investors, the Clean Energy Finance Corporation, AwareSuper and QBE Insurance.



The initiative was led by Index Sponsor BNP Paribas, one of the largest banks in the world and a recognised leader in Sustainable Finance<sup>(1)</sup>.

(1) The Asset Triple A Sustainable Finance Award 2025 – Best Bank for Sustainable Finance; Energy Risk Award 2024 – Sustainable Finance House of the year.

## Methodology

The Australian Climate Transition Index incorporates three dynamic and forward looking climate scenarios developed by ClimateWorks Centre. Under each scenario a quadrant scoring process is applied by ISS ESG. As part of this process a score is calculated for each company under a given scenario by considering both the:

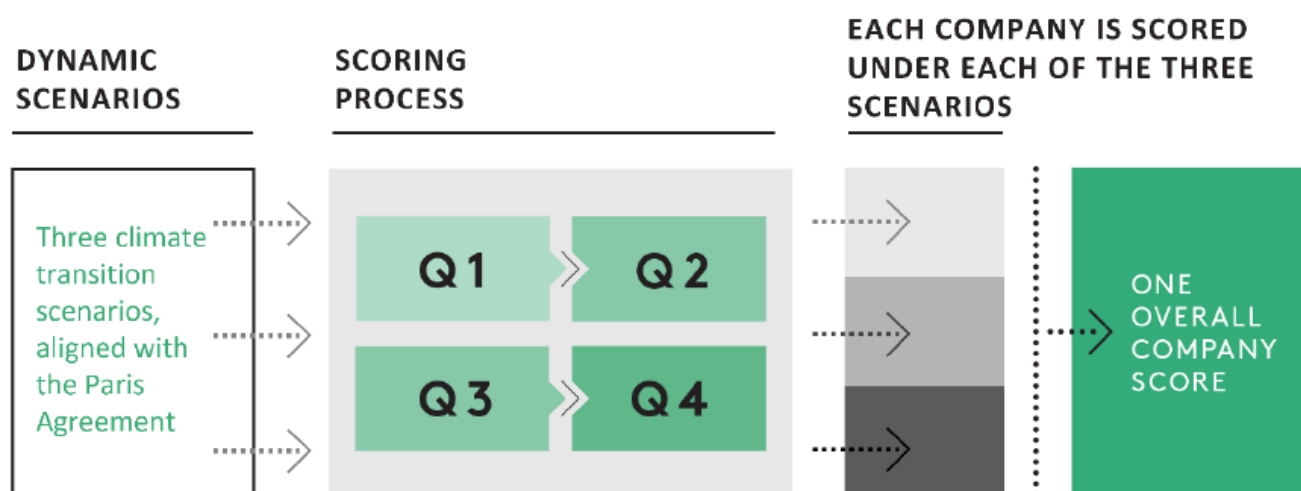
- Products & Services vs. Operations: types of products manufactured or services provided to the market, and how it operates to manufacture those products or provide those services
- Current Exposure vs. Mitigation Approach: current activities and emissions, and what it intends to be or do in the future

A weighted average of the company's score for each of the three climate scenarios is then calculated. This approach seeks to provide the highest score to companies that are likely to

- support or benefit from the transition (the "Enablers")
- adapt and thrive (the "Adaptors")
- to be unaffected by the anticipated changes (the "Least Affected")

The lowest scores identify companies that are deemed to face significant risk (the "At Risk")

The Index aims to provide broad exposure to the Enablers, the Adaptors and the Least Affected companies, whilst avoiding investment in companies considered most At Risk.



Source: ClimateWorks Centre and ISS ESG. For illustrative purpose only

## Rebalancing & Selection Process

- The Index is rebalanced every six months to ensure reactivity to any change in business model with the 300 largest and liquid companies in Australia considered.
- The climate scenarios are remodeled typically at least every 3 years by ClimateWorks Centre, but can be less frequent depending on the magnitude of changes, and will include at any given point in time at least 3 climate scenarios. In intermediate years, or when ClimateWorks do not change the climate scenarios, the weights across the different scenarios are re-assessed.
- A series of exclusion filters are applied before the final selection on the highest scoring 220 companies. This process excludes any company
  - with an average daily trading volume less than 4M AUD
  - in contravention of BNP Paribas Financing and Investment policies (<https://group.bnpparibas/en/financing-investment-policies>)
  - included in the UN Global Compact Watchlist
- Finally once the final exclusion filter has been applied, the 100 highest scoring companies are selected, with an equal weight given to each company, subject to a maximum individual sector exposure at 40%.

## Index Characteristics

Name	Australian Climate Transition Net Total Return Index ("ACT Index")
Currency	AUD
Launch Date	30 June 2020
Bloomberg Code	ACTEN Index
Benchmark	ASX 200 Net Total Return Index (ASN51 Index)
Calculation Agent	Solactive
Index Sponsor	BNP Paribas

## Index Performance – June 2020 to May 2025



30 Jun 20 to 19 Jan 25	Australian Climate Transition NTR Index (ACT Index)	Benchmark (ASX 200 NTR Index)
Annualised Return	10.76%	11.25%
Annualised Volatility	16.15%	13.32%
Sharpe Ratio	0.67	0.84
1-Month Max Drawdown	-23.95%	-14.92%
Max Drawdown	10.76%	11.25%

Source: Bloomberg, BNP Paribas, data from 30 June 2020 to 19 May 2025. Historical past performance is not an indicator of future performance.

## Monthly Performance

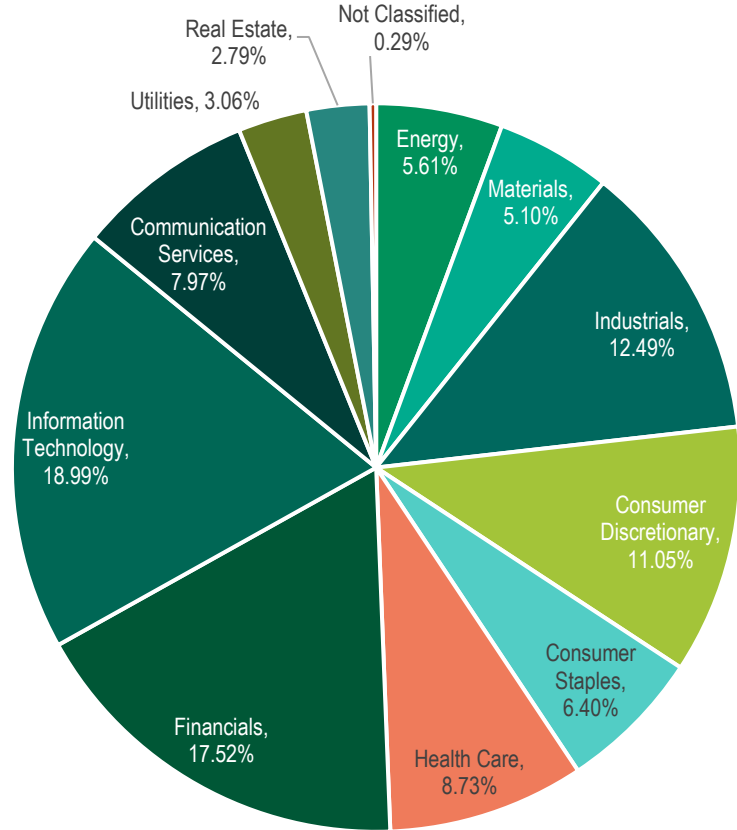
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year <sup>^</sup>
2020	ACT Index							0.0%	6.9%	-3.7%	2.3%	12.6%	1.3%	20.0%
	Benchmark							0.5%	2.8%	-3.7%	1.9%	10.2%	1.2%	13.1%
2021	ACT Index	-0.3%	0.6%	2.0%	5.3%	0.8%	3.7%	0.3%	4.6%	-2.1%	0.9%	-0.1%	3.6%	20.7%
	Benchmark	0.3%	1.4%	2.4%	3.5%	2.3%	2.2%	1.1%	2.5%	-1.9%	-0.1%	-0.6%	2.7%	17.0%
2022	ACT Index	-10.4%	0.9%	5.9%	-1.2%	-5.2%	-13.1%	11.2%	0.7%	-7.5%	5.3%	7.7%	-2.8%	-10.9%
	Benchmark	-6.4%	2.1%	6.9%	-0.9%	-2.6%	-8.8%	5.7%	1.1%	-6.2%	6.0%	6.6%	-3.3%	-1.3%
2023	ACT Index	7.2%	-3.3%	0.0%	2.9%	-1.3%	0.4%	2.3%	-1.4%	-5.5%	-5.0%	5.8%	7.3%	8.5%
	Benchmark	6.2%	-2.5%	-0.2%	1.8%	-2.5%	1.7%	2.9%	-0.8%	-2.9%	-3.8%	5.0%	7.2%	12.2%
2024	ACT Index	0.0%	2.7%	4.7%	-2.4%	-1.8%	-1.4%	4.2%	1.5%	4.3%	-0.2%	1.4%	-2.9%	10.3%
	Benchmark	1.2%	0.8%	3.2%	-2.9%	0.9%	1.0%	4.2%	0.4%	2.9%	-1.3%	3.8%	-3.2%	11.2%
2025	ACT Index	6.5%	-4.2%	-2.6%	4.0%	3.1%								
	Benchmark	4.6%	-3.8%	-3.4%	3.6%	2.7%								

Source: Bloomberg, BNP Paribas, data from 30 June 2020 to 19 May 2025. Historical past performance is not an indicator of future performance.

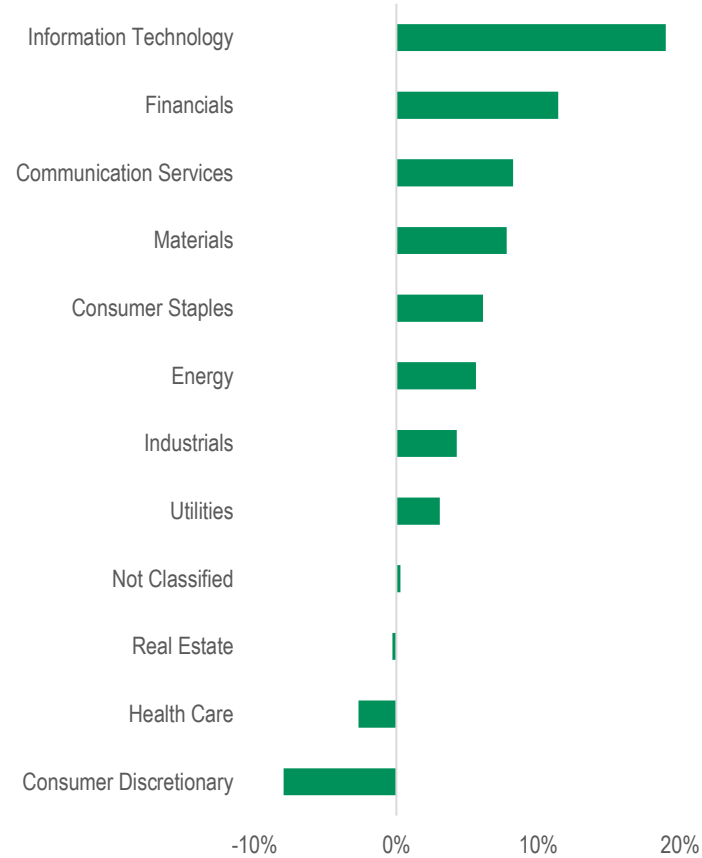
<sup>^</sup> Data from 30 June 2020 to 31 December 2020 (ACT Index 20% and Benchmark 13.1%) for annualized return of 2020;

# Sector Analysis

Sector Breakdown



% Overweight/Underweight vs. Benchmark



Source: BNP Paribas, average quarterly weight as of May 2025

## Size Analysis: Market Cap % Overweight/ Underweight Vs. Benchmark



Source: BNP Paribas, average quarterly weight as of May 2025



## Performance Commentary

Since launch in 2020, the **ACTEN Index**'s performance (+51%) is similar to that of the **ASN51 Index** (+54%). This can be decomposed into 3 periods

- **Jul 20 – Dec 21:** Outperformance of the ACTEN Index vs. ASN51 (+45% vs. +32%)
- **2022:** Underperformance of the ACTEN Index vs. ASN51 (-11% vs. -1%)
- **2023:** Underperformance of the ACTEN Index vs. ASN51 (+8.5% vs +12%)
- **2024:** Slight Underperformance of the ACTEN Index vs. ASN51 (+10% vs +11%)
- **2025 YTD:** Outperformance of the ACTEN Index vs. ASN51 (+12.45 % vs 8.20%)

### ACTEN: No Exposure to the Energy Sector

Recent performance has been more complicated due to the rise of geopolitical tensions favoring the Energy sector, from which the strategy is deallocated. The performance of the energy sector saw a slight improvement recently in 2025, mainly driven by a rally in Natural Gas, fuelled by inventory drawdowns due to cold weather and increased CTA flows, as well as ongoing geopolitical tensions.

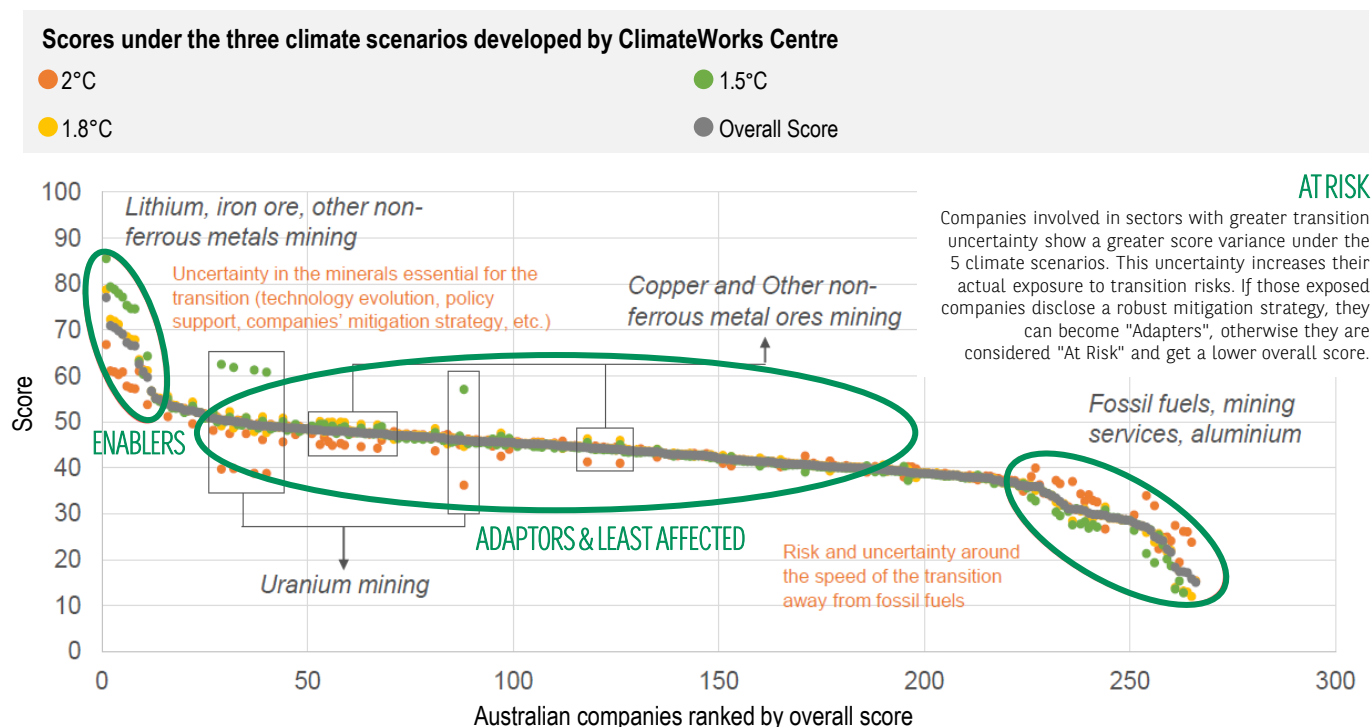
### ACTEN: Increased Exposure to the Technology Sector

There has been a continued shift away from technology stocks, partially due to a rate-driven sectoral rotation. As interest rates increased (making risky assets relatively more expensive), investors continue to move away from Growth stocks such as Tech where valuations are high towards cheaper 'Value' stocks such as Financials & Energy. Although the market has seen a recovery, the outflows from the tech sector caused a significant decline in tech stocks globally, which, coupled with the flow through effects from April's significant sell off in US tech, have seen the S&P/ASX 200 Information Technology Sector Index increased 4.32% YTD. The ACTEN index has a higher allocation to the technology sector (19%) vs. the ASN51 (2.91%) as of the 17th of March. However, the ACTEN index has outperformed YTD, as tech stocks stabilize, and the index's equity selection outperformed.

ACTEN performance since inception (+56.03%) is broadly in line with ASN51 performance (+63.51%) **despite** going through a global economic period that was particularly difficult for ESG indices relative to non-ESG benchmarks.

## Scoring & Transition Risk Analysis

The chart below shows the scores of all 300 Australian companies under the different transition scenarios as of December 2024. The illustration depicts the highest scoring companies the "Enablers" alongside the better ranked "Adaptors" and "Least Affected". The image also showcases the lowest scoring "At Risk" companies whose product and business model faces meaningful risks, or who haven't yet developed sufficient mitigating future strategies. These companies face the most uncertainty and are more sensitive to scenario variations. As a result, these companies will require a significant and comprehensive mitigation strategy to prepare for the transition.



Source: ClimateWorks Centre, data as of December 2024.

For illustrative purpose only. Climate scenarios are subject to change by ClimateWorks from time to time.

## Scoring & Transition Risk Analysis (Cont'd)

	Dec 2024
Number of eligible ASX300 companies	285
Number of companies excluded by BNP Paribas	112
First company included in the ACT Index	Score: 71; Rank: 2
Last company included in the ACT Index	Score: 41; Rank: 170
Median Score of the ACT Index	47
Mean Score of the ACT Index	47

Source: ISS ESG, BNP Paribas, data as of December 2024.

## Carbon Emissions Analysis

	Total Carbon Emission [Scope 1+2 / Scope 1+2+3]	Carbon Intensity	Weighted Average Carbon Intensity
Index	39 / 458	62.68	76.80
Benchmark	71 / 847	150.83	110.90
Performance	44.7% / 45.9%	58.4%	30.8%

### Carbon Intensity:

It is expressed as “tons of CO2 equivalent / million AUD revenue” and based on Scope 1 & 2.

This metric corresponds to the ratio between the “financed emission” and the “financed revenue”. It aims to illustrate the GHG efficiency of the underlying portfolio, by adjusting for company size.

### Weighted Average Carbon Intensity:

It is expressed as “tons of CO2 equivalent / million AUD revenue” and based on Scope 1 & 2.

The metric calculates a portfolio’s exposure to carbon-intensive companies, expressed in tCO2e/m revenue and is weighted based on stock’s weight within the portfolio.

Source: ISS ESG, BNP Paribas, data as of March 2025.

# Index Composition – as of 16 May 2025

In alphabetical order:

Aristocrat Leisure Ltd	Medibank Pvt Ltd
ALS Ltd	Macquarie Group Ltd
AMP Ltd	Mesoblast Ltd
Ansell Ltd	Metcash Ltd
ANZ Group Holdings Ltd	National Australia Bank Ltd
ASX Ltd	Nine Entertainment Co Holdings Ltd
Boss Energy Ltd	nib holdings LtdAustralia
Bank of Queensland Ltd	Northern Star Resources Ltd
Brambles Ltd	Nuix Ltd
CAR Group Ltd	NEXTDC Ltd
Commonwealth Bank of Australia	Paladin Energy Ltd
Challenger Ltd	Pilbara Minerals Ltd
Charter Hall Group	Pro Medicus Ltd
Chalice Mining Ltd	Pinnacle Investment Management Group Ltd
Champion Iron Ltd	Perpetual Ltd
Capricorn Metals Ltd	Perseus Mining Ltd
Cochlear Ltd	QBE Insurance Group Ltd
Coles Group Ltd	REA Group Ltd
Computershare Ltd	Reece Ltd
CSL Ltd	Ramsay Health Care Ltd
Corporate Travel Management Ltd	Ramelius Resources Ltd
Domain Holdings Australia Ltd	Regis Resources Ltd
Downer EDI Ltd	Resolute Mining Ltd
Deterra Royalties Ltd	Scentre Group
Dexus	Siteminder Ltd
Deep Yellow Ltd	SEEK Ltd
Emerald Resources NL	Sandfire Resources Ltd
Evolution Mining Ltd	Sims Ltd
Flight Centre Travel Group Ltd	Stockland
Fortescue Ltd	Sonic Healthcare Ltd
Genesis Minerals Ltd	Super Retail Group Ltd
Goodman Group	Suncorp Group Ltd
GrainCorp Ltd	Transurban Group
Gold Road Resources Ltd	Telstra Group Ltd
GPT GroupThe	Technology One Ltd
Insurance Australia Group Ltd	TPG Telecom Ltd
Insignia Financial Ltd	Tuas Ltd
IGO Ltd	Vault Minerals Ltd
Iluka Resources Ltd	Vicinity Centres
IPH Ltd	Ventia Services Group Pty Ltd
IRESS Ltd	Vulcan Energy Resources Ltd
James Hardie Industries PLC	West African Resources Ltd
Lendlease Corp Ltd	Westpac Banking Corp
Liontown Resources Ltd	WEB Travel Group Ltd
Lynas Rare Earths Ltd	Wesfarmers Ltd
Macquarie Technology Group Ltd	Westgold Resources Ltd
Magellan Financial Group Ltd	Worley Ltd
Mirvac Group	Woolworths Group Ltd
Mineral Resources Ltd	WiseTech Global Ltd
Megaport Ltd	Zip Co Ltd

Source: BNP Paribas, data as of 16 May 2025.

## Additional Information on ISS ESG Scoring & Analysis

### Sources of information

ISS ESG Corporate Ratings data is primarily sourced from publicly available information, including a company's own disclosure and reporting, proxy statements, reputable media sources, governmental and international institutions, recognized international or local non-governmental organizations, and non-biased subscription databases such as the CDP and S&P Capital IQ. During the rating process, considerable importance is attached to a dialogue with the company under evaluation. ISS ESG provides companies with ample opportunity to comment on and add to the provisional findings by submitting a draft rating report to the company for revision. The intense dialogue and feedback process contributes to the high quality and validity of information and are valued by rated entities and investors alike.



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