Avant
By doctors for doctors

Annual Sustainability Report

30 June 2026



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Basis of Preparation

This Sustainability Report (the Report) presents climate-related information for Avant Mutual Group Limited (the Company) and its controlled entities (the Group), including those regulated by the Australian Prudential Regulation Authority (APRA), for the year ended 30 June 2026. References in this Report to 'Avant', 'we' or 'our' refer to the Group.

The Report has been prepared in accordance with AASB S2 *Climate-Related Disclosures*. It forms part of Avant's broader annual reporting suite and should be read together with the Group's consolidated financial statements for the corresponding year ended 30 June 2026.

First-time Adoption of AASB S2 and Transition Reliefs

FY26 is the Group's first reporting period under AASB S2.

In preparing this Report, the Group has applied the transitional reliefs available under AASB S2, including relief from:

- the disclosure of Scope 3 greenhouse gas emissions, including financed emissions; and
- the disclosure of comparative information.

In preparing certain disclosures, the Group has also applied the requirement in AASB S2 to use all reasonable and supportable information available at the reporting date without undue cost or effort. This is relevant to the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related risks or aligned with climate-related opportunities. Quantifying the percentage of assets vulnerable to climate-related risks requires asset-level climate risk assessment methodologies and more consistent underlying data from external fund managers. This capability is being developed in conjunction with fund manager engagement on the Partnership for Carbon Accounting Financials (PCAF), aligned financed emissions reporting, and Avant expects to enhance these disclosures as data quality, availability and methodologies continue to mature.

Forward-looking Statements and Climate Information

This Report includes climate-related metrics, estimates, projections and scenario-based information and statements that are inherently forward-looking. These statements involve significant uncertainty and are based on assumptions, methodologies and data that may change over time. Actual outcomes may differ, potentially materially, from those expressed or implied.

Forward-looking statements in this Report are subject to known and unknown risks, uncertainties and other factors, many of which are outside Avant's control. These include, but are not limited to:

- The extent, pace and impacts of climate change.
- Future climate-related policy and regulatory settings.
- Actions taken by governments, businesses, investors, customers and other stakeholders.
- Shifts in member behaviour, expectations and demand.
- Availability, scalability and commercialisation of lower-emissions technologies.
- The quality, availability and comparability of climate-related data and measurement methodologies.
- Changes in modelling approaches, assumptions and scenario design over time.

Given these uncertainties, forward-looking statements should not be relied upon as predictions or guarantees of future outcomes, events or performance. They reflect Avant's best understanding and reasonable assumptions at the date of publication, including with respect to strategy, plans and climate-related risks and opportunities.

To the maximum extent permitted by law, Avant makes no representation or warranty as to, and disclaims all responsibility for, the likelihood of fulfilment or achievement of any outcome expressed or implied in any forward-looking statement or underlying assumption. Except as required by law, Avant does not undertake to update or revise any forward-looking statements or underlying assumptions to reflect new information, future events or changes in circumstances.

Executive Summary

This Report is Avant's first Sustainability Report and sets out how climate change could affect Avant's business, our members and the health system in which they practise, and what we are doing in response. The disclosure covers four areas including strategy, governance, risk management, and metrics and targets.



Our process

Across FY25 and FY26, Avant undertook its first structured climate scenario analysis. This included a qualitative assessment across all parts of our business and a quantitative assessment of our Medical Indemnity (MI), Doctors' Health Fund (DHF) and investment portfolio. Rather than predicting the future, this process tested how three plausible climate futures, ranging from rapid global decarbonisation to limited climate action, could affect our insurance operations, investment portfolio and members over the short, medium and long term. We assessed both physical risks, such as extreme weather and rising temperatures, and transition risks, being the policy, market and technology shifts involved in moving to a lower-carbon economy. Our analysis drew on external research, government strategy and internal expertise from our business, risk, actuarial and clinical teams, including our Chief Medical Officer (CMO).



What we found

Analysing our Medical Indemnity and Doctors Health Fund businesses, we identified three transition risks that are financially material to Avant over the medium to long term:

- **Private hospital decarbonisation.** As hospitals pass on the cost of decarbonising infrastructure, claims costs rise, adding pressure to premiums.
- **Private healthcare insurance participation.** Economy-wide decarbonisation costs feed into broader inflationary trends that impact private health insurance premiums, and rising premiums may reduce the number of members who can afford to maintain cover.
- **Changing member preferences.** Members increasingly expect action on climate and sustainability. Members who see Avant as lagging may move to competitors, and inadequate disclosure could create regulatory and reputational exposure.

Under the scenarios modelled, these risks could place pressure on claims costs, premiums and membership over the medium to long-term. These scenarios are not predictions of what will happen. They illustrate how the business could be affected under different climate futures before any actions are taken to respond.

Our assessment did not identify any current or anticipated physical climate risks expected to have a material direct financial impact on Avant's own operations. This conclusion reflects the nature of our business model rather than the significance of these risks more broadly. We assessed a range of potential physical impacts, including the effects of heat stress and severe weather on doctors' health and ability to work, as well as the potential impacts on private health insurance claims. While these climate hazards are expected to become more significant for many communities and healthcare systems over time, they were not assessed as material to Avant. This is primarily because many acute health impacts, such as heat stress, are typically treated in the public hospital system, where neither our medical indemnity nor private health insurance businesses retain significant insured risk.



Investment portfolio

Members increasingly expect organisations to respond thoughtfully and transparently to climate-related issues. As part of this, Avant considers ESG factors, including environmental considerations, in managing its investment portfolio to support strong long-term outcomes for members.

Our first climate-related assessment has improved our understanding of the portfolio's exposure to climate-related risks, including emissions-intensive sectors at a strategic asset allocation layer. During FY27, we will deepen our analysis of the portfolio's underlying holdings to strengthen transparency, investment oversight and our understanding of climate-related risks and opportunities.



Supporting our members

Climate change is changing the way healthcare is delivered and increasing the challenges faced by doctors. As these impacts become more evident, member expectations regarding the role of organisations like Avant are also evolving. We have identified an opportunity to strengthen our member value proposition by helping doctors respond and adapt to these challenges. We are building on existing capabilities in education, risk management, advocacy, research, practice management services and finance to support members in building resilience to climate-related impacts. During FY26 we commenced work to better understand this opportunity through initiatives aligned to these capabilities.



Metrics and targets

FY26 is Avant's baseline year for measuring and monitoring greenhouse gas emissions. Electricity accounts for the majority of our emissions, with only a small amount of Scope 1 emissions arising from refrigerant leakage. Avant has developed a proposed plan to reduce Scope 2 (market-based) emissions within our operational control, during FY27. Our proposed approach prioritises renewable electricity certificate procurement, energy efficiency initiatives and improved measurement, rather than relying on carbon offsets.

We intend to disclose Scope 3 greenhouse gas emissions from FY27, as required under the reporting standard and as our measurement capability matures. These emissions arise from activities across our value chain, including the goods and services we procure, how our people work and travel, and the companies and assets supported through our investment portfolio. We have not yet developed formal greenhouse gas emissions reduction targets and will consider this once our data and measurement processes are sufficiently robust to support credible, measurable targets.

Strategy

Why strategy matters to our members

This section explains how we assessed climate-related risks, how they could affect Avant and its members and how the insights from this assessment are helping identify ways to better support members as climate change affects clinical practice and healthcare delivery.

At a glance

- We assessed how climate change could affect Avant, our members and the healthcare system using climate scenario analysis to identify climate-related risks, opportunities and evaluate the resilience of our business.
- We identified three material transition risks for Avant: rising healthcare costs associated with private hospital decarbonisation, broader economy-wide inflationary pressures impacting private health insurance and changing member expectations relating to climate and sustainability.
- Our assessment also identified an opportunity to strengthen member resilience to climate-related impacts. We outline initiatives already underway or under consideration, the capabilities we have in place, and additional areas we are exploring as climate-related risks continue to evolve.
- We will continue to build our understanding of climate-related exposures across the investment portfolio, recognising that the investment choices we make, and how we communicate them, can influence member trust.

Assessing the strategic impacts of climate change

Australia's National Climate and Health Strategy highlights climate change as both an environmental issue and a critical public health issue[1]. Increasingly frequent severe events such as floods, bushfires, and extreme heatwaves already disrupt our members' ability to practise, impact their personal wellbeing, and impact the health of their patients[2].

For Avant, this means understanding how climate change could affect our business, our members and the broader healthcare system over time. We assessed the potential impacts on our medical indemnity and private health insurance operations, investment portfolio and the healthcare system in which our members practise, considering both the physical impacts of climate change and the transition to a lower-carbon economy.



1 National Health and Climate Strategy, Department of Health and Aged Care (Australian Centre for Disease Control), December 2023.
2 Climate Change and Health Position Statement, Royal Australasian College of Physicians, February 2025; "Extraordinary wildfires, heatwaves, floods... overwhelmed emergency management and health systems", Monash University, Lancet Regional Health – Western Pacific, November 2023.

Our assessment approach – climate scenario analysis

Climate scenario analysis is a structured process used to explore how different climate futures could affect Avant. Rather than predicting what will happen, it helps us understand how we may be impacted under a range of possible climate, policy and economic conditions, supporting more informed strategic planning and risk management.

Our assessment considered two broad categories of climate-related risk:

Physical Risks

Physical climate risks have direct implications for member practices and Avant's operations. These include acute events, such as storms, floods and bushfires, which damage infrastructure and disrupt care delivery, as well as chronic changes, including rising temperatures, heatwaves and changing disease patterns, which affect patient health, practitioner wellbeing and healthcare demand.

Transition Risks

Transition risks arise as we move toward a lower-carbon economy and include policy, legal, technological, market and reputational drivers. For Avant and its members, examples include climate-related regulations affecting hospitals and large medical practices, changes in pharmaceutical and medical equipment supply chains, and shifting expectations in the delivery of care from consumers, carers and communities.

To assess these risks, Avant modelled three scenarios.

The Green Road — Warming by 2100 <1.5°C

Transition risk dominant · Aligned pathways: RCP2.6 · RCP1.9 · SSP1-1.9

What this could mean for the health system and Avant

The world takes rapid, coordinated action to achieve the goals of the Paris Agreement, which seeks to limit global temperature increases to 1.5°C and drive a transition to net zero emissions by 2050. Physical impacts are moderated over the long term, but rapid decarbonisation and policy change cause economic disruption. The Australian healthcare sector decarbonises quickly, driving up costs that are passed through to participants. Member preferences shift strongly towards climate action as expectations evolve across the healthcare system, with patients, communities and regulators increasingly seeking more sustainable models of care.

Current Policies — Warming by 2100 ~2.7°C

Balanced physical + transition · Aligned pathways: RCP4.5 · SSP2-4.5

What this could mean for the health system and Avant

Australia's current climate policies broadly continue. Decarbonisation progresses gradually through ongoing policy, technology and behavioural change, but emissions reductions fall short of those required to achieve net zero by 2050. Physical climate impacts continue to emerge alongside transition pressures. Hospitals begin passing decarbonisation costs through to funders, while members increasingly expect Avant to respond to climate priorities.

Hot House — Warming by 2100 3.6 – 4.4°C

Physical risk dominant · Aligned pathways: RCP8.5 · SSP3-7.0 · SSP5-8.5

What this could mean for the health system and Avant

Limited global action results in greenhouse gas emissions continuing to rise. Physical impacts intensify, including rising heat, more frequent extreme weather and increasing pressure on infrastructure, communities and health systems. Chronic conditions worsen, doctor workloads rise and demand for care grows. Transition pressures on Avant remain low, but the financial and operational impacts of climate change become increasingly severe.

Each scenario was modelled according to three specific time horizons to classify climate-related risks and opportunities that could impact our short-term business and financial planning, up to and including our long-term Group purpose of supporting members throughout their careers.



Avant's Time Horizons[3]

Short-term 1–3 years	Medium-term 3–5 years	Long-term 5+ years
Regulatory lens	**Strategic lens**	**Member lens**
Risks and opportunities deemed material to our regulatory reporting cycle.	Risks and opportunities deemed material to our business model and strategic planning cycle.	Risks and opportunities relevant to supporting members over the course of their professional careers, reflecting an average member relationship with Avant of approximately 42 years.

How Avant developed its climate scenario pathways

Avant's scenarios are aligned with the Intergovernmental Panel on Climate Change (IPCC) framework and combine:

- Shared Socioeconomic Pathways (SSPs), which help assess transition risks associated with different economic, policy and societal futures.
- Representative Concentration Pathways (RCPs), which help assess the physical impacts of climate change under different greenhouse gas concentration pathways.

To make these global scenarios relevant to Avant and our members, we adapted them to reflect the Australian healthcare and insurance sectors. This included drawing on:

- Australian scientific and medical literature on climate change and health.
- Government policy and regulatory frameworks, including Australia's National Climate and Health Strategy.
- Economic analysis of transition impacts on private healthcare participation and system costs.
- Internal expertise from our businesses, risk, actuarial and sustainability teams, together with clinical input from our Chief Medical Officer and medical advisers.

The scenario analysis covered multiple areas of our business. We undertook qualitative scenario analysis across our Medical Indemnity, Doctors' Health Fund, Avant Finance and Avant Business Solutions businesses to identify potential climate-related risks and opportunities. The qualitative assessment for Avant Finance and Avant Business Solutions did not identify any material risks and opportunities for Avant because these businesses were not significant contributors to Avant's overall financial performance.

Based on the findings of this assessment, we proceeded to quantitative analysis for our Medical Indemnity and Doctors' Health Fund businesses, where the identified risks had the greatest potential financial significance. We also commenced analysis of our investment portfolio which is explained in the investments section of this Report.

The following section outlines the results of this assessment.



3 Avant's climate strategy applies to the entire Group. Some of the businesses that form Avant work to different time horizons, and these feed into the overall Group sequencing. Our three horizons, short, medium and long, classify climate-related risks and opportunities across both our short-term businesses and financial planning cycles and our long-term Group ambition. This approach informs risk prioritisation and our assessment of resilience over time.

Assessment outcomes

Our assessment identified climate-related risks and opportunities that could affect Avant's prospects over the short, medium and long-term. While only a subset of these risks was assessed as having the potential to materially affect Avant's financial position, financial performance or cash flows, our assessment also considered broader climate-related impacts on the healthcare system and medical profession. Understanding these broader impacts also helps identify areas where Avant can better support members in managing climate-related risks. These opportunities are discussed further in the Climate-Related Opportunity section of this Report.

The anticipated financial effects described in the following sections are forward-looking and based on scenarios which are inherently uncertain. They are subject to assumptions and limitations including those described. Actual outcomes may differ materially.



Private healthcare decarbonisation

Underwriting risk driven by climate transition risk

Risk description

Policy and regulatory settings aimed at limiting global temperature increases are expected to require significant emissions reductions across the healthcare sector. Given healthcare is responsible for more than 7% of Australia's greenhouse gas emissions [4] achieving these reductions is likely to require substantial investment and system-wide change across both public and private dimensions. Private healthcare providers such as private hospital operators may incur additional costs associated with their decarbonisation activities and investment in lower-emissions operations. Over time, these costs may be passed on to private health insurers and contribute to higher private healthcare costs and claims inflation, with flow-on implications for Doctors' Health Fund (DHF) claims costs, lapse rates and earnings.

Effects on business model and value chain

The risk is concentrated within Avant's downstream healthcare value chain, particularly private hospitals and healthcare providers whose services are funded through DHF benefits payments. Hospital funding arrangements and the annual premium approval process may influence the timing and extent to which transition-related costs are reflected in DHF's financial outcomes.

Based on information available in the current reporting period and the time horizons assessed, Avant does not expect healthcare sector decarbonisation to fundamentally alter DHF's ability to provide private health insurance products. Rather, the primary impact is expected to arise through higher healthcare costs flowing through to claims costs over time, impacting net margins and premiums. This may also influence participation in private health insurance.

4 National Health and Climate Strategy, Department of Health and Aged Care (Australian Centre for Disease Control), December 2023.



Effects on strategy and decision-making

Current and anticipated changes to business model and resource allocation

No material changes to DHF's business model were required during the reporting period as a result of private healthcare decarbonisation risk. Before mitigation actions, the increase in claims costs is estimated to reduce DHF's net margin by up to 90% at the extremity and over the long term, representing a material financial impact if the additional costs were absorbed without a corresponding change in premiums.

Over the medium and long-term, management would seek to respond to sustained increases in claims costs through corresponding premium adjustments, consistent with normal pricing processes. While higher premiums are expected to result in some member lapses, the modelling indicates these actions would substantially offset the claims impact, with net margin ultimately estimated at approximately 9% below the FY25 baseline. Management therefore expects premium adjustments to substantially insulate DHF's net margin from the financial effects of the risk over the medium and long term, as outlined below.

Future resource requirements are expected to be managed through existing operational, actuarial and pricing functions and are not currently expected to require material changes to capital allocation or workforce capacity.

Current mitigation and adaptation efforts

- Balanced approach to premium adjustments that manages cost increases while maintaining competitive premiums.
- Collective hospital contract management through the Australian Health Services Alliance (AHSA), strengthening negotiating positions and helping to moderate claims cost growth and premium increases.
- Public policy advocacy on healthcare accessibility and system reform.

Anticipated mitigation and adaptation efforts

Avant expects to continue refining its understanding of healthcare-sector transition risks, including the pace and cost of hospital decarbonisation and the potential implications for healthcare affordability. Future activities may include ongoing monitoring of healthcare decarbonisation pathways and policy developments, continued participation in industry discussions relating to healthcare sustainability and affordability, and identification of opportunities to support an affordable and sustainable healthcare system through products, services, research and advocacy.

Financial effects

Methodology

The quantification of private healthcare decarbonisation risk is based on the Green Road scenario, which reflects a rapid transition to a lower-emissions economy to limit climate change in line with the Paris Agreement, as well as the maximum impact on the business (when compared to the Current Policies and Hot House scenarios). The assessment considered the potential for hospital decarbonisation activities to increase healthcare costs and affect DHF primarily through claims costs and premium revenue.

Current financial effects

No material financial impacts attributable to private healthcare decarbonisation were identified during the FY26 reporting period.

Anticipated financial effects

Under the Green Road scenario, financial effects emerge progressively over the medium to long term as healthcare sector decarbonisation costs increase over time. The modelling assumes emissions reduction activities accelerate as Australia moves towards net zero by 2050, resulting in increasing costs associated with managing residual emissions. Under the Green Road scenario modelling:

- **Short-term:** Financial impacts are immaterial due to the gradual emergence of healthcare-sector transition costs.
- **Medium-term:** Claims costs for DHF increase by less than 0.5% between FY25 baseline and FY30 as healthcare providers progressively incur and recover decarbonisation-related costs. Net margins are anticipated to remain stable, primarily due to premium adjustments.
- **Long-term:** Claims costs for DHF increase by up to ~3% cumulatively as decarbonisation costs continue to build across the healthcare sector. Net margins are anticipated to reduce by 9% by FY50 as a result of this change.

Key assumptions and limitations

- Progressive uptake of emissions reduction measures broadly aligned with Australia's net-zero by 2050 objectives.
- Hospitals use carbon offsets to address residual emissions where abatement technology is not yet commercially viable.
- Costs increase progressively over time, using indicative carbon prices to estimate the potential cost of decarbonisation.
- Carbon price and offset assumptions are illustrative only and have been used to stress-test exposure rather than predict actual future costs.
- Outcomes are sensitive to future premium approval decisions, as private health insurance premium increases are subject to regulatory approval and the response to transition-related cost pressures may differ from model assumptions.



Private healthcare insurance participation

Member risk driven by climate transition risk

Risk description

As households and businesses adapt to the costs associated with the transition to a lower-emissions economy, financial pressure on members may increase. Over time, some members may choose to reduce, downgrade or discontinue private health insurance cover, with implications for DHF membership, premium revenue, earnings and risk equalisation outcomes.

Effects on business model and value chain

The risk primarily impacts DHF's member base and broader private health insurance value chain, including members, products, claims and industry risk equalisation arrangements. Impacts across the Australian private health insurance market are primarily expected to be reflected through membership growth, policy coverage levels and broader participation trends. DHF's membership base is expected to be relatively resilient compared to the broader market, reflecting the professional characteristics of its members and the importance many place on maintaining private health insurance cover.

As a participant in Australia's risk equalisation framework, DHF may also be affected by changes in claims experience and participation across the broader industry. The framework shares the cost of higher-risk members across all Australian private health insurers, meaning industry-wide affordability pressures may influence financial outcomes even where impacts on DHF membership are comparatively lower.

Effects on strategy and decision-making

Current and anticipated changes to business model and resource allocation

No material changes to DHF's business model were required during the reporting period as a result of private health insurance participation risk. Affordability and participation remain an established focus within DHF's pricing, actuarial and risk management processes. Membership participation, lapse trends, healthcare cost inflation and broader affordability pressures are monitored through existing business planning and strategic risk management processes. Future resource requirements are expected to be managed through existing operational, actuarial, pricing and risk management functions and are not currently expected to require material changes to capital allocation or workforce capacity.

Current mitigation and adaptation efforts

- Balanced approach to premium adjustments that manages cost increases while maintaining competitive premiums.
- Participation in the risk equalisation framework, administered by a government body, which stabilises costs across all Australian health funds.
- Advocacy on health system reform.

Anticipated mitigation and adaptation efforts

- Continued monitoring of affordability trends and participation levels across the private health insurance sector.
- Ongoing engagement in industry discussions relating to healthcare affordability and system sustainability.
- Continued use of pricing and product settings to respond to emerging affordability and participation pressures, where appropriate and subject to applicable regulatory requirements.

Financial effects

Methodology

The quantification of private healthcare participation risk is based on the Green Road scenario, which reflects a rapid transition to a lower-emissions economy consistent with achieving net-zero emissions by 2050. Scenario outcomes were assessed relative to a FY25 baseline and informed by APRA private health insurance statistics and macroeconomic assumptions derived from Australian greenhouse gas emissions budget advice to examine the potential impacts on DHF membership, premium revenue, earnings and risk equalisation outcomes.

Current financial effects

No material financial impacts attributable to private health insurance participation were identified during the FY26 reporting period.

Anticipated financial effects

Under the Green Road scenario, the rapid transition to a lower-emissions economy is assumed to increase financial pressure on households over the medium to long term. This is expected to reduce participation in private health insurance, resulting in lower DHF membership and premium revenue and a corresponding impact on earnings. Under the Green Road scenario modelling:

- **Short-term:** Financial impacts are immaterial.
- **Medium-term:** DHF membership is modelled to reduce by up to 6%, resulting in a material reduction in premium revenue and earnings before management actions. The modelling assumes that DHF responds progressively through premium adjustments of approximately 0.75% per annum above baseline, which substantially mitigates the impact on margins.
- **Long-term:** DHF membership is modelled to reduce by up to 20%. Without mitigating action, the resulting reduction in premium revenue would have a material impact on earnings. The modelling assumes continued premium adjustments of approximately 0.75% per annum above baseline, substantially mitigating the impact on margins over time.

Key assumptions and limitations

- Assumes affordability pressures may lead to feedback effects, where declining participation increases pressure on remaining members.
- Assumes rational economic behaviour and stable structural relationships.
- Does not capture offsetting impacts from innovation, policy reform or system design changes.
- The modelled premium adjustments represent a scenario assumption rather than a forecast of future premium increases and remain subject to DHF's pricing processes and regulatory approval.

Changing member preferences

Strategic risk driven by climate transition risk

Risk description

As Australia accelerates its transition to a lower-emissions economy, climate considerations may play an increasingly important role in members' personal and professional decision-making. If Avant's response is not aligned with these changing expectations, the perceived value of its insurance, financial and practice offerings may decline. This could adversely affect member retention and acquisition, with some members choosing to move to competitors perceived to be better aligned to their values.

Effects on business model and value chain

The risk is concentrated within the Group's member franchise, with particular exposure to Medical Indemnity through member retention, acquisition and its mutual value proposition. Member research indicates climate-related considerations may influence member perceptions and insurance purchasing decisions for some cohorts more than others, meaning the impact is unlikely to arise uniformly across the membership base. A rapid shift in member expectations could affect market share, insurance revenue and earnings if members perceive Avant's response to climate issues to be inconsistent with their expectations or values. The diversity of Avant's membership base and differing levels of importance placed on climate issues mean the nature and extent of any impact remains uncertain.

Effects on strategy and decision-making

Current and anticipated changes to business model and resource allocation

No material changes to Avant's business model were required during the reporting period as a result of shifting member preferences. As the risk is expected to play out over the medium to long-term, the resilience of Avant's business model depends on maintaining an approach that is credible, proportionate and evidence-based, while remaining aligned with Avant's mutual purpose and member value proposition.

As such, during FY26, Avant engaged with more than 800 members through surveys, focus groups and targeted research to better understand the climate matters members consider important. These insights are being incorporated into strategic discussions across the Group, including consideration of opportunities to strengthen member resilience and support members through products, services, education and advocacy.

Member perspectives are also informing how Avant considers opportunities to enhance member value and communicate its climate initiatives, including the information members wish to receive regarding climate performance, investments and broader areas of member value, while ensuring future activities remain aligned with Avant's mutual purpose.

Future resource requirements are expected to be managed through existing strategy, member insights, sustainability, advocacy and risk management functions.

Current mitigation and adaptation efforts

- Member engagement programs and surveys to better understand member expectations.
- Strategic planning to align products, services and business activities to evolving member needs and expectations.
- Governance and review processes over climate disclosures to ensure regulatory compliance.
- Transparent communication of Avant's climate approach, actions and progress, including through this disclosure.

Anticipated mitigation and adaptation efforts

- Transparent reporting of climate actions, progress, assumptions and limitations.
- Consideration of member value and mutual purpose when assessing climate initiatives.
- Continued evaluation of opportunities to support members as climate considerations become increasingly integrated into healthcare delivery, including changing models of care, adoption of lower-emissions technologies, emerging medico-legal risks and practice sustainability.
- Further development of education, research, advocacy and medico-legal support to help members respond to emerging climate-related risks and opportunities affecting clinical practice and the healthcare system.

Financial effects

Methodology

The analysis explores the sensitivity of member demand to a rapid shift in climate-related expectations under the Current Policies and the more extreme Green Road scenarios. It draws on internal member research and a historical market comparator to test the potential financial effects of a one-off reduction in membership if Avant's response were perceived to become materially misaligned with member expectations.

Current financial effects

No material financial impacts attributable to climate-driven member preferences risk were identified during the FY26 reporting period.

Anticipated financial effects

The anticipated impact is a one-off membership shock that could occur if Avant's response to climate becomes materially misaligned with member expectations. The resulting reduction in membership flows through to lower insurance revenue, gross profit and profit after tax. The modelling does not assume recovery in membership or management actions in response to the shock and therefore represents an unmitigated financial impact rather than a forecast of expected outcomes. The model is captured under short-term[5], medium-term[6] and long-term[7] timeframes.

Key assumptions and limitations

- Assumes behavioural change may occur rapidly and non-linearly at any point in the projection period.
- Considered first-order impacts only, with no allowance for management action.
- Reliance on internal Avant member surveys and a single historical market benchmark, given limited industry data.

5 **Short-term:** No material financial effect under the model.
6 **Medium-term:** A rapid shift in member preferences is modelled to result in a one-off reduction in membership of approximately 4–6%, with a corresponding material reduction in insurance revenue, gross profit and profit after tax relative to FY25 baseline.
7 **Long-term:** In the absence of membership recovery or management actions, the financial effects remain approximately 4–6% below baseline over the long term. In practice, management would be expected to respond to material changes in member expectations through the mitigation actions described above, which may reduce the extent or duration of these financial effects.

Resilience of our strategy under climate scenarios

Our climate scenario analysis provides a structured basis for assessing both the resilience of Avant's business model and the potential financial effects of identified climate-related risks. It enables us to explore how different climate futures may affect key aspects of our business, including claims costs, premiums, membership and investment performance, and to understand where impacts may emerge over time.

The analysis indicates that Avant's insurance operations remain resilient across the scenarios and time horizons assessed, although the nature and timing of impacts vary. Under more gradual transition pathways, impacts emerge progressively and can be managed through pricing, product design, and ongoing engagement with members and the broader health system. Under more rapid decarbonisation scenarios, the Group is more exposed to near-term cost pressures, particularly through higher private hospital costs and broader economy-wide inflation, which may affect affordability and participation.

These risks are managed through our existing governance, strategic planning and enterprise risk management processes. Where appropriate, existing controls will be strengthened and/or additional mitigation actions implemented so that risks remain within the Board-approved Risk Appetite and respond to changing circumstances.

To provide a complete enterprise-wide assessment of climate-related risk, Avant also undertook scenario analysis of its investment portfolio.

Investment portfolio insights

Avant has approximately $2.5 billion in investment assets to support our long-term financial strength, meet member claims and help maintain competitive premiums. The Board, supported by the Group Investment Committee, approves our investment objectives, risk tolerances and strategic asset allocation, which determines how investments are spread across different types of assets, such as shares, bonds and cash. Management, with oversight from the Group Investment Committee, appoints external investment managers and selects the investment funds in which we invest.

How we manage these investments also forms part of our broader relationship with members. In our assessment of risk, a misalignment of Avant's business activities with member expectations could adversely affect member retention and acquisition, with some members choosing to move to competitors perceived to be better aligned to their values. We therefore seek to understand these expectations and be transparent about how ESG (Environment, Social and Governance) considerations are reflected in our investment approach.

We consider climate-related risks as part of our broader investment approach. This includes assessing the resilience of our strategic asset allocation to climate-related risks and assessing our investment managers' approach to ESG where relevant, as part of our selection and ongoing monitoring.



Avant incorporates ESG considerations into its investment manager and fund selection and monitoring insofar as they are material to long-term, risk-adjusted outcomes for members. ESG factors are integrated to enhance, not override, disciplined investment decision-making. As member expectations and preferences for meaningful climate responses continue to evolve, we recognise how the portfolio is managed and how clearly it is explained to our members forms part of the relationship of trust between Avant and its members.

Given our investment model, our investment portfolio has exposure to thousands of individual securities and other instruments across many sectors of the economy, with some of our pooled funds having exposure to thousands of companies.

Preparing our first climate-related disclosure has improved our understanding of these underlying exposures, including our exposure to emissions-intensive sectors such as fossil fuels, held both through pooled funds and through the managers we appoint directly. Avant does not apply a fossil fuel exclusion under its Responsible Investment Policy. Our approach is to pursue improved outcomes, including decarbonisation over time, through the selection and oversight of its investment managers and through engagement via those managers rather than divestment, unless engagement is unlikely to result in improved outcomes. Manager selection and review considers the ESG credentials of managers, including, where relevant to the asset class and strategy, the integration of ESG factors, of which climate is one, into their investment processes.

Current limitations and ongoing development

Climate-related investment analysis remains an evolving area across the investment industry. Like many organisations with investment portfolios, Avant faces limitations in the availability, consistency and comparability of climate-related investment data. Most of our portfolio is held through pooled funds, and our visibility of underlying holdings depends on the availability and quality of data provided by investment managers.

Our initial scenario analysis has taken a top-down, directional approach, focusing on how climate-related physical and transition risks may affect macroeconomic drivers such as GDP and inflation, and in turn, the resilience of our investment strategy.

To build a more comprehensive understanding of climate-related risks and opportunities within the portfolio, Avant in FY27 will measure, subject to data availability, financed emissions, carbon intensity, financed emissions coverage and financed emissions data quality in aggregate and across the different mandates and pooled funds and material emissions coverage by credible transition plans for the portfolio. This deeper visibility will improve our ability to articulate the portfolio's climate positioning, supporting more informed and transparent engagement with our fund managers and stakeholders on an important area of member interest. This will inform where we focus manager selection, monitoring and engagement, and strengthen the integration of climate considerations into ongoing investment monitoring.

Climate-related opportunity – strengthening and supporting member resilience

Climate change may also create opportunities for Avant to respond to the evolving needs of our members. Informed by our member research, we have identified one broader climate-related opportunity, encompassing a range of potential initiatives.

Our assessment identified changing member expectations regarding Avant's climate-related performance as a material climate-related risk. Our scenario analysis considered the potential financial impact if Avant's response did not meet those expectations. Member research also identified interest among a significant proportion of participants in services that could help them become more resilient to the impacts of climate change and manage their own environmental footprint. This informed our assessment of potential climate-related opportunities to strengthen member value and resilience. Climate change is expected to continue changing the way healthcare is delivered and increasing the challenges faced by doctors. As these impacts become more evident, member expectations regarding the role of organisations such as Avant are also evolving. Management has identified an opportunity to strengthen Avant's member value proposition by helping doctors respond and adapt to climate-related changes affecting healthcare while responding to these changing member expectations.

Avant has existing capabilities that may enable us to respond to these changing needs, including education and risk management, advocacy, research, practice management services and finance. Management considers these capabilities provide a foundation to support members in building resilience to climate-related impacts while strengthening the value Avant provides to members.

During FY26, management commenced work to better understand, evaluate and, in some cases, develop this opportunity by identifying potential initatives aligned with Avant's existing capabilities. These include:

- Strengthening resilience and wellbeing support for practitioners affected by extreme weather.
- Developing education and medico-legal guidance to help doctors manage emerging climate-related clinical risks.
- Using our advocacy and policy engagement to support health system preparedness and ensure doctors' needs are considered in climate adaptation planning.
- Exploring whether existing finance and practice management capabilities can support members seeking to improve the resilience, energy efficiency and environmental performance of their professional and personal lives.

These initiatives are at different stages of assessment.



Examples of initiatives underway

Supporting climate-resilient healthcare through research

Through the Avant Foundation, $100,000 has been committed to a research partnership with Monash University examining how extreme heat may affect the safety of Hospital in the Home (HITH) services in Australia.

The research responds to an emerging climate-related challenge for healthcare delivery. As temperatures rise, delivering hospital-level care in patients' homes becomes more complex because medicines, medical devices and home environments may be exposed to temperatures outside recommended operating ranges. The project will examine real-world temperatures experienced by patients, portable infusion devices and temperature-sensitive medicines during periods of extreme heat and identify practical adaptations that support safe and resilient models of care.

The findings are expected to strengthen the evidence base for climate adaptation in healthcare and inform future education, risk management and member support initiatives.

Supporting doctors during climate disruption

Avant is also exploring how its education and member support programs can better prepare doctors to practise during climate-related disruptions and periods of extreme heat.

This work reflects increasing evidence that healthcare professionals are themselves vulnerable to climate-related disruption while continuing to provide care to affected communities. Australia's National Climate Risk Assessment identifies healthcare professionals as a climate-vulnerable workforce, recognising the combined pressures of responding to climate-related events while experiencing personal disruption and increased physical and psychological demands.

Lessons from recent natural disasters, including the Northern Rivers floods, reinforce the importance of supporting practitioner preparedness, wellbeing and resilience before, during and after climate-related events. This work is intended to strengthen members' ability to continue delivering safe care while supporting the resilience of Australia's healthcare system.

Anticipated financial effects

This opportunity is expected to influence Avant's prospects over the medium to long term, consistent with the time horizons described in this Report. Management expects the opportunity could influence member retention, member acquisition, competitive positioning and the continued relevance of Avant's member value proposition.

Member research provides reasonable and supportable information available without undue cost or effort that this opportunity could affect a significant proportion of Avant's membership. Our research indicates that a meaningful proportion of members consider Avant's climate efforts when deciding whether to stay with or switch from Avant, while a stronger climate and sustainability focus would improve overall perceptions of Avant for a further proportion of members. Research also indicates that some members would be attracted to products and services that help them reduce their environmental footprint where these align with their personal values and provide practical or economic benefits.

As a member-owned mutual, Avant's primary objective is to create value for members by providing products and services that align with our purpose, capabilities and business model rather than maximising short-term financial returns.

The potential financial effects of this opportunity cannot yet be reliably estimated. While member research provides evidence of changing expectations, stated preference data does not, on its own, provide a reliable basis for quantifying future financial outcomes because actual membership decisions are influenced by a range of factors and the initiatives identified remain at an early stage of development.

Management will continue to develop its assessment of this opportunity as initiatives mature, supporting evidence becomes available and opportunities progress through business case development.

Developing our transition plan

As outlined in this Report, Avant completed its first climate scenario analysis and identified material climate-related risks as well as an opportunity to help members improve their own resilience to climate change across short, medium and long-term horizons. These insights will inform the initial foundations of our transition planning and how we prepare our business to respond to the changes associated with the shift to a low-carbon economy. The strategic implications emerging from our analysis include how Avant continues to meet evolving member expectations regarding our response to climate change, while also responding to the potential impact of climate transition costs on the attractiveness of, and participation in, the private health insurance market. Climate-related risks and opportunities identified as material will be integrated into Avant's existing strategy, business planning and risk management processes, rather than managed through separate climate-specific processes. This will enable climate considerations to inform relevant decisions, actions and priorities over time, including the development of appropriate metrics and, where required, transition planning.



Metrics and Targets

Why metrics and targets matter to our members

This section explains how Avant measures climate-related impacts, monitors progress and uses metrics and targets to support accountability, decision-making and transparent reporting over time.

At a glance

- As our day-to-day operations are primarily office-based, our direct operational greenhouse gas emissions are largely limited to office energy consumption.
- We are establishing FY26 as Avant's baseline year for greenhouse gas emissions measurement across Scope 1, Scope 2 and relevant Scope 3 categories.
- We have developed a proposed plan to reduce Scope 2 (market-based) emissions within our operational control, during FY27.
- We are progressing the measurement of indirect greenhouse gas emissions across our value chain (Scope 3), such as waste, business travel and investments.

Our carbon footprint

Avant is establishing a structured approach to measuring and managing greenhouse gas emissions across its operations and value chain, with a focus on building a robust baseline and identifying practical opportunities for emissions reduction over time.

We measure greenhouse gas emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2004). Under this global standard, emissions are categorised into three Scopes[8]:

- **Scope 1 (direct greenhouse gas emissions)**
  As Avant does not own a vehicle fleet or operate stationary combustion assets, such as diesel generators, our Scope 1 direct emissions are limited to refrigerant leakage from office fridges and air-conditioning units.
- **Scope 2 (indirect greenhouse gas emissions)**
  Emissions released in the generation of purchased electricity consumed in Avant offices.
- **Scope 3 (indirect value chain greenhouse gas emissions)**
  Emissions that occur upstream and downstream of our operations, including those associated with our supply chain and our financial activities, such as investments and member offerings.



8 For the purposes of quantifying Avant's greenhouse gas inventory, the seven greenhouse gases established by the United Nations Framework Convention on Climate Change (UNFCCC)/ Kyoto Protocol are considered: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Our operational emissions – Scope 1 and 2

Electricity use across our offices is the main source of Avant's operational emissions [9]. In FY26, we explored and identified a potential pathway to substantially reduce our Scope 2 (market-based) emissions, during FY27. This pathway focuses on energy efficiency initiatives, renewable electricity certificate procurement and improved emissions measurement over time.

Avant's Scope 1 emissions are very small and are limited to refrigerant leakage from refrigeration and air-conditioning equipment within our offices. Given the nature and scale of these emissions, eliminating them entirely is not currently considered practical.

Avant has made a deliberate decision not to use voluntary carbon offset credits to address Scope 1 or 2 emissions. Instead, our approach will prioritise renewable electricity certificate procurement, including the future use of Large-scale Generation Certificates (LGCs) for Scope 2 emissions, which are renewable energy certificates issued under the Australian Renewable Energy Target and directly support renewable energy generation within Australia's electricity grid.

Our FY26 greenhouse gas emissions footprint

FY26 greenhouse gas emissions totalled 430.8 tCO_2e. Electricity consumption accounted for more than 99% of Avant's operational footprint, reflecting the low-emissions nature of the organisation's direct activities. As a result, electricity remains Avant's most significant source of emissions and the primary focus of its operational decarbonisation efforts.



Breakdown

Source	Emmissions (tCO_2e)	% total emissions
Scope 2 (Location-based electricity)	427.14	99.2%
Scope 1 (Direct emissions)	3.62	<1%

Emissions are reported in metric tonnes of carbon dioxide equivalent (tCO_2e), which converts different greenhouse gases into a common unit to support comparability.

Total footprint representative of Avant's FY26 consolidated absolute gross emissions.

FY26 progress summary

What we focused on	What we achieved
Digitise member communications	Connect magazine transitioning to digital-first content.
Building an emissions baseline for business travel, employee commuting, waste and investments	FY26 established as the baseline year for Avant's Scope 1, 2 and 3 emissions, with Scope 3 data collection underway
Expand Scope 3 financed emissions coverage	Established financed emissions coverage of 71% of the investment portfolio, with further work to increase coverage and data quality into FY27.

9 As Avant does not own a vehicle fleet or operate stationary combustion assets (such as diesel generators), our Scope 1 direct greenhouse gas emissions sources are limited to refrigerant leakage from fridges and air conditioning units in our offices only.



Our value chain emissions – Scope 3

Avant's operational greenhouse gas emissions represent only a small portion of the climate impacts associated with our activities. As a financial services organisation, most of our climate-related impacts and emissions occur across the value chain, through what we purchase, how our people work and travel, and through the companies and assets supported by our investment portfolio.

Our approach to Scope 3 emissions reflects the different ways Avant can influence emissions across the value chain.

- **Where we can take direct action –** such as procurement, office waste, and digitisation we focus on practical efficiency measures and better sourcing decisions.
- **Where outcomes can be influenced through third parties –** particularly through our investment portfolio, we focus on engagement and transparency.
- **Where impacts are more indirect –** we prioritise building understanding and improving data quality to allow us to continue improving our reporting.

This year, Avant has undertaken significant work to establish our approach to measuring emissions across key Scope 3 categories. However, due to data complexity, particularly in relation to obtaining third-party supplier data and underlying investment holding information (see Investment Portfolio Resilience section), we have not disclosed Scope 3 emissions for this reporting period.

FY26 will serve as a baseline year for Scope 3 measurement and we will continue to strengthen data coverage and quality, with the intention of disclosing Scope 3 emissions in FY27 as our measurement capability matures.

Approach to target-setting and monitoring

While we have not yet set formal climate targets, we recognise the importance of doing so and are committed to progressing this work in a considered and evidence-based manner. In FY26, this included the development of a plan to reduce Scope 2 (market-based) emissions within our operational control, during FY27. Interim targets and performance metrics will be developed as emissions data matures and measurement processes are refined, ensuring that future targets are credible, measurable and aligned with Avant's business model.

Over the coming reporting cycles, we intend to continue to deepen our analysis of climate impacts and transition pathways and assess the operational and financial implications of additional emissions-reduction initiatives. As our understanding matures, we believe we will be well-positioned to establish appropriate climate targets that reflect our ambition and the practical realities of our operations. In the interim, we plan to remain focused on enhancing our governance, improving transparency, and integrating climate considerations into our decision-making processes, where relevant. Any future climate targets will be subject to Board review, approval and ongoing monitoring through existing strategy, planning and governance processes, supported by management oversight through the Sustainability Steering Committee.

Other Metrics[10]

Assets and activities vulnerable to climate-related risks

Our current assessment indicates that transition risks represent our most material climate-related exposure over the medium to long term. These risks arise from policy, regulatory, technological, and market changes associated with Australia's transition to a lower-emissions economy, including climate-related regulation affecting the insurance and healthcare sectors, and may influence member expectations and private health insurance participation.

In parallel, we are strengthening our understanding of physical climate risks by mapping member distribution against projected climate hazards to identify potential impacts on claims patterns and operational resilience.

Climate-related opportunities

We are exploring opportunities to align aspects of our business with a lower-carbon economy, including potential offerings that support members in adopting more sustainable and resource-efficient practices. We will consider how these opportunities contribute to our broader business activities and disclose progress as appropriate.

Capital deployment

In FY26, climate-related capital deployment focused on capability uplift, including external actuarial support for quantitative scenario analysis, compliance and legal pre-assurance, and targeted Board and Executive education. As our strategy moves toward implementation, we intend to track and disclose capital allocated to risk mitigation and opportunity realisation.

Internal carbon pricing

While Avant does not currently apply an internal carbon price, a shadow carbon price was used in scenario analysis to assess sensitivity to potential transition-related cost pressures. The analysis used published Australian carbon price assumptions derived from a combination of Australian Energy Market Commission (AEMC) shadow carbon prices and Australian Carbon Credit Unit (ACCU) market pricing data, ranging from approximately $\$35/tCO_2e$ in 2025 to $\$420/tCO_2e$ by 2050.

We will continue to evaluate the strategic value of integrating a shadow carbon price into broader financial planning.

Remuneration

Climate-related metrics are not currently incorporated into executive remuneration. Governance committees will consider whether incorporating climate-related metrics into executive remuneration is appropriate as Avant's climate maturity and the robustness of relevant data develop.

10 Avant's FY26 disclosures focus primarily on qualitative cross industry metrics, as required under AASB S2. These standardised metrics are designed to support comparability across sectors and will be progressively expanded with quantitative information as our reporting maturity increases.

Climate Governance

Why climate governance matters to our members

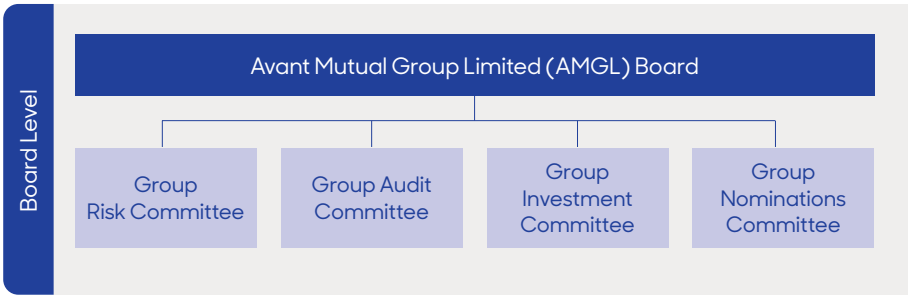
This section explains how climate-related risks and opportunities are governed at Avant, including the roles of the Board and management, and how doctor member perspectives inform this oversight. Strong governance keeps climate-related decisions accountable and evidence-based, helping protect members and the healthcare system over the long term.

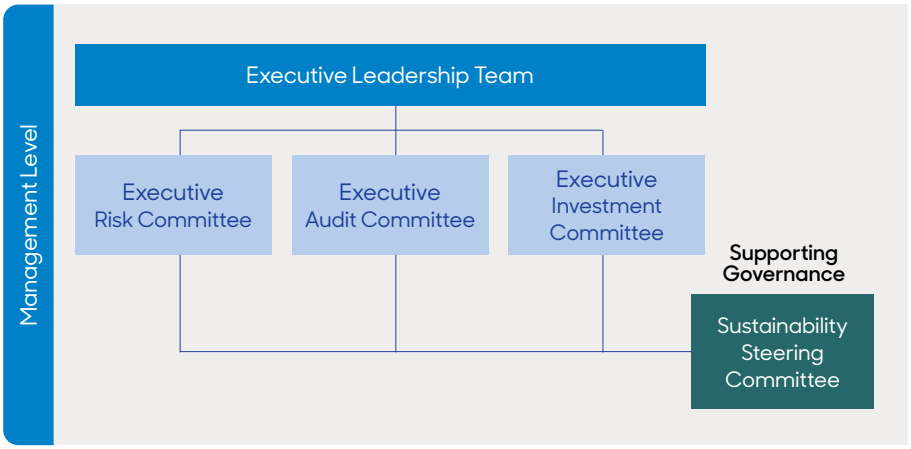
At a glance

- The Board oversees climate-related risks and opportunities, with management responsible for day-to-day decision-making and reporting.
- Climate matters are integrated into existing Board and management forums, rather than treated as a separate exercise.
- A Sustainability Steering Committee coordinates climate-related work across the organisation.
- We are strengthening Board and management climate capability through ongoing education focused on climate impacts on healthcare and insurance.
- Member perspectives and real-world clinical experience inform how climate-related risks and opportunities are assessed.

Oversight and accountability

The Avant Mutual Group Limited (AMGL) Board (Board) has oversight of climate-related risks and opportunities. The Board is accountable for overseeing Avant's responses to climate risks and opportunities, including integration within strategic planning processes, understanding and considering member perspectives, and approving climate-related disclosures. Avant manages climate-related risks and opportunities through its established enterprise governance framework. Climate matters are embedded across the AMGL Board and its Risk, Audit, Investments, and Nominations Committees and their associated charters and policies, ensuring consistent oversight alongside other material business risks. The Board delegates authority to these Committees for specific climate-related governance activities and receives regular updates and recommendations from them.







Group-level Board Committees	Climate-related responsibilities	Climate Governance Considerations in FY26
AMGL Board	• Oversees climate-related risks and opportunities and their integration into Avant's strategy and decision-making. • Provides strategic direction on climate-related risks and opportunities, including the development and monitoring of climate-related metrics and targets once established. • Reviews and approves climate-related disclosures and associated Director declarations.	• Six Board climate education sessions, including climate scenario analysis modelling inputs and results. • Completion of AICD Climate Governance for Australian Directors training. • Annual review of the Responsible Investment Policy, including consideration of climate-related implications.
Group Risk Committee	• Oversees the monitoring and management of Avant Group's risk profile, performance and controls, including in relation to climate-related risks. • Oversees the design and implementation of the Risk Management Framework, including climate-related risk integration.	• Annual review of the Risk Management Strategy and Risk Appetite Statement, including climate-related considerations. • Triennial review of the Group Risk Committee Charter, including climate-related considerations.
Group Audit Committee	• Oversees compliance with financial reporting, professional accounting and other applicable legal requirements, including climate-related disclosures. • Reviews climate-related disclosures and oversees the effectiveness of management controls supporting their preparation. • Reviews external auditor activities relating to climate-related disclosures contained within the annual reporting suite.	• Annual review of the FY26 Climate Disclosure. • Triennial review of the Group Audit Committee Charter, including climate-related considerations. • Review of climate-related risks and opportunities identified in FY25/6 scenario analysis.
Group Investment Committee	• Approves the Group Investment Policy Statement, which incorporates the Responsible Investment Policy. • Receives annual reporting on responsible investment activities and manager ESG due diligence. • Oversees management of material investment risks, including ESG risks.	• Annual review of the investment portfolio, including ESG due diligence considerations [11]. • Triennial review of the Group Investment Committee Charter, including climate-related considerations.
Group Nominations Committee	• Considers changes to the Group's governance arrangements and recommends enhancements. • Oversees Board composition, capability and succession planning, including climate-related skills and experience. • Maintains the Directors' Success Profile, which reflects the skills and experience required to oversee risks and opportunities, including where they relate to climate, and alignment of corporate governance structures with regulatory expectations.	• Annual review of the Climate Governance Framework. • Triennial review of the Group Nominations Committee Charter, including climate-related considerations.

11 Initial investment portfolio assessment only. Ongoing assessment will be incorporated into future governance and investment review processes.

Building climate knowledge and capability

Board skills and education

During FY26, Avant strengthened the climate capability of its Board and Executive team through targeted education and ongoing oversight. The Board participated in a structured education program consisting of six climate-focused sessions covering:

- Climate scenario analysis methodology and findings.
- Climate impacts on human health and healthcare delivery.
- Macroeconomic climate trends affecting Avant's business model.
- Greenhouse gas emission measurement and reporting.
- Climate impacts on the investment portfolio.
- Climate disclosure requirements.

The majority of directors, together with management and disclosure preparation staff, also participated in the Australian Institute of Company Directors (AICD) Climate Governance for Australian Directors program in FY26, providing external benchmarking and best practice insights.

The Directors' Success Profile, which guides the evaluation of Board composition and capability, incorporates skills and experience that support oversight of climate-related risks and opportunities, and has been independently reviewed to ensure alignment with governance best practice and updated in FY26.

Management responsibility

The Executive Leadership Team (ELT), comprised of Avant's senior management, considers and addresses climate-related risks and opportunities as part of its management responsibilities via established controls and procedures. For example, Avant's Advocacy and Impact (A&I) team monitors public policy developments and emerging issues that may affect Avant's business, including climate-related policy and regulatory change where relevant, and reports these to the Board at least twice a year. In addition, the outcomes of Avant's climate scenario analysis, including the current and anticipated financial effects of the material climate-related risks identified under the scenarios assessed, are considered as part of the annual Internal Capital Adequacy Assessment Process (ICAAP). This informs management's assessment of the potential implications of climate-related risks for the Group's capital position and its ability to maintain sufficient capital under a range of conditions.

To strengthen focus and accountability, Avant also established a Sustainability Steering Committee in FY26, chaired by the Chief Executive Officer with membership including the Chief Financial Officer, Chief Risk Officer, Chief Customer and Strategy Officer and the General Manager of Sustainability. The Committee meets regularly, including seven times in FY26, and provides direction and oversight of Avant's climate reporting, scenario assessments, emissions inventory, and broader sustainability priorities, with outcomes informing ELT, Board Committee and Board discussions.

Member perspectives: Embedding clinical perspectives into climate-related decision-making

Avant integrates the perspectives of its doctor members into the identification and assessment of climate-related risks and opportunities through established advisory forums, including the Early Career Doctor Advisory Council and the National Advocacy Stakeholder Committee. These forums are complemented by broader member research and survey insights.

Together, these mechanisms provide structured and scalable channels for management to access frontline clinical insight, patient perspectives and emerging system-level risks. This supports more informed decision-making in relation to how climate impacts healthcare delivery.

As part of the development of Avant's FY26 Climate Disclosure, both advisory councils were engaged alongside insights from annual member surveys and targeted climate- and sustainability-related research. This input helped validate the sustainability issues most relevant to members, including environmental sustainability, doctor wellbeing and resilience, and the long-term sustainability of the health system under climate stress.

These combined perspectives informed the prioritisation of key sustainability themes and highlighted emerging risks to patient safety, care continuity and healthcare delivery under Avant's climate scenarios.



Climate-related Risk and Opportunity Management

Why climate-related risk and opportunity management matters to our members

This section explains how we identify, assess and manage climate-related risks and opportunities alongside other business risks, and how climate scenario analysis helps us understand potential impacts on Avant, our members and the healthcare system over time.

At a glance

- Climate-related risks are considered alongside other business risks using Avant's existing risk management processes.
- We assessed how climate change could affect Avant, our members, our investments and the healthcare system over different time horizons.
- We used climate scenario analysis to explore a range of possible futures and test Avant's resilience under different conditions.
- We did not identify any climate-related risks that require immediate changes to our business, but some risks will need ongoing monitoring.

Embedding climate into enterprise risk management

Avant's Risk Management Framework provides the totality of governance, risk strategy, policies and procedures, systems and data, and people and culture used to identify, assess, measure, monitor, report, and manage material risks, including climate-related risks. The framework fulfils the obligations of AMGL and its wholly owned subsidiaries and is reviewed annually. During FY26, Avant strengthened its risk frameworks and enhanced the identification, assessment, and management of climate-related risks and opportunities through the climate scenario assessment process described in the Strategy section.

How we identify and assess material climate-related risks

Climate scenario analysis is used in conjunction with Avant's established Strategic Risk Profile process to identify climate-related risks across our short-, medium- and long-term horizons, considering political, economic, social, environmental, technological and legal factors.

As part of this process, we use Avant's Group Risk Assessment Matrix to assess the climate-related risks and opportunities under each scenario by considering the potential impact of the risk, including its financial effects, the likelihood of it occurring and the timeframe over which it may arise. These impacts are assessed against Avant's existing risk appetite and relevant risk categories, including member risk, regulatory risk and insurance risk, to determine whether the risk is material to Avant.

This process also supports the development of a climate resilience rating, helping Avant evaluate its capacity to adapt to climate-related changes and uncertainty over time.

How we monitor and manage material climate-related risks

Avant manages climate-related risks through our existing Risk Management Framework. Management responsibility follows Avant's three lines of defence model, where business units own and manage day-to-day risks, the risk function provides independent oversight and challenge, and internal and external audit processes verify effectiveness. The Group's Risk Appetite Statement defines the amount and type of risk Avant is willing to accept, with strategic and divisional risks monitored through these tolerances. As part of our business-as-usual activities, we monitor factors such as policy and regulatory change, member expectations and market conditions that may indicate a change in the likelihood, timing and impact of material climate-related risks. These risks will be formally reviewed annually with the outcomes informing our annual climate-related disclosures and, where appropriate, how risks are managed. We also intend to undertake a comprehensive qualitative scenario analysis assessment every three years to test the ongoing relevance and potential impacts of identified material risks and identify new ones. This provides a periodic deeper assessment alongside our annual review.

Climate-related opportunities

Avant recognises that the physical and transition risks members face from a changing climate may also create areas where we can strengthen our support. Rather than treating these as a separate strategic category, we consider them through our existing three-year business planning cycle, assessing factors such as strategic fit, member need and our existing capabilities across education, practice management, lending and insurance.

We continue to monitor changes in member risk exposure, capability and the regulatory environment to identify and refine potential areas for future support as needs evolve.

Key terms used in this report

Term	Definition
Climate-related financial disclosures	Information about how climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, including how we manage these risks and measure progress.
Climate-related opportunities	Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.
Climate-related risks	Climate-related risks refers to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks.
Climate resilience	The ability to anticipate, prepare for and adapt to climate-related change and disruption. This includes managing risks and adjusting to changing conditions across our business, our members and the health system over time.
Financial effects	The impact that climate-related risks and opportunities may have on Avant's financial position, performance or cash flows, either now or in the future.
Materiality	The threshold used to determine which climate-related risks and opportunities are material is whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general-purpose financial reports
Physical risk	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.
Risk appetite	The level of risk Avant is willing to accept in pursuit of its objectives, as approved by the Board.
Scenario analysis	A structured approach for testing how Avant's business model and strategy may perform under different climate futures. These scenarios are not predictions but help us understand potential climate-related risks and opportunities under different conditions over time.
Scope 1 emissions	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.
Scope 2 emissions	Indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated and can be measured through: • **Location-based** Scope 2 emissions reflect the average emissions intensity of grids on which energy consumption occurs. • **Market-based** Scope 2 emissions reflect contractual instruments, such as LGCs.
Scope 3 emissions	Indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the Scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
Transition risk	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.
Value chain	The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates. A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or services from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity's operations, such as human resources; those along its supply, marketing and distribution channels, such as materials and service sourcing, and product and service sale and delivery; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.

Definitions included in this glossary are based on AASB S2 Climate-related Disclosures, unless otherwise stated. Where terms are not defined by AASB S2, explanatory descriptions have been provided to improve the readability of this Report for Avant's members and should not be interpreted as official AASB S2 definitions

Greenhouse Gas Emissions Methodology

Avant measures its Greenhouse Gas emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (2004).

Organisational Boundary

For greenhouse gas (GHG) emissions reporting, organisational boundaries have been determined using the operational control approach under the Greenhouse Gas Protocol. Under this approach, Avant reports emissions from operations over which the Group has the full authority to introduce and implement operating policies. Avant holds a 25% ownership stake in Team Medical Supplies Pty Ltd. As Avant does not hold operational control (the authority to introduce and implement operating policies), Team Medical's emissions are excluded from Scope 1 and Scope 2 emissions.

FY26 emissions relate to Avant's Australian office operations and include Scope 1 and Scope 2 emissions sources. In accordance with the transitional reliefs available under AASB S2, Scope 3 emissions, including financed emissions, have not been disclosed in FY26.

Scope of Reporting

Emissions category	Sources included
Scope 1	Refrigerant leakage from refrigeration and air-conditioning equipment within Avant's office portfolio.
Scope 2	Purchased electricity consumed across Avant's Australian offices using the location-based method.

Calculation Methodology

Category	Methodology
Scope 1	Fugitive emissions from refrigeration and air-conditioning equipment were estimated using equipment inventories, service records and industry-standard leakage assumptions where complete refrigerant information was unavailable. Refrigerant top-up events identified through maintenance records were incorporated where applicable.
Scope 2	Electricity emissions were calculated using retailer invoices and consumption records obtained across Avant's office portfolio and Australian electricity emissions factors published by the Department of Climate Change, Energy, the Environment and Water (DCCEEW). Due to electricity billing cycles and the timing of invoice availability, a portion of FY26 Scope 2 electricity consumption was estimated at the reporting date. Where invoice data was unavailable at the reporting date, consumption was estimated using extrapolation methodology based on average usage from comparable periods at the relevant site.

As this is Avant's first year of climate-related financial disclosure, there have been no changes to the measurement approach, inputs, or assumptions during the reporting period.



Directors' Declaration

In the Directors' opinion, the Group has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report set out on pages 1 to 21 are in accordance with the *Corporations Act 2001* (Act), including complying with:

(i) the Australian Sustainability Reporting Standard AASB S2 *Climate related Disclosures*, and any further requirements contained in section 296C of the Act; and

(ii) other disclosures required by section 296D of the Act.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 296A(7) of the Act.



Dr Steven Hambleton AM
Chair
Sydney
10 September 2026

Independent Auditor's Report

Deloitte.

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Independent Auditor's Review Report to the Members of Avant Mutual Group Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Avant Mutual Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* ("ASSA 5010") issued by the Auditing and Assurance Standards Board ("AUASB"):

Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* ("AASB S2") (including related general disclosures required by Appendix D)**	**Location in the Sustainability Report**
Governance	Paragraph 6	Section titled "Climate Governance" on pages 16 to 18
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Sections titled "Risk description" on pages 6, 8 and 9 and section titled "Climate-related opportunity – strengthening and supporting member resilience" on page 11
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section titled "Our FY26 greenhouse gas emissions footprint" on page 14

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the "Act").

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* ("ASSA 5000") issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent

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than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the '*Summary of the Work Performed'* section of our report below.

Our responsibilities under ASSA 5000 are further described in the '*Auditor's Responsibilities'* section of this report.

We are independent of the Group in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024 (the "Code"), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

We confirm that the independence declaration required by the Act, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

The directors of the Group are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2026 but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. The other information includes the financial report upon which we have performed an audit and issued a separate auditor's report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Specified Sustainability Disclosures

The Directors of the Group are responsible for:

a) The preparation of the specified Sustainability Disclosures in accordance with the Act; and
b) Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a

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review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Performed inquiries and walkthroughs to obtain an understanding of the reporting process for preparing the specified Sustainability Disclosures, including the identification of individuals involved and an understanding of key systems used.
- With respect to Governance disclosures:
    - Inquired with management and personnel responsible for the oversight of climate-related risk and opportunities to obtain an understanding of the Group's processes, controls and procedures to monitor, manage and oversee its climate-related risks and opportunities; and
    - Performed walkthroughs and inspected the Group's internal information.
- With respect to Strategy (risk and opportunities) disclosures:
    - Obtained an understanding of the Group's process for identifying and assessing its climate-related risks and opportunities across its reporting boundary, including management's materiality assessment process, by performing inquiries to understand the sources of the information used by management and inspecting the Group's internal documentation of this process; and
    - Assessed whether the climate-related risks and opportunities disclosed are appropriate and complete, based on management's process and judgements, and whether they have been accurately described and classified.
- With respect to Scope 1 and 2 emissions disclosures:
    - Obtained an understanding of the measurement approach, inputs and assumptions used to measure the Group's greenhouse gas emissions through inquiries, walkthroughs and inspection of process flow documentation, calculations and underlying support;
    - Performed analytical procedures;
    - Agreed a sample of the underlying emissions data to supporting documentation and checked the mathematical accuracy of management's calculations;
    - Assessed the relevance and reliability of emissions factors used by management; and

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- Evaluated whether management has appropriately applied the requirements of AASB S2 and the GHG Protocol in developing estimates used to report emissions, and whether the methods for developing such estimates are appropriate and have been applied consistently.

- Reconciled the specified Sustainability disclosures in the sustainability report to underlying supporting calculations and/or testing.
- Evaluated the overall presentation of the specified Sustainability Disclosures in the sustainability report and considered whether the specified Sustainability Disclosures as a whole are disclosed in accordance with the relevant requirements of AASB S2.

Our procedures did not include assessing the adequacy of design or operating effectiveness of controls, assessing the adequacy of the Group's governance framework and processes or separately developing our own estimate to compare with the Group's estimates.

Deloitte Touche Tohmatsu

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Max Rt Murray

Max Murray
Partner
Chartered Accountants

Sydney, 10 September 2026

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