



# ETHICAL INVESTMENT FUNDS MANAGEMENT

2022

ANNUAL REPORT

# Acknowledgment Of Country

Ethical Investment Funds Management acknowledges the Traditional Custodians of the lands on which we work and live, the Aboriginal and Torres Strait Islander people of Australia, and pay our respect to the Elders past, present and emerging.

We recognise and respect their cultural heritage, beliefs and relationship with the land and waters, and recognise their role in caring for and maintaining the land over thousands of years.

We see reconciliation as a fundamental responsibility and Ethical Investment Funds Management are committed to advancing reconciliation with Australia's First Peoples and engaging with their concerns.



*Our head office is situated in Meanjin (Brisbane), a 'place shaped like a spike'.*

*This is a reference to the spike of land where the Brisbane central business district is now located, shaped by a bend in the Brisbane River.*

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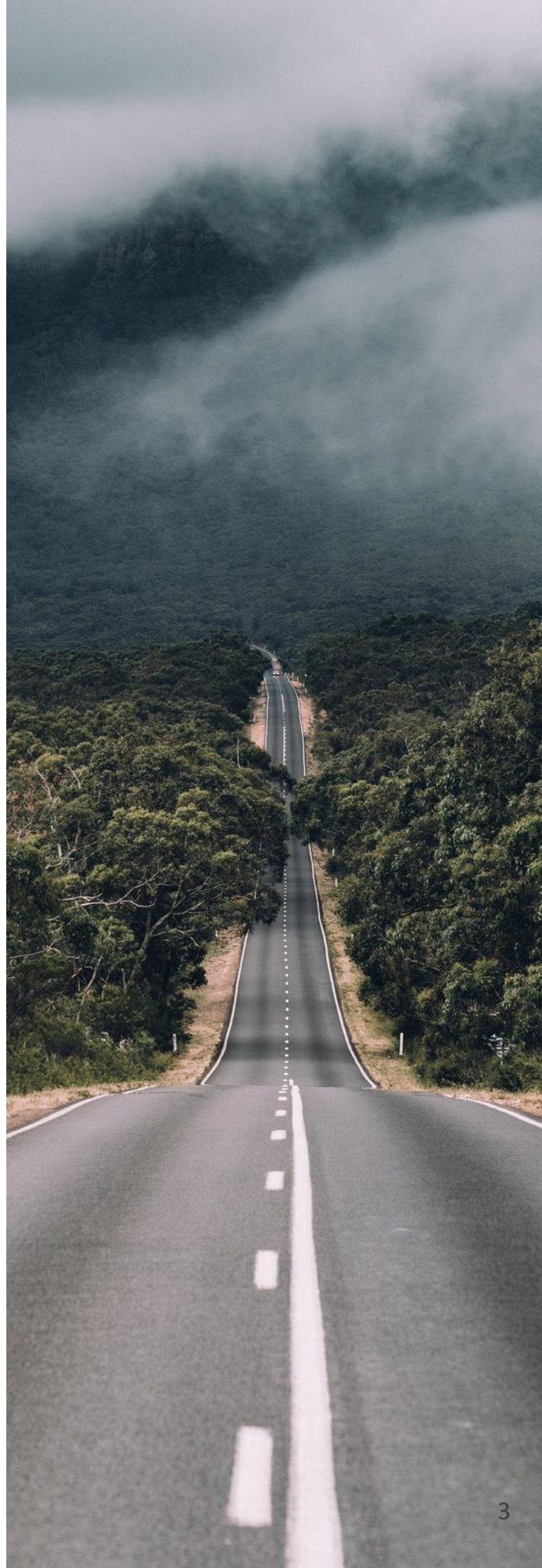
# Introduction

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We are pleased to present our second annual assessment of sustainability for Ethical Investment Funds Management, as we continue our commitment to responsible investment by thoroughly researching and evaluating companies' environmental, social, and governance credentials within the realm of ethical investing.

Ethical Investment Funds Management is a Corporate Authorised Representative of Ethical Investment Advisers, which was originally founded in 2004 by two pioneers of ethical investment, Louise Edkins and Terry Pinnell.

Our vision is to help all investors incorporate their ethical values with their investment objectives.



# 2022 Highlights

\$194 million

Funds under management in ethical investments



Contributions to all 17 Sustainable Development Goals<sup>1</sup>



Commenced our Reflect Reconciliation Action Plan

## Impact

The Ethical Investment Australian Equities Portfolio, compared with the S&P/ASX 200 Index.<sup>1</sup>



25% Higher net SDG Contributions



0% Greenwashing Risk



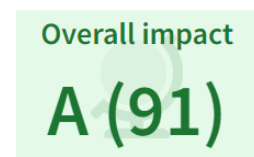
63% Less Carbon Risk



62% Less Reputational Risk

## Recognition

Ethical Investment Funds Managements' commitment to ethical investing was acknowledged with industry ratings and awards in 2022.



<sup>1</sup>Source: Sustainable Platform, The Ethical Investment Australian Equities Portfolio as at 31 December 2022.

# 2022 Highlights

8

Focus Areas:

Renewable Energy, Energy Storage & Efficiency

Education

Transition to a Lower Carbon Economy

Recycling

Disruptive Technology

Sustainable Agriculture

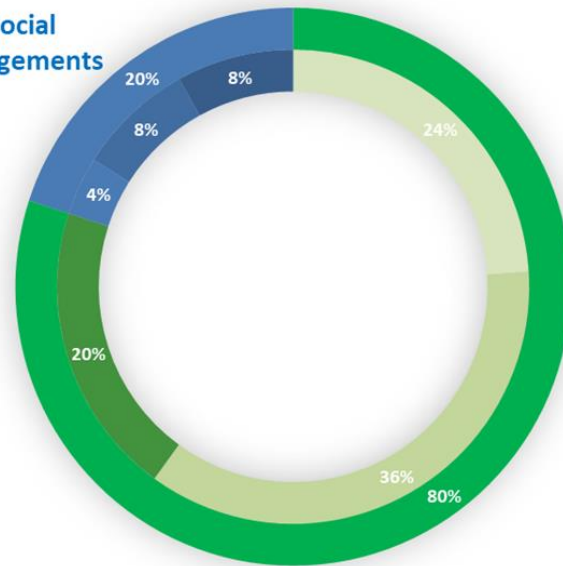
Water Management

Health and Well-being

## Engagement

We use engagement as a tool to encourage companies, other fund managers and stakeholders to consider and improve their environmental and social impact, to help align outcomes with the long-term interests of our investors.

Social Engagements



Environmental Engagements

Fossil Fuel Exposure

Sustainability

Responsible Investment Process

Company Diversity

Modern Slavery

Gambling

## Alignment with the SDGs

Our largest alignments with the Sustainable Development Goals<sup>1</sup> are:

- SDG1** - No Poverty (8%)
- SDG3** - Health and Well-being (39%)
- SDG5** - Gender Equality (12%)
- SDG7** - Affordable and Clean Energy (6%)
- SDG9** - Industry, Innovation and Infrastructure (5%)
- SDG11** - Sustainable Cities and Communities (13%)



<sup>1</sup>Source: Sustainable Platform, The Ethical Investment Australian Equities Portfolio as at 31 December 2022.

# Portfolio Management

*'At the heart of it all is our determination to build a legacy of progress, compassion, and optimism.'*

*'By steering investment capital toward sustainable endeavours, we're not only redefining finance – we're carving out a path to a world where our actions align with our aspirations.'*

*'Ethical Investment Funds Management'*

# Introduction to this Annual Report

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## **Choosing the Right Path**

When it comes to ethical or responsible investing, there's a range of avenues to explore. At Ethical Investment Funds Management, we believe in harnessing the power of these various approaches to construct diversified and ethical portfolios that align with our investors' values.

## **ESG Integration: The Starting Point**

ESG (Environmental, Social, and Governance) ratings provide a vital starting point. These ratings assess how well a company manages its impact on the environment, society, and its governance structure.

Environmental criteria gauge a company's role as a guardian of nature, while social criteria delve into its relationships with employees, suppliers, customers, and the communities it operates in. Governance encompasses a company's leadership, executive compensation, audit practices, internal controls, and shareholder rights.

At Ethical Investment Funds Management, we diligently evaluate ESG ratings for individual companies, primarily as a tool for risk management. To enrich our insights, we tap into research from dedicated independent ESG specialists including CAER, Sustainable Platform, Sustainalytics and EthosESG. Moreover, we seek guidance from independent peers who serve on our investment committee and are experts in ethical investing.

## **Encouraging Positive Change**

Beyond assessments, we actively encourage companies to reflect upon and enhance their environmental and social footprint. By doing so, we aim to align their actions with the long-term interests of our investors.

## **Informed by Data, Conscious of Limits**

This report draws upon the data and tools available to us for analysing pertinent sustainability issues. We acknowledge that the field of sustainability is dynamic and not yet fully standardized or complete.

To craft this report, we've referred to company reports and public disclosures. However, we recognize that point-in-time analysis has its limitations, given the rapidly evolving nature of this field and the constraints of available data.

## **An Ongoing Conversation**

We see this report as part of an ongoing dialogue with our investors and an integral facet of our research process. In the years ahead, we eagerly anticipate sharing our continued progress with you.



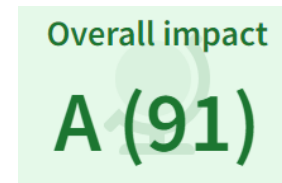
# Our commitment to Ethical Investment

Ethical Investment Funds Management believe that business-relevant sustainability leadership and solutions-focused innovation often create compelling investment opportunities.

Our intention is to provide meaningful and multidimensional views of our portfolio's sustainability metrics and of our Social, Environmental and Governance (ESG) impact.

## Awards and Ratings

Ethical Investment Funds Managements' commitment to ethical investing was acknowledged with industry ratings and awards in 2022.



The Ethical Investment Australian Equities Portfolio has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

# Ethical Screening

Ethical Investment Funds Management specifically target investments in companies whose products and services we believe have a net positive environmental or social impact and provide solutions to essential sustainability challenges, while excluding investments which cause harm to the environment or society.

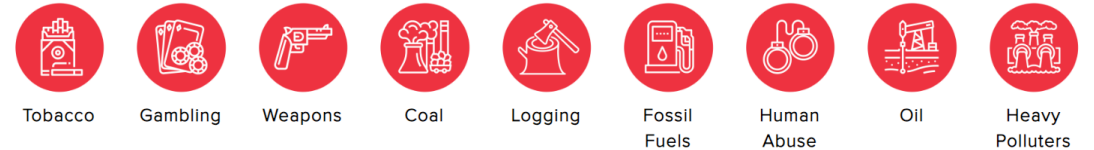
*“For Ethical Investment Funds Management, it is about ‘how’ companies are making the money, not just about the amount of money they make.”*

*Ethical Investment Funds Management*

## Positive Investments – Who We Choose



## Negative Investments – Who We Seek to Avoid



Our [Ethical Charter](#)<sup>1</sup> outlines in detail what we consider to be a positive and negative investment.

<sup>1</sup> <https://www.ethicalsma.com.au/wp-content/uploads/Ethical-Charter-and-Stewardship.pdf>



The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the 17 Sustainable Development Goals (SDGs), underpinned by 169 specific targets, and 232 indicators by which they'll be measured. The SDGs are an urgent call for action at a country level, both developed and developing, in a global partnership.

They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

We believe that the SDGs are important to use as a framework for sustainable investing and believe that we, our investors, and the whole financial system have a huge role to play in meeting the SDG targets by 2030.

Shaping outcomes in line with the SDGs cannot only involve new capital, it also requires investors to redirect existing capital and be good stewards of the entities they invest in.

SDGs are also becoming increasingly important to investors, as they represent material ESG (environmental, social and governance) perspectives that investors consider as part of their fiduciary duty.

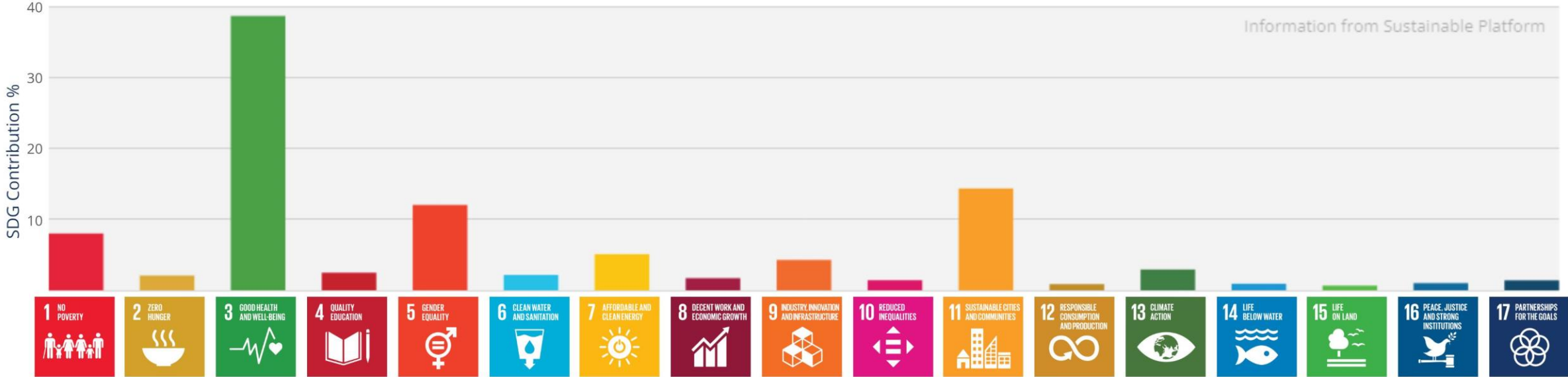
There is a strong business case for investing in companies aligned with the SDGs, which are shown to secure steady returns for investors by creating a competitive advantage of their portfolio.

*“Unless we act now, the 2030 Agenda will become an epitaph for a world that might have been.”*

António Guterres  
Secretary-General, United Nations

# The Ethical Investment Australian Equities Portfolio's contribution to the UN Sustainable Development Goals

We have used independent SDG and ESG data provider Sustainable Platform to evaluate the portfolio holding companies' alignment with the SDGs as highlighted below. Sustainable Platform is a SaaS (Software as a Service) database providing access to transparent ESG & SDG performance data for 22,000+ global companies. Although the portfolio does not have specific impact targets, the focus on investments in these areas is likely to result in a portfolio that demonstrates greater alignment with global sustainability outcomes than broader passive global equities strategies.



Source: Sustainable Platform, The Ethical Investment Australian Equities Portfolio Portfolio as at 31 December 2022.

## UN SDG Investment Alignment

No matter how large or small, and regardless of their industry, all companies can contribute to the SDGs.

While the scale and scope of the global goals is unprecedented, the fundamental ways that business can contribute remain unchanged.

The UN Global Compact asks companies to first do business responsibly and then pursue opportunities to solve societal challenges through business innovation and collaboration.



The Ethical Investment Australian Equities portfolio largely contributes to:

**SDG1** - No Poverty (8%)

**SDG3** - Health and Well-being, with the portfolio's large allocation to quality healthcare companies (39%)

**SDG5** - Gender Equality (12%)

**SDG7** – Affordable and Clean Energy through the access of reliable, modern energy services in renewable energy (6%)

**SDG9** – Industry, Innovation and Infrastructure (5%)

**SDG11** - Sustainable Cities and Communities, by providing access to social infrastructure properties, enabling education and healthcare needs (13%)

## Charting a Sustainable Path Forward

Addressing one of society's challenges entails reducing our consumption and resource use to levels consistent with our planet's ecological limits, thereby safeguarding a sustainable future for generations to come. This challenge aligns with the United Nations Sustainable Development Goal (SDG) 12, Responsible Consumption and Production.

## Steering Towards Impact

As fund managers we are cognizant of the importance of SDG 12, and while it may not be the primary focus of our fund, we are committed to making a positive impact through the inherent interconnectedness of the other SDGs.

## Harmonious Goals in Action

For example, our emphasis on SDG 3 (Health), plays a pivotal role in alleviating strain on the healthcare system and its associated resources.

By promoting healthier lifestyles and well-being, we reduce the likelihood of individuals requiring extensive medical interventions, thus indirectly contributing to SDG 12.

Furthermore, our investment focus on SDG 9, Industry and Innovation, centres on companies pioneering technologies that enhance resource efficiency and diminish materials consumption during both production and utilisation phases.



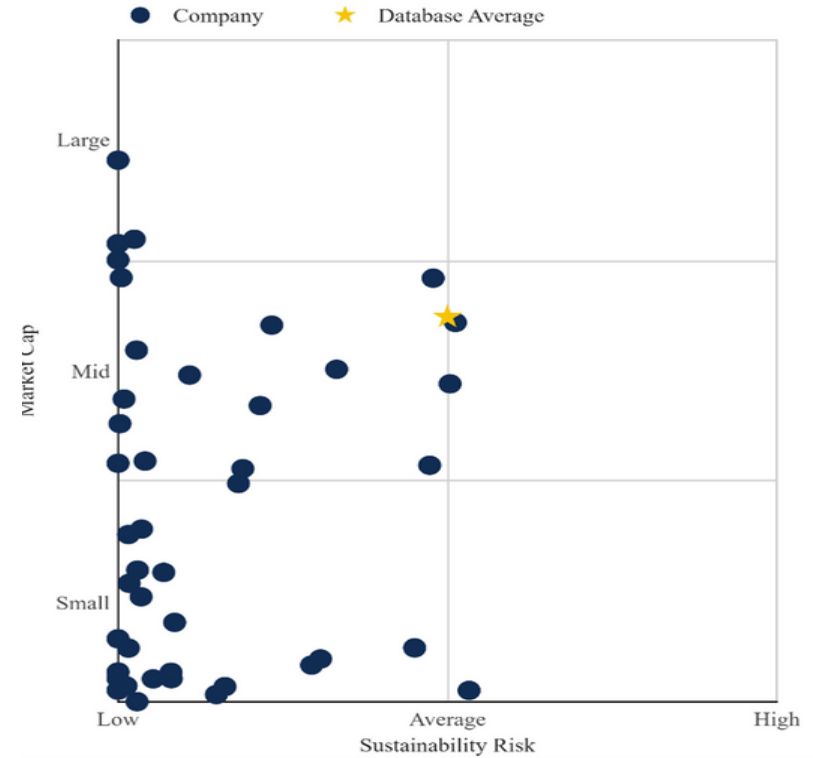
# Sustainability Risk

Sustainability Risk is a measure of the extent to which companies' activities compromise sustainable development.

It includes an assessment of exposure to Environmental and Social Controversial Industries such as deforestation, fossil fuels, tobacco and gambling, as well as factors such as environmental and corporate fines and wage dispersion within companies.

## Ethical Investment Australian Equities Portfolio

- A vast majority of holding companies exhibit a Sustainability Risk significantly lower than the industry average.
- This performance is relative to the Database Average of over 22,000 global companies listed on Sustainable Platform.



Source: Sustainable Platform, The Ethical Investment Australian Equities Portfolio as at 31 December 2022.

# Impact

An aerial photograph of a rugged coastline. The foreground is dominated by a dense field of smooth, rounded, reddish-brown rocks of various sizes. To the right, the ocean is a vibrant turquoise color, with white foam from breaking waves crashing against the rocks. The sky is a pale, hazy blue, blending into the water's edge.

In 2022, Ethical Investment Funds Management joined forces with EthosESG, an independent and specialist ethical research company to launch our range of Impact Calculators which can be used to calculate the tangible positive impact that the investments are having on the environment and society.

EthosESG aggregates more than 2 million data points from 280+ sources to calculate the potential impact.

The impact calculators show the 'net' impact a client's investments are having in the portfolio compared with a mainstream index.



# Impact Calculator

The data shown is an indication of how the portfolio scored based on the metrics used by EthosESG.



The Impact Calculator shows the net positive environmental and social impact achieved in 2022 across the Ethical Investment Australian Equities portfolio compared with the benchmark.

It also illustrates how aligning with the UN SDGs is having a positive impact across our focus areas.

## Overall Impact Score

EthosESG awarded the Ethical Investment Australian Equities portfolio an Overall Impact score of 91 out of 100, which is an A rating.

Overall impact  
**A (91)**

Clean Energy  
**650%**  
More clean energy than the benchmark

Climate Action  
**1.6°C**  
Cooler planet than the benchmark

Life Below Water  
**118,279**  
Cubic kilometres of ocean protected

Gender Equality  
**16%**  
More equal employee salaries

Partnerships for the Goals  
**76% less**  
environmentally controversial

Climate Action  
**720,340,926**  
Fewer kilometres driven

Climate Action  
**10,799**  
Cars removed from the road

Responsible Consumption & Production  
**1,866,317** tonnes  
of waste avoided

Life below water  
**441,721**  
Tuna fish protected

- Source: EthosESG, The Ethical Investment Australian Equities Portfolio as at 31 December 2022.
- Calculation is based on the total Funds Under Management of \$100,340,322 as at 31 December 2022 and is compared against the S&P/ASX 200 Index.
- The examples are provided to illustrate the contribution and may not be representative of the actual activities of the companies.

# Impact Highlights

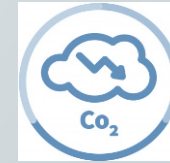
**Carbon Risk** is a single metric used as a proxy for combined Scope 1, 2 & 3 reporting. It is calculated from fossil fuel exposure within a portfolio as a proportion of company revenue and incorporates emission offsets at a rate of USD 20 per tCO<sub>2</sub>. This provides a quantitative measure for comparing carbon pollution across industries.

**Net SDG** Measures a company's net contribution to the UN Sustainable Development Goals.

**SP Greenwashing Risk** metric assesses a company's potential negative environmental impact and verifies its environmental claims. It considers the company's exposure to controversial industries related to the environment and tracks any environmental fines.

**Reputation Risk** Gauges a company's reputation uncertainty relative to others in the database. It assesses risk based on exposure to Controversial Industries, Fines, and various social metrics.

The Ethical Investment Australian Equities Portfolio, compared with the S&P/ASX 200 Index



**63% Less Carbon Risk**



**25% Higher net SDG Contributions**



**0% Greenwashing Risk**



**62% Less Reputational Risk**

Source: Sustainable Platform, The Ethical Investment Australian Equities Portfolio as at 31 December 2022.

# Global Warming Alignment

Degrees celsius of global warming that each fund is aligned with. This indicates how well aligned each fund is with the Paris Agreement on climate change mitigation, adaptation, and finance.

## How are the portfolios scored?

These graphics outline the potential contribution to global warming of each portfolio (in degrees Celsius).

This is calculated as the weighted-average global warming potential of each of the underlying investments, using current emissions data and targets from the Science-Based Targets Initiative (SBTI).

Through the 2015 Paris Agreement, world governments committed to curbing global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

The global warming potential is based on emissions reductions commitments made through the SBTi and current carbon emissions across the value chain (scope 1, 2 and 3).

The SBTi provides a standard, independent methodology to assess and approve company targets in line with strict criteria. In some cases commitments to net-zero emissions made outside of the SBTi are also considered, when a company is able to credibly demonstrate its commitment.

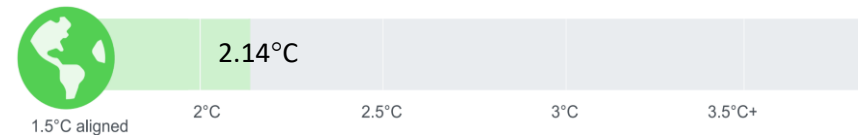
## Work in progress

To put this in perspective, we have compared the warming alignment of each portfolio against a traditional non-ethical, diversified portfolio.

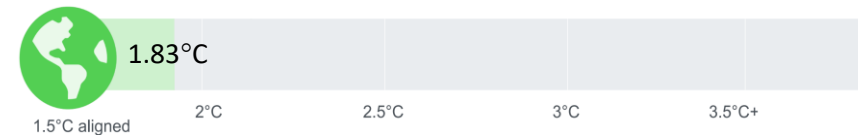
While we still have work to do to get the portfolio Global Warming Alignment closer to the 1.5 degrees needed, it is pleasing that each of the four portfolios are already much lower than traditional, non-ethical, diversified benchmarks.

The benchmarks used for comparison purposes are the MSCI All Country World Index for the Growth and Fixed Income Portfolios, and the S&P/ASX 200 Index for the Australian Equities and Large-Cap Portfolios.

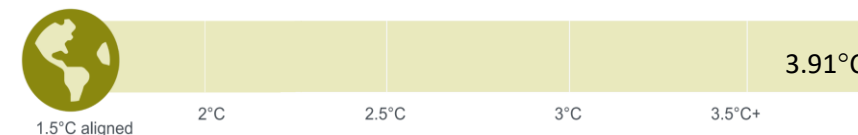
## Ethical Investment Growth Portfolio



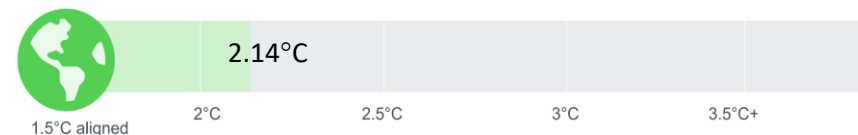
## Ethical Investment Fixed Income Portfolio



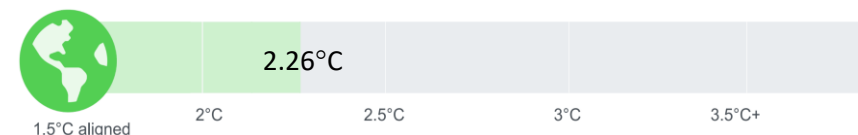
## Benchmark: MSCI All Country World Index (ACWI)



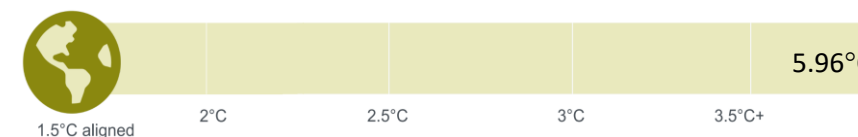
## Ethical Investment Australian Equities Portfolio



## Ethical Investment Large-Cap Portfolio



## Benchmark: S&P/ASX 200 Index



# Ethical Investment Funds Management Focus Areas

EIFM specifically target companies which are involved in positive environmental activities, or which provide benefits to society and are aligned to the UN Sustainable Development Goals (SDGs), such as:

Renewable Energy, Energy Storage & Efficiency

Transition to a Lower Carbon Economy

Disruptive Technology

Recycling

Health and Well-being

Sustainable Agriculture

Education

Water Management

# Examples of our Focus Areas, and our alignment to the UN SDGs

## Education, employment and vocational training

Insufficient skills are frequently cited as a barrier to harnessing the full potential of information and communications technology (ICT) in today's interconnected world. Prioritising inclusive and equitable quality education, along with lifelong learning opportunities, can contribute to bridging educational disparities.



## Healthcare, medical products and services, biotechnology & medicinal cannabis

Countries have thus far attained only approximately one-fourth of the necessary milestones to meet the UN SDGs related to health by 2030, as reported by the World Health Organization.

Emerging technologies, particularly those enabling remote patient monitoring, have the potential to revolutionize healthcare. By 2025, these innovations are projected to reduce the cost of treating chronic diseases within health systems by a notable 10% to 20%.



## Renewable energy, climate change solutions, battery technology and Critical Minerals

The global shift towards renewable energy sources, climate change mitigation solutions, advancements in battery technology, and the responsible sourcing of critical minerals represents a pivotal moment in our pursuit of sustainable development.

It is encouraging to note that renewables are poised to significantly contribute to our energy landscape, with projections indicating a potential increase to 45% of global energy generation by 2030, up from 23% in 2014.



## Sustainable land and agricultural management

Currently, a staggering 20%-30% of our food supply is wasted, primarily due to preventable post-harvest losses. This inefficiency directly impacts SDG 2 (Zero Hunger) by exacerbating global food insecurity. Additionally, deforestation and forest degradation contribute significantly to greenhouse gas emissions.

This underlines the relevance of sustainable forest services in achieving SDG 13 and SDG 15. These services encompass vital aspects such as climate change mitigation, safeguarding watershed services, and preserving biodiversity.



## Recycling & waste management

This industry is instrumental in promoting responsible consumption and production, aligning closely with Goal 12. By actively reducing waste, minimizing the use of plastics, and enhancing the recyclability of materials, it contributes directly to SDG 12's objective of ensuring sustainable patterns of consumption and production.

Moreover, the focus on recycling and waste management indirectly supports other goals such as SDG 6, SDG 11, SDG 14 and SDG 15 by mitigating pollution, conserving resources, and protecting ecosystems.



## Social and sustainable infrastructure or property

The real estate sector contributes to almost 40% of global carbon dioxide emissions, a significant environmental impact.

By focusing on initiatives like retrofitting existing buildings with advanced heating and cooling technologies and transitioning to energy-efficient lighting and appliances, we can actively reduce energy demand and, in turn, lower carbon emissions.



## Water treatment & infrastructure

Investment along the entire water value chain, spanning developed and emerging markets, contributes significantly to SDG 6.

By directing funds towards improving water treatment and infrastructure, we not only enhance access to safe and clean drinking water but also promote sustainable management of water resources, aligning with the broader objective of ensuring availability and sustainable management of water and sanitation for all (Target 6.1).

Furthermore, responsible investment in this sector can also have positive ripple effects on related goals such as SDG 3, SDG 9: and SDG 14: reinforcing the interconnectedness of the UN SDGs.



# Impact Assessment

Ethical Investment Funds Management is dedicated to identifying companies that actively engage in environmentally friendly practices and contribute positively to society by aligning with the United Nations Sustainable Development Goals (SDGs).

In the following sections, we shed light on the challenges and opportunities that businesses encounter and how our investment focus areas, comprising eight key sectors, are addressing these challenges by offering constructive solutions that resonate with the SDGs.

Furthermore, we provide an overview of the accomplishments and advancements achieved by the companies we invest in throughout 2022 in their trajectory towards a more sustainable future.

Our research draws from a comprehensive array of sources, including company reports, public disclosures, and independent research providers, complementing our internal investigations for the fiscal year 2022.

We place a strong emphasis on transparency in our reporting and acknowledge that this type of data representation may have its imperfections, but it remains a crucial part of our commitment to responsible investment and ethical investing.



# Focus Area: Renewable Energy, Energy Storage & Efficiency

to ensure access to sustainable and modern energy for all

*These companies address SDG7 by focusing on the generation and provision of affordable and clean energy through a more resilient materials economy.*

**The Challenge** - Intensive development patterns have historically relied on inexpensive and energy-dense fossil fuels, which also happens to be the primary source of greenhouse gas emissions contributing to climate change.

**Opportunity** - Business can accelerate the transition to an affordable, reliable and sustainable energy system by investing in renewable energy resources, prioritizing energy efficient practices, and adopting clean energy technologies and infrastructure while addressing the challenges facing the recycling system.



Australian company **Genex Power** is focused on renewable energy and storage Projects cross Australia.

The company's Pumped Storage Hydro Project (K2-Hydro) is the first pumped hydro project to be developed in over 40 years in Australia. The company's flagship Kidston Clean Energy Hub, integrates large-scale solar generation with pumped storage hydro with plans to add wind generation. Genex is further expanding its energy storage portfolio via the development of a 50MW/100MWh Bouldercombe standalone battery energy storage system.

2022 Performance
Kidston Solar Project (KS1) generated 115,957MWh, a 4% decrease on the prior corresponding period (FY2021).
Jemalong Solar Project (JSP) commenced full operations from 1 July 2022 generating 107,561MWh.



International company Ørsted plays an important role in the global energy industry with over three decades of experience in offshore wind.

Its large-scale offshore and onshore wind farms, solar farms, and energy storage facilities are helping to reduce carbon emissions and mitigate the impact of climate change.

2022 Performance
Total installed renewable capacity increased by 17% to 15.1 GW.



**First Solar**

International company First Solar (US) manufactures solar photovoltaic (PV) panels, the only solar manufacturer with global in-house module recycling capabilities as part of its PV life-cycle management approach. The company operates a sector leading approach to manufacture and recycling of its solar modules. The company is the leading supplier of thin-film modules that are used primarily in utility-scale and commercial power plants.

Solar PV is a near-zero emission technology with a dramatically lower carbon footprint than traditional power generation technologies.

2022 Performance
Produced 9.1 Gigawatts-direct-current of solar modules, a 15% increase from FY21.
13% lower GHG emissions intensity from FY21 . 32% lower manufacturing water intensity.
4% increase of Women in Management positions

### Did you know?

*One kilogram of First Solar's semiconductor material can be recycled 41 times over, which translates into a use time of more than 1,200 years.*

### Link to UN SDG

**7 AFFORDABLE AND CLEAN ENERGY**



These companies are most closely linked to SDG7 – ensuring access to affordable, reliable, sustainable and modern energy.

# Focus Area: Transition to a Lower Carbon Economy

to combat climate change and its impacts

**The Challenge** - Intensive development patterns have historically relied on inexpensive and energy-dense fossil fuels, which also happens to be the primary source of greenhouse gas emissions contributing to climate change.

**Opportunity** - A well-established energy system supports all sectors from medicine and education to agriculture, infrastructure, communications and high-technology. New, clean technologies are available that can reorient development along a more sustainable trajectory. Business can accelerate the transition to an affordable, reliable and sustainable energy system by investing in renewable energy resources, prioritizing energy efficient practices, and adopting clean energy technologies and infrastructure.

Link to UN SDG

13 CLIMATE ACTION



These companies support SDG13, which is focused on taking action to combat climate change and its impacts.



SolarEdge is a manufacturer of inverters, power optimisers and offering specialised solutions for residential and commercial solar systems. Its DC optimized technology, harvest more energy from solar panels and store more energy in batteries compared to older-style string inverters. The company's Grid Services provide real-time aggregated control of PV, storage and home energy systems.

All of SolarEdge's products are critical technologies for decarbonisation the energy system as Solar PV is a near zero emission technology.

#### 2022 Performance

31 metric tons of GHG emissions avoided annually through the use of its installed systems.

88% of generated waste was recycled or recovered.



Vulcan Energy Resources - With its ZERO CARBON LITHIUM Project, has the lowest carbon footprint and lower water usage in the lithium industry. Vulcan is executing its plan to build a fully integrated renewable energy and battery-quality lithium chemicals project in Europe. Vulcan's mining model will rely on renewable geothermal energy to power lithium extraction.

#### 2022 Performance

Certified carbon neutral organisation across the Vulcan Group.

35% female employment gender balanced board



International company Schneider Electric's products and solutions are helping companies increase their energy efficiency, meet energy sustainable goals across their supply chains.

The company is partnering with Australian carbon accounting software startup, Avarni, to create software that allows businesses to track their full carbon footprint. The partnership is taking aim at Scope 3 emissions – the pollution created in the wider economy as a consequence of a business's activities but not created directly by it.

#### 2022 Performance

Schneider Electric's solutions and services helped customers save and avoid 440 million tonnes of CO2 since 2018, with more than 90 million more in 2022 alone.

45% of all packaging from the company is now made without single-use plastic and use recycled cardboard, up from 21% in 2021

*These companies address SDG13 by promoting sustainable energy systems.*



# Focus Area: Disruptive Technology

to promote sustainable industrialisation and foster innovation

**The Challenge** – Our industries and infrastructure must be upgraded to meet future challenges.

**Opportunity** - A functioning and resilient infrastructure is the foundation of every successful community. For this, we need business to promote innovative sustainable environmental technologies for a lower carbon future.

[Link to UN SDG](#)

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



These companies are most closely aligned to SDG9, which is focused on fostering innovation.



Australian company Hazer Group enables the effective conversion of natural gas, and similar feedstocks, into hydrogen and high-quality graphite, using iron ore as a process catalyst.

The aim of the HAZER® Process will be to achieve savings for the hydrogen producer, as well as providing 'clean' hydrogen with at least 50% emissions reduction anticipated over alternative fossil fuel-based hydrogen production, enabling such hydrogen to be used in a range of developing 'clean energy' applications, as well as in large existing chemical processing industries.

The low emissions hydrogen produced by this process offers a pathway to decarbonise transportation.



International company Daikin manufactures energy-efficient inverter air conditioning, refrigeration equipment, heat pumps, air purifiers and water boilers for both commercial and residential use.

*Currently, air conditioning accounts for around 10% of the world's electricity consumption. Dakin's Inverter Air conditioners consume 50% less electricity than ones without.*

*Dakin's R-32, has approx. one-third the global warming potential of conventional refrigeration.*



Australian company Calix is developing multiple patented technologies to deliver positive industrial solutions for CO2 mitigation, sustainable processing, advanced batteries, biotechnology and water treatment, that address global sustainability challenges.

The technology is enabling the electrification of industries, efficient capture of unavoidable emissions from cement and lime production and sustainable industrial processing solutions.

Other solutions include crop protection, aquaculture, and wastewater.

*These companies address SDG9 by promoting innovation by offering creative solutions to sustainable challenges.*

# Focus Area: Recycling

to ensure sustainable consumption and production patterns

**The Challenge** – Our planet has provided us with an abundance of natural resources. But we have not utilized them responsibly and currently consume far beyond what our planet can provide. We must learn how to use and produce in sustainable ways that will reverse the harm that we have inflicted on the planet.

**Opportunity** - By helping millions of tonnes of materials have a second life, companies can directly reduce the need to extract raw materials from the Earth – avoiding environmental loss and damage and reducing the carbon emissions associated with extraction, transportation and production of new materials.

## Link to UN SDG



These companies are most closely aligned to SDG12 - which is focused on reducing pollution and health impacts through environmentally sound management of all waste.



Australian company Cleanaway Waste Management, provides a complete range of sustainable, total waste management solutions, including general waste and recycling, liquid waste, waste oil, hazardous regulated waste and bio-hazardous waste.

Cleanaway is currently trialling electric vehicles that are energy-efficient to further lower their environmental impact. Additionally, they generate 134 GWh of renewable energy per year.

### 2022 Performance

499,000 tonnes recycled in FY22.



Australian company Sims Ltd, is in the business of metal and electronics recycling, and an emerging leader in the municipal recycling and renewable energy industries. Its innovative technologies are focused on closing the loop.



International company **Tomra**, through their >80,000 reverse vending machines in over 60 markets, facilitates the collection of 40 billion drinks containers for recycling, saving these bottles and cans from ending up as litter or in landfills.

Each year, TOMRA's Collection Solutions products and services contribute to about 4 million tonnes in avoided CO2 emissions.

Their metal recycling business recovers 715,000 tonnes of metal a year and their sorting machines reduce energy consumption in mining by 15%.

*These companies' address SDG 12 by significantly reducing waste and ensuring that any unavoidable waste is utilised to the fullest degree.*

# Focus Area: Health and Well-being

to ensure healthy lives and promote well-being for all

*These companies address SDG3 by promoting well-being to build prosperous societies.*

**The Challenge** – We are spending an astonishing amount of money and resources on treating illnesses that are easy to prevent. The new goal for worldwide Good Health promotes healthy lifestyles, preventive measures and modern, efficient healthcare for everyone.

**Opportunity** - In order to accelerate progress and address new health challenges, all actors, including the private sector need to partner to develop health care solutions that work for people, families, communities and nation.

## Link to UN SDG

**3 GOOD HEALTH AND WELL-BEING**



These companies are most closely linked to SDG3, which is focused on ensuring healthy lives, with an emphasis to reduce premature mortality through prevention and treatment.



Australian company Integral Diagnostics (IDX) is a healthcare group providing diagnostic imaging services to patients and referrers across Australian and New Zealand. IDX is further supported by its internal teleradiology service, which provides 24/7 after-hours emergency reporting. The company's focus is on how it can improve health outcomes for individuals with evidence-based care.

2022 Highlights
2 million examinations undertaken.
245 Reporting Radiologists



Volpara Health Tech – makes clinically validated, AI-powered software for personalized screening and early detection of breast cancer.

2022 Highlights
Volpara became B Corp Certified - meeting B Lab's high standards of performance, accountability, and transparency.
Volpara Analytics awarded Gold in Digital Design at 2022 Good Design Awards, Australia's highest honour for design and innovation.



Australian company Agilent Technologies' analytical instruments are used in the development and testing of healthcare products.

Agilent also has a chemical analysis business which makes equipment for monitoring levels of pollutants in the ambient environment and or measuring contaminants in food and the human body.

2022 Highlights
Refurbished 4,300 lab instruments, keeping them out of landfills and extending their life.
Reduced water consumption intensity by 27.6%.



International company Genmab is a drug therapy company focused on differentiated antibody products in oncology. Through partnerships Genmab has successfully developed several products, including treatments for multiple myeloma, cervical cancer, multiple sclerosis and thyroid eye disease.

# Focus Area: Sustainable Agriculture

to ensure the conservation, restoration, and sustainable use of land, animals and ecosystems

**The Challenge** – As our reliance on natural resources is increasing, unsustainable patterns of consumption and production are the root cause of Triple Planetary Crises: Climate Change - Biodiversity Loss – Pollution. 13% of the world’s food is lost after harvesting and before reaching retail markets.

**Opportunity** - Identifying “hot spots” within the value chain where interventions have the greatest potential to improve the environmental and social impact of the system as a whole is a crucial first step. Business can use its innovative power to then design appropriate solutions that can both enable and inspire individuals to lead more sustainable lifestyles, reducing impacts and improving well-being.

## Link to UN SDG

15 LIFE ON LAND



These companies are most closely linked to SDG15, which is focused on protecting, restoring and promoting the sustainable use of ecosystems, combating desertification and halting and reversing land degradation and halting biodiversity loss.



Australian company Costa Group Holdings Ltd, has adopted a systematic and tailored Sustainable Commercial Farming strategy to ensure it can progressively improve the yield and quality of its products whilst reducing its environmental impact. The food it grows places an emphasis on environmental stewardship and sustainability which is essential to nutritious fresh food contributing directly to global health and wellbeing.

### 2022 Highlights

Its irrigation system saves up to 90,000l of portable water per week (4.68Ml/year).



Wide Open Agriculture’s portfolio centres around food and drink products that come from regenerative farms.

Regenerative farming is about renewing the land, when you have a healthy ecosystem, you reduce excess carbon in the atmosphere, instead of putting more in. Plus, because the soil is healthy, the product’s quality is superior—from the standpoint of both nutrition and taste.

### 2022 Highlights

16,613 ha regenerative farmland under influence.



International company DSM, through science and working in partnership with customers, is helping to deliver sustainable animal farming by improving nutrition of farm animals, supporting animal health, enhancing end-product quality to avoid food waste and enabling a low-emissions future for animal farming.



International company Spectris offers soil analysis tools to help farmers analyse soil fertility and enhance crop yields, contributing to agricultural productivity and ensuring sustainable food production systems.

*These companies address SDG15 through scaling up best practices for land use planning and management, fostering product and technology innovation to optimize resource efficiency and reduce impacts on ecosystems.*

# Focus Area: Education

to ensure inclusive and equitable education for all

**The Challenge** – Access to quality care and education programmes outside the home provides children with the basic cognitive and language skills they need to flourish in school.

**Opportunity** - The business case to invest in education can range from improving brand leadership to developing the capacity of future employees and building a more diverse employee pipeline. Early childhood development programs can produce long-term improvements in school attainment, help reduce delinquency and crime, improve employment chances and increase earnings.



Arena REIT group develops, owns and manages social infrastructure properties across Australia such as childcare, healthcare, education and government tenanted facilities leased on a long-term basis, with the aim to deliver beneficial and sustainable outcomes.

Arena's 237 operating ELC (Early Learning Centre) properties enable increased access to ELCs by ensuring all children can access quality early childhood development, education and care.



International company Grand Canyon Education provides a variety of education services to universities and colleges including Grand Canyon University and Orbis. The Orbis division of the business is the more impactful and differentiated, providing healthcare education directly to universities.



IDP is facilitating empowerment through dedicated mentorship, tailored learning and innovative leadership programs. In doing so, they are able to facilitate equitable access to opportunities across more than 50 countries. The company's Sustainable Futures framework is based on the United Nations Sustainable Development Goals, with a strategic focus on Quality Education, Gender Equality and Climate Action.

**2022 Performance**

84,600 student placement volumes

IDP became a signatory to the Climate Action Network for International Educators (CANIE) Accord, demonstrating its commitment to driving change in the international education sector.

## Link to UN SDG

**4** QUALITY EDUCATION



These companies are most closely linked to SDG 4, which is focused on ensuring inclusive and equitable quality education for all and promote lifelong learning.

*These companies address SDG 4 by enabling education providers to operate efficiently and effectively to reduce inequalities.*

# Focus Area: Water Management

to ensure availability and sustainable management of water for all

**The Challenge** – Access to water and sanitation will only worsen and the impacts on people will only increase as competing demands for clean fresh water (agriculture, households, energy generation, industrial use, ecosystems) are exacerbated by the effects of climate change, putting more pressure on water quality and availability. These conditions will create increasing risk for businesses, governments, communities, and the environment.

**Opportunity** - Business can contribute to the alleviation of these water challenges by adopting a water stewardship strategy that addresses the economic, environment, and social dimensions of water. By adopting stewardship, companies are able to make a positive contribution to improved water and sanitation management.

## Link to UN SDG

### 6 CLEAN WATER AND SANITATION



These companies are most closely linked to SDG 6, which is focused on ensuring availability and sustainable management of water and sanitation for all.



Australian company Calix is helping to minimise the environmental impact of water and wastewater treatment, while reducing operating costs through its ACTI-Mag solution, a safe, cost-effective and earth friendly way to preventing detrimental pathogens, nutrients and other types of pollution from entering the environment.

#### 2022 Highlights

~250 billion litres of water & wastewater treated.



Xylem offers a range of advanced wastewater and water solutions across a number of industries from public utilities to food and beverage to mining.

#### 2022 Highlights

Partnered with other leaders across the globe to launch the Reservoir Center for Water Solutions.

Through its youth engagement programming, Xylem Ignite, Stockholm Junior Water Prize and partnership with City Football Group, Xylem activating millions to carry the mantle of this critical work.

Xylem has combined with Evoqua, a leader in mission-critical water treatment solutions and services.



International company Ecolab sells cleaning products and services to restaurants, hotels, hospitals, food and beverage producers and other businesses. The company has a particular focus on energy and water efficiency. Ecolab has developed a range of products and services that help to reduce, and in some cases even eliminate, the use of water in a wide range of industrial applications. In turn, this helps to lower costs through a reduction of energy and water impacts.

*These companies address SDG 6 through their focus on water efficiency across multiple end markets and mitigating against water pollution.*



# 2022 Stewardship and Engagement

## Progress towards enhancing impact

As responsible stewards of capital, Ethical Investment Funds Management actively engage directly with companies and other fund managers.

We focus on engagement with companies where we have identified areas of concern or where our shareholding affords us greater influence.

# Stewardship and Responsible Investment

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Ethical Investment Funds Management are passionate about offering ethical investment choices to all investors. We believe that everyone should be able to invest according to their values.

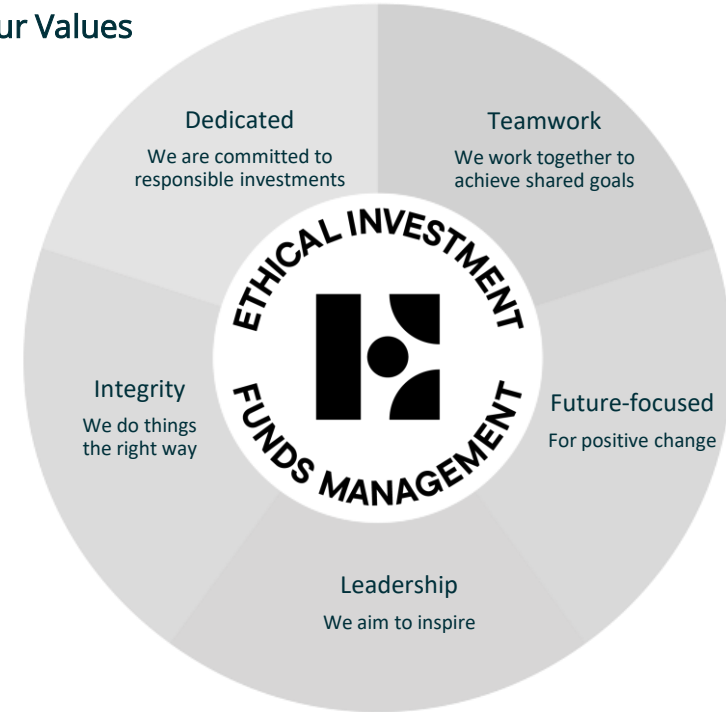
As investment managers, we are mindful that the financial planning community need affordable and ethical investment product offerings for their clients. Our vision is to help all investors incorporate their values with their investment objectives.

For Ethical Investment Funds Management, it is about 'how' companies are making the money, not just about the amount of money they make.

*'At the heart of our stewardship approach is the belief that by acting as responsible stewards of our clients' assets, we can drive positive impacts.'*

*Ethical Investment Funds Management*

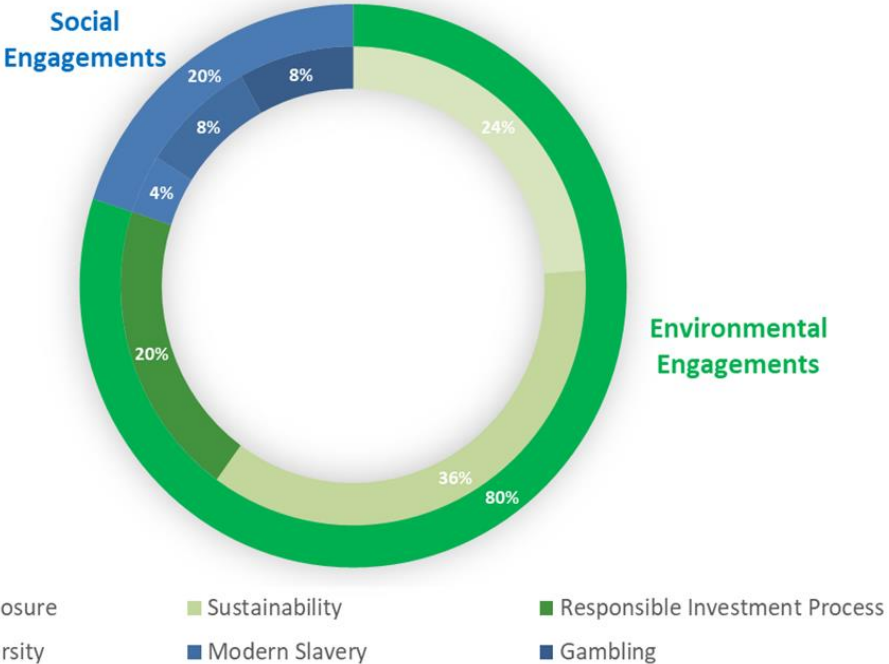
## Our Values





# Engagement Activities in 2022

Throughout 2022 we have used engagement as a tool to encourage companies, other fund managers and stakeholders to consider and improve their environmental and social impact, to help align outcomes with the long-term interests of our investors.



In 2022, Environmental engagements continued to be the single largest area of engagement, representing 80% of all engagement items, with a particular focus on fossil fuel exposures and company sustainability which included wider issues such as biodiversity, plastics, and the use of renewable energy.

Although less of a focus in 2022 compared with Environmental engagement, Social engagements still accounted for 20% of all engagements undertaken. Social issues included gender diversity, conflict minerals, gambling and modern slavery.

# Engagement Case Studies

## **Blackrock**

Background: In 2022 we spoke with Betashares, a large Australian Exchange Traded Fund (ETF) manager, concerning their holding in Blackrock, the world's largest investment management company, in one of the BetaShares sustainability funds. We had concerns given that Blackrock is one of the largest investors in fossil fuel infrastructure, including Adani.

Outcome: BetaShares' Responsible Investment Committee agreed that Blackrock should not be included in a 'sustainability' fund and removed Blackrock from the fund.

## **Fossil Fuel Exposure**

Background: We met with an Australian sustainable equity fund manager as part of our due diligence for possible inclusion into the Ethical Investment Growth Portfolio. We discovered that the fund's largest shareholding was BHP which we argued with the manager shouldn't be included in a 'sustainable' labelled fund.

Although the fund has an exclusion for direct fossil fuel exposure, BHP was still included in the fund even though thermal coal is roughly 25% of BHP's earnings. The fund manager explained that BHP is trying to get out of coal but can't find a buyer for its assets and held BHP, so their fund isn't too underweight resources.

Outcome: Unfortunately, the manager still owns BHP and as such it was not added to the Ethical Investment Growth Portfolio.

## **Adani & AUB Holdings**

Background: AUB Holdings and one of their subsidiaries are involved in providing insurance support for Adani-linked infrastructure in Queensland.

We collaborated with Market Forces by buying shares in AUB Holdings and appointed a proxy to attend AUB Holding's AGM.

Outcome: Here is an account of the AGM and the company's responses to our concerns.



# Collaborative Engagement

Collaborative engagement with companies and other stakeholders can bring about a wide range of benefits, including for the companies themselves, communities, investors, and the broader society.

Collaborative engagement can help companies address societal challenges and contribute positively to the communities they operate in. This is increasingly important as consumers and investors place more value on corporate social responsibility.

Ethical Investment Funds Management engage collaboratively with many different organisations including other fund managers and advocacy groups such as Market Forces and ACCR to help make resolutions at company Annual General Meetings (AGMs) to create change.



# Full list of Engagement

In addition to the above engagement case studies, the below summaries the other engagement Ethical Advisers Funds Management had with companies and other fund managers during 2022:

- Among the companies we helped with resolutions in 2022 were New Hope Group, Whitehaven Coal and Origin Energy.
  - New Hope and Whitehaven Coal shareholders voted with Market forces FOR a change to the company constitution and FOR exiting out of coal assets.
  - Origin Energy shareholders voted FOR an ACCR led resolution for the company to include climate sensitivity analysis in their financial statements. Origin decided to action this proposal before it went to vote.
- Meetings with HUB24 on their sustainability and the ability for shareholders to vote within their IPDS product, following up on an original engagement from the Ethical Advisers' Co-operative in May 2022 which had received no response for a number of months.
  - We sent letters to both the Hub24 and Netwealth boards, engaging on their ESG reporting, carbon goals, philanthropic request for 1% of profits to environmental initiatives, and shareholder activism ability for investor clients.
- Sent an email to BetaShares with regards to allegations of modern slavery with holding company Ansell.
  - BetaShares responded with "As you know the lawsuit filed in the US against Ansell (and Kimberly-Clark) is just one in a long list of complaints against Ansell in relation to human rights abuses in their major glove suppliers Brightway and Top Glove. You may recall the Top Glove dormitories, besides not meeting minimum standards of housing, were also the site of Malaysia's largest COVID outbreak in November 2020. We have been engaging with Ansell since January 2021 on their failure to prevent forced labour and their failure to respect the right to just and favourable conditions of work."
- Engaged with Australian Ethical with a formal agenda on providing feedback on their products and issues such as transparency of holdings, their new SMA, what ethical investors want, fund manager adviser updates, and key feedback when new products are created.
  - Achievements included:
    - Building stewardship and advocacy commentary into pdf report quarterly
    - Listing of holdings changed to specific funds on their website
    - Exclusions wording and materiality – Australian Ethical are working on a draft threshold/materiality statement and asking for our input/feedback
    - We requested Proxy voting to be public and by fund – Australian Ethical are working on that
    - Lend Lease land clearing concerns – Australian Ethical divested from this company
    - We raised concerns on EML, a stock with gambling supply. Australian Ethical's response was that gambling was 4.99% of their revenue and not material. Their revenue threshold is 33% for indirect gambling exposure, and 10% for direct gambling ie casinos.
- WHEB Asset Management: discussed their modern slavery, deep dive into stocks and ethics.
- Meeting with First Sentier:
  - Sustainable Global Property regarding strong ESG reporting but noted our concern regarding a Las Vegas property with gaming exposure.
  - Global Infrastructure : provided feedback on toll roads, airports, gas and fossil fuel energy infrastructure which are key client concerns.

# Full list of Engagement (continued)

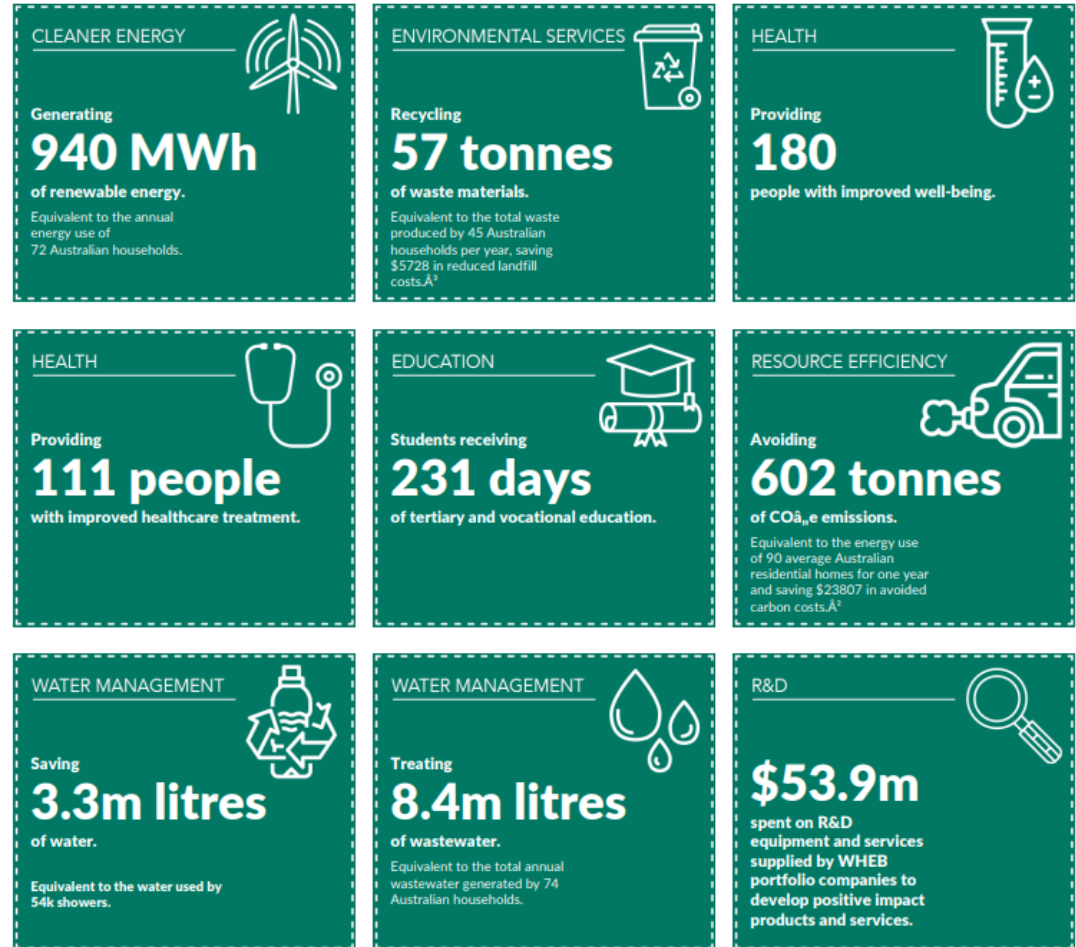
- Email sent to Australian Retirement Trust on gender and diversity on their board:
  - ‘As women directors and shareholders of Ethical Investment Advising businesses across Australia, we would like to concur with other peers on the lack of diversity on the board of Australian Retirement Trust. In this week of International Women’s Day and with recent recognition of the achievements of people with a disability (2022 Australian of the year Dylan Alcott), we would like to raise our concern that the board should be more representative of the members and investors it serves. As a Superannuation trust with an ESG policy that incorporates social governance within its investment mandate, Australian Retirement Trust should be incorporating those same social governance policies towards itself.’
- Stewart Investors: plastic review in India, conflicted minerals study and meeting with PM Oliver Campbell, discussing biodiversity, planned obsolescence.
- Meeting with Artesian about their Green Bond fund and deep dive into the green bond screening.
- Meeting with Morphic/Ellerston Global’s Nathan Boroughs and PM Bill Pridham – discussed their RI process and engagement. Noted two stocks on research that could be of concern, excellent update detail on their engagement and improvement of both companies with external evidence.
- Meeting regarding Regnan Global Equity Impact– deep dive into RI process, stocks, engagement.
- Meeting with Australian Unity on their property funds, impact reporting, sustainability and rooftop solar which they are now rolling out across their properties.
  - This was a great result after years of engagement with Australian Unity on this matter.
- Meeting with Charter Hall to discuss their impact reporting, rooftop solar rollout and sustainability.
  - Provided some ideas for Charter Hall – RIAA membership, ASFI and becoming involved, The co-op and the value of individual impact and ESG reports on funds and more ESG news from Charter Hall to advisers. Charter Hall brought out Green Bonds recently.
  - Had a great update from Andrew Cole – head of sustainability on their net zero transition, philanthropy, renewable energy targets.
- Meeting with Australian Unity childcare property regarding their sustainability.
- Meeting with Mans Carlsson Head of ESG at Ausbil to discuss their advocacy and engagement and what we see investors wanting in engagement/advocacy.

# Underlying Impact

Within the Ethical Investment Growth Portfolio, Ethical Investment Funds Management owns investments in several managed funds.

Many of these managed funds have calculated their own positive impact using various methodologies.

As an example, our investment totaling \$5,336,971 in the **Pengana WHEB Sustainable Impact Fund** in December 2022 has been associated with the following positive impact during 2022:



Source: <https://impact.pengana.com/#impact-calculator>

The calculation method is explained in the Methodology document:

<https://impact.pengana.com/wp-content/uploads/2022/07/WHEB-Impact-Methodology-June-2022-2.pdf>

# Underlying Impact

And our investment totaling \$5,127,985 in the **Nanuk New World Fund** in December 2022 has been associated with the following positive impact during 2022:

Source: <https://calculator.sustainableplatform.com/nanuk/>

The calculation method is explained in the Methodology document: <https://calculator.sustainableplatform.com/methodology/>



## Education

Estimated annual revenue related to Education of \$128,300

Equivalent to the average cost of funding

**1.6k days**

of public school education in Australia



## Health and Healthcare

Estimated annual revenue related to Health and Healthcare of \$253,800

Equivalent to the cost of administering vaccines to

**6.1k people**

or the average cost of 3.1k standard GP consultations



## Low Carbon Transport

Estimated annual revenue related to Low Carbon Transport of \$86,500

Equivalent to the cost of

**360,455 kms**

of passenger rail transport

resulting in 18k kg less CO<sub>2</sub> equivalent emissions compared to passenger cars



## Waste Management and Recycling

Estimated annual revenue related to Waste Management and Recycling of \$68,700

Equivalent to the cost of managing

**291 tonnes**

of waste in Australia

which is equal to the average annual waste produced by 217 Australian households.



## Food Production and Distribution

Estimated annual revenue related to Food Production and Distribution of \$97,900

Equivalent to the average daily grocery expenditure of

**7.5k Australians**



## Housing and Buildings

Estimated annual revenue related to Housing and Buildings of \$356,800

Equivalent to the cost of

**35.7k LED globes**

resulting in 7.5k tonnes less CO<sub>2</sub> equivalent emissions over 10 years compared to halogen globes



## Renewable Energy

Estimated annual revenue related to Renewable Energy of \$90,000

Equivalent to the global weighted average cost of

**1.1k MWh**

of solar energy from newly built utility scale solar generation

which is equal to the average annual electricity consumption of 208 Australian households



## Water Supply and Treatment

Estimated annual revenue related to Water Supply and Treatment of \$28,800

Equivalent to the cost of

**8.7M litres**

of clean water supply to Australian households

which is equal to the recommended annual consumption of 10.4k adults

# Reconciliation Action Plan

Based around the core pillars of relationships, respect and opportunities, the Reconciliation Action Plan (RAP) provides tangible and fundamental benefits for Aboriginal and Torres Strait Islander peoples, increasing economic equity and supporting First Nations self-determination.

Ethical Investment Funds Management allocates capital into investments on behalf of our socially aware clients. We wish to be more aware and sensitive about how our capital allocations impact and improve the future of Aboriginal and Torres Strait Islanders.

In 2022 we commenced a Reflect RAP to enable our organisation to sustainably and strategically take meaningful action to advance reconciliation.



**RECONCILIATION**  
ACTION PLAN

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**REFLECT**





## Our vision for reconciliation

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Currently we report on matters relating to Aboriginal and Torres Strait Islanders via our Investment Newsletters, our engagements with fund managers, and other investments we advise our clients on. We wish to have the skills and knowledge to have a deeper, and more proactive engagement with the companies we invest in. This will help prevent, we believe, any future destruction of cultural heritage sites like the 46,000 year-old caves that were destroyed at the Juukan Gorge. We want to engage to improve corporate behavior.

We would like Aboriginal and Torres Strait Islanders to be heard. By listening to their needs, we all stand to benefit from their knowledge and ideas. By having an inclusive workforce which embraces diverse cultures we all stand to gain a broader mindset.

As an employer, we would like to attract Aboriginal and Torres Strait Islander representation within our workforce.

As individuals, we would like to become more aligned to the changes we can all make towards a better future for all Australians.

We have just begun our reconciliation journey. Fundamentally, we believe that having a Reconciliation Action Plan is the right thing to do.

# Highlights of our Journey

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## Relationships

To achieve our aspirations for reconciliation, it is critical that we continue to build strong, trust-based relationships with Aboriginal and Torres Strait Islander peoples, communities and organisations. We commit to doing this through our RAP.

Ethical Investment Funds Management Investment Committee member, James Baird, recorded a podcast interview with Kado Muir titled 'Juukan Gorge, Green Capital & Hunter Gatherer Mythbusting'. Kado is an Aboriginal artist, anthropologist, archaeologist, and Indigenous rights activist in Western Australia. A second podcast interview with Kado was released in October 2022 for Ethical Investment Week, titled "Beyond Juukan Gorge - Uranium, Troglodyte Extinction & Cultural Cringe".

James Baird has also organised a special rate for customers interested in participating in cultural tours provided by Koomal Dreaming, a Western Australian (WA) organization. Koomal Dreaming offers immersive tours and experiences rooted in the culture of the Wadandi and Bibbulman Country.



## Respect

Through this RAP we commit to building the understanding of our people and driving respect for Aboriginal and Torres Strait Islander peoples and their cultures.

Investment Committee member Chris Lang is a Board member of the Climbers Club of Tasmania (CCT). CCT recently undertook steps to engage with local Aboriginal and Torres Strait Islander groups to understand any potential heritage issues in climbing areas. This process identified several areas of interest and after consultation, actions were taken to close or better manage these areas.

Chris is also a Leadership team member of the Clarence Climate Action (CCA) group - CCA engaged the Tasmanian Aboriginal Centre to provide us with a Cultural Awareness Training Day in 2022.

Director, Terry Pinnell has helped develop a RAP for a not for profit, who are actively decolonising all their work processes. And presently he is looking at a First Nations Affirmative Action Policy. He has also undertaken an Aboriginal and Torres Strait Islander Cultural Competence Course run by the Centre for Cultural Competence Australia.

## Mentoring and support

We aspire for an Australia where Aboriginal and Torres Strait Islander peoples have equitable opportunities in employment, business and life as non-Aboriginal and Torres Strait Islander Australians. This requires both overcoming barriers to access opportunities and the creation of inclusion.

Investment Committee member Stuart Barry is on the board for the Wukalina Walk, in Tasmania, the only Indigenous led walk in Tasmania. Our Tasmanian office, Tas Ethical, also provides pro bono advice for Aboriginal and Torres Strait Islanders, via the Tasmanian Aboriginal legal service and has done so over the past year.

To date, we have gifted to the Indigenous Literacy Foundation and Wukalina Walk, in Tasmania. A donation was given to Yalari too, which is providing Indigenous children from regional, rural, and remote communities across Australia the opportunity to receive a full boarding school scholarship for their entire secondary education.



## Reflections

While we are proud of our journey towards reconciliation, we know our journey still has a long way to go. We still have much to learn about Aboriginal and Torres Strait Islander communities and how we can work together. There are several opportunities that will help steer our efforts in the coming years.

Listen more to the voices of Aboriginal and Torres Strait Islander people. Ensure our steering committee and RAP working group include, and seek a variety of perspectives from, Aboriginal and Torres Strait Islander people.

Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development.

# Looking Forward

As responsible stewards of client's investments, we have several goals for the years ahead:

We wish to increase our engagement with companies, other fund managers, and all stakeholders.

We continue to aim for progress towards SDG 2, (Zero Hunger) SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption & Production) and SDG 14 (Life Below Water) by targeting to increase our exposure to companies within our investable universe that are most aligned with these goals.

We still have work to do to get the Global Warming Alignment closer to the 1.5 degrees needed.

We will continue to implement our commitments to our Reflect RAP.

# Disclaimers

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Past performance of financial products is not a reliable indicator of future performance. The performance table shown sets out the investment performance returns (AFTER investment management fees, but BEFORE administration fees, performance-based fees and taxes) for the Portfolio. The performance returns have been calculated on a daily basis taking into account brokerage costs and are accumulated for the period shown. Returns are shown as annualised if the period is over 1 year, or as total returns otherwise. Inception date for the Australian Equities portfolio is 25 May 2015.

Investment in securities and other financial products involves risk. Information, opinions, historical performance, calculations, or assessments of performance of financial products or markets rely on assumptions about tax, reinvestment, market performance, liquidity and other factors that will be important and may fluctuate over time. An investment in a financial product may have the potential for capital growth and income but may also carry the risk that the total return on the investment may be less than the amount contributed directly by the investor. Past performance information is for illustrative purposes only and is not indicative of future performance. Ethical Investment Advisers and Ethical Investment Funds Management do not assure or guarantee the performance of any financial products offered. This document is not a recommendation to purchase, sell or hold Ethical Investment Funds Management product(s), and you should seek independent financial advice before investing in this product(s).

An aerial photograph of a lush green forest with a river and waterfalls. The text 'ETHICAL INVESTMENT FUNDS MANAGEMENT' is overlaid in large, white, bold, sans-serif capital letters across the center of the image.

ETHICAL  
INVESTMENT  
FUNDS  
MANAGEMENT

2022 ANNUAL REPORT