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Responsible Investment Association Australasia

Responsible Investment Benchmark Report
Australia 2022

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T. Rowe Price

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Disclaimer

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OUR SPONSORS

AUSTRALIAN ETHICAL

While we do believe a small group of people can change the world, the opportunity is far bigger than that.

The more people that invest ethically, the more significant the positive change we will create. Imagine the impact of all that money invested for good. There's never been a better time to take control of your own financial wellbeing and the wellbeing of families, communities and the planet.

Ethical and sustainable investing isn't just a part of what we do at Australian Ethical. Unlike most of our competitors, it's everything we do. And while we've evolved in many ways since starting in 1986, we have always stayed true to this. Now, we manage over $6 billion for over 80,000 customers.*

In 2014, we became the first publicly listed Australian company to become certified as a B Corp. B Corps are leading a global cultural shift towards a more sustainable economy by balancing profit with purpose.

*as at 30 June 2022

AXA INVESTMENT MANAGERS

AXA Investment Managers (AXA IM) is a responsible asset manager, actively investing for the long term to help its clients, its people and the world to prosper. Our high conviction approach enables us to uncover what we believe to be the best global investment opportunities across alternative and traditional asset classes, managing approximately A$1.38 trillion in assets as at the end of December 2021.

AXA IM is a leading investor in green, social and sustainable markets, managing A$878 billion of ESG-integrated, sustainable or impact assets as at the end of December 2021. We are committed to reaching net zero greenhouse gas emissions by 2050 across all our assets, and integrating ESG principles into our business, from stock selection to our corporate actions and culture. Our goal is to provide clients with a true value responsible investment solution, while driving meaningful change for society and the environment.

At end of December 2021, AXA IM employs over 2,460 employees around the world, operates out of 23 offices across 18 countries and is part of the AXA Group, a worldwide leader in insurance and asset management.

BT

BT has a 50 year history of providing wealth management services in Australia with a proud track record in sustainability. We have been a signatory to the Principles for Responsible Investment since 2007 and a RIAA member since 2000.

At BT, we are committed to making a sustainable difference through our industry to achieve better environmental, social and economic outcomes. We aim to make it easier for our customers to understand the principles of sustainable investing, and make it simple to identify sustainable options through our investment platform, BT Panorama.

BT believes that sustainable investment is intrinsic to the provision of long-term value for our customers and is pleased to continue our sponsorship of RIAA's annual Benchmark Report.

T. ROWE PRICE

Founded in Baltimore, Maryland in 1937, T. Rowe Price is an independent investment management firm focused on helping clients meet their objectives and achieve their long-term financial goals.

Today we manage assets across a broad range of active equity, fixed income, multi-asset and retirement investment strategies. Our portfolio managers are backed by one of the industry's largest and most experienced global research platforms. Insights from our proprietary research help us uncover the most attractive investments worldwide. We take a substantive approach to ESG investing by integrating ESG factors into our rigorous research process. Our in-house ESG specialists provide quantitative tools and research to support analysts and portfolio managers to help identify the ESG issues that they believe matter most. Our experience of investing through multiple market cycles contributes to an investment strategy which seeks to generate consistent performance for our clients over the long term.

We have been a signatory of the United Nations-supported Principles for Responsible Investment (PRI) since 2010. We are a signatory or supporter of more than 20 advocacy initiatives, including the United Nations Global Compact.

DATA SUPPORT

RIAA is grateful to Morningstar for providing data for this study.

About this report

This is the 21st annual Responsible Investment Benchmark Report, prepared by the Responsible Investment Association Australasia (RIAA). The report details the size, growth, depth and performance of the Australian responsible investment market from 1 January 2021 to 31 December 2021, and compares these results with the broader Australian financial market. To allow Australia's responsible investment market to be compared with other regions, the classification of responsible investment practices used in this report is based on the seven approaches for responsible investment used by the Global Sustainable Investment Alliance (GSIA).

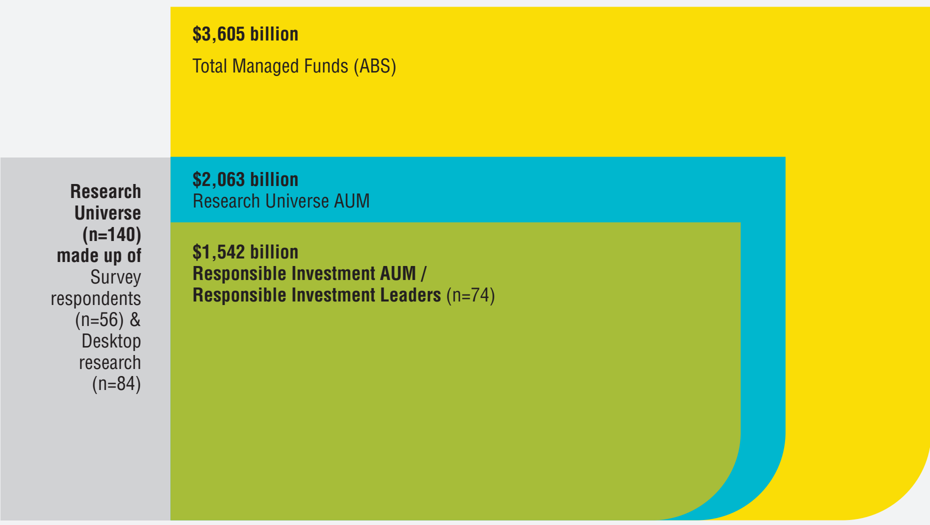
Of the 140 investment managers in the Research Universe, 56 provided survey responses. EY conducted desktop research for the 84 entities who did not complete the survey, using publicly available information. The majority of entities in the Research Universe were investment managers (111), while 10 were asset owners, nine were impact investors, six were banks and four were trusts and foundations. Asset owners were included in this project only if they directly managed at least 10% of their total investments.

Throughout this report, a distinction is made between:

- Total Managed Funds (as defined by the Australian Bureau of Statistics);
- Responsible Investment AUM (representing the assets under management covered by at least one responsible investment approach of Responsible Investment Leaders);
- the Research Universe, comprised of the 140 investment managers who self-declared as practising responsible investment; and
- the AUM of the Research Universe;
- Responsible Investment Leaders, representing 74 entities assessed by RIAA as applying a leading approach to responsible investment;
- Survey respondents, made up of the 56 survey respondent organisations that completed the online survey (comprised of both Responsible Investment Leaders and non-leaders).

This project was led by Dr. Zsuzsa Banhalmi-Zakar, with contributions from Estelle Parker, assistance from Tori Huggins (RIAA), peer review by Farren Williams (Koda Capital), and contributions from Emma Herd, Boris Vidulich, Milly Goodwin, Sahil Goswami, Jess Blake, and Matthew Gacic (EY). RIAA commissioned EY to undertake the data collection and analysis for this report. EY also provided the platform for the online survey. Data was compiled via primary research (survey data) and secondary research using publicly available data, Morningstar, Plan For Life and KangaNews as indicated in figures and the relevant sections. The report production was managed by Katie Braid, with editing by Nicky Chudleigh and design by Loupe Studio.

FIGURE 1 **Overview of the 2021 Research Universe and the Australian responsible investment market**



Total Managed Funds is $3,605 billion according to the Australian Bureau of Statistics (ABS).

The **Research Universe AUM** is the portion of the market managed by investment managers that self-declare as practising responsible investment.

Responsible Investment AUM includes only the responsibly managed assets of Responsible Investment Leaders. Responsible Investment Leaders are responsible investment managers that achieved a score of ≥75% (at least 15 out of 20) on RIAA's Responsible Investment Scorecard.

*AUM for Research Universe includes Australian AUM of Milford Asset Management included in the Responsible Investment Benchmark Report New Zealand 2022

ABOUT THE RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 500 members managing more than $29 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

RIAA achieves its mission through:

- providing a strong voice for responsible investors in the region, including influencing policy and regulation to support long-term responsible investment and sustainable capital markets;
- delivering tools for investors and consumers to better understand and navigate towards responsible investment products and advice, including running the world's first and longest-running fund Certification Program, and the online consumer tool Responsible Returns;
- supporting continuous improvement in responsible investment practice among members and the broader industry through education, benchmarking and promotion of best practice and innovation;
- acting as a hub for our members, the broader industry and stakeholders to build capacity, knowledge and collective impact; and
- being a trusted source of information about responsible investment.

ABOUT EY

With a 20+ year legacy in sustainability and ESG services, EY combines deep technical skills across a breadth of business issues to help business create value for sustainability as well as help sustainability create value for business. Working in this way ensures we help protect and create value for business, people, society and the world as a whole and build a better, more sustainable working world. We call this value-led sustainability, and it's everybody's business.

As the largest provider of responsible investment services across Australia and New Zealand, EY has deep expertise and experience across the whole responsible investment spectrum, from responsible investment strategy, maturity assessments, and public-facing thought leadership to policy development, certification and assurance. EY works with all segments of the responsible investment community, from sovereign wealth funds and global asset managers to small endowments. This depth and breadth of experience is matched by a well-recognised, market leading and trusted brand.

Disclaimer:

EY was engaged on the instructions of Responsible Investment Association Australasia ('RIAA') to prepare this report capturing findings from fund managers in relation to their responsible investments ('Report'), in accordance with the engagement agreement dated 4 May 2022, including the general terms and conditions. This Report must not be relied upon by any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the Report, the provision of the Report to the other party or reliance upon the Report by the other party. This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisers for specific advice.

Executive summary

2021 marked another big year for Australia's responsible investment sector.

Momentum created by the unprecedented growth of the responsible investment market in 2020 continued, despite economic volatility caused by the COVID-19 pandemic. The year 2021 witnessed increased interest in responsible investment from the media, the public, regulators, and other stakeholders. While messages referring to record growth populated the headlines initially, attention later shifted to concerns around the quality of sustainability claims, or 'greenwashing', and the role of regulators. In a mixed landscape of ongoing heightened public interest and economic disruption, the sector continued to make progress.

Australia's responsible investment market reached a record $1.5 trillion in assets under management, now representing 43% of total professionally managed funds. A total of 74 investment managers are considered Responsible Investment Leaders, including 17 for the first time, indicating that more investment managers understand what it takes to demonstrate leading responsible investment practice and can implement the necessary processes.

Heightened concern about the financial performance of investment products in 2021 was not just directed at responsible investment funds: it was evident across the board, and likely the result of the variable performance seen across all types of investment products in the global and domestic markets over recent years. Nevertheless, this research shows that responsible investment products remained a sound investment choice in 2021.

RIAA certified products, which distinguish quality, true-to-label responsible investment products that meet the Responsible Investment Standard, typically outperformed benchmarks or remained on par with traditional funds. Over the long term, RIAA certified product performance was triple the benchmark for traditional multi-sector growth funds and around double the benchmark for domestic and international equity funds (on average, over ten years, net of fees). For example, looking at multi-sector growth funds, RIAA certified funds delivered 25.7% pa compared with 10.9% pa for the average responsible investment fund, and 8.8% pa for the Morningstar index which has no responsible investment filter. While the cause of better performance is difficult to pinpoint, more careful underlying investment selection and more robust overall risk management (not just ESG) are likely among the reasons that drive better returns of independently verified products.

The year saw a diversification of responsible investment practices, products, and approaches, and a flurry of activity in corporate engagement and stewardship. Many investment managers now consider diversification of responsible investment products and practices to be a feature of a maturing responsible investment market; diversification signals an industry that is innovative, creative and increasingly skilled in implementation.

2021 also saw many new products launched, including several in the fixed income space such as the first certified repurchase agreement and green development loan in Australia. Responsible investment products spanned a range of asset classes in addition to the more traditional areas of equities and fixed income, to include property, alternatives (forestry and farmland), infrastructure, private equity and cash.

Reporting of responsible investment practices has improved, with several investment managers publishing inaugural 'stewardship', 'responsible investment', or 'impact' reports, or separate climate policies. A greater number of organisations updated their responsible investment policies in 2021. While ESG integration remains the most popular responsible investment approach, the fervour of activity in responsible investing is most prominent in the area of stewardship and corporate engagement, where attention has now turned to inform company boards and management and influence better real-world outcomes.

In 2021, many key actors in the sector formulated new or improved stewardship policies and disclosed stewardship practices in a more comprehensive manner than ever before. Intensified activity in corporate engagement was partly in response to the release of the revised UK Stewardship Code in 2020, which requires signatories to report how ESG and climate change issues are considered and integrated in investment activities. Given that a significant proportion of international investment managers active in Australia are signatories to the Code, it is not surprising to see a rise in stewardship reporting in this region.

Climate continues to be a strong theme for both positive and negative screening. An emerging positive screen topic in 2021 was gender diversity and women's empowerment. The emergence of sustainability-related investment themes like biodiversity and nature, reflect an increasing sophistication in thinking through the complex effects and interactions between investment capital and the natural environment.

Finally, two other trends remain important for responsible investors: the first trend regards continued efforts to manage climate change-related financial risks at the portfolio and organisational level. Investment managers increasingly employ strategies such as signing up to net zero commitments, measuring carbon intensity or aligning to climate policies, although setting climate-related targets is less common. The second trend is experimentation with new tools to convey messages about the positive impacts and outcomes that investments deliver alongside financial returns. Framing impacts and outcomes aligned to the UN Sustainable Development Goals is most common, but many investment managers have also developed their own impact measurement tools internally.

The findings of this research evidence further maturation and growth of Australia's responsible investment sector. This reflects the rise and quickened pace of change internationally, as well as a determination by an ever-growing number of institutional investors to understand what they must do to thrive and position themselves as leaders in a new era of responsible investment.

KEY FINDINGS

Australia's responsible investment market reached **$1.54 trillion** in 2021, up from $1.28 trillion in 2020. These assets under management of leading practice responsible investors now position responsible investment with a **43%** share of the total market (up from 40% in 2020).

Responsible investment products continue to outperform the overall market in the multi-asset category on all timeframes as well as the domestic equity category. For the first time, average performance of RIAA certified products has been reported which shows superior performance in the multi-asset category on all timeframes as well as domestic and international equities over 3, 5, and 10 years, in some cases double or triple the performance of the market over the long term.

Investment managers continue to increase the amount of assets that are managed with responsible investment approaches, which grew by $616 billion since last year. The top three responsible investment approaches are **ESG integration** ($752 billion), **corporate engagement and shareholder action** ($726 billion) and **negative/exclusionary screening** ($705 billion).

Corporate engagement and shareholder action saw the greatest dollar value increase with an additional $255 billion AUM in 2021. Forty-five percent of investment managers are now reporting on both their corporate engagement activities and the outcomes achieved. AUM in **sustainability-themed investing more than doubled** to $161 billion (from $76 billion) and now includes $19 billion in sustainability-linked loans.

The industry continues to innovate and expand their responsible investment activities by launching **new types of responsible investment products**, including several types of sustainability-linked loans and green bonds. A key trend is the growing engagement in stewardship and active ownership practices, demonstrated by many investors publishing inaugural stewardship, responsible investment, and impact reports.

Responsible Investment Leader 2022

In 2021, a record **74 organisations were identified as Responsible Investment Leaders** out of 140, including 17 new investment managers, indicating growing engagement of the Australian market in leading responsible investment practices.

Climate continues to be a strong theme for both positive and negative screening. An emerging positive screen topic in 2021 was **gender diversity and women's empowerment** which jumped in priority from 10th place in 2020 to 6th in 2021.

Introduction

ABOUT RESPONSIBLE INVESTING

DEFINITION

Responsible investment, also known as sustainable or ethical investment, is a broad-based approach to investing which factors in people, society and the environment, along with financial performance and risks when making and managing investments.

Responsible investment considers a broad range of risks and value drivers in addition to reported financial risk. This includes considering ESG factors throughout the process of researching, analysing, selecting and monitoring investments, acknowledging that these factors can be critical to understanding the fundamental value of an investment and risks posed to the future value.

Examples of responsible investing vary broadly and could include:

- divesting from a company with a poor human rights record;
- engaging with a company included in an investment portfolio around its exposure to carbon intensive industries;
- making an investment in a program or social enterprise that is focused on tackling a pressing social or environmental issue; or
- analysing and selecting a portfolio of companies to invest in based on their overall environmental, social and governance performance.

Responsible investing requires fund managers to execute stewardship duties with an aim in part to improve the performance of companies, thereby contributing to the stability and sustainability of the financial system more broadly.

Increasingly, it is expected that responsible investing avoids activities and behaviours that systematically cause harm to the environment, society and the economy, and instead promotes and targets sustainability outcomes aligned with delivering on the United Nations Sustainable Development Goals and the Paris Agreement on climate change.

INTERNATIONAL RESPONSIBLE INVESTMENT CONTEXT

Despite the economic uncertainties and social impacts of the ongoing COVID-19 pandemic, accelerating momentum made 2021 one of the most significant years to date for the global profile and regulation of responsible investment. Key focus areas internationally were reporting and disclosure, climate change, greenwashing, the ongoing development of taxonomies and stewardship (see Table 1).

Internationally, a major focus was on reporting and disclosure, with a number of initiatives commencing or establishing new or improved, more reliable and comparable reporting frameworks for companies to utilise on sustainable investment-related issues. The United Nations Climate Change Conference (COP 26) held at the end of 2021, again placed climate change on centre stage globally, with finance stepping up to become a major force driving a transition towards net zero by 2050. A number of central banks and regulators introduced guidelines or mandatory reporting around climate risk disclosure for financial institutions. Not surprisingly, there was also strong uptake of reporting under the Task Force on Climate-related Financial Disclosures (TCFD) over the year, with the private sector embracing more rigorous climate reporting, even where regulatory requirements were absent.

Another key global focus area was around 'greenwashing', with regulators ramping up their focus on combatting greenwashing. By the end of 2021, over 20 countries or regions had developed or were in the process of developing taxonomies related to green or sustainable terms. Best known is the European Union's EU Taxonomy, which came into effect in 2020, but important work on classifying activities continued to take place in 2021 and 2022. The EU Taxonomy is important as it provides a comprehensive approach to dealing with often contentious issues, particularly around certain fossil fuels and the potential role of nuclear energy in a net zero emissions energy transition. In addition to continuing progress globally on taxonomies, regulators and industry bodies accelerated efforts to progress responsible investment labelling programs to provide clarity and verification as an important means to stamping out greenwashing to protect consumers in a period in which consumer interest in sustainable finance is rapidly growing. It was evident by late 2021 that this strengthened response to greenwashing would move into an enforcement phase by regulators, to clamp down on the potential for consumers to be misled by false claims.

Another key global focus area was in the area of stewardship. While stewardship (including corporate engagement) is not a new concept and stewardship codes have been in place in many countries for many years, the renewed focus has elevated the critical role stewardship can play in adequately addressing systemic risks such as climate change and other critical environmental and social issues. A key development in 2021 was the introduction of an updated and strengthened Stewardship Code in the United Kingdom. This new Code sets higher standards, recognising that 'environmental, particularly climate change, and social factors, in addition to governance, have become material issues for investors to consider when making investment decisions and undertaking stewardship' (UK Stewardship Code 2020).[1]

TABLE 1 Examples of key international developments in responsible investment in 2021

Focus area	Jurisdiction/Organisation	Description	Developments in 2021
Disclosure	International Sustainability Standards Board (ISSB)	A high quality, transparent, reliable and comparable reporting framework for companies on climate and other environmental, social and governance (ESG) matters	A Technical Readiness Working Group commenced developing the ISSB framework, due to be finalised by end 2022.
	CFA Institute	Global ESG Disclosure Standards for Investment Products	The CFA Institute published standards to communicate information about an investment product's consideration of environmental, social and governance issues in its objectives, investment processes or stewardship activities.
Taxonomies	European Union	EU Taxonomy for sustainable activities classification system, establishing a list of environmentally sustainable economic activities	Investors and corporates prepared for the application of the EU Taxonomy Climate objectives, to identify and define activities that qualify as sustainable, through the use of scientific criteria. To take effect January 2022.
	UK Government	Green Taxonomy	The UK Government appointed a Green Technical Advisory Group (GTAG) to establish a green taxonomy.
	International Platform on Sustainable Finance	Common Ground Taxonomy to foster global taxonomy unification	The EU and China jointly developed a Common Ground Taxonomy aiming to lower transaction costs and facilitate smoother cross-border green capital flows by avoiding unnecessary duplication of verifications, increasing market confidence and reducing market segmentation.
Stewardship	UK Financial Reporting Council (FRC)	Stewardship Code setting standards for asset owners, asset managers and the service providers supporting them, to report on their stewardship activities and their outcome	The FRC published the first list of 125 signatories to the updated UK Stewardship Code. It published its first review of reporting under the Code, which revealed encouraging disclosures on governance, resourcing and the integration of stewardship and ESG factors into investment decision-making.
Climate Change	New Zealand Government	Climate-related disclosures for publicly listed companies and large Financial Market Conduct (FMC) entities	New Zealand Parliament made NZ the first country to mandate certain climate-related disclosures for publicly listed companies and large FMC entities, effective from 2023.
	United States Securities and Exchange Commission (US SEC)	Climate change reporting framework	The US SEC called for input into its development of a framework for reporting consistent, comparable and reliable information on climate change.
	Central banks and regulators globally	Climate change reporting	A number of central banks and regulators introduced guidelines or mandatory reporting around climate risk disclosure and some developed climate scenarios for financial institutions.
	G20	Support for climate disclosure requirements	The G20 pledged to promote implementation of climate disclosure requirements based on the Task Force on Climate-related Financial Disclosures (TCFD) framework.
	Task Force on Climate-related Financial Disclosures	Metrics, Targets and Transition Plans	The TCFD published Guidance on Metrics, Targets and Transition Plans.
Nature/ biodiversity	Taskforce on Nature-related Financial Disclosures	Risk management and disclosure framework for organisations to report and act on evolving nature-related risks, with the aim of supporting a shift in global financial flows away from nature-negative towards nature-positive outcomes.	The TNFD was formally launched and commenced work on a framework to be completed by end 2022.
Global roadmap	The G20 Sustainable Finance Working Group	Sustainable Finance Roadmap	The G20 Sustainable Finance Roadmap was presented, with the aim of advancing international work to scale up private and public sustainable finance and accelerate the implementation of the Paris Agreement and the UN Sustainable Development Goals.
Legal efforts to combat greenwashing	US SEC	Effort to combat greenwashing	The SEC Enforcement Division announced its Climate and ESG Taskforce to proactively identify ESG-related misconduct.
	French Government	Legal sanction on greenwashing	The French Government introduced the world's first legal sanctions directly tackling greenwashing.

AUSTRALIAN RESPONSIBLE INVESTMENT CONTEXT

Mirroring increasing global acceptance that climate change poses a major financial risk, Australian listed companies and financial institutions increased their disclosure of climate-related risks in 2021. However, progress across sectors was uneven. Australian regulators continued to call on companies to consider and disclose climate risk, and ASIC found that voluntary adoption of TCFD reporting by some larger listed companies materially improved standards of climate-related governance and disclosure in Australia. In October 2021, the Federal Government committed to the goal of net zero carbon emissions by 2050.

In addition to progress on climate change commitments and guidance, ASIC's work on greenwashing and the creation of the Australian Sustainable Finance Institute were key initiatives in 2021 (Table 2). The Federal Government also introduced significant changes to the regulatory environment for superannuation, with Your Future, Your Super reforms commencing on 1 July 2021. As a result of the first annual performance tests of MySuper products, 13 products were required to implement plans to rectify underperformance, assess implications of failing the test on the fund and business operations and develop contingency plans to close the product, transfer members to other funds, or exit the industry should this be deemed 'in the best financial interests of members'.

Awareness of, and demand for, responsible and ethical investment continued to grow strongly in Australia throughout 2021.[2] The proportion of Australians with responsible investments rose 28% to 17%, driven largely by Gen Xers and Millennials. Four out of five Australians now expect their bank account and super to be invested responsibly and ethically, and 80% expect their savings to have a positive impact on the world. Additionally, 74% of Australians would consider moving to another provider if they learned their current super fund invested in companies engaged in activities inconsistent with their values. Australians also became more attuned to the threat of greenwashing, and many cited independent verification as being an important tool to help consumers avoid it. To this end, 2021 saw the number of RIAA certified products for Australia and New Zealand rise to 225, or AU$74 billion in AUM (an increase of $18 billion in a single year).

TABLE 2 **Key developments in responsible investment in Australia in 2021**

Category	Jurisdiction/Organisation	Description	Developments in 2021
Climate Change	Australian states & territories	Net zero commitments	By September 2021, all Australian states and territories had committed to achieving net zero carbon emissions by 2050.
	Australian Government	Net zero commitment	In October 2021, the Australian Government committed to net zero carbon emissions by 2050.
	Australian Prudential Regulation Authority (APRA)	Prudential Practice Guide (CPG) 229 on Climate Change Financial Risks	CPG229 was released, encouraging companies and investors identify, measure, monitor and manage climate-related risks, including through scenario analysis to inform understanding of long-term risks and opportunities, as well as report relevant information and 'consider external market disclosures'.
Regulation	Australian Government	Your Future, Your Super (YFYS) reforms	The Australian Government introduced annual performance benchmarking of MySuper products, with superannuation funds required to tell members if they underperformed against the benchmark and stop accepting new members if they failed for two years running. The laws also introduced changes to the superannuation fund trustees' best interest duty to members, to a 'best financial interests' duty, requiring trustees to justify expenditure and apply a sole purpose test.
	Australian Government	*Modern Slavery Act 2018*	Full reporting cycle completed
	Australian Government	Proxy Adviser regulation	Developments in 2021 "The Australian Government consulted stakeholders about changes to the regulation of proxy advisers, and in December, announced rules that would have the effect of stripping proxy advisers of their ability to provide these services under their existing Australian Financial Services License. These changes were overturned in early 2022.
Greenwashing	Australian Securities and Investments Commission (ASIC)	Work to identify misleading statements related to environmental, social and governance claims	ASIC commenced a program of work examining greenwashing of financial products.

Industry collaboration	Australian Sustainable Finance Institute (ASFI)	Industry-led effort to realign the finance sector to create a sustainable and resilient financial system by directing capital to support greater social, environmental and economic outcomes consistent with the Australian Sustainable Finance Roadmap	ASFI was established, with a priority an industry-led project, working closely with government, to develop an Australian sustainable finance taxonomy.
Key RIAA resources released in 2021	RIAA Human Rights Working Group and KPMG	Human Rights and Climate Change – a guide for institutional investors	A guide on human rights and climate change was released emphasising that human rights impacts of climate change are falling disproportionately on the most vulnerable people. The guide encouraged investors to understand their responsibilities and embrace the opportunities presented by this challenge by applying a human rights lens to climate risk assessments.
	RIAA Human Rights Working Group	Investor Toolkit on Human Rights with a Focus on Supply Chains – Second Edition	The Second Edition of the toolkit assists investors to engage constructively and to encourage better practice from companies on human rights risks in supply chains.
	RIAA's First Nations Peoples Rights Working Group	Investor Toolkit – An Investor Focus on Indigenous Peoples' Rights and Cultural Heritage Protection	RIAA released a Toolkit for investors that contextualises the long-term valuation impacts of poor management of relationships and cultural heritage, details red flags to look out for in companies' disclosure and engagement practices, and outlines better practice in relation to cultural heritage protection.
	RIAA Nature Working Group	Working Group to support members in their stewardship responsibilities to protect nature and biodiversity in their business operations and their portfolio of companies.	RIAA's Nature Working Group was launched.
	RIAA, First Nations Heritage Protection Alliance and the UN Global Compact Network Australia	Dhawura Ngilan Business and Investor Initiative (DNBII)	DNBII was launched to strengthen Australia's First Peoples heritage laws and standards for the private sector to uphold the human rights of First Peoples.
	RIAA	Financial Adviser Guide to Responsible Investment	Relaunched in November 2021, this guide sets out to demystify responsible and ethical investing, providing advisers with practical ways to incorporate responsible and ethical investment practices into their businesses and better meet client needs.

Responsible Investment Leaders

RIAA identified 140 investment managers (including asset owners with sufficient internal management of assets) domiciled in Australia, or domiciled elsewhere yet managing significant AUM on behalf of Australian investors. These organisations comprised the Research Universe. All investment managers in the Research Universe were assessed against RIAA's Responsible Investment Scorecard. A record 74 investment managers were identified as Leaders (Table 3), achieving at least 15 out of 20 on RIAA's Scorecard (Figure 2). Another 10 investment managers were designated as emerging leaders, a new category created to recognise those that just missed the Leader score cut-off by scoring between 14 and 15.

DEFINITION

- Responsible Investment Leaders are investment managers who achieved a score of at least 15 out of 20 on RIAA's Responsible Investment Scorecard.
- A Responsible Investment Leader is an organisation that demonstrates the ability to deliver on responsible investment promises set out in its policies, through having a range of appropriate and systematic processes in place.
- A new category of emerging leaders has been created for investment managers whose scores fell just shy of Leader standard, having achieved scores between 14 and 14.95.

AT A GLANCE

- Number of Responsible Investment Leaders: **A record 74 investment managers**
- New category of emerging leaders: **10 investment managers**

RIAA's Scorecard consists of 17 questions, covering four key areas of responsible investing practice (pillars):

Pillar 1: Coverage of and commitment to responsible investing and transparency;

Pillar 2: Enhancing risk management through explicit and systematic consideration of ESG factors and other screens, including reporting of these;

Pillar 3: Being strong stewards for more sustainable and resilient assets and markets; and

Pillar 4: Allocating capital to benefit stakeholders and contribute to solutions as well as measuring and reporting outcomes.

Each pillar is weighted equally (i.e. maximum score is five points for each), giving a total maximum score of 20. In 2021, no investment manager achieved the maximum possible score. The highest score allocated was 19, while the average was 12.8. The questions comprising RIAA's Responsible Investment Scorecard for 2021 can be found in Appendix 3.

Responsible Investment Leaders demonstrate strong governance by publishing responsible investing policies and processes and inviting stakeholders to hold them to account for their performance against targets which they set and report against. A key aspect of this strong governance is transparency, and Responsible Investment Leaders are expected to fully disclose holdings across all portfolios they manage on behalf of their clients.

FIGURE 2 **Responsible Investment Scorecard results of investment managers in the Research Universe**

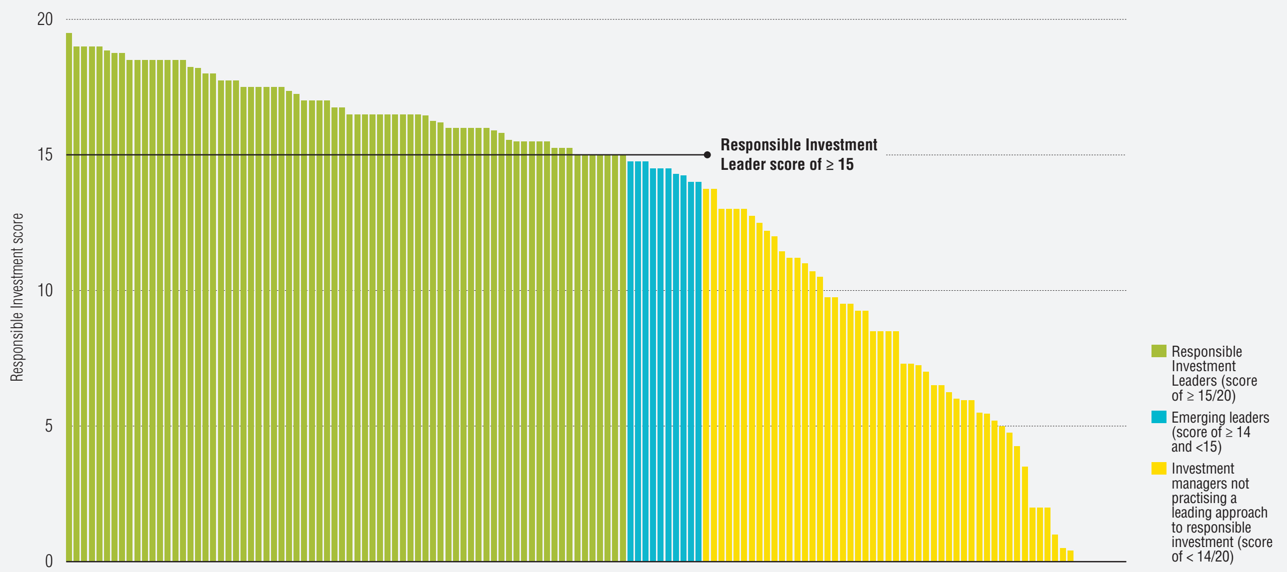


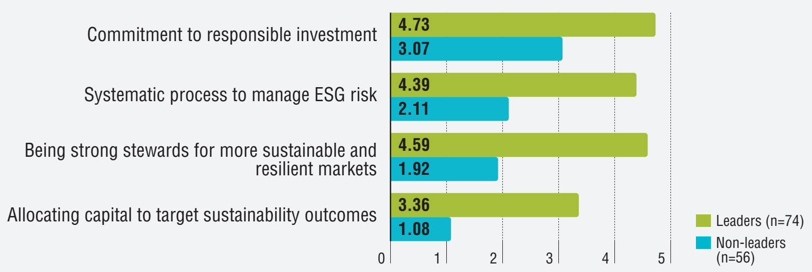
TABLE 3 Responsible Investment Leaders

abrdn	Conscious Investment Management	Natixis Investment Managers Australia on behalf of Mirova
Acadian Asset Management	DEXUS Property Group	New Forests Asset Management
Active Super	Dimensional Fund Advisors Australia	Northern Trust Asset Management
Adamantem Capital	ECP Asset Management	Nuveen a TIAA company
Affirmative Investment Management	Ellerston Capital	One Ventures
AllianceBernstein	Ethical Investment Advisers and Ethical Advisers Funds Management	Pendal Group
Alphinity Investment Management	Fidelity International	Pengana Capital Group
Altius	First Sentier Investors	Perennial Partners
AMP Capital Investors Limited (Australia)	Franklin Templeton	Perpetual Investment Management
Ausbil Investment Management	Generation Investment Management	PIMCO (Australia)
Australian Communities Foundation	Giant Leap	Queensland Investment Corporation
Australian Ethical Investment	Good Return	Rest
AustralianSuper	HESTA	Robeco
Aviva Investors Pacific	IFM Investors	Russell Investments
Aware Super	Inspire Impact (Inspire Australian Equities)	Schroders
AXA Investment Managers	Janus Henderson Investors	Social Ventures Australia
Baillie Gifford	Kilter Rural	Solaris Investment Management
Beckon Capital	Lazard Asset Management	Stewart Investors
Bell Asset Management	Maple-Brown Abbott	Teachers Mutual Bank
BetaShares	Martin Currie	U Ethical
Blue Oceans Capital	Melior Investment Management	UBS Asset Management
BNP Paribas Asset Management	Mercer (Australia)	UniSuper
Cbus	MFS	Uniting Financial Services
Christian Super	Morphic Asset Management	
Clean Energy Finance Corporation	Nanuk Asset Management	
ClearBridge Investments		

Generally, Leader and non-leader average scores did not change substantially from previous years' results.

- Commitment to responsible investment (Pillar 1) was the area where both Leaders and non-leaders recorded their highest average scores again this year, while allocation of capital (Pillar 4) was where both scored lowest (Figure 3).
- Commitment to responsible investment (Pillar 1) saw the most significant increase in disparity between Leaders and non-leaders, compared to prior year results: Leaders' average score (4.7) increased by 21%, while non-leaders' average score (3.1) dropped by 14%. This is attributed to increased reporting requirements and guidance, and increased concern over greenwashing. Leaders tend to publicly disclose their responsible investment commitments, which has become a minimum expectation for investors.
- The widest gap between Leaders and non-leaders remained in the area of stewardship (Pillar 3) where Leaders continue to clearly outperform non-leaders.

FIGURE 3 Average score of Responsible Investment Leaders and non-leaders on RIAA's Responsible Investment Scorecard



- Similar to last year, the area where performance of both Leaders and non-leaders was weakest, was the allocation of capital to responsible investment (Pillar 4). Given investors' poor performance on this pillar last year, RIAA changed questions in this section of the Scorecard, in an attempt to better understand impact measurement and outcome practices (see Appendix 3). These revised questions sought to determine intention to create positive outcomes or impacts, measurement of change or impact (e.g. against extra-financial targets) and reporting, including, for the first time, independent verification.

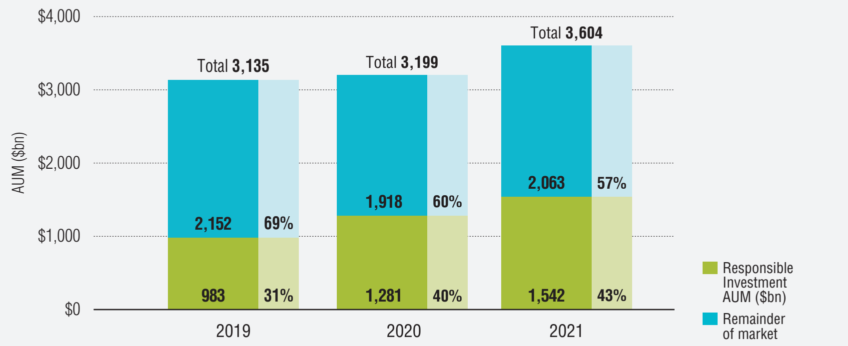
Responsible investment market share, performance, and trends

MARKET SHARE

AT A GLANCE

- Total Responsible Investment AUM: A record **$1,542 billion** (Figure 4)
- Key trends: Responsible Investment AUM represents **43%** of total managed fund investments

FIGURE 4 **Growth in Responsible Investment AUM compared to share of total market in Australia 2019–2021 ($ billions)**



INDEPENDENT THIRD-PARTY VERIFICATION, CERTIFICATION

AT A GLANCE

- Total number of certified products as of 31 December, 2021: **218** in Australia and Aotearoa New Zealand
- Number of certified products available in Australia: **158**
- Total number of new products certified in 2021: 46 **(32 available in Australia)**

As the market share of responsible investment grows, research shows that an overwhelming majority of Australians prefer to invest in a product or organisation that has been independently certified for its responsible investment practices.[4]

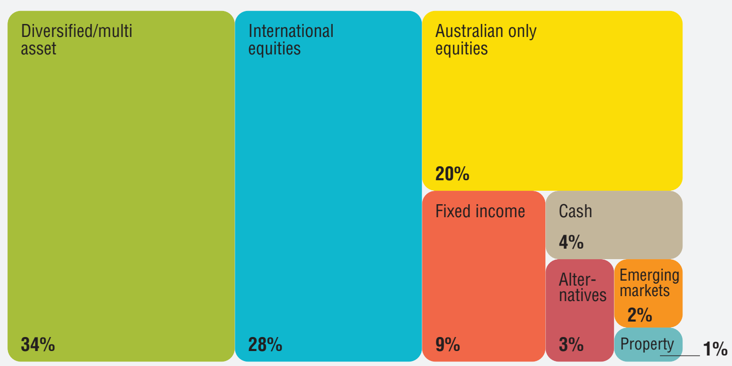
RIAA's Responsible Investment Certification Program distinguishes quality responsible, ethical and impact investment products and services by applying a thorough and rigorous assessment process. A key difference between the Responsible Investment Leaders designation and RIAA's Certification Program is that the former refers to organisation-wide practices across the region, while the latter assesses individual products (funds).

Since it launched in 2005, the number of certified products available in Australia reached 158 by the end of 2021. Forty-six products were certified in 2021, consisting mainly of investment products (44) and two super fund products. Almost 70% of the new certifications are products that are available to the Australian market (32 products).

Certified products represent a mix of asset class categories (see Figure 5), but are dominated by diversified/multi assets strategies (34%), international equities (28%) and Australian equities (20%). Other classes represented include fixed income (9%), cash (4%), alternatives (3%), emerging markets (2%) and property (1%).

RIAA's Certification Symbol is recognised by investors and consumers across the region as the gold standard, and is used to differentiate quality, true-to-label responsible investment products which meet the Responsible Investment Standard. Products bearing the Symbol systematically account for environmental, social and governance factors along with demonstrating a rigorous, transparent approach and organisational commitment to responsible investing.

FIGURE 5 **Percentage of different asset classes represented by products certified by RIAA in 2021**

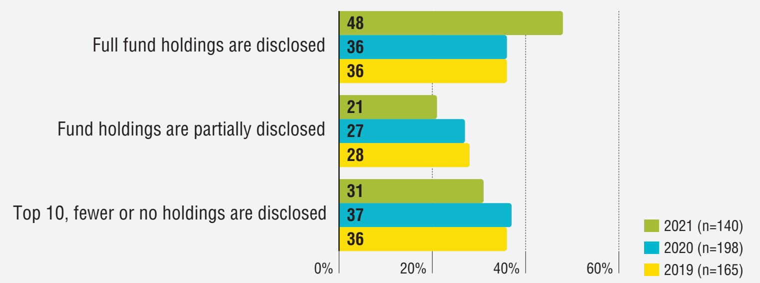


RESPONSIBLE INVESTMENT POLICY AND PORTFOLIO HOLDINGS DISCLOSURE

Responsible investors' policy disclosure continues to improve in Australia. Eighty-four percent of investment managers now publish their responsible investment policies publicly, an increase of 8 percentage points compared to 2020. The proportion of those who choose not to disclose their policies publicly has dropped from 16% to 3%, indicating a tendency for investment managers who had responsible investment policies in the past to make them available to the public. At the same time, the proportion of investment managers that do not have discernible responsible investment policies increased from 8% in 2020 to 13% in 2021.

Disclosure of portfolio holdings is another measurable feature of responsible investment markets. Full portfolio disclosure means that an investment manager reports on the value and weighting of its underlying assets, by publishing the companies it holds equity in and its proportion in each portfolio. Portfolio disclosure is only mandatory for superannuation funds from March 2022. Figure 6 shows how portfolio holdings disclosure practices have changed since 2019. The figure reveals a marked increase in portfolio holdings disclosure over the last year, in anticipation of the new regulatory requirements. Eight out of the 10 (80%) super funds included in the research disclosed their portfolio holdings fully, compared to 51 out of 112 (46%) investment managers.

FIGURE 6 **Portfolio holdings disclosure practices among investment managers in the Research Universe 2019–2021**



PERFORMANCE OF RESPONSIBLY INVESTED FUNDS COMPARED TO MAINSTREAM FUNDS

AT A GLANCE

- Average performance of responsible investment and traditional funds were significantly better than the previous year.
- **RIAA certified products on average outperformed industry benchmarks** (e.g. Morningstar benchmarks), in the multi sector growth category, and over the long or medium term in the other categories.
- Responsible investment products continue to outperform traditional funds in the multi-sector growth category on all timeframes and typically stay on par with international or domestic share funds in the medium term, and underperform over the 1-year timeframe.

Responsible investment performance is reported against Morningstar benchmarks in three categories: multi-sector growth, international shares and domestic (Australia and New Zealand) shares. The average performance of RIAA certified products is reported and compared to benchmarks for the first time. Performance data for RIAA certified products was provided by Plan For Life.[3]

- RIAA certified products fared extremely well compared to benchmarks. They exceeded average performance of traditional multi-sector growth funds three-fold over 10 years, more than double over 5 years and almost double over 3 years (Table 4).
- RIAA certified international share funds produced average returns of nearly three times the benchmark over 10 years.
- RIAA certified domestic share funds delivered performance more than twice the benchmark for domestic shares over 10 years.

It is anticipated these results should encourage long-term investors to look to funds that are verified as offering the highest standards of responsible investment practices, and provide confidence that there can be an alignment between achieving better financial performance and better environmental and social outcomes.

In 2021, responsible investment products in the multi-sector growth fund category outperformed the benchmarks on all timeframes, similar to last year. Responsible investment funds that invested predominantly in international shares were on par with the benchmark over the medium term (3- and 5-year periods) and underperformed in the short (1-year) and long term (10-years). As in 2020, responsible investment funds that invested in domestic shares produced mixed results compared to Morningstar's Australian category and the S&P/ASX 300. While responsible investment funds underperformed over 1 year, they fared on par or better than both benchmarks in the medium and long term.

TABLE 4 **Performance of responsible investment funds, RIAA certified products and mainstream funds (average, net of fees over 10 years) across 1, 3, 5 and 10 years**

	2020				2021			
Fund categories/benchmarks	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**1 Year**	**3 Year**	**5 Year**	**10 Year**
RIAA certified products: Managed growth**	^	^	^	^	19.3%	19.1%	16.8%	25.7%
Responsible investment fund average-multi-sector growth funds	7.2%	7.4%	7.9%	8.2%	16.1%	14.0%	10.6%	10.9%
Morningstar category: Australia fund multi-sector growth*	2.9%	5.3%	6.4%	6.9%	14.1%	10.9%	7.9%	8.8%
RIAA certified products: International equity**	^	^	^	^	24.1%	21.2%	16.7%	29.2%
Responsible investment fund average: international share funds	8.3%	11.0%	11.4%	10.1%	18.1%	17.3%	12.3%	11.3%
Morningstar category: Australia Fund Equity World Large Blend*	5.7%	9.5%	9.8%	11.7%	24.6%	18.1%	13.4%	15.1%
RIAA certified products: Domestic equity (Aus/NZ)**	^	^	^	^	17.0%	20.1%	13.2%	23.3%
Responsible investment fund average: Aus/NZ share funds	1.7%	5.3%	7.4%	8.1%	16.6%	14.8%	11.8%	11.2%
Morningstar category: Australia Fund Equity Australia Large Blend*	1.7%	5.5%	7.5%	7.0%	18.3%	13.7%	9.3%	10.1%
S&P/ASX 300 Total Return*	1.7%	6.9%	8.8%	7.8%	17.5%	14.0%	9.9%	10.8%

* Data supplied by Morningstar
**Data supplied by Plan For Life
^ Data not reported in 2020

Average responsible investment fund outperformed (+1%)
Average responsible investment fund on-par with market (+/- 1%)
Average responsible investment fund underperformed (-1%)

Responsible investment approaches

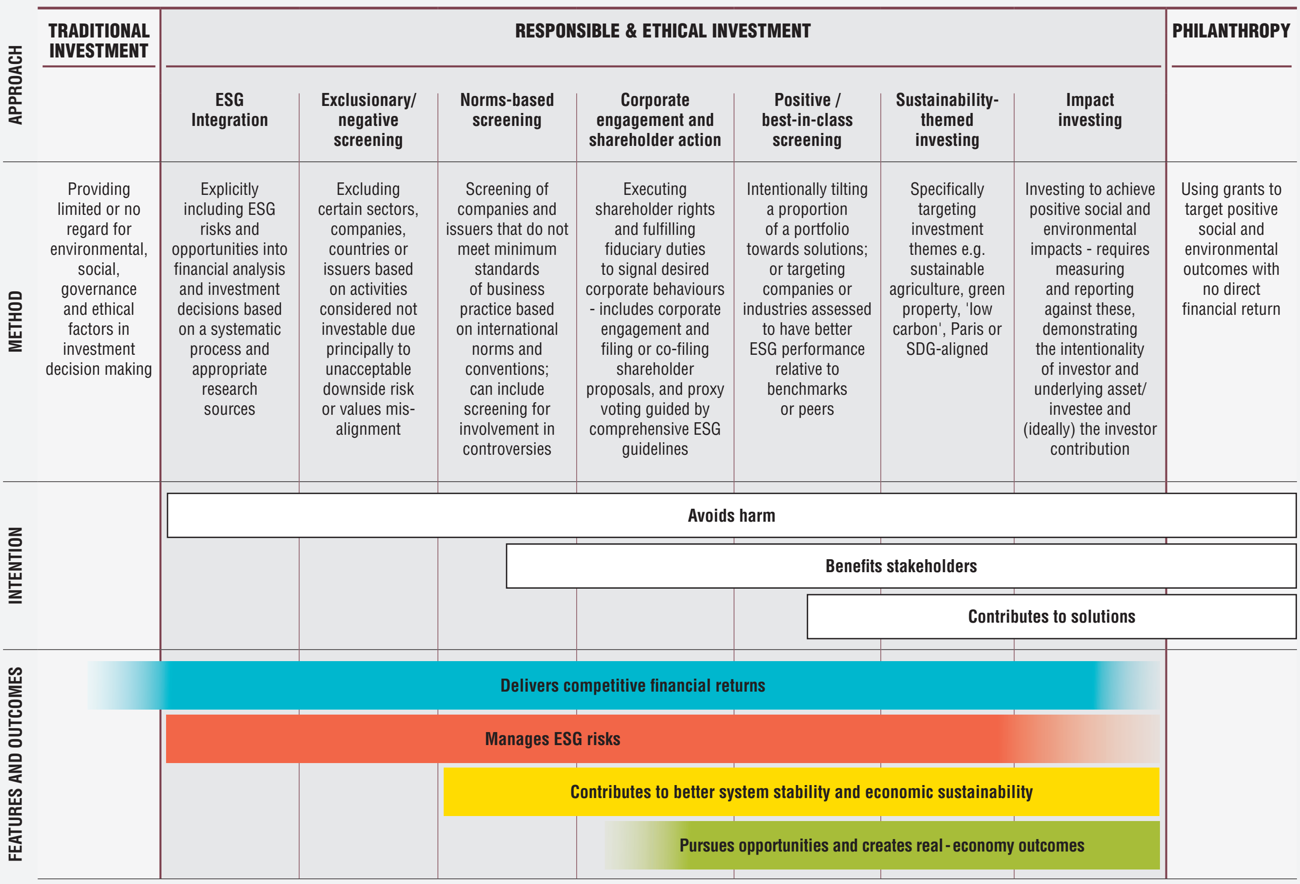
Responsible investment approaches continue to develop and grow as investment managers respond to different investor needs and expectations and test new approaches to achieve better outcomes. This report outlines responsible investment practice in Australia based on the seven approaches for responsible investment used by the GSIA and detailed in RIAA's responsible investment spectrum (Figure 7).

There are many different ways to engage in responsible investment, and investors often use a combination of approaches. It is important to recognise that each approach has its merits and not all approaches can be pursued by individual investment managers. The approaches an investment manager chooses to follow depends on many factors, including its obligations to stakeholders (particularly shareholders), the size of the organisation, its perspective on responsible investment or sustainable finance (often defined by its board and shareholders), its regulatory environment which typically includes financial and disclosure obligations and availability of resources, among others. The spectrum extends beyond the seven responsible investment approaches and is flanked by a traditional approach to investing on one end and philanthropy on another, which are also often pursued by investment managers. A key piece of work by RIAA is to track the value of AUM covered by each of the seven approaches.

The flow of funds to responsible investment approaches increased significantly from 2020, with ESG integration remaining the largest responsible investment approach by percentage. Funds increased from $628 billion in 2020 to $752 billion in 2021, representing a 16% growth in dollar value (Figure 8 overleaf).

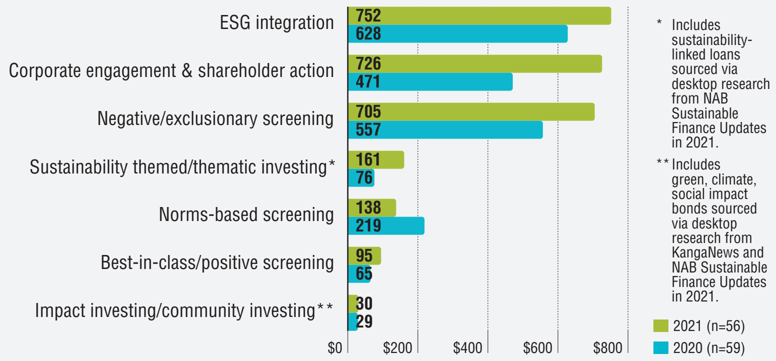
While the top three approaches remained consistent as compared to 2020, the application of corporate engagement and shareholder action increased by 54% to $726 billion from $471 billion to become the second most popular responsible investment approach. The other major trend was the growth in AUM covering sustainability-themed approaches, which

FIGURE 7 RIAA's responsible investment spectrum



* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project

FIGURE 8 **Total AUM covered by responsible investment approaches of survey respondents**



more than doubled to reach $161 billion, becoming the fourth most popular approach. Best-in-class or positive screening also increased in popularity, but total assets covered by this scheme remain relatively small at $95 billion. Impact or community investing stayed steady at $30 billion, while the popularity of norms-based screening dropped since last year.

The data suggests Australian investment managers are prioritising ESG-related risks and increasing flows of capital have been seen in sustainability-themed investments.

ESG INTEGRATION

ESG integration is the most popular responsible investment approach used by investment managers in Australia in 2021, representing $752 billion in funds, increasing from $628 billion in 2020. 2021 saw significant change, with 73% of investment managers now holding equities, fixed income corporate, fixed income sovereign or at least 85% of their AUM subjected to an explicit and systematic approach to ESG integration, compared to only 57% in 2020 (Figure 9). The steep rise in ESG integration is a global pattern as investors continue to demand greater improvements in companies' contribution to stability and sustainability of the financial system, and to expect that companies are responsible and will be held accountable for their actions that have an effect on society and/or the environment.

The results indicate that investment managers that have already integrated ESG considerations in one or two main asset classes tend to expand ESG integration to new asset classes. At the same time the proportion of investment managers that do not apply this approach stayed the same for the past three years, at around 20%. Considering these results, it is possible that around a fifth of the Australian responsible investment market does not see ESG integration as the right approach to responsible investment, opting for different strategies altogether. This is particularly true for impact investors that were often found not engaging in ESG integration, and focusing instead purely on impact and constructing funds that support projects that serve specific social needs (such as disability housing or educational programs).

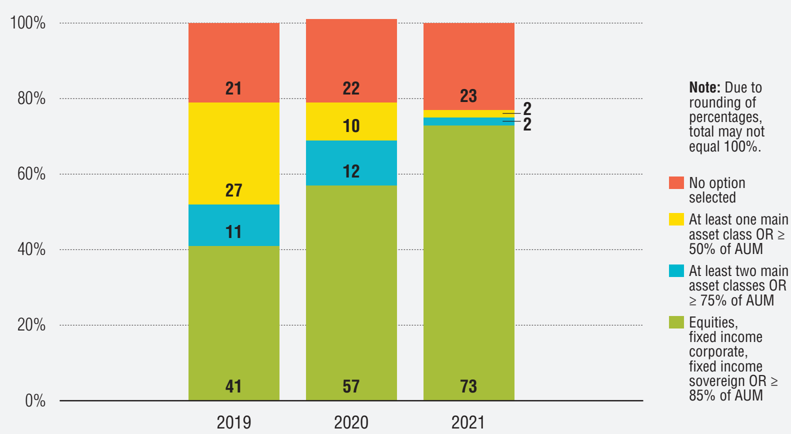
DEFINITION

Environmental, social and governance (ESG) integration involves the explicit inclusion of ESG risks and opportunities into financial analysis and investment decisions. This approach is based on a systematic process involving appropriate research and the belief that these factors are a core driver of investment value and risk.

AT A GLANCE

- Total ESG integration AUM: **$752 billion**
- Key trend: **Almost three-quarters of investment managers** apply ESG integration to at least 85% of assets, or at least to equities and fixed income asset classes in 2021, compared to 57% in 2020.

FIGURE 9 **Proportion of AUM covered by an explicit and systematic approach to ESG integration among investment managers in the Research Universe 2019–2021**



CORPORATE ENGAGEMENT AND SHAREHOLDER ACTION

The activity, reporting and outcomes around investment manager corporate engagement and shareholder action continued to grow steadily in 2021 to represent the second largest responsible investment approach in terms of value at $726 billion.

One way to measure corporate engagement and stewardship is to check whether investment managers disclose how they engage with companies and the outcome of these activities. Significant change was seen in the proportion of investment managers who report on both their engagement activities with companies and the outcomes of these engagements, now representing 45% of investment managers in 2021. This is compared to 31% in 2020 and 21% in 2019 (Figure 10). The growth can be attributed to a growing awareness that asset owners are expected to engage on ESG and climate change issues with their investment managers and investee companies and report on these engagements, as mandated by the UK Stewardship Code. Global pressure from events such as The United Nations Climate Change Conference (UN COP 26) held at the end of 2021, along with continued implementation of net zero trajectory business practices, has spurred reporting on activities and outcomes in the market.

At the same time, the proportion of those who reported on either activities or outcomes has dropped over the last two years from 49% in 2019 to 16% in 2021, while the proportion of those who do not report at all has increased to an all-time high of 39% in 2021. Perhaps the trend of non-reporting can be explained by recognising that corporate engagement is not deemed relevant to all types of organisations and investment types (e.g. fixed income) and that it can be a costly exercise. Regular disclosure involves collecting and monitoring relevant data and publishing them. While stewardship reporting and impact reporting are on the rise in Australia, as evidenced by numerous investment managers that published inaugural reports in 2021, it requires time and resources that some investment managers, trusts or foundations currently do not have.

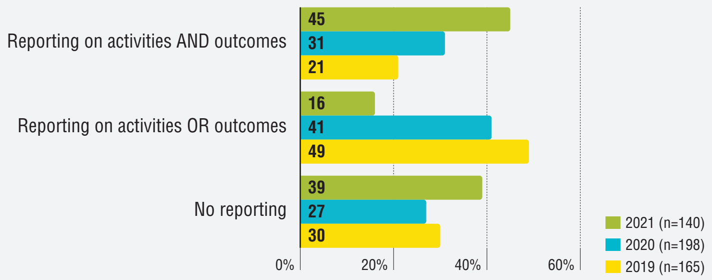
DEFINITION

Corporate engagement and shareholder action refers to the influence and power of shareholders over corporate behaviour through engagement. This is often conducted through direct interaction, such as communications with senior management or boards, filing or co-filing shareholder proposals, and proxy voting in alignment with comprehensive ESG guidelines.

AT A GLANCE

- Total corporate engagement AUM: **$726 billion**
- Key trend: Proportion of investment managers who report on corporate engagement activities and outcomes nearly doubled in 2021 compared to previous year.

FIGURE 10 **Corporate engagement and shareholder action reporting in the Research Universe 2019–2021**



Voting is a key element of corporate engagement for investment managers where the asset ownership permits. Whether voting directly or through proxy advisers, frequency of voting is one measure of investor engagement with companies they hold shares in. In 2021, 60% of investment managers indicate that they vote across all possible holdings, including directly held equities, mandates for fund manager, or through other third parties. Another 14% indicate that they vote only on issues material to the fund. The remainder of investment managers in the Research Universe do not exercise voting rights often because the asset class does not permit voting (typically fixed income and some alternatives).

Membership of collaborative initiatives such as the Australian Sustainable Finance Institute, RIAA, the Investor Group on Climate Change or Climate Action 100+ is another way investors can demonstrate engagement on ESG issues.

NEGATIVE/EXCLUSIONARY SCREENING

Negative screening was the second most widely used responsible investment approach during 2021, with 77% of survey respondents incorporating negative screening as part of their broader investment approach. Now totalling $705 billion in assets in 2021, application of this approach increased significantly from 2020 when it represented $557 billion in investment assets.

Screening against human rights abuse again increased in frequency in 2021 (44%, Figure 11), a result which likely reflects increased transparency requirements on businesses in Australia under the *Modern Slavery Act 2018*. Six new themes in negative screening emerged in 2021, including palm oil production, intensive livestock management, violations of the rights of Indigenous Peoples, pesticides, countries or zones with government, integrity or corruption issues, and conflict zones or countries. A growing tendency to exclude companies that don't pay their fair share of taxes was also seen (18 percentage point increase), while exclusion of all weapons dropped the most, 7 percentage points compared to 2020.

Figure 12 compares consumer preferences for exclusions to the exclusion categories used by investment managers. As can be seen, investment manager exclusion screening is not always perfectly aligned with consumer preferences. For example, 69% of funds managed by survey respondents that apply negative screening exclude tobacco production from their portfolios, even though only 7% of consumers were looking such funds in 2021 on the Responsible Returns search site. Instead, consumers appear to seek funds that exclude animal testing, environmental damages, and GMOs, even though only a small proportion of AUM is carry these exclusions. In some cases, these gaps between products' practices and consumer preferences may represent an opportunity for investment managers to better tailor products for consumer needs, whilst in other cases these gaps may highlight areas in which greater education and awareness campaigns could be built.

DEFINITION

Negative/exclusionary screening refers to the systematic exclusion of certain sectors, companies, activities, regions or issuers from funds based on certain criteria or ethical lenses. Exclusion criteria often include product categories or sectors (e.g. fossil fuels, weapons, tobacco), company practices (e.g. animal testing, violation of human rights, corruption) or controversies.

AT A GLANCE

- Total negative screening AUM: **$705 billion**
- Key trends: Negative screening remains a top responsible investment approach for investment managers and is critical to meet the 'avoid harm' expectation of responsible investment. While top exclusions remain the same as in previous years, new categories are emerging, including avoiding palm oil products, violations of the rights of Indigenous Peoples, countries with integrity or corruption issues, conflict zones and intensive livestock.
- Key themes: **Tobacco, controversial weapons**

FIGURE 11 Frequency of issues screened by survey respondents who negatively screen in 2020 and 2021

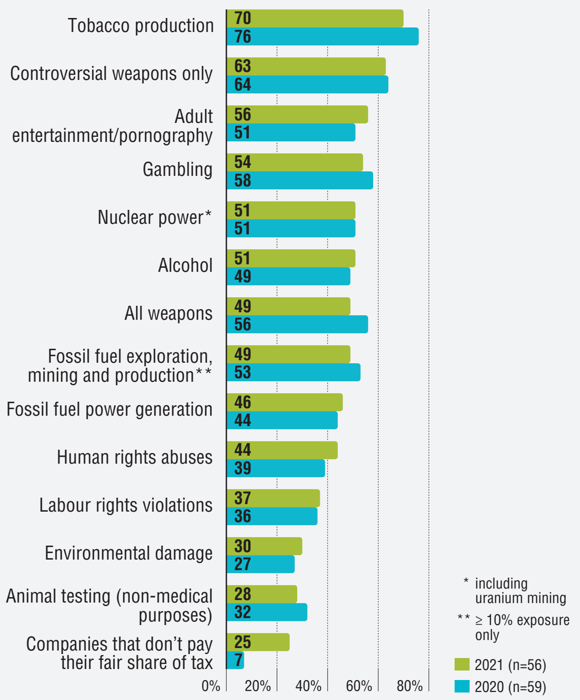
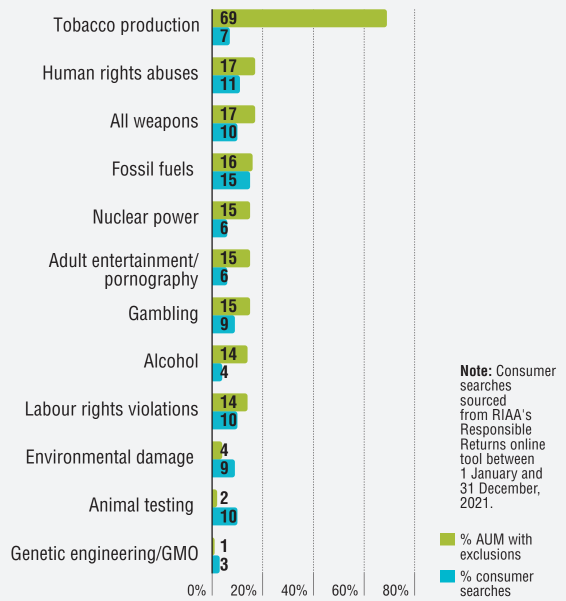


FIGURE 12 Proportion of investments that exclude certain sectors or activities, compared to consumer searches for products with exclusions on RIAA's Responsible Returns online tool in 2021



SUSTAINABILITY-THEMED INVESTING

Remarkable growth in sustainability-themed investments from $76 billion in 2020 to $161 billion in 2021, suggests that this approach is the next big trend in Australian responsible investment practice. Sustainability-themed investments encompass a range of different products and strategies, including sustainability-linked loans, a financial product that totalled more than $19 billion over the last 12 months. Of the survey respondents in 2021, 58% incorporated sustainability-themed investing as part of their broader investment approach, making this the fourth most popular responsible investment approach.

The top three themes changed extensively from 2020 (Figure 13). They now include climate change (renewables, energy efficiency) in first place, waste management, zero waste, and circular economy in second place and sustainable forestry, land management and agriculture in third place (Figure 13). There appears to be significant interest in investing in all facets of natural capital. In 2020 the natural capital category encompassed all sustainable land, water and biodiversity and conservation themes, together amounting to 21% of AUM of survey respondents. In 2021, investment in each of the three natural capital themes has increased, with sustainable forestry, land management and agriculture representing 29%, sustainable water, healthy rivers and oceans 27% and biodiversity and conservation at 26%. Healthcare dropped from the third most popular sustainability theme to fourth most popular in 2021. This reflected a heightened interest in recovery from the COVID-19 health pandemic in 2020, overtaken by climate and sustainability related themes in 2021.

Consumer interest in sustainability-themed investment is aggregated using RIAA's Responsible Returns online tool (Figure 14). The tool allows members of the public to select themes they would like to include or exclude from their search of responsible investment products to help them identify products that are aligned with their values and target areas in which they would like to make an impact.

DEFINITION

Sustainability-themed investing refers to investment in themes or assets that specifically aim to improve social or environmental sustainability. This commonly involves funds that have an explicit objective to improve sustainability outcomes alongside financial returns, such as investment in clean energy, green technology, sustainable agriculture and sustainable forestry, green property, water and waste technology. Sustainability-linked debt issuances are included as sustainability-themed investing.

AT A GLANCE

- Total sustainability-themed AUM: **$161 billion**
- Key trends: More than double AUM compared to 2020, boosted by the addition of sustainability-linked loans to the sustainability-themed category
- Top themes: **Climate change (renewables, energy efficiency)**

FIGURE 13 Sustainability-themed investments by theme (% AUM) in 2020 and 2021

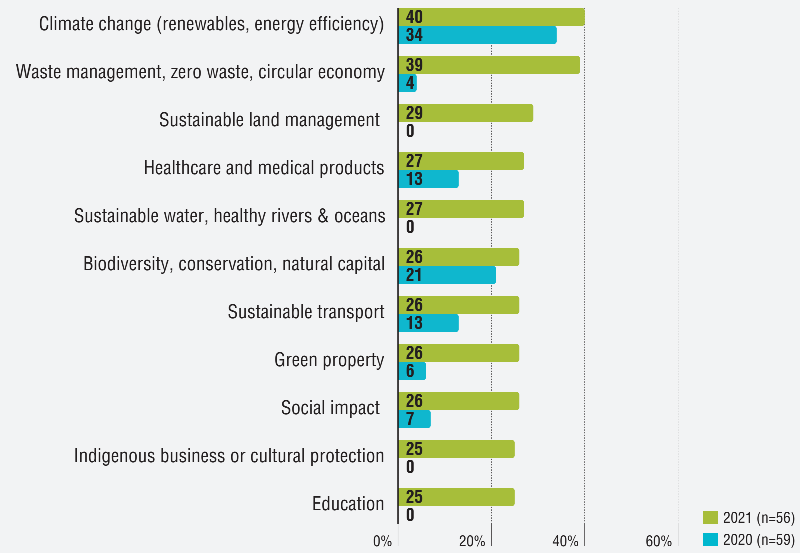
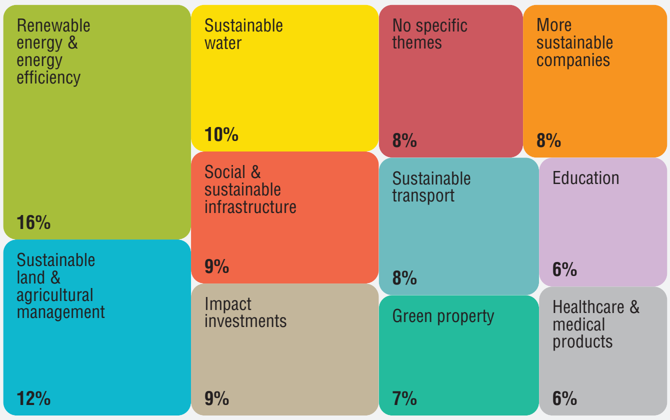


FIGURE 14 Consumer searches using the Responsible Returns online tool 1 January–31 December 2021



NORMS-BASED SCREENING

In 2021, 37% of investment managers incorporated norms-based screening as part of their broader investment approach. This represented a fall from fourth to sixth place in popularity amongst responsible investing approaches, and a drop in value from $219 billion in 2020 to $139 billion in 2021. It indicates investment managers are moving beyond achieving minimum standards, and are instead striving to be market leaders. The shift may be driven by the focus on climate-related investment strategies.

The most popular international treaties and conventions used by survey respondents were the UN Global Compact (86%), Convention on Cluster Munitions (67%), and the UN Guiding Principles on Business and Human Rights (62%).

In 2021 the range of norms that the responsible investment community could apply to screening was broadened. Newly introduced norms included the UN Convention Against Transnational Organised Crime, the EU Taxonomy Regulation, and the TCFD (see Figure 15). Norms used by fewer than 25% of respondents are listed in Appendix 4.

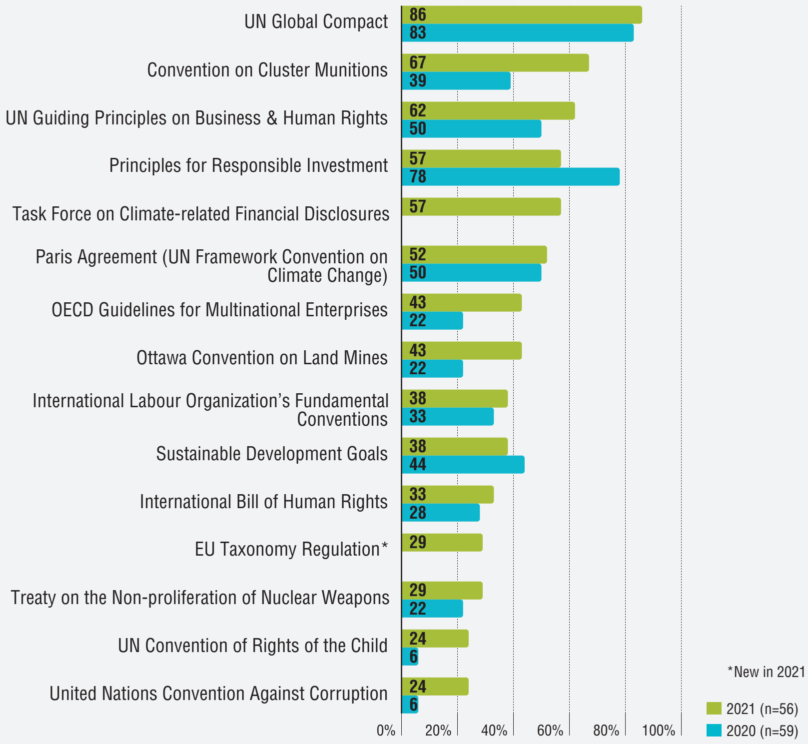
DEFINITION

Norms-based screening involves the screening of investments on the basis of minimum standards of relevant business practice. Standards applied are based on international norms and conventions, such as those defined by the United Nations (UN). In practice, norms-based screening may involve the exclusion of companies that contravene standards such as the UN Convention on Cluster Munitions, as well as positive screening based on ESG criteria developed through international bodies such as the United Nations Global Compact, International Labour Organization, the United Nations Children's Fund, and the UN Human Rights Council.

AT A GLANCE

- Total norms-based screening AUM: **$139 billion**
- Key trends: Drops to sixth place (out of seven)
- Top themes: **Armaments, human rights and climate change**

FIGURE 15 **Frequency of international conventions and treaties used in norms-based screening among survey respondents in 2020 and 2021**



POSITIVE OR BEST-IN-CLASS SCREENING

A positive screening approach appears to be gaining popularity among the responsible investment community in Australia. While it represents a considerably smaller market share than the top three responsible investment approaches, positive screening AUM increased by 46% in 2021, reaching a record $95 billion compared to $65 billion in 2020. In 2021, 40% of survey respondents incorporated positive screening as part of their broader responsible investment strategy.

Figure 16 shows the environmental themes that investment managers tend to positively screen for in their portfolios. It is apparent that climate change related issues are the top priority. Four different climate change related screening options were listed for survey respondents, to get some granularity on exactly what types of activities, projects or companies investors seek. The results indicate that most positive screening AUM continues to support the renewable energy and energy efficiency sector, but at the same time, non-energy climate change solutions and adaptation are also increasingly targeted. Significant changes compared to 2020 include the growth in positive screening for investments in green property from 0% to 43% in 2021, and investments seeking to support positive impacts on biodiversity and conservation, up from 0% to 35%, and reforestation, up from 0% to 26%.

The results for positive screening practices to achieve social benefits presented in Figure 17 reveal equally compelling trends. Positive screening practices exhibit an impressive diversification compared to 2020. New screening categories that were not present in 2020 but are clearly discernible in 2021 include healthcare and medical products (perhaps not surprisingly a function of the COVID-19 pandemic), social and community infrastructure, education, income and financial inclusion, sustainable transport and arts, culture and sport. Support for overall more sustainable companies, gender diversity and the empowerment of women, as well as support for human rights remain key areas of focus for investment managers engaged in positive screening.

DEFINITION

Positive screening is the inclusion of certain sectors, companies or projects based on positive ESG or sustainability performance criteria relative to industry peers. This criterion may include the goods and services a company produces, or how well a company or country is responding to emergent opportunities, such as the rollout of zero-carbon energy assets. Best-in-class screening refers to the identification of sectors, companies or projects selected for superior ESG performance relative to industry peers.

AT A GLANCE

- Total positive screening AUM: **$95 billion**
- Key trends: Increased by 46%
- Top themes: **Climate-related (renewable energy, energy efficiency)**

FIGURE 16 Top environmental issues screened for their positive environmental impacts by survey respondents in 2021 and 2020

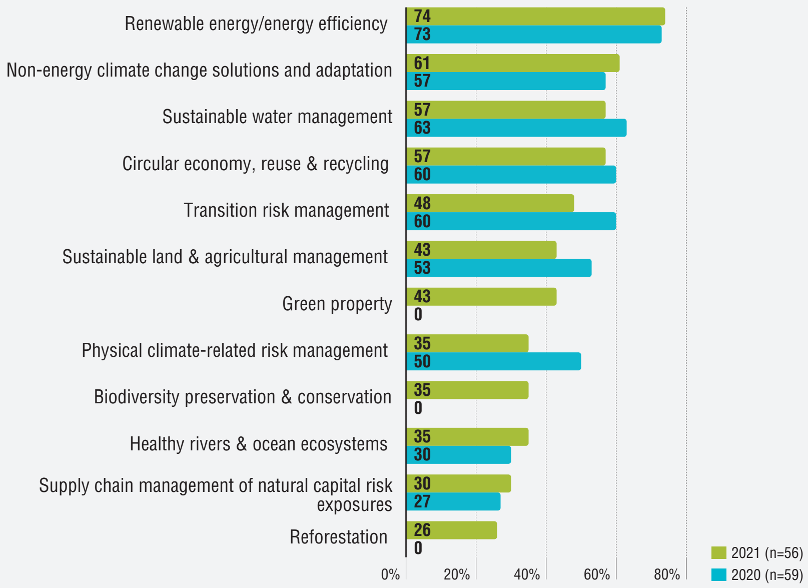
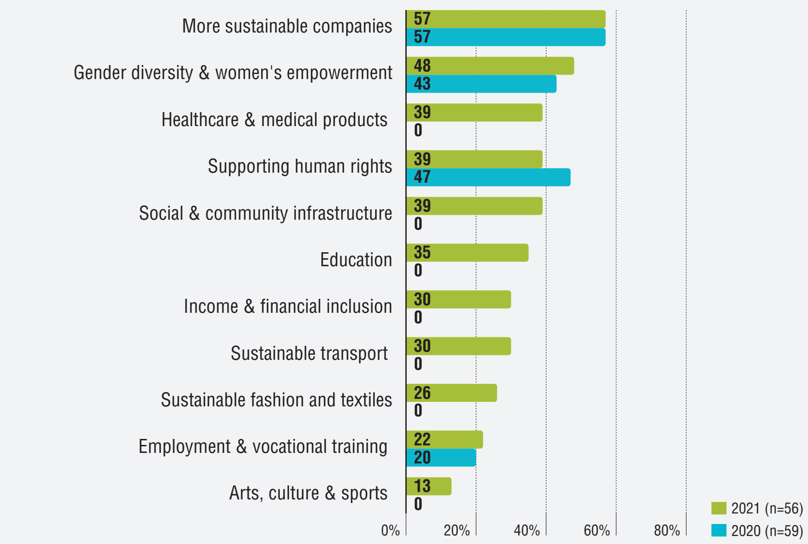


FIGURE 17 Top social issues screened for their positive environmental impacts by survey respondents in 2021 and 2020



IMPACT INVESTING

The total impact investment AUM remained similar to last year, at $30 billion in 2021 compared to $29 billion in 2020. As in previous years, by value, impact investing is primarily made up of green, climate or social impact bonds ($24.6 billion), sourced from desktop research[5]. A total of 38 bond products were issued in 2021 and another 30 impact investment products, typically smaller bespoke impact funds were identified, with a total AUM of $4 billion (Figure 18).

RIAA continues to improve its tracking of impact investment in the region. This year extra effort was made to include impact investors in the Research Universe and the questionnaire was revised to better capture the type of products on offer and their impact targets. Data on the Australian impact investment sector suggests that numerous small, bespoke impact investors operate in the region, alongside a few major international investment managers that run dedicated impact funds. The smaller impact investment entities support specific goals and projects most often in the areas of housing, disability, inclusion, education, community assistance and financial assistance. Additional target areas include mental health and wellbeing and, increasingly, impact investment that supports conservation, environment, and sustainable agriculture.

DEFINITION

Impact investing refers to investments made with the explicit intention of generating positive social and/or environmental impact alongside a financial return, and measurement of this impact. Ideally, an impact investment will also provide additionality, meaning the delivery of benefits beyond those that would have occurred in the absence of the investment.

AT A GLANCE

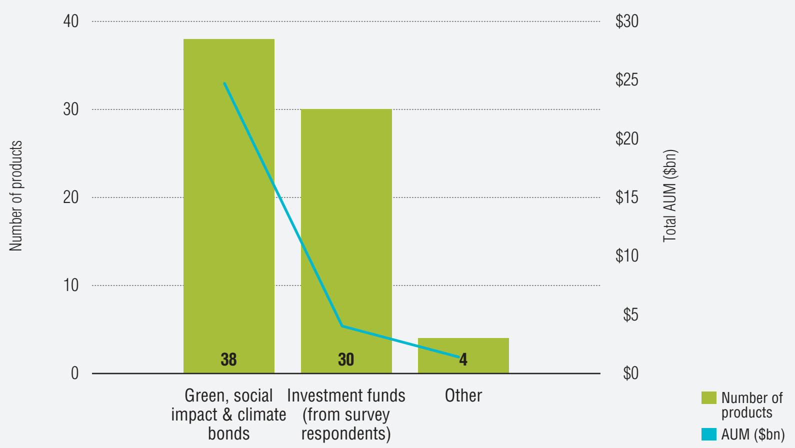
- Total impact investment AUM: **$30 billion**
- Key trends: Impact investing continues to be dominated by green, social, climate and sustainability bonds in dollar terms
- Top themes: Social issues such as **housing, community, disability, education and increasingly conservation/agriculture and mental health**

While few (13) investment managers and impact investors supplied data via the survey on their impact investment products for 2021, it is encouraging to see that these amount to 30 products, with a value of $4 billion. A range of sectors are supported through these funds including conservation, agriculture and the environment (15 products), housing and local amenities (5 products), families, communities and inclusion (4), mental health and wellbeing and employment, training and participation (3 each) and income and financial inclusion, physical health and disability, education and early childhood (2 each). Despite their modest size, these investments deliver direct, real and measurable outcomes, including:

- Improved incomes for 938 people living in poverty
- 248 key workers have access to affordable housing
- 1,438 occupied retirement villas with discount price to local price
- 129 small to medium enterprises (SMEs) financed
- 882 tonnes of CO_2 emissions avoided
- 1,209 GWH renewable energy generated

This year RIAA extended its range of questions probing intentions, measurement and reporting on the impact and outcomes of responsible investment. A third of investment managers demonstrate best practice by publishing a statement that identifies the social and environmental issues that their organisation specifically targets, as well as the criteria they use to select investments. Encouragingly, over 20% of investment managers follow through their intentions for impact by setting specific impact goals and measuring social or environmental outcomes (for example by specifying extra-financial targets like carbon intensity of portfolio or net zero commitment) then measuring their progress systematically and having plans to engage with specific sectors or companies. Fifteen percent of investment managers show best practice reporting of impacts by either reporting publicly on progress against targets annually, including reporting on select cases that demonstrate impact achieved, and also seek independent verification of practices. Some of Australia's largest investment managers and super funds are among those who demonstrate these practices, along with international firms and smaller, bespoke investment managers, impact investors and trusts.

FIGURE 18 **Impact investment products by AUM and number of products in each category in 2021**



Market drivers and future trends

KEY MARKET GROWTH FACTORS

In 2021, demand from underlying investors to align investments with their mission and values and institutional investors were the top motivators for investment managers to engage in responsible investment (Figure 19).

This supports the assumption that ESG integration is becoming integral to mainstream investment. ESG factors are now widely understood to impact the financial performance of investments and as such, form an essential set of information on which to assess the financial risks and opportunities of an investment.

Expectation of improved long-term performance or risk mitigation grew a significant 18% from 2020 to become the third most popular driver in 2021. This may reflect continued global coverage of the climate crisis and calls for ESG integration into risk management, as events including bushfires, floods and drought increase, not only in frequency but severity and impact on communities. Another important driver in 2021 for almost a quarter of respondents (23%) was the desire to drive social benefit. This may be because more impact investors participated in the survey this year than in previous years. Impact investors, by design, seek to drive social benefit. The prominence of regulatory requirements as a driver is notable, likely due to the introduction of new local and global regulations on climate-related financial risk disclosure (such as APRA's Prudential Practice Guide on Climate Change Financial Risks (CPG 229), the TCFD recommendations, or the EU Sustainable Finance Disclosure Regulation).

BARRIERS TO GROWTH OF THE RESPONSIBLE INVESTMENT MARKET

In 2021, performance concerns were the number one barrier to growth in responsible investment (Figure 20). This suggests that negative perceptions about responsible investment performance as compared to mainstream funds still prevail. Two new barriers identified by respondents were a lack of internal resources, such as the time or staff to tackle the complexities involved in creating new responsible investment products, and the adverse effect of benchmarking, notably, Your Future, Your Super.

Conversely, data indicates that deterrents, including a lack of awareness by members of the public and a lack of understanding or capacity to apply responsible investing, were selected by fewer respondents in 2021. This suggests the market is becoming more aware of responsible investment options and is shifting away from a lack of awareness, towards considerations on performance and product options. Whilst it may take time, there is clearly an opportunity for improving awareness around these issues for performance concerns to cease being a barrier to growth.

FIGURE 19 **Key drivers of market growth by survey respondents**

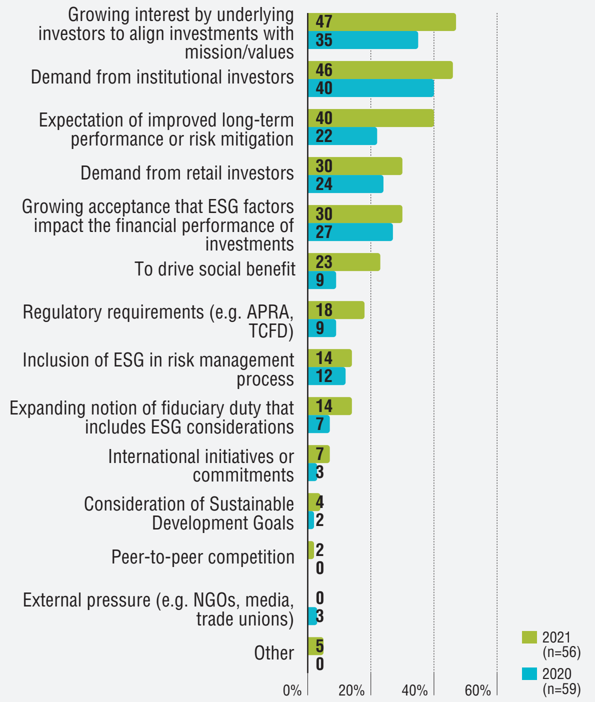
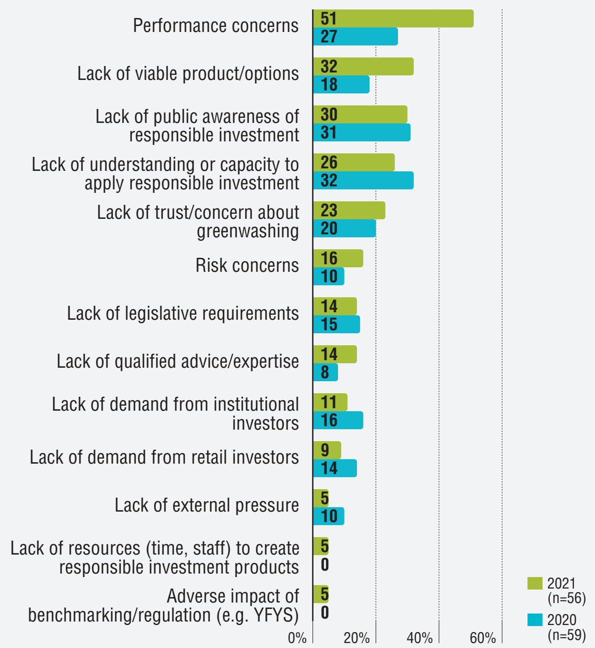


FIGURE 20 **Key deterrents to responsible investment market growth by survey respondents**



RESOURCES USED TO INFORM RESPONSIBLE INVESTMENT DECISIONS

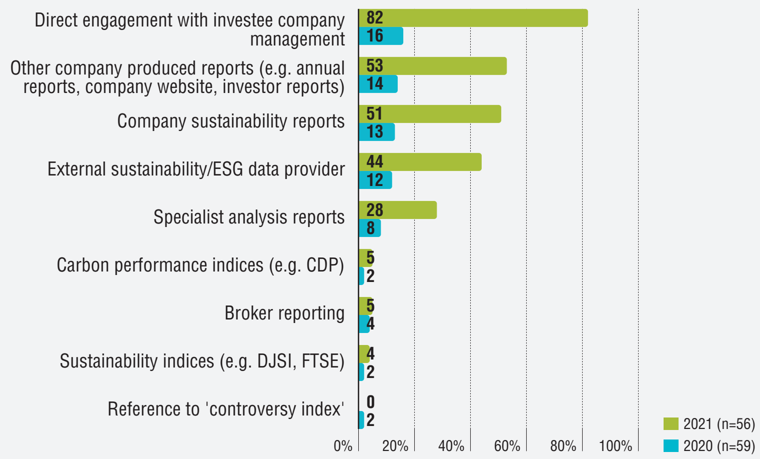
Survey respondents were asked to identify the information source they used to inform responsible investment decisions, as seen in Figure 21.

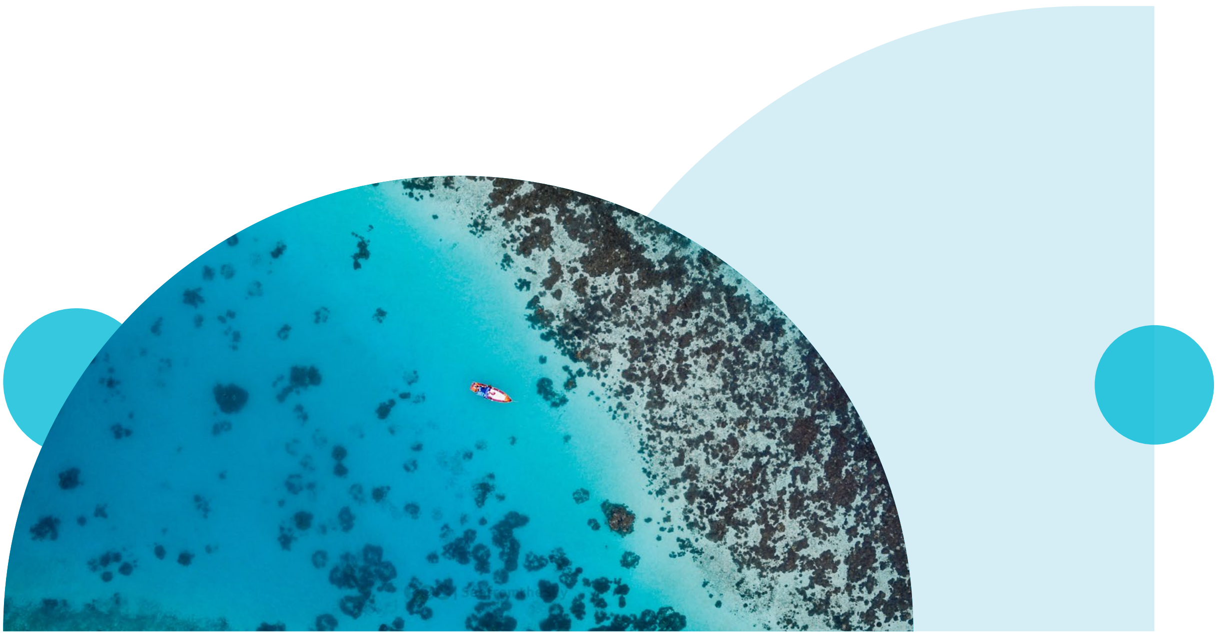
Data around the top three information sources was consistent with results from both 2020 and 2019, however the percentage of survey respondents selecting each criteria shifted significantly. In 2020, only 16% of survey respondents indicated the use of direct engagement with investee company management. However in 2021 this jumped to 82% of survey respondents.

Results suggest that investment managers rely on direct communication with investee company information as the most popular source of information. This may be increasing significantly due to the rise in stewardship practises amongst companies, as organisations increase their responsible investing and ESG capacities.

External sources of information remain important investment decision-making guides, however, Figure 21 data shows the importance of companies communicating and publishing transparent and informative reports on factors relevant to responsible investment.

FIGURE 21 **Information sources used in responsible investment decision-making by survey respondents**





Appendices

APPENDIX 1: ABBREVIATIONS

ABS	Australian Bureau of Statistics
ASFI	Australian Sustainable Finance Initiative
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
AUM	Assets under management
ESG	Environmental, social and governance
EU	European Union
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
PRI	UN-backed Principles for Responsible Investment
RIAA	Responsible Investment Association Australasia
SDGs	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UN	United Nations
YFYS	Your Future, Your Super

APPENDIX 2: METHODOLOGY

Reporting boundaries

This report covers the nature and scope of responsible investing in Australia.

As the financial sector is a global industry, responsible investment funds may be held in one country, managed in another and sold in a third, meaning that a level of estimation is applied to demarcate the Australian market's boundary. This report covers assets managed within Australia and outside the region where they are managed on behalf of Australian clients. Selected international investment managers were included if they have operations in Australia, manage assets on behalf of Australian clients, and demonstrate strong responsible investment commitments, including through membership of RIAA (as of 2021 calendar year).

Data collected and analysed covers the period between 1 January to 31 December 2021. If data was not available for the calendar year, the closest available reporting date was used.

This research is primarily targeted at investment managers, rather than asset owners, focusing on capturing the underlying managers of the capital being deployed responsibly in this market. Data was captured from asset owners to the extent that they directly manage at least 10% of their investments. Only internally managed funds were captured. Increasingly, asset owners are moving funds management in-house.

Many of the Australian responsible investment market products are not bound by any public reporting, disclosure requirements or independent review (assurance). This report includes both retail and wholesale investment products and, increasingly, superannuation fund mandates, individually managed accounts, and separately managed accounts. Some investment custodians are reluctant to supply information for reasons of privacy or commercial confidentiality (see section below on limitations due to self-reporting and self-classification). Data on funds held outside of managed responsible investment portfolios was not accessible. For these reasons and the matters identified in this section, this report provides a conservative depiction of the responsible investment environment in Australia.

All financial figures are presented in Australian dollars.

Data collection

Data used to compile this report was generously provided by and collected from:

- investment managers and asset owners;
- **Morningstar Direct™**, which provided data for the average performance of mainstream managed fund categories; **Morningstar Direct™** also provided a secondary source of AUM data for some of the funds listed;
- Plan For Life for RIAA certified product performance;
- RIAA databases;
- desktop research drawing on publicly available information regarding assets under management, performance data and investment approaches from sources including company websites, annual reports and the ABS; and
- other RIAA research outputs, including *Responsible Investment Benchmark Report Australia 2021*,[6] *2020*, etc., *From Values to Riches 2022: Charting consumer demand for responsible investment in Australia*,[7] Responsible Returns website,[8] and the *Benchmarking Impact 2020* report,[9] to inform the impact investing section of this report.

The survey was delivered online through a platform designed by EY and distributed to investment managers by RIAA.

A total of 239 investment managers and asset owners were targeted by the survey. These organisations were selected on the basis of engaging in responsible investment evidence through current membership of RIAA, the Investor Group on Climate Change or by being a signatory of the Principles for Responsible Investment. In total, 140 organisations (the Research Universe) were identified as managing AUM on behalf of Australian investors. The majority (81%) were domiciled in Australia, 2% were based in Australia and New Zealand and 18% were domiciled elsewhere globally. Survey respondents totalled 56, while the remaining 85 investment managers and asset owners were assessed through desktop analysis.

Performance

The average performance of responsible investment product categories is based on individual product performances reported by survey respondents. In 2021, survey respondents provided performance data for 191 responsible investment products (products where at least one responsible investment approach is applied). 62 of these products were primarily invested in international shares, 38 in domestic shares, and 34 in a mix of asset classes. The remaining products (57) were excluded from calculations because they were invested in asset classes (e.g. fixed income, cash, etc.) that do not fit performance benchmark categories. Data was provided by Plan For Life for products in RIAA's Certification Program in three categories: managed growth (23 funds), global equity (46 funds) and domestic equity (32 funds).

Limitations due to self-reporting and self-classification

This study relies on investment managers' self-reported data in combination with desktop research. RIAA reviews self-declared data including data fed into the Scorecard, to ensure an accurate representation of the investment manager's approach to responsible investment.

Self-declared data regarding responsible investment made publicly available, such as information published on corporate websites or in PRI Transparency Reports, has typically passed through several levels of scrutiny within the organisation, and therefore holds a certain degree of accountability. Self-reported data is checked against these publications or other published data, but only to a limited extent due to time and resource constraints. RIAA does, however, reach out to individual respondents intermittently, to check data was correctly reported.

Survey respondents were asked to self-classify their AUM covered by one or more of the seven responsible investment approaches (as distinguished by the GSIA). For example, an investment manager may indicate that a sustainability-themed investment approach covers 40% of their assets. However, 'impact investment' is often used as a colloquial term for allocation towards solution-style investments, such as renewable energy, when these investments otherwise do not satisfy the norms for impact investing (i.e. the presence of an impact thesis, measurement of impact/outcome and public reporting). For this reason, self-reported impact investment products were checked against RIAA's impact investment criteria used and only counted as impact investing if they met the criteria. If they did not meet all the criteria, they were attributed to sustainability-themed investing.

Research methodology includes checking for over self-declared data, but the data is not assured and errors in reporting occur from time to time. For example, Responsible Investment AUM for 2019 was adjusted from $1,149 billion down to $983 billion, due to an error in self-reporting of Responsible Investment AUM in 2019 for an investment manager. This affected the total Responsible Investment AUM for the entire market, and is annotated in relevant figures through this report. RIAA continues to inform and educate the market about the differences between these styles of investment and how to self-classify.

Research for the Responsible Investment Benchmark Report 2022 Australia gathered a comprehensive summary of the entire responsible investment market in Australia. No data was extrapolated from its original source.

APPENDIX 3: RESPONSIBLE INVESTMENT SCORECARD

Core pillars and weighting	Question description	Scoring methodology
Commitment to responsible investing and transparency = maximum 5 points		
1.1 **Coverage of total Assets Under Management (AUM) by Responsible Investment**	What proportion of all AUM is being managed with a responsible investment strategy?	100% 75-99% 50-74% 10-49% 0-9%
1.2 **Responsible investment policy**	Does your organisation have a responsible investment policy? Is your responsible investment policy disclosed publicly? The policy does not specifically need to be called a 'responsible investing' policy. It can be your company's ESG or sustainable finance policy for example. The policy does need to outline your organisation's principles, commitments, and approach to responsible investment.	Yes & publicly disclosed Yes, but not publicly disclosed No, not evident
1.3 **Commitment to transparency**		
1.3.1 **Disclosure of responsible investment commitment**	Does your organisation report its approach to responsible investing and its implementation clearly on its website?	Responsible investing approach is disclosed in great detail, such as including link to PRI report and/or responsible investing approach Responsible investing approach is disclosed, but it is not detailed No responsible investing strategy disclosure
1.3.2 **Disclosure of fund holdings**	Does your organisation disclose a list of its investments/ holdings?	Yes, full fund holdings are disclosed (99-100%) Yes, but fund holdings are only partially disclosed (11-98%) Top 10, fewer or no holdings are disclosed

2. Scope and embeddedness of ESG integration strategy = maximum 5 points		
2.1 Systematic process for ESG: Is there evidence of integrating ESG into traditional financial analysis described?		
2.1.1	ESG factors are systematically considered in the: Select all that are relevant to your approach to ESG integration.	A. Selection, retention and realisation of assets B. Construction of portfolios C. Risk assessment and management D. Selection, assessment and management of managers (if you use external managers)
2.1.2 **Extent of relevant asset class that ESG covers**	To what extent are relevant asset classes covered by your explicit and systematic approach to ESG integration?	Equities, fixed income corporate, fixed income sovereign OR at least 85% of AUM At least two main asset classes OR 75% of AUM At least one main asset class OR 50% of AUM
2.1.3 **ESG embeddedness/ integration**	Consider how your organisation demonstrates the explicit and systematic inclusion of ESG factors in investment analysis and investment decisions. Select all that are relevant.	A. ESG analysis is integrated into fundamental analysis B. ESG analysis is used to adjust forecasted financials and future cash flow estimates C. ESG analysis is integrated in portfolio weighting decisions D. Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches in risk limits
2.1.4 **Disclosure of ESG integration**	Does your organisation disclose its approach to ESG integration (such as through PRI reporting, website etc.)? Select one only.	Yes No
2.2 Evidence of systematic and transparent application of screens		
2.2.1 **Applying screens to investments**	Does your organisation have a transparent and systematic process of applying screens (such as norms-based, controversies and negative screens)? Select one only.	Yes No Don't know/unsure
2.2.2 **Revenue and activity thresholds applied to screens**	Does your organisation disclose revenue and activity thresholds applied to screens? Select one only.	Yes, revenue and activity thresholds are fully disclosed Yes, revenue and activity thresholds are partially disclosed No, revenue and activity thresholds are not disclosed
3. Stewardship/active ownership and building better beta = maximum 5 points		
3.1 **Evidence of activity in other areas of active ownership & stewardship: voting**	To what extent does the organisation demonstrate stewardship and active ownership commitments, such as through voting and proxy voting?	Voting across all possible holdings (e.g. directly held equities, or in mandates for fund manager and other third parties to action) Voting across holdings that the fund is materially exposed to No voting
3.2 **Evidence of activity in other areas of active ownership & stewardship: corporate engagement**	How does your organisation demonstrate stewardship commitments, such as corporate engagements? Select one only.	Company engagement reporting on activities AND company outcomes Company engagement reporting on activities only Company engagement reporting on outcomes only No company engagement
3.3 **Member of collaborative initiative**	Is the organisation a member of a collaborative initiative, e.g. Investor Group on Climate Change, Principles for Responsible Investment, Climate Action 100+, other group relevant to ESG issues?	Member of more than one group Member of one group Membership of no groups
4. Demonstrating a systematic and transparent process of benefiting stakeholders and contributing to real-world outcomes through allocating capital = maximum 5 points		
4.1 **Evidence of systematic and transparent positive screening and/or sustainability investment criteria**	What is the evidence that your organisation intends to create positive social or environmental impacts through their investment? What evidence exists of a systematic and transparent process of benefiting stakeholders (positive screening and/ or sustainability themed investing)? Select all that apply.	A statement is published that identifies the social/environmental issues the organisation intentionally seeks to address through its investment (e.g. impact thesis, goals) The criteria used to select investments (holdings) that address social/environmental issues is explained/disclosed publicly (e.g. GRESB, Green Star rating etc.)
4.2 **Measurement and evidence that intended outcomes are achieved**	How does your organisation determine and measure the positive social/environmental outcomes achieved by your investment activities? Select all that apply.	By setting extra-financial targets or goals (e.g. at least 30% lower carbon intensity than index) By measuring progress or outcome against impact targets/goals (e.g. SROI, IRIS, B Analytics or modified cost/benefit analysis) By having a targeted plan of systemic company/sector engagement
4.2 **Reporting on outcomes**	How does your organisation report on the positive social/ environmental outcomes achieved by its investment activities? Select all that apply.	Reporting on progress against outcomes/targets at least annually and publicly Reporting on select cases that demonstrate the type of impact/ outcomes achieved Seeking independent verification of product/impact

APPENDIX 4: ADDITIONAL NORMS INCLUDED IN THE SURVEY, USED BY LESS THAN 25% OF RESPONDENTS

- United Nations Convention against Transnational Organized Crime
- Ramsar Convention on Wetlands 1971
- Stockholm Convention on Persistent Organic Pollutants 2001
- United Nations Declaration on the Rights of Indigenous Peoples
- Aarhus Convention on Access to Information, Public Participation
- Cartagena Convention on the Protection and Development of the Marine Environment in the Wider Caribbean Region (WCR)
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- International Sustainability Accounting Standards Board (ISSB)
- United Nations Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)
- Global Reporting Initiative (GRI) Standards
- Uluru Statement from the Heart

APPENDIX 5: INVESTMENT MANAGERS IN THE RESEARCH UNIVERSE

Survey respondents

abrdn	MFS
Acadian Asset Management	MLC Asset Management
Active Super	Morphic Asset Management
Affirmative Investment Management	Morrison & Co
Altius	Nanuk Asset Management
American Century Investments	Natixis Investment Managers Australia (on behalf of Mirova)
Ausbil Investment Management	New Forests Asset Management
AustralianSuper	Northern Trust Asset Management
Aware Super	Pendal Group
AXA Investment Managers	Perennial Partners
Bell Asset Management	Perpetual Investment Management
Christian Super	Queensland Investment Corporation (QIC)
Conscious Investment Management	Rest
Ellerston Capital	Save the Children
Ethical Investment Advisers and Ethical Advisers Funds Management	Schroders
Fidelity International	Sentient Impact Group
First Sentier Investors	Social Ventures Australia
Franklin Templeton	Solaris Investment Management
Generation Investment Management	Stewart Investors
Giant Leap	T. Rowe Price
HESTA	Teachers Mutual Bank
Good Return	Tenacious Ventures
IFM investors	U Ethical
Inspire Impact (Inspire Australian Equities)	UniSuper
Loftus Peak	Uniting Financial Services
Maple-Brown Abbott	Vanguard Investments Australia
Martin Currie	VanEck
Melior Investment Management	Vanguard Investments Australia Ltd
Mercer Australia	Warakirri Asset Management
Metrics Credit Partners	WaveStone Capital

Investment managers assessed by desktop analysis

- Acorn Capital
- Adamantem Capital
- AllianceBernstein
- Alphinity Investment Management
- AMP Capital Investors (Australia)
- Aoris Investment Management
- Apostle Funds Management
- Australian Communities Foundation
- Australian Ethical Investment
- Australian Mutual Bank
- Australian Unity
- Aviva Investors Pacific
- Baillie Gifford
- Bank Australia
- Beckon Capital
- BetaShares
- Beyond Bank Australia
- Blackmore Capital
- BlackRock
- Blue Oceans Capital
- BNP Paribas Asset Management
- Bridges Australia
- Carbon Growth Partners
- Clean Energy Finance Corporation
- Cbus
- ClearBridge Investments
- Cooper Investors
- Credit Suisse (Australia)
- DEXUS Property Group
- Dimensional Fund Advisors Australia
- DNR Capital
- ECP Asset Management
- Elm Responsible Investments
- Equity Trustees
- Federation Asset Management
- Gateway Bank
- Haven Wealth Partners
- Hejaz Financial Services
- HOPE Housing Fund Management
- Hyperion Asset Management
- Impact Investment Group
- Indigenous Business Australia
- Infradebt
- Intelligent Investor
- Invesco Australia Limited
- Investa Property Group
- Investible
- InvestSense
- Janus Henderson Investors
- JPMorgan Asset Management (Australia)
- K2 Asset Management Ltd
- Kilter Rural
- La Trobe Financial
- Lakehouse Capital
- Lazard Asset Management
- Lendlease
- Liverpool Partners
- Macquarie Asset Management (Australia)
- Magellan Asset Management
- MaxCap Group
- Milford Asset Management (Aotearoa New Zealand domiciled, only the proportion invested in Australia counted toward total AUM and Responsible Investment AUM, assessed)
- Mirae Asset Global Investments (Australia) Limited
- Montgomery Investment Management
- Neuberger Berman Australia Ltd
- NGS Super Pty Limited
- Nuveen, A TIAA Company
- One Ventures Pty Ltd
- Optar Capital
- Paradice Investment Management
- Paul Ramsay Foundation
- Pella Funds Management
- Pengana Capital Group
- PIMCO Australia Pty Limited
- Real Asset Management (RAM)
- Redpoint Investment Management
- Robeco
- Russell Investments (AUS)
- Sandhurst Trustees
- Swell Asset Management
- UBS Asset Management
- Value Investment Partners Pty Ltd
- VanEck Australia
- Victorian Funds Management Corporation
- Wavestone Capital
- Woodbridge Capital

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Disability housing: GaryRadler

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