Responsible Investment Association Australasia

RESPONSIBLE INVESTMENT BENCHMARK REPORT

AUSTRALIA
2023

INDUSTRY PARTNERS

Australian Ethical

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AXA Investment Managers

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The suggested citation for this report is Banhalmi-Zakar, Z., Herd, E., Goodwin, M., Pilawskas, P., Srivastava, P., Maniktala, M., Ghainder, S., Khoo, N., Polidori, M. 2023. Responsible Investment Benchmark Report 2023 Australia, Responsible Investment Association Australasia, Melbourne.

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Contents

Figures

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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 – it's everything we do. And while we've evolved in many ways since starting in 1986, we have always stayed true to this.

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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.

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$1.37 trillion in assets as at the end of March 2023.

AXA IM is a leading investor in green, social and sustainable markets, managing A$796 billion of ESG-integrated, sustainable and impact assets as at the end of December 2022. 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 the end of December 2022, AXA IM employs over 2,600 employees around the world, operates out of 24 offices across 18 countries and is part of the AXA Group, a worldwide leader in insurance and asset management.

Data support

RIAA is grateful to Plan For Life for providing data for this study.

About this report

This is the 22nd 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 2022 to 31 December 2022, 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).

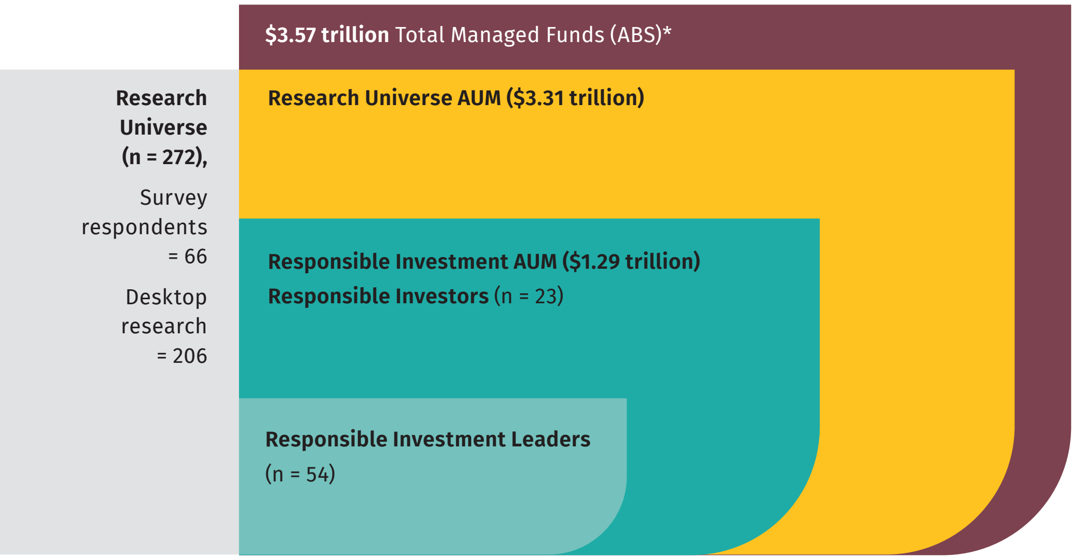
Of the 272 investment managers in the Research Universe, 66 provided survey responses. EY conducted desktop research for the 206 entities that did not complete the survey, using publicly available information. The majority of entities in the Research Universe were investment managers, 10 were asset owners, six were impact investors, one was a bank 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 Investors and Responsible Investment Leaders, representing 77 entities that achieved a score of at least 15 out of 20 against RIAA's Responsible Investment Scorecard;
- Responsible Investment Assets Under Management (AUM) (representing the AUM covered by at least one responsible investment approach of Responsible Investors and Responsible Investment Leaders);
- the Research Universe, comprising the 272 investment managers who self-declared as practsing responsible investment;
- the AUM of the Research Universe; and
- survey respondents, made up of the 66 organisations that completed the online survey (comprising Responsible Investment Leaders, Responsible Investors and non-leaders).

This project was led by Dr. Zsuzsa Banhalmi-Zakar, with contributions from Estelle Parker, assistance from Nigel Khoo and Marco Polidori (RIAA), peer review by Farren Williams (Koda Capital), and contributions from Emma Herd, Milly Goodwin, Prachi Rivastava, Petras Pilawskas and Mihir Maniktala (EY). RIAA commissioned EY to undertake the data collection and analysis for this report. Data was compiled via primary research (survey data) and secondary research using publicly available data, Plan For Life and KangaNews as indicated in figures and the relevant sections. Crafted Writing managed the report production.

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



Total Managed Funds is $3.57 trillion 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 Investors and Responsible Investment Leaders, those that achieved a score of ≥75% (at least 15 out of 20) on RIAA's Responsible Investment Scorecard.

Notes:

* Consolidated assets total managed fund instutions

Responsible Investors are investment managers that score >=15 on RIAA's Responsible Investment Scorecard

Responsible Investment Leaders are investment managers that score in the top 20% of investment managers in the Research Universe

About the Responsible Investment Association Australasia

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

RIAA has more than 500 members and represents US$29 trillion in assets under management, making it 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, KiwiSaver providers, 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 (www.responsiblereturns.com.au);
- 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

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in more than 150 countries provide trust through assurance and help clients grow, transform and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

Disclaimer

Ernst & Young, Australia ("EY") was engaged on the instructions of Responsible Investment Association Australasia ("RIAA") to analyse RIAA's survey data including drawing key insights and trends from the data, for use in a report ("Report") in accordance with the engagement agreement dated 26 June 2023. The data analysis and key insights for use in this Report have been prepared for the sole use of the RIAA and not for any other party. It must not be relied upon by any party other than RIAA. EY disclaims all responsibility to 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 the reliance upon the Report by the other party. EY does not imply, and it should not be construed that EY has performed audit or due diligence procedures on any of the information provided by RIAA, relevant third parties or obtained from public sources.

Executive summary

Since 2020, the responsible investment market has recorded steady growth overall and against the traditional investment market. But 2022 brought a new set of challenges. The Australian total (consolidated) managed funds industry finished the year $40 billion lower than in 2021 as the global economy slowed in 2022 (to 3.5%).[1] Overall, the Australian economy fared comparatively well, largely due to the mining sector's exceptional year, which yielded $54 billion in earnings (a 33.6% growth compared to -3.3% in 2021).[2]

At the same time, regulatory pressure has been mounting on responsible investors across the globe, including in Australia, to improve reporting on ESG practices. Investment managers that market financial products in the EU have begun disclosing sustainability information about their financial products and their impacts, to align with the EU's Sustainable Finance Disclosure Regulation. At home, the Australian Securities and Investments Commission (ASIC) has turned its attention to greenwashing in the financial sector and has acted decisively by filing several civil penalty cases against investment managers. Evolving standards and increased regulatory scrutiny have led to tightening definitions of responsible investment by some large international investment managers who reported a smaller proportion of responsible investment assets under management in 2022 than in 2021. The domestic responsible investment market was $1.3 trillion at the end of 2022, a 16% decrease from the previous year. Slow global economic growth, the inability of the responsible investment market to capitalise on the success of the mining sector – which is often underweighted by responsible investors that target lower carbon portfolios – and a tightening of reported responsible investment funds were all contributing factors. However, much of this decrease was recovered in the early months of 2023.

Despite these challenges, Australia's responsible investment market reached a new milestone. A record 272 professional investment managers in Australia are now engaged in responsible investment amounting to $3.3 trillion or 93% of all professionally managed assets in Australia. The number of fund managers that met RIAA's responsible investment threshold also rose, increasing from 74 in 2021 to 77 in 2022. This signals an overall strengthening of approaches to responsible investment by more market participants.

This year, to reflect evolving expectations of responsible investment leadership domestically and internationally, the standard to be named a Responsible Investment Leader was raised. Responsible Investment Leaders are now classified as the top 20% of fund managers, which constituted 54 Responsible Investment Leaders in 2022. High standards of stewardship and reporting on outcomes set Responsible Investment Leaders apart from non-leaders. More investors are holding investee companies to account through corporate engagement and shareholder action.

Perhaps even more encouraging is the tremendous growth in capital that is earmarked to support sustainability themes and create positive impact. Sustainability-themed investments reached over $235 billion, including almost $30 billion in sustainability linked loans. Close to $80 billion of this targets renewables and energy efficiency, and three-quarters target human rights, biodiversity and sustainable water management practices.

Investors are also looking to invest in companies that can demonstrate ESG leadership or best-in-class status. Almost $40 billion was allocated to these investments in 2022. Impact investments almost doubled compared to last year – up from $30 billion in 2021 to $59 billion in 2022.

For the first time, negative screening has dropped by 6% in total AUM to $664 billion in 2022. Fossil fuel exclusions cover more than 60% of total negatively screened AUM, amounting to over $410 billion. Most of these investments seek to avoid fossil fuel power generation ($150 billion), or companies that have more than or maximum 10% exposure to mining, production or exploration of fossil fuels ($133 billion and $126 billion respectively). Still, the most often excluded activities are tobacco production ($569 billion AUM) and nuclear weapons ($353 billion AUM).

Norms-based screening is on the rise – something that was previously uncharacteristic of the Australian market. An 85% increase since 2021 means that this approach now covers $255 billion AUM. There is an increased proportion of survey respondents screening against the Paris Agreement on climate change (60%), and a substantial increase in screening investments against the UN Declarations of the Rights of Indigenous People (34%).

The top barrier to responsible investment growth remains concerns over financial performance, even though RIAA certified products performed on par with or better than benchmarks over the medium and long term, with particularly strong results across managed growth funds. Underperformance was recorded only over the short-term (1-year), noting that global performance for responsible investment funds advanced already over the first half of 2023. Concerns over greenwashing increased dramatically since 2021 (up 39%) and were second to performance as a worry for survey respondents.

During 2022 there was growth in the ESG capabilities and a deeper engagement with ESG data among ESG practitioners. All respondents engage directly with company management and the overwhelming majority also rely on sustainability or ESG data providers (91%) or obtain sustainability information from investee companies (73%), while more than half consult specialist reports or analysis (58%).

The realignment of responsible investment practices, driven by industry and regulatory efforts to tighten definitions and elevate standards in order to meet higher expectations of consumers, regulators and industry, is a welcome change that is already reflected in the Responsible Investment Scorecard. So far, Australian investment managers have been quick to respond. They will need to continue to hone their ESG skills and adapt to an evolving landscape, while remaining committed to appropriately considering ESG issues, and directing capital towards a more sustainable world.

Key findings

93% of all professionally managed funds in Australia are now managed by investors with a public commitment to responsible investment.

Australia's responsible investment market is valued at **$1.3 trillion** in 2022, or 36% of the market, made up of those demonstrating a strong and comprehensive approach to responsible investment.

riaa Responsible Investment Association Australasia
Responsible Investment Leader 2023

riaa Responsible Investment Association Australasia
Responsible Investor 2023

A new threshold for Responsible Investment Leaders led to **54 fund managers named as Responsible Investment Leaders**, and 23 fund managers awarded the new Responsible Investor designation.

Money is flowing to outcomes for people and planet, as investments into **sustainability themes** increased substantially in 2022, reaching $235 billion (up from $161 billion in 2021).

The **impact investment sector** nearly doubled from $30 billion in 2021 to $59 billion in 2022.

Norms-based screening is soaring in popularity, increasing by 85% to $255 billion as responsible investment managers mature and adhere to global norms such as the Paris Agreement and the United Nations Declaration on the Rights of Indigenous Peoples.

CERTIFIED RESPONSIBLE INVESTMENT ™
CERTIFIED BY RIAA

The performance of RIAA certified funds consistently stays on par or better than benchmarks over medium- and long-term periods, with managed growth funds particularly excelling.

Natural capital is emerging as an increasingly popular positive screening theme, with **46%** of survey respondents screening for biodiversity preservation and conservation, while climate change-related issues continue to be a priority.

Responsible investors are responding quickly to new **sustainability reporting and taxonomy guidance** overseas, with many domestic and international fund managers reporting a more conservative number of responsible investment assets for 2022. This is a sign of industry and regulatory efforts to tighten standards.

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, as well as 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. It includes considering ESG factors throughout the process of researching, analysing, selecting and monitoring investments. It acknowledges that these factors can be critical to understanding the fundamental value of an investment and risks posed to the future financial value.

Examples of responsible investing approaches vary broadly and could include:

- divesting from a company with a poor human rights record;
- engaging with a company included in an investment portfolio about 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, partly with an aim to improve the performance of companies. In this way, they also contribute 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. Instead, it should promote and target sustainability outcomes aligned with delivering on the United Nations Sustainable Development Goals and the Paris Agreement on climate change.

International responsible investment context

2022 saw the responsible investments industry bounce back from the economic uncertainties of the COVID-19 pandemic. Building on the momentum from 2021, during 2022 governments and industry organisations increased their focus on disclosures, taxonomies and climate change. Globally, governments and regulators concentrated on the development and refinement of their disclosure requirements to tackle sustainability and climate-related issues.

International organisations such as the International Financial Reporting Standards Foundation (IFRS), International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI) have been working on establishing a global baseline for sustainability reporting. While organisations are generally adopting sustainable finance disclosures voluntarily, many governing bodies have ramped up their efforts to increase uptake by providing guidelines and recommendations.

The European Union (EU) has been a leader in sustainable finance disclosure. It has mandated that large, publicly listed entities must disclose the environmental and social risks associated with their business functions, in line with the Corporate Sustainability Reporting Directive (CSRD). Overall, the standards outlined by the EU are a material step towards an improved, unified disclosure framework.

In contrast, the United States' progression of responsible investing and ESG has run into some obstacles. The topic has become highly politicised, with many Republican politicians voicing their concerns over the industry's advocation of responsible investing approaches, and the subsequent withdrawal of investments from the fossil fuel industry.

Climate change and biodiversity has also received substantial global attention in 2022. The conclusion of the United Nations Conference of Parties (COP27) saw more emphasis placed on climate financing and adaptation for climate-vulnerable developing countries. In addition, climate change has also been addressed through taxonomies, disclosure requirements, transition plans and legislative revisions.

Table 1 **Key international responsible investing developments in 2022**

Focus area	Jurisdiction/ organisation	Description	Development in 2022
Disclosure	**International Financial Reporting Standards (IFRS)**	Global Baseline	IFRS has consolidated several global initiatives to achieve a global baseline. In June 2022, the ISSB and GRI signed a Memorandum of Understanding (MoU) that they would collaborate to outline a global baseline for reporting standards. If they can agree on a standardised global framework, it would help provide a unified approach for achieving various sustainability and climate-related targets.
	International Financial Reporting Standards (IFRS)	IFRS Exposure Draft Standards	IFRS released S1 and S2 Draft Standards for public consultation. The Exposure Drafts collected stakeholder feedback on the proposed standards for climate-related financial disclosures. The International Accounting Standards Board (IASB) also published the third version of its Exposure Draft for the SMEs Accounting Standards. The consultation period closed in March 2023, with the redeliberation of final Accounting Standards set to take place in the second half of 2024. *IASB operates as a sub-body under IFRS.
	European Union	Corporate Sustainability Reporting Directive (CSRD)	The CSRD was legislated in December 2022 and commenced in January 2023. The CSRD was established to meet investors and stakeholders' greater demands for financial transparency on climate change and sustainability issues. The new directive seeks to increase transparency by mandating that large publicly listed firms disclose any environmental or social risks from their business functions. Companies subjected to the CSRD must conform to the new guidelines for FY 2024.
	European Securities and Markets Authority (ESMA)	Consultation Paper	ESMA released a consultation paper in November 2022. Under the new proposal, funds that use ESG-related words in their naming will have to invest a minimum of 80% of assets towards meeting ESG objectives, while funds that use the word 'sustainable' or any related term would have to hold at least 50% in sustainable investments, in line with the EU's Sustainable Finance Disclosure Regulation (SFDR) definitions.
	European Banking Authority (EBA)	Implementing Technical Standards (ITS) Pillar 3 Disclosures	The EBA published the final draft ITS Pillar 3 disclosures, which provide European banks with a template for assessing their ESG-related risks. Its purpose is to establish some comparability for assessing the sustainability of institutions. Under the Pillar 3 framework, large institutions with securities traded on a regulated market would need to disclose quantitative financial information about their climate-related transition and physical risks; their mitigation and transition plan towards a carbon-neutral economy; and the provision of Green Asset Ratio (GAR) and Banking Book Taxonomy Alignment Ratio (BTAR). *The GAR and BTAR are taxonomy key performance indicators. The GAR measures the proportion of a bank's assets invested in taxonomy aligned economic activities. The BTAR supplements the GAR and is a comprehensive look into a bank's balance sheet.
	US SEC	US Securities and Exchange Commission (SEC) Proposed Climate Disclosure Rules	The US SEC issued a proposal to mandate climate disclosures by public firms, broadly in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. The proposed framework would require firms to develop climate reporting strategies in their annual reports; and prepare climate strategies to address Scope 1, 2 and potentially 3 emissions. According to estimates from Deloitte, Scope 3 emissions make up more than 70% of an average business's carbon emissions.[3] *The SEC plans to finalise its climate disclosure rules by mid-2023.
	Japan	Ministry of Economy, Trade and Industry (METI) – Review of ISSB Exposure Draft	In July 2022, the METI released an opinion paper on the ISSB Exposure Draft. Overall, the paper suggests that the METI is broadly aligned with the ISSB's definitions and disclosure recommendations outlined in the S1 and S2 Exposure Draft. The piece also clarified and highlighted some points of divergence to make it more applicable to the Japanese market.[4]
		Financial Services Agency (FSA) Japan – 2nd Report by the Expert Panel on Sustainable Finance	In the 2022 report, the FSA advocated that investors and companies conducting investments in Japan adopt its voluntary recommendations (i.e., the Code of Conduct) about providing and evaluating ESG data. The report outlines six key principles that investors should consider. *The FSA is a regulatory governing body in Japan that oversees the banking, insurance and securities industry.
		Sustainability Standards Board of Japan (SSBJ)	The SSBJ was formally established in 2022 to implement the ISSB standards domestically.
	Canada	Establishment of Canadian Sustainability Standards Board (CSSB)	The CSSB was established to help implement the ISSB standards in Canada.

Focus area	Jurisdiction/ organisation	Description	Development in 2022
Taxonomy	European Union	EU Taxonomy Exclusions	The EU taxonomy added nuclear and specific gas activities to the list of environmentally sustainable activities. The classification of various nuclear and gas activities as 'environmentally sustainable' aligns with the EU's climate and environment objectives and assists with its transition to a 'climate neutral future'. *See the annual report for the full list of activities.
		EU Taxonomy Compass (Interactive Platform)	The Taxonomy Compass is a technical screening tool to navigate the EU Taxonomy. This includes the ability to check which economic activities have met the minimum safeguard standards to be acknowledged as taxonomy-aligned.
Climate change	United Nations	UN Conference of Parties (COP27) – Sharm el-Sheikh Implementation Plan	COP27 placed more emphasis on climate adaptation. It urged developed countries to increase their contributions for climate financing, technology transfer and aiding developing countries with climate adaptation. COP27 also saw the establishment of the Loss and Damage Fund, which would help climate-vulnerable developing countries and communities adapt to and recover from the devastating impacts of climate change. To be effective, the UN currently estimates climate adaptation funding would need to reach between US$160–340 billion by 2030 and US$315–565 billion by 2050.
		International Organisation for Standardisation (ISO) published Net Zero Guidelines.	The ISO published its Net Zero Guidelines, which outline the standardised global approach to the principles and recommendations for organisations committed to achieving net zero targets by 2050.
	United States	Inflation Reduction Act	The Inflation Reduction Act was signed in August 2022. It injects $369 billion in investments that will go towards strengthening the United States' energy security, lowering the cost of energy for consumers, and accelerating the transition towards green energy solutions. According to estimates by Fidelity, the Act would help reduce national carbon emissions by nearly 40% by 2030.
	European Union	Carbon Border Adjustment Mechanism (CBAM)	EU states agreed to implement the CBAM in 2022. The CBAM addresses the problem of carbon leakage from the import of carbon intensive goods into the EU. Implementing it would replace the EU Emissions Trading System's allocation of free allowances.
		EU Green Deal – Fit for 55 Package	The Fit for 55 Package is a list of proposed revisions to existing EU legislation, in line with previously determined climate goals of 55% reduction of greenhouse gas (GHG) emissions by 2030. This Package includes: revisions to the EU's Emissions Trading System, Energy Taxation Directive and Land Use, Land-Use Change and Forestry (LULUCF); the implementation of the CBAM; and the transition to low-carbon and renewable infrastructure/transportation.
	United Kingdom	Transition Plan Taskforce (TPT)	The TPT, launched by His Majesty's Treasury, has developed a climate transition framework for the UK's private sector. The framework comprises a TPT Disclosure Framework based on the principles of ambition, action and accountability; guidance on the implementation of the plan; an 'online sandbox' to gather feedback from the market and industry-specific guidelines.
	Japan	Clean Energy Strategy Interim Report	The Kishida Government released an outline of Japan's strategy for energy transition, energy security, and the decarbonisation of community and daily life. The Interim report estimates that decarbonisation would require ¥150 trillion in investments over the next decade.[6]
	Canada	Green Bond Framework	The Canadian Government launched the Green Bond Framework, in line with the International Capital Market Association's (ICMA) Green Bond Principles. Its proceeds will help finance clean transportation, renewable energy, sustainable water and wastewater management, and pollution prevention and control. It also excludes investments in fossil fuel, nuclear energy, gambling, arms, alcohol and tobacco industries.

Focus area	Jurisdiction/ organisation	Description	Development in 2022
Nature & biodiversity	**Taskforce on Nature-related Financial Disclosures (TNFD)**	Launch of TNFD's Framework Beta	The TNFD released its Framework Beta V0.3, a guide for businesses and financial institutions to manage, report, and act on nature-related risks and opportunities. The Beta framework is a first glance at the TNFD's proposed approach to disclosures. *V0.4 of the Beta was released in March 2023, with V1.0 targeted to be released in September 2023.
	United Nations	Kunming-Montreal Global Biodiversity Framework (GBF) – outcome of COP15	The GBF was ratified at the conclusion of COP15. It outlined four long-term goals on biodiversity, and replaced the Convention on Biological Diversity's (CBD) Strategic Plan for Biodiversity. The four goals would tackle biodiversity issues related to ecosystem resilience and financing, and would consider the roles of Indigenous and local communities in addressing various biodiversity concerns.
	European Union	European Union Deforestation-free Regulation (EUDR) – *a sub-set of the EU Green Deal	The European Parliament and European Council arrived at a provisional political agreement on the EUDR in 2022. It aims to curb deforestation and degradation by restricting the import and export to the EU of cocoa, coffee, soy, palm oil, wood, rubber and cattle and their secondary products and derivatives. Companies importing/ exporting these commodities would have to prove that their products are 'deforestation -free'. This would disrupt supply chains and reporting standards for companies operating in these industries.
Legal efforts to combat green-washing	**United Kingdom**	United Kingdom Financial Conduct Authority (FCA) Sustainability Disclosure Requirements CP22/20	The FCA released a Consultation Paper (CP) which outlines a proposal to address greenwashing. The proposed disclosure requirements of naming and marketing rules, classification and labelling of products and outlined rules for distributors would help increase financial transparency and enable consumers to make well-informed investment decisions. Although the UK does not have a taxonomy, this CP helps to clarify definitions of key sustainable terminologies and follows closely with those outlined in the EU SFDR.
Global collabor-ation	**European Union**	EU Platform on Sustainable Finance – Part of EU Green Deal and EU Taxonomy	The Platform provides advice on using and applying the EU Taxonomy in the broader sustainable economic framework. It released a report detailing the entities that the EU Taxonomy applies to, the possible challenges of conforming to the Taxonomy, and recommendations on how to tackle these issues. *Subsequent platform mandates will run from Q1 2023 to Q4 2024.
Miscellaneous	**United States**	Anti-ESG Regulations	Financial institutions faced backlash from members of the Republican party for incorporating ESG risk factors in their investment strategies. Republicans are concerned that financial institutions are excluding/withdrawing investments from non-ESG industries such as fossil fuels. As a result, the party is discussing introducing anti-ESG regulations to prevent states from conducting business with financial institutions that use negative screening investment strategies.
	Japan	Japanese Exchange Group (JPX) – ESG Bond Information Platform	The JPX,* in collaboration with the Sustainable Finance Platform Development Working Group, oversaw the release of the ESG Bond Information Platform which gathers and compiles available information on ESG bonds. *The JPX is a financial instruments exchange holding company which provides market infrastructure and data services to investors in Japan.
	United States		The SEC proposed rule changes that would require registered investment companies which have fund names that "... suggest a focus in a particular type of investment" to have at least 80% of asset value in those investments.

Australian responsible investment context

Governance and regulatory developments in Australia mirror international trends in their focus on climate change and greenwashing. Much of the momentum is a result of the Australian Labor Party's victory in the 2022 election. The new government passed the Climate Change Act which underscores its commitment to lowering GHG emissions and transitioning to 'a green' economy. The government also devoted substantial financial support to the national effort to progress on climate change, with increased funding for the decarbonisation of industry and infrastructure.

While the progress in legislation is encouraging, an industry assessment by the Australian Prudential Regulation Authority (APRA) found that many financial institutions in Australia are still behind in factoring in climate-associated risks and goals into their investment strategies.[5]

Compared to 2021, financial regulators noticeably ramped up their response to greenwashing in 2022. Notably, the Australian Securities and Investments Commission (ASIC) identified greenwashing as a key priority for the coming years. To increase transparency within the financial sector and protect consumers from false and misleading claims, Australian Securitisation Forum (ASF), ASIC, APRA, and the Financial Services Council (FSC) have released disclosure guidelines outlining the kinds of material information that Australian firms should make publicly available.

On the social front, the Australian Government has increased its efforts in tackling gender inequality by passing the Respect at Work Act and allocating funding to national and international causes that work to address the issue.

Table 2 Key Australian responsible investing developments in 2022

Focus area	Jurisdiction/ organisation	Description	Development in 2022
Climate change	Australian Government	*Climate Change Act 2022*	The Labor Party won the federal election in May 2022, and quickly legislated a 43% reduction in GHG emissions on 2005 levels by 2030. The government also committed to preparing an annual Climate Change Statement. The Albanese Government made a pre-electoral promise to commit $3 billion of the new $15 billion National Reconstruction Fund to invest in green metals, clean energy components, waste reduction, agriculture and fuel switching.
		Paris Agreement	The Albanese Government reaffirmed Australia's commitment to meeting its National Determined Contribution (NDC) of achieving net zero emissions target by 2050 and reducing GHG emissions by 43% from 2005 levels.
	APRA	Climate Risk Self-Assessment Survey	APRA conducted a voluntary industry survey to better understand the strategies that APRA-regulated entities adopt to identify, assess and manage their climate-related financial risks. The results found that only 63% of financial institutions factor in climate risks in their investment strategies, 73% of surveyed organisations have established climate-related goals, and institutions that publicly disclose their climate risks have mostly adopted the TCFD's disclosure framework.
Disclosure	Australian Securitisation Forum (ASF)	Guideline on ESG Disclosure	The ASF and the ESG Working Group issued a Market Guideline on the best practices for ESG disclosures to increase transparency in the Australian securitisation market.
	Australian Securities & Investments Commission (ASIC)	Regulatory Guide 168	The Regulatory Guide provides guidance for regulated entities on how and what kinds of material information to disclose, good disclosure principles and how ASIC monitors and assesses Product Disclosure Statements (PDSs).
	APRA	Prudential Standard APS 330 Public Disclosure	The new disclosure standard would mandate that locally incorporated, Authorised Deposit-taking Institutions (ADI) disclose various financial indicators.

Focus area	Jurisdiction/ organisation	Description	Development in 2022
Regulation	**Financial Services Council (FSC)**	FSC Guidance Note No. 44	The FSC published a Guidance Note for investment managers, advising how they can assess, achieve and disclose their climate risk reporting. This includes information on the appropriate product labelling methods to avoid greenwashing, and the application of TCFD reporting. *Effective date 3 August, 2022.
	Australian Government	*Respect at Work Act 2022* (Cth)	The Act, passed in 2022, seeks to achieve substantive gender equality in the workplace. It implemented six legislative recommendations outlined in the Respect at Work report.
		Gender Inequality	The Australian Government has committed $65 million to helping tackle gender inequality at the global and regional level.
		National Anti-Corruption Commission Act 2022 (NACC)	The Australian Government passed legislation to establish a new National Anti-Corruption Commission in 2023. Its purpose is to investigate and report on corrupt conduct in the public sector.
Greenwashing	**ASIC**	Information Sheet (INFO) 271	ASIC released an Information Sheet 271 detailing how to avoid engaging in greenwashing when marketing sustainable-related products while also helping to raise disclosure standards for investors to make informed decisions. It commenced its enforcement activity against funds, issuing two infringement notices for inaccurate statements in various PDSs.
		ASIC five-year Corporate Plan	ASIC highlighted greenwashing and sustainable finance as a key strategic external priority for the coming years.
	Australian Competition and Consumer Commission (ACCC)	Regulatory crackdown on greenwashing	The ACCC increased its scrutiny of Australian firms who make green and responsible investment claims.
RIAA-industry collaboration & Resources	**RIAA-TNFD Partnership**	-	RIAA convened the TNFD's official Consultation Group for Australia and New Zealand.
	From Values to Riches Report 2022	-	The report measures consumer opinions on responsible investing in Australia.
	Stewardship Study 2022	-	The report, published with KPMG, details the stewardship trends and practices among investors in Australia and New Zealand. It provides investors with a framework approach to better understand what stewardship entails.
	Multi-Asset Model Portfolios and Responsible Investment Toolkit	-	This guide is for investors who own multi-asset model portfolios. The toolkit covers subjects ranging from risk profiling to efficient capital gains management.

Responsible Investment Leaders and Responsible Investors

Definition

Responsible Investment Leaders are investment managers in the top 20% of scores on RIAA's Responsible Investment Scorecard. A Responsible Investment Leader is a responsible investor that demonstrates an exceptional ability to deliver on its responsible investment promises.

Definition

Responsible Investors are organisations that achieved a score of at least 15 out of 20 on RIAA's Responsible Investment Scorecard, but are not among the top 20% of organisations. A Responsible Investor designation indicates that the organisation has delivered on responsible investment promises set out in its organisational policies, through its range of appropriate and systematic processes. A score of 15/20 was previously the hurdle to be considered a Leader but as standards lift globally, so too does RIAA's Scorecard.

Key facts

- **Number of Responsible Investment Leaders:** 54 investment managers
- **Number of Responsible Investors:** 23 investment managers

RIAA identified 272 investment managers practising responsible investment (the Research Universe). They included asset owners with sufficient internal management of assets domiciled in Australia, or domiciled elsewhere but managing significant AUM on behalf of Australian investors. This is the largest Research Universe size ever used in RIAA's Benchmark study.

These 272 investment managers represent organisations that our research has uncovered who have a public commitment to responsible investment and in total manage $3.3 trillion of AUM, or 93% of all professionally managed assets in Australia. This reflects a new level of reach of responsible investment, with nearly all professional investment managers in Australia now focused on responsible investment, having grown from 57% of the market and $2.1 trillion of AUM in the previous year.

But today, simply having a public commitment to responsible investment is not sufficient as expectations tighten and standards lift across global markets. All investment managers in the Research Universe were assessed against RIAA's Responsible Investment Scorecard. Australian super funds were not evaluated in this study year, because they will be assessed as part of RIAA's biennial Super Study, due to launch later in 2023.

Seventy-seven investment managers achieved a score of at least 15 out of 20 on the Scorecard this year, compared to 74 in 2021. There are 14 new Responsible Investment Leaders and another 13 new Responsible Investors.

RIAA's Scorecard consists of 26 questions this year, compared to just 17 questions last year. The Scorecard was revised with new questions, response options and altered scoring of some questions to keep up with market trends. It also included new questions under Pillar 3 (Stewardship) incorporating findings from our 2022 Stewardship Study, which revealed stewardship, active ownership, and corporate engagement trends and best practices in our region. Some existing questions and response options were also altered to clarify the intent and remedy issues that had confused respondents. Other fundamental features of the RIAA Responsible Investment Scorecard stayed the same.

The Scorecard still covers four pillars of responsible investing practice:

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 their reporting;

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.

Maximum scores for pillar 1 and 4 was five, pillar 2 was four and pillar 3 was six giving a total maximum score of 20. In 2022, no investment manager achieved the maximum possible score. The highest score allocated was 19.5, achieved by three investment managers. The average score was 10.3. The questions comprising RIAA's Responsible Investment Scorecard can be found in Appendix 3.

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

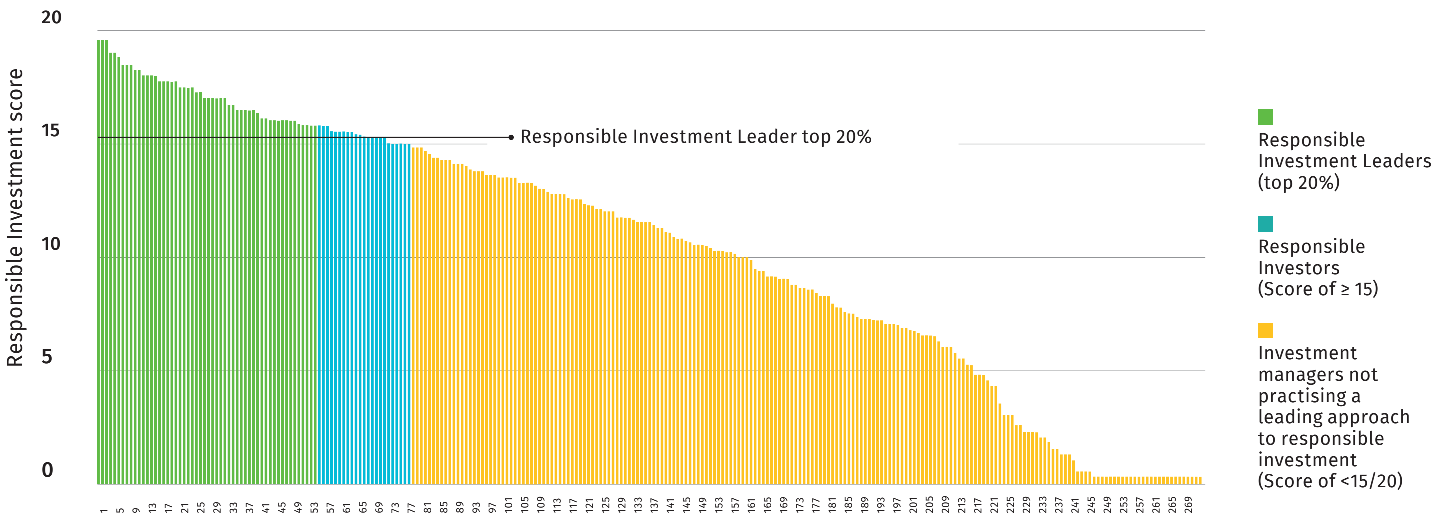


Table 3 Responsible Investment Leaders

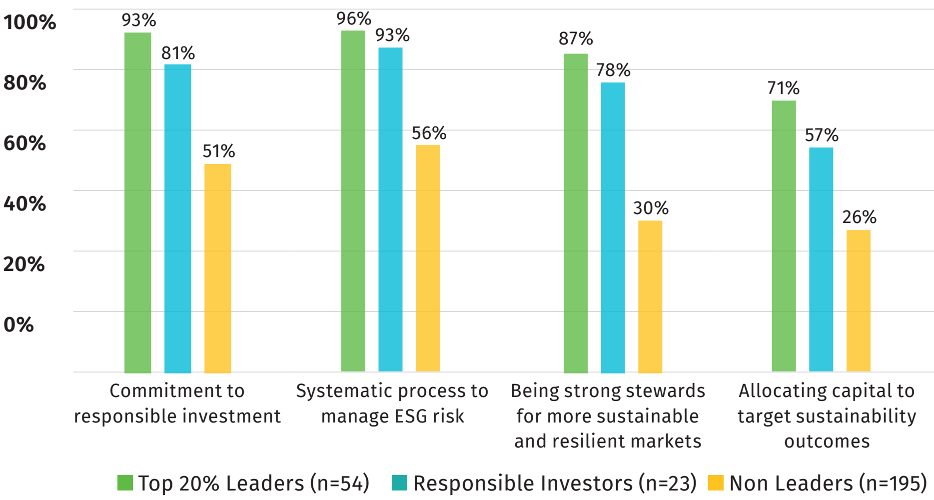
abrdn	Ethical Partners Funds Management	Northern Trust Asset Management
Adamantem Capital	Fidelity International (FIL Investment Management Australia)	Nuveen
Affirmative Investment Management / Metlife Investment Management	First Sentier Investors	Pella Funds Management
Altius Asset Management	Franklin Templeton	Pendal Group
Amundi	Generation Investment Management	Perennial Partners
Australian Ethical Investment	IFM Investors	PIMCO (Australia)
Aviva Investors Pacific	Impax Asset Management	Queensland Investment Corporation
AXA Investment Managers	J.P. Morgan Asset Management (Australia)	Resolution Capital
Baillie Gifford	Janus Henderson	Robeco
Bell Asset Management	Kilara Capital	Russell Investments
Betashares	Kilter Rural	Schroders
BNP Paribas Asset Management	Macquarie Asset Management	Stewart Investors
Conscious Investment Management	Maple-Brown Abbott	T. Rowe Price
Dexus	Martin Currie	Teachers Mutual Bank
Dimensional Fund Advisors	Melior Investment Management	Triple Eight Capital (T8 Capital)
DNR Capital	MFS Investment Management	TT International
ECP Asset Management	Nanuk Asset Management	U Ethical
Emit Capital Asset Management	New Forests	WaveStone Capital

Table 4 Responsible Investors

Acadian Asset Management	Investa Property Group	Northcape Capital
Alliance Bernstein	Ethical Investment Funds Management Pty Ltd	Paradice Investment Management
Alphinity Investment Management	Lazard Asset Management	Pengana Capital
American Century Investments	Loftus Peak Pty Limited	Perpetual Asset Management, Australia
Australian Impact Investors	Magellan Asset Management Limited	Platypus Asset Management
Australian Unity Limited	Morgan Stanley Investment Management (Australia) Pty Limited	Uniting Financial Services (Treasury and Investment Services)
Clean Energy Finance Corporation	Morphic Asset Management	Vanguard Investments Australia Ltd
ClearBridge Investments Limited		Vontobel Asset Management Australia

To better understand how investment managers differ in terms of responsible investment practice, the average scores of Responsible Investment Leaders, Responsible Investors and the rest of the investment managers were compared across the four main pillars of the Scorecard (see Figure 3). The results were in many ways similar to previous years. For example, all three categories of investment managers fared well on the questions probing systematic ESG risk management practices and commitments to responsible investment. The average scores of investment managers that did not score high enough to be named Responsible Investors or Leaders were over 50%, indicating that these practices are generally widespread among all Australian investment managers engaged in responsible investment. Also similar to previous years, the lowest average scores were recorded across the questions seeking evidence that investors are allocating capital for sustainable outcomes.

Figure 3 Average scores of Responsible Investment Leaders, Responsible Investors and the remaining investment managers on RIAA's Responsible Investment Scorecard



The real difference between Responsible Investors and Leaders and the rest of investment managers is across pillars 3 and 4, where non-leaders' average scores are 30% and 26%, respectively. Stewardship set Responsible Investment Leaders apart from non-leaders in 2022.

Leaders attained high average scores in Pillar 3 (stewardship), while non-leaders scored significantly lower on average. This created the widest gap between leaders and non-leaders. This is consistent with the previous year's outperformance of leaders for stewardship. Questions in this section of the Scorecard were updated to reflect insights from RIAA's Stewardship Study in late 2022, which revealed industry best practice in stewardship and corporate engagement in Australia. This has raised the bar for the level of stewardship expected by leaders in this study, creating a wider gap between the stewardship performance of leaders and non-leaders.

Non-leaders attained their highest scores on average in Pillar 2 (committing to responsible investment), with leaders attaining the second highest score in this Pillar. This suggests that committing to responsible investment without implementing strong stewardship practices does not lead to a comprehensive and effective responsible investment strategy overall.

Similar to previous years, leaders and non-leaders recorded their lowest average scores in Pillar 4 (allocating capital to target sustainability outcomes). The average score increased slightly for both leaders and non-leaders compared to the previous year, revealing a slight increase in the practice of allocation of capital to target sustainability outcomes.

Responsible investment market share, performance and trends

Market share

Key facts

- **Total Responsible Investment AUM:** $1.29 trillion
- **Key trends:** Responsible Investment AUM represents 36% of total managed fund investments, made up only of those demonstrating a strong and comprehensive approach to responsible investment.

In 2022, Responsible Investment AUM made up 36% of the total market in Australia, compared to 42% in 2021. The number of organisations that obtained a score of 15 out of 20 in RIAA's Scorecard grew slightly (by 3 entities in total).

It is only these 77 leaders of the 272 investment managers in the Research Universe, therefore, that contribute to this $1.29 trillion in AUM. It's an important distinction for RIAA that our definition of the Responsible Investment AUM is made up only of those who can substantiate a strong responsible investment approach.

In 2022, this total Responsible Investment AUM did see a decline – an anomaly not seen in previous years. Contributing to this was the weak performance of financial markets globally and in Australia, as markets adjusted to stubbornly high inflation and rapidly rising rates aimed at curtailing inflation. In total, the Australian managed funds industry lost $40 billion in 2022, closing with $3.57 trillion (compared to $3.61 trillion in 2021).[6] The responsible investment market shrunk by $249 billion over the same period.

While it is difficult to definitively attribute overall market trends to a specific cause, it is worth considering a number of factors that together likely contributed to anomalies in AUM in 2022. Largely, this is put down to the strong performance of mining and energy sectors in 2022, sectors that many responsible investors will have lower exposure to compared to non-responsible investment funds. funds.

There were some winners but mostly losers among domestic equity market players in 2022. The energy and resources sector, which are typically held at lower weights in responsible investment funds compared to indices, performed exceptionally well. The ASX200 Resources was up 22.3%, with energy recording a +49% gain and materials up 13%. At the same time, the ASX200 Industrials Index was –7.5% with IT performing worst (–34%), and real estate and consumer discretionary sectors both down 20%. Smaller companies particularly suffered, with Small Industrials down 21.8% and Small Resources down 6.4%. International markets offered no safe haven for investors, as markets were down 12.6% with the exceptions of a few jurisdictions where gains were observed.

Overall, the reduction in Responsible Investment AUM in 2022 is likely due to both a drop in total value (i.e. due to underperformance) but also outflows from funds. Pleasingly, there has been a reversion to trend in the first half of 2023 with responsible investment funds performing as well as or better than their peer funds. For example, recent Morgan Stanley research of global funds concluded that in the first half of 2023 sustainable funds "... have returned to their long-run trend of outperforming traditional funds" and that in their research that "periods of underperformance, as sustainable funds experienced in 2022, can lead to asset outflows, yet this largely did not play out."[7]

The study suggests that investment managers in Australia are starting to refine their communication and language about the extent and coverage of ESG or responsible investment policies and practices. For example, some funds provide greater detail, clarity or context around the coverage of ESG or responsible investment policies. This may involve limiting coverage to specific asset classes such as listed equities or portfolios that the fund manages directly, rather than claiming overall coverage of ESG or responsible investment policies. The shift in ESG communication practices is possibly in response to Australian regulators' crackdown on greenwashing, but is not necessarily 'greenhushing', which is commonly understood as deliberately keeping quiet about sustainability intentions or goals to avoid scrutiny. Refinements and adjustments in language around ESG practices signals a maturing market and a growing understanding that communication about responsible investing is important and should be carefully crafted.

Considering that desktop analysis relies on publicly disclosed information, such changes in disclosure impact the data. Equally important is the impact of the introduction of EU regulations on disclosure (SFDR) which extend to investment managers that market products in the European Union, regardless of where the organisation is headquartered. The SFDR has forced the rethinking of labelling financial products based on their intention to deliver sustainable outcomes as their objective ('Article 9') or by promotion ('Article 8'). Several internationally headquartered and large Australian investment managers report less Responsible Investment AUM for 2022 than for 2021 in the survey. Again, this may be due to Australian investment managers recalibrating what RI AUM means in light of the SFDR definition.

Greenwashing defined

According to ASIC, greenwashing in investment "... is the practice of misrepresenting the extent to which a financial product or investment strategy is environmentally friendly, sustainable or ethical."[8]

Greenhushing defined

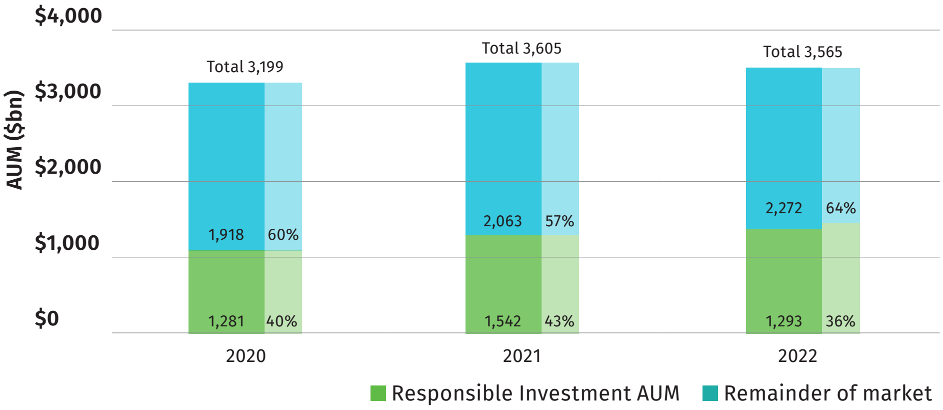
There is no generally accepted definition of greenhushing yet, but it is widely recognised as the practice of deliberately keeping quiet about sustainability or climate ambitions and actions in an effort to avoid scrutiny. Some consider it to be a form of greenwashing.[9]

Performance of responsible investment products compared to mainstream funds

Key facts

- The average performance of responsible investment products continues to hold strongly against industry benchmarks over three, five and 10 years. However, in 2022 they underperformed notably over one year.
- Responsible investment products suffered lower short-term returns in 2022 on average, because they often have lower exposure to the mining and energy sectors, which performed strongly in 2022.

Figure 4 **Change in Responsible Investment AUM compared to remainder of market in Australia 2020-2022 (in $billions)**



Responsible investment product performance reporting is based on an analysis of RIAA certified products, compared against benchmarks undertaken by Plan for Life Actuaries & Researchers.

RIAA certified products have met RIAA's Responsible Investment Standard via a rigorous verification process. These responsible investment products typically performed on par (within 1%) or better than the benchmarks over the medium and long term (three, five and 10 years) in all three categories assessed, apart from those in the international equities categories over 10 years. RIAA certified products underperformed over the one-year short term in all three categories in 2022. Managed growth funds fare particularly well over the medium and long term.

Underperformance of responsible investment products over the short term is consistent with expectations for 2022. This is because mining and energy sectors saw strong growth in 2022, and companies in this sector are often underweight or excluded in responsible investment funds.

Global performance results for responsible investment funds appear to have advanced already over the first half of 2023. For example, recent Morgan Stanley research of global funds concluded that in the first half of 2023 sustainable funds ". . . have returned to their long-run trend of outperforming traditional funds." [3]

This year's performance results focus solely on RIAA certified products in order to align this report with RIAA's quarterly reports, in conjunction with Plan For Life, which provides a consistent baseline for performance monitoring. RIAA's Certification Program now has more than 330 products covered across Australia and New Zealand. Similar to last year, performance is reported as weighted compound average growth rates and includes both Australian and New Zealand certified products. This ensures a sufficient sample size of funds across all categories and time periods. The same three categories are used as in previous years: managed growth (products), international equity (products) and domestic equity (products) (Table 5).

Table 5 Performance of RIAA certified products (weighted average) against benchmarks

Managed growth funds	1 Year	3 Year	5 Year	10 Year
RIAA certified funds: Managed Growth	-10.55%	4.25%	8.72%	16.28%
Plan For Life Category: Managed Growth	-8.19%	3.08%	5.32%	10.28%

International share funds	1 Year	3 Year	5 Year	10 Year
RIAA certified funds: Overseas Equity	-17.22%	3.73%	7.52%	13.07%
Plan For Life Category: Overseas Equity	-13.17%	3.19%	6.15%	15.47%

Australian share funds	1 Year	3 Year	5 Year	10 Year
RIAA certified funds: Domestic Equity	-8.99%	5.95%	7.12%	14.16%
Plan For Life Category: Domestic Equity	-5.82%	4.64%	6.05%	11.05%

Equal to or - 1% below benchmark   More than =1% above benchmark   More than -1% below benchmark

Independent third-party verification, certification

Snapshot

RIAA Certification snapshot for 2022

- Number of certified products in Australia: 151 (38 newly certified in 2022)
- Number of investment managers and asset owners with certified products in Australia: 41
- Number of certified products in Australia and New Zealand: 270

RIAA's Responsible Investment Certification Program is the leading initiative for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand. RIAA's Responsible Investment Certification Symbol is used to differentiate quality, true-to-label responsible investment products which meet the Responsible Investment Standard.

RIAA's Certification Program is the longest running responsible investment program in the world. Its Certification Symbol is a Registered Trademark, owned and managed by RIAA. Products bearing RIAA's Certification Symbol have been assessed as credible responsible investments. They systematically account for environmental, social and governance factors along with demonstrating a rigorous, transparent approach and organisational commitment to responsible investing.

Strong demand for certification meant that 96 products were certified in 2022, reaching a total of 270 certified products at the close of 2022. Most newly certified products (58%) are investment products, and a significant proportion (39%) are KiwiSaver funds. Only 3% of new products are superannuation products.

RIAA's Certification Program continues to diversify and includes a number of different financial product types such as investment funds, trusts, super funds, KiwiSaver funds and exchange traded funds (ETFs).

Fund or trust type products are in high demand by firms to undergo certification, with 58% of the new certified products undergoing the

RIAA's Responsible Investment Leader or Responsible Investment Certification?

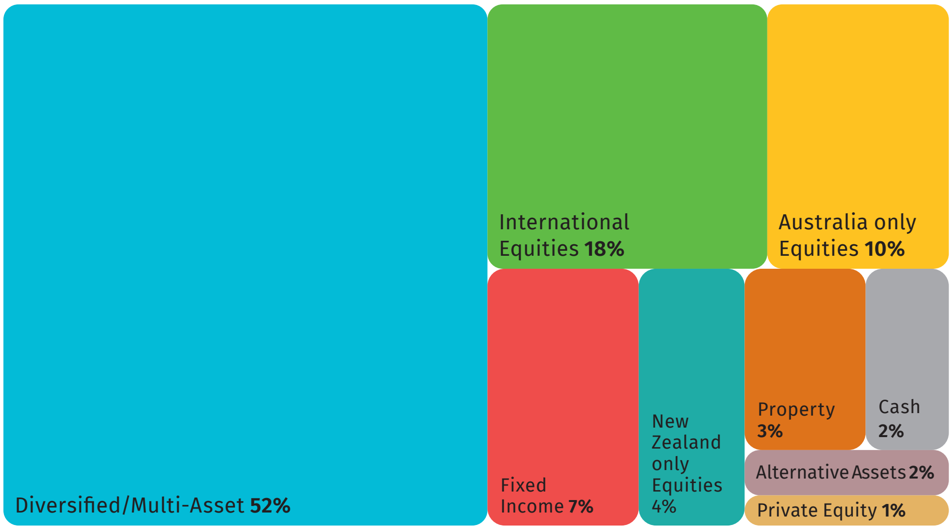
Being a Responsible Investment Leader recognises an investment manager's whole organisation attributes as a responsible investor. In contrast, RIAA's Responsible Investment Certification Symbol is used to differentiate quality, true-to-label responsible investment products that meet the Australian and New Zealand Responsible Investment Standard.

program in 2022. Most notable is the significant growth in KiwiSaver products, which make up 39% of all newly certified products (compared to 26% in 2021). This brings the total number of KiwiSaver products certified by RIAA to 81. Separately managed accounts (4%), ETFs (3%) and super funds (3%) round out the remaining product types certified in 2022.

RIAA's certified products represent a wide range of asset classes (see Figure 5), including diversified/multi-assets most heavily (52%), followed by international equities (18%). Other asset classes are also represented and include Australian equities (10%), fixed income (7%), New Zealand Equities (4%), property (3%), alternative assets (2%), cash (2%) and private equity (1%).

Demand for certification of strategies representing diversified/multi-asset class dominated in 2022, surpassing last year by 18 percentage points. And while international equity strategies remain the second most common strategies certified in both 2022 and 2021, only 18% of certified products fell under this category in 2022, compared to 28% the previous year. While the remaining categories share a similar pattern, a notable difference is the growth in certified products invested primarily in New Zealand equities, standing at 4% at the end of 2022.

Figure 5 Percentage of different asset classes represented by products certified by RIAA in 2022 in Australia and New Zealand



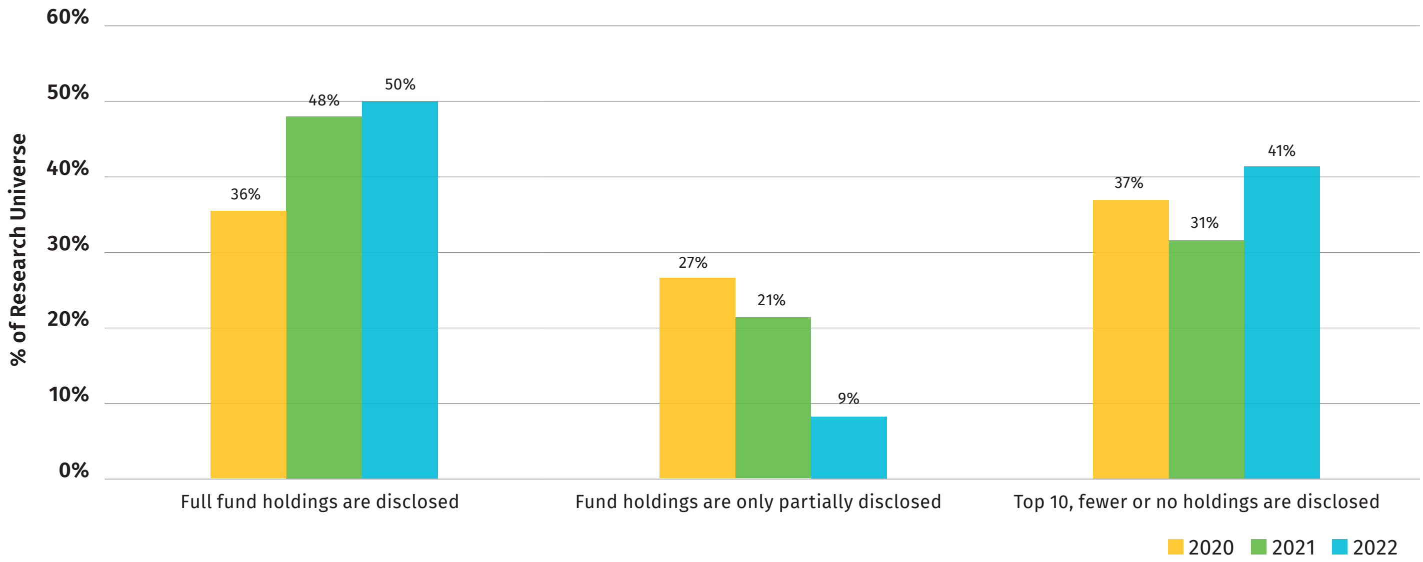
Responsible investment policy and portfolio holdings disclosure

Disclosure of responsible investment or ESG policies remains a key practice among investment managers in Australia. More than 80% (219) of investment managers publish their responsible investment policies publicly, slightly lower than in 2021 (84%) when that number was 118. The proportion of those who did not disclose their policies publicly has increased from 3% to 16.6%, which is largely due to the growth in the number of investment managers in the Research Universe since last year. The Research Universe is determined by the number of investment managers that engage in responsible investment through membership of ESG or responsible investment collaborative organisations, a practice that grew substantially over the last 12 months (from 140 last year to 272 this year). There is a large proportion of 'new' investment managers who are just embarking on responsible investment evidenced by the growth in new managers joining collaborative networks such as RIAA. Many of these new managers currently lack public disclosure practices.

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 in which it holds equity, and its proportion in each portfolio. Portfolio disclosure became mandatory for superannuation funds from March 2022 (however, as noted earlier, superannuation funds are not part of this study).

Figure 6 shows how disclosure of portfolio holdings has changed since 2020. Disclosure of full fund holdings in 2022 increased from 48% in 2021 to 53%, as new regulatory requirements were introduced. Interestingly, the percentage of managers partially disclosing fund holdings decreased, while the number of managers disclosing less than 10 or no fund holdings rose from 31% in 2021 to 38%. This may be because some managers believe that disclosing their holdings could give their competitors an advantage. Others may be concerned about the reputational risk of being associated with certain companies, while others may simply not see the value of disclosing their holdings.

Figure 6 **Portfolio holdings disclosure practices among investment managers in the Research Universe 2020-2022**



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 Global Sustainable Investment Alliance (GSIA) and detailed in RIAA's Responsible Investment Spectrum (see Figure 7).

Figure 7 **RIAA's Responsible Investment Spectrum**

Approach	Traditional Investment	Responsible Investment							Philanthropy
		ESG Integration	Exclusionary /negative screening	Norms-based screening	Corporate engagement and shareholder action	Positive/ best-in-class screening	Sustainability -themed investing	Impact investing	
Method	Providing limited or no regard for environmental, social governance and ethical factors in investment decision-making	Explicitly including ESG risks and opportunities into financial analysis and investment decisions based on a systematic process and appropriate research sources	Excluding certain sectors, companies, countries or issuers based on activities considered not investable due principally to unacceptable downside risk or values mis-alignment	Screening of companies and issuers that do not meet minimum standards of business practice based on international norms and conventions; can include screening for involvement in controversies	Executing shareholder rights and fulfilling fiduciary duties to signal desired corporate behaviours - includes corporate engagement and filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines	Intentionally tilting a proportion of a portfolio towards solutions; or targeting companies or industries assessed to have better ESG performance relative to benchmarks or peers	Specifically targeting investment themes e.g. sustainable agriculture, green property 'low carbon', Paris or SDG-aligned	Investing to achieve positive social and environmental impacts - requires measuring and reporting against these, demonstrating the intentionality of investor and underlying asset/ investee and (ideally) the investor contribution	Using grants to target positive social and environmental outcomes with no direct financial return
Intention		Avoids harm							
					Benefits shareholders				
						Contributes to solutions			
Features and outcomes	Delivers competetive financial returns								
		Manages ESG risks							
				Contributes to better system stability and economic sustainability					
					Pursues opportunities and creates real-economy outcomes				

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

There are numerous approaches to implementing responsible investment, often used in combination by investors. Each approach has its merits, and not all approaches can be pursued by individual investment managers. The choice of approaches depends on many factors, including:

- the investment manager's 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); and
- its regulatory environment, which typically includes financial and disclosure obligations and availability of resources.

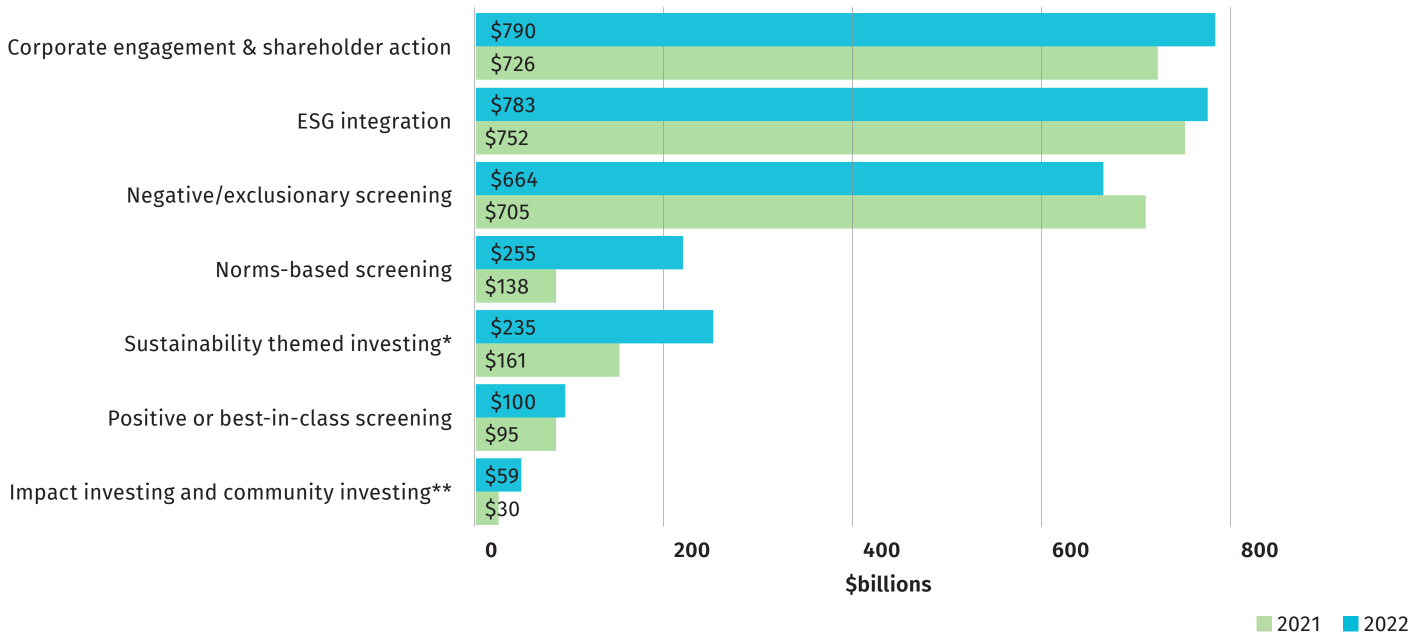
The Responsible Investment Spectrum extends beyond the seven responsible investment approaches presented in Figure 7. It is flanked by the traditional approach to investing at one end and philanthropy at the other – both of which are also often pursued by investment managers. One of RIAA's key tasks is to track the value of AUM covered by each of the seven approaches.

The flow of funds to responsible investment approaches continue to increase each year. This is partly due to the proliferation of the different approaches year on year, and also new, improved data collection methods introduced in the survey this year. Respondents are now asked to choose whether an approach is applied at the product level, fund-wide, or both.

The results show that corporate engagement and shareholder action passed ESG integration to become the preferred responsible investment approach. The AUM covered by corporate engagement and other stewardship practices increased from $726 billion in 2021 to $790 billion in 2022, representing a 9% growth (Figure 8). ESG integration increased from $752 billion in 2021 to $783 billion in 2022, an increase of 4%. Negative screening is the only approach that dropped 6% since the last report, from $705 billion to $664 billion, while norms-based screening gained substantial momentum, growing 85% from $138 billion in 2021 to $255 billion in 2022. Sustainability-themed investments continue to grow. In 2022, $235 billion marked a 46% growth compared to 2021. Positive or best-in-class screening also increased, albeit by $5 billion. Impact investing grew substantially, thanks to increase in survey responses from several key players, nearly doubling from $30 billion to $59 billion.

The data suggests that Australian investment managers are prioritising corporate engagement and ESG-related risk management while responsible investments are receiving increasing flows of capital.

Figure 8 Total AUM covered by any one of the seven responsible investment approaches of survey respondents in 2022 and 2021 ($billions)



* Includes desktop data on sustainability-linked loans sources from NAB Sustainability Finance updates in 2022

** Includes green, climate, social impact and sustainability bonds sourced via desktop research from KangaNews and NAB Sustainability Finance updates in 2022

Corporate engagement and shareholder action

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.

Key facts

- **Total corporate engagement AUM:** $790 billion
- **Key trend:** Proportion of investment managers who report on corporate engagement activities and outcomes increased to 94% of surveyed respondents in 2022.

Corporate engagement and shareholder action is now the most significant responsible investment approach used by investment managers, together with ESG integration. A key method of measuring corporate engagement and stewardship is to check whether investment managers disclose how they engage with companies and the outcome of these activities.

Reporting of engagement activities with investee companies and the outcomes of these engagements grew steadily in 2022. It represents $790 billion in AUM compared to $726 billion in 2021. The proportion of investment managers who report on both their engagement activities with companies and the outcomes of these engagements decreased, down from 45% of investment managers in 2021 to 41% in 2022. However, it was still a significant increase compared to 2020 (31%).

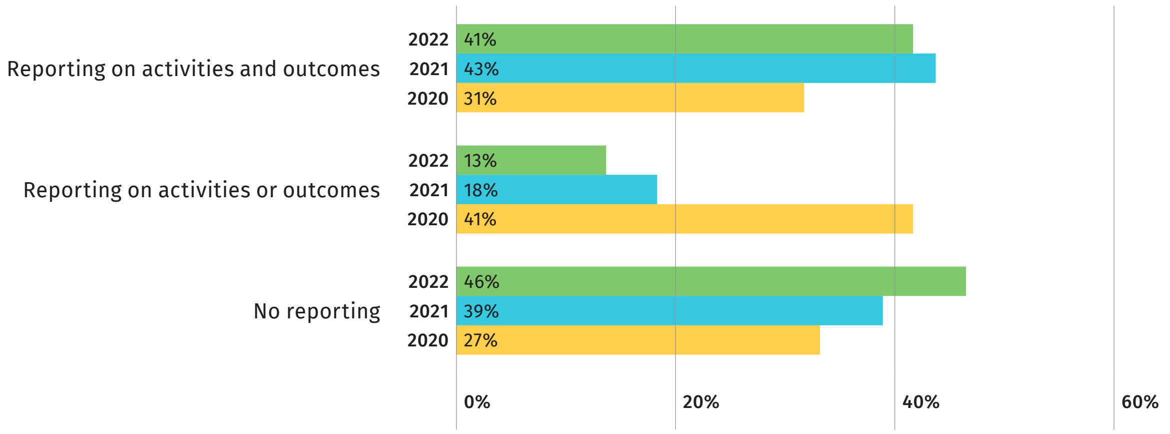
The number of investment managers who reported no engagement activities with companies also increased, up from 39% in 2021 and 27% in 2020 to 46% in 2022. These trends are likely due to the large number of newcomers to the Research Universe, in other words, investment managers that are just embarking on responsible investment practices and do not yet measure and report on stewardship activities.

Voting, where the asset ownership permits it, is another key way that investment managers can demonstrate engagement with corporations. By voting directly or through proxy advisers, frequency of voting is one measure of investor engagement.

In 2022, 46% of investment managers in the Research Universe indicate that they vote across all possible holdings, including directly held equities, mandates for fund managers or through other third parties. Another 4% indicate that they only vote on issues material to the fund. Another 14% of investment managers do not exercise voting rights, because the asset class, typically fixed income, private equity or some alternatives, does not permit voting. The remaining 36% indicate that they do not know or are unsure about their voting practices.

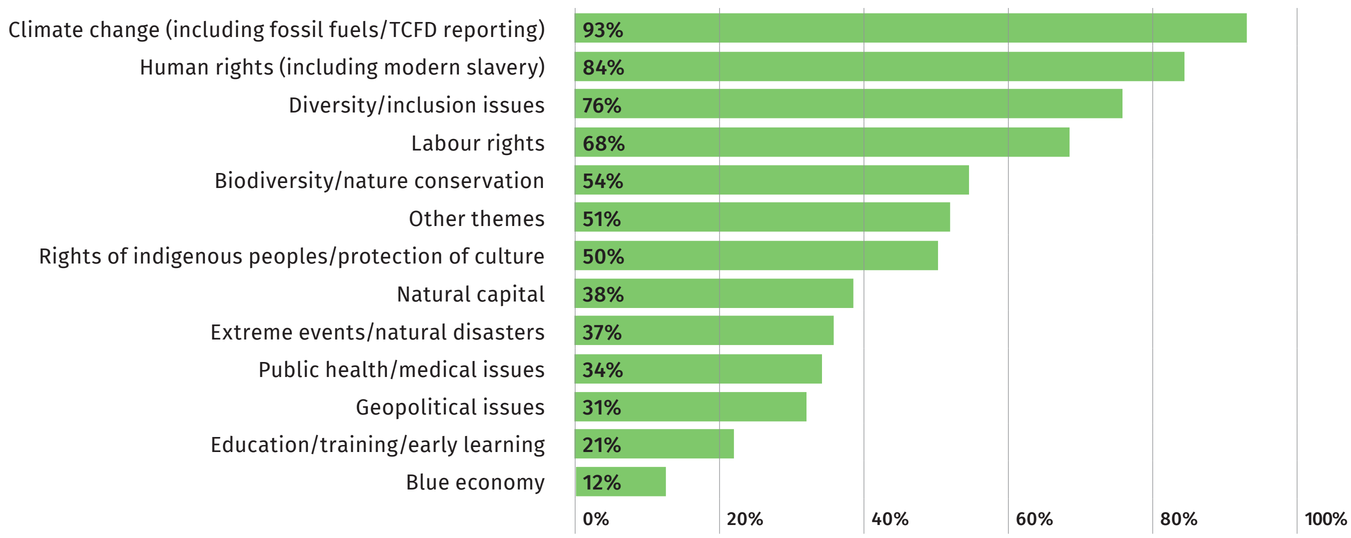
Another way investors can engage on ESG issues is through membership of collaborative initiatives such as RIAA. Almost half (46%) of investment managers are members of at least two collaborative initiatives. The most common initiative is the PRI, followed by RIAA.

Figure 9 **Corporate engagement and shareholder action reporting in the Research Universe 2020-2022**



Investment managers engage on a diverse range of issues with investee companies (Figure 10). Nearly all (94%) of investment managers surveyed have engaged on climate change related issues in the past year, and the majority (84%) also engaged on human rights issues. Other common engagement themes include diversity and inclusion (76%) and labour rights (68%). Encouragingly, half of all investment managers have engaged on issues that might be considered less mainstream or expected, such as biodiversity or nature conservation (54%) and the rights of indigenous peoples or protection of culture. In addition to the topics listed in Figure 10, investment managers also engaged on data and cybersecurity, recycling and waste management (including packaging), SDG alignment and a range of corporate governance issues.

Figure 10 The top environmental and social issues that survey respondents engaged on with investee companies in 2022



ESG integration

ESG integration is one of the top responsible investment approaches used by Australian investment managers in 2022. It represents $783 billion in funds, an increase from $752 billion in 2021. It was the second most used responsible investment approach, slightly less common than corporate engagement and shareholder action. ESG integration is a responsible investment approach that is typically applied across the entire organisation, as opposed to being applied to select investment products only. In 2022, 79% of investment managers applied ESG integration and of these investment managers, 75% applied ESG integration across the entire organisation.

Australia's growing adoption of ESG integration follows global patterns as ESG risks and opportunities become embedded into financial decisions. Investor demands are driving companies to take responsibility for their actions by considering their impact on society and the environment. In addition, there is growing acceptance in the market that ESG factors impact the financial performance of investments.

The results indicate that investment managers that have previously integrated ESG considerations through some asset classes are increasingly expanding this responsible investment approach across their entire range of asset classes. Additionally, the proportion of investment managers that have extended ESG integration as part of their responsible investment approach continues to grow. In 2022, 21% of investment managers surveyed do not apply ESG integration, down from 23% in 2021 (see Figure 11). Over the last three years, a stable number (approximately 20%) of organisations in the Research Universe do not pursue ESG integration at all. These organisations tend to be impact investors and some trusts and foundations whose fundamental approach is aligned with achieving specific impacts as opposed to managing ESG risks.

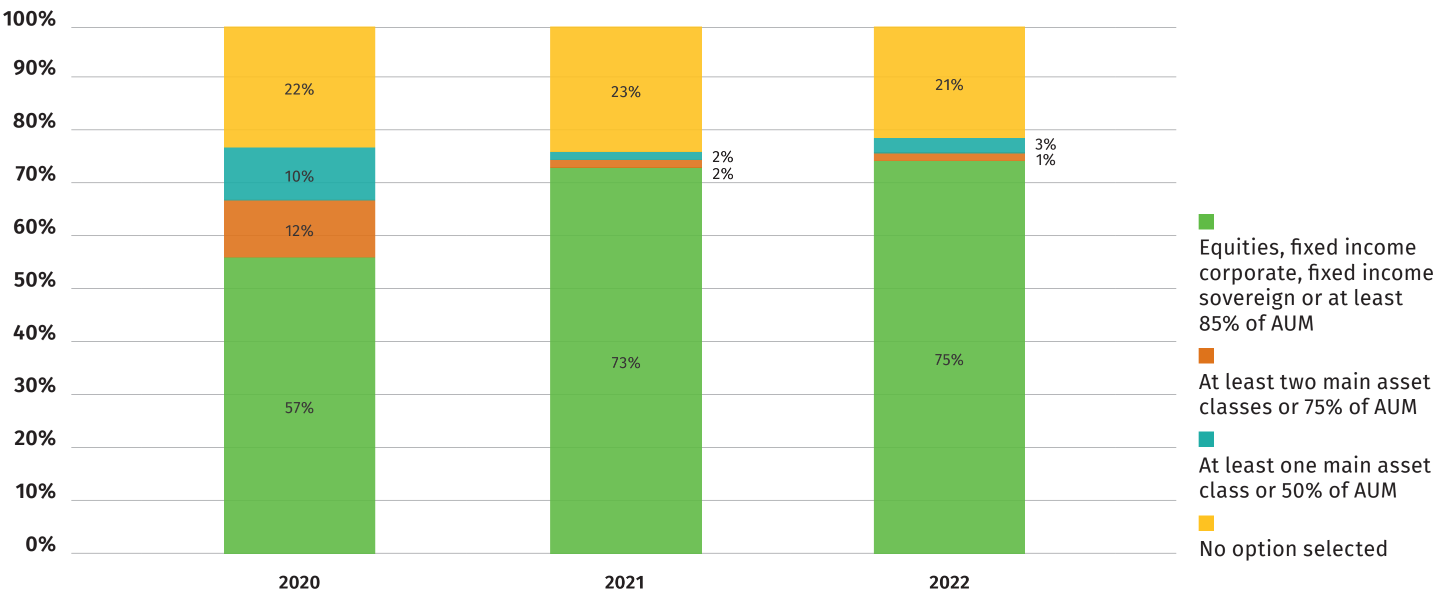
Definition

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

Key facts

- **Total ESG integration AUM:** $992 billion, up from $752 billion in 2021
- **Key trends:** Three-quarters of investment managers apply ESG integration to some or all assets, and the majority have engaged on climate change and human rights related issues with investee companies

Figure 11 Proportion of AUM covered by an explicit and systematic approach to ESG integration among investment managers in the Research Universe (2020-2022)



Negative/exclusionary screening

Negative screening is the only responsible investment approach that decreased in 2022. It totalled $664 billion in assets, down from $705 billion in 2021. Ninety-seven per cent of survey respondents incorporated negative screening as part of their broader investment approach in 2022. Two-thirds of survey respondents (67%) apply some type of negative screening across the entire fund, covering $422 billion of assets. Nearly half (48%) of survey respondents apply exclusions at the product level, amounting to $242 billion.

Screening against tobacco production and nuclear weapons were the top themes in 2022 in terms of total AUM covered. Forty-one investment managers exclude tobacco production across their entire fund, another 10 exclude it at product level only, 33 fund managers exclude nuclear weapons across the entire fund, while another 15 exclude this activity from certain products only.

Fossil fuel-related activities emerged as a strong theme for negative screening. Three categories are covered here, such as power generation, greater than 10%, and maximum 10% exposure to fossil fuel-related mining, production or extraction. Sixty-two respondents (94%) exclude some form of fossil fuel-related activity across their entire fund, while the total value of funds screening against fossil fuel investments amounts to $410 billion (62% of the total negative screening AUM).

In terms of changes in screening trends since 2021, there was a 73% increase in screening against intensive livestock management, a 59% increase in screening against nuclear weapons and 35% increase in screening against nuclear power among survey respondents.

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.

Key facts

- **Total negative screening AUM:** $664 billion
- **Key trends:** Negative screening decreased in 2022 and is the third most applied responsible investment approach.
- **Key themes:** Tobacco production, nuclear weapons and fossil fuel-related activities are the most frequently screened issues.

Figure 12 Trends in negative screening by survey respondents and change in screening since 2021

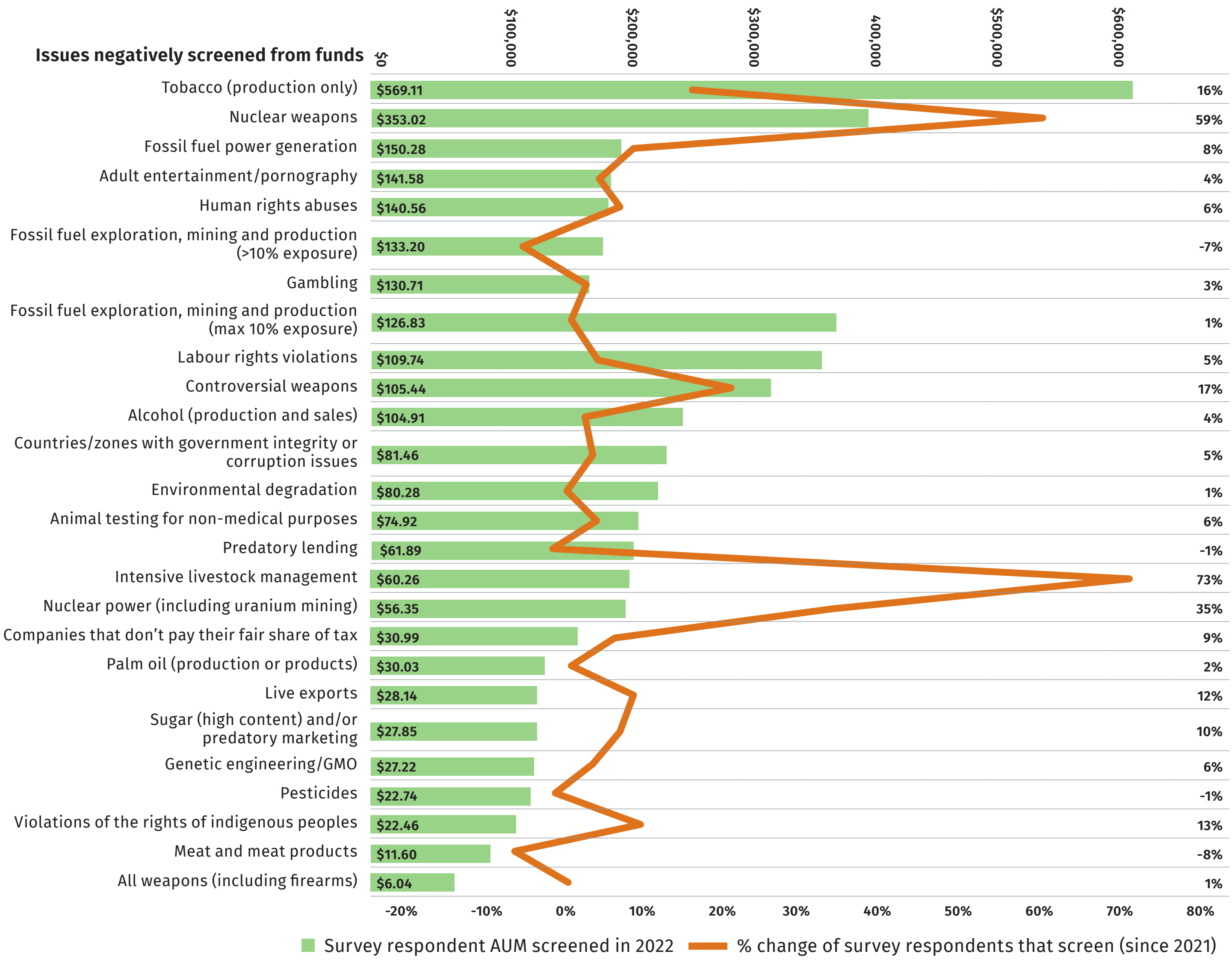
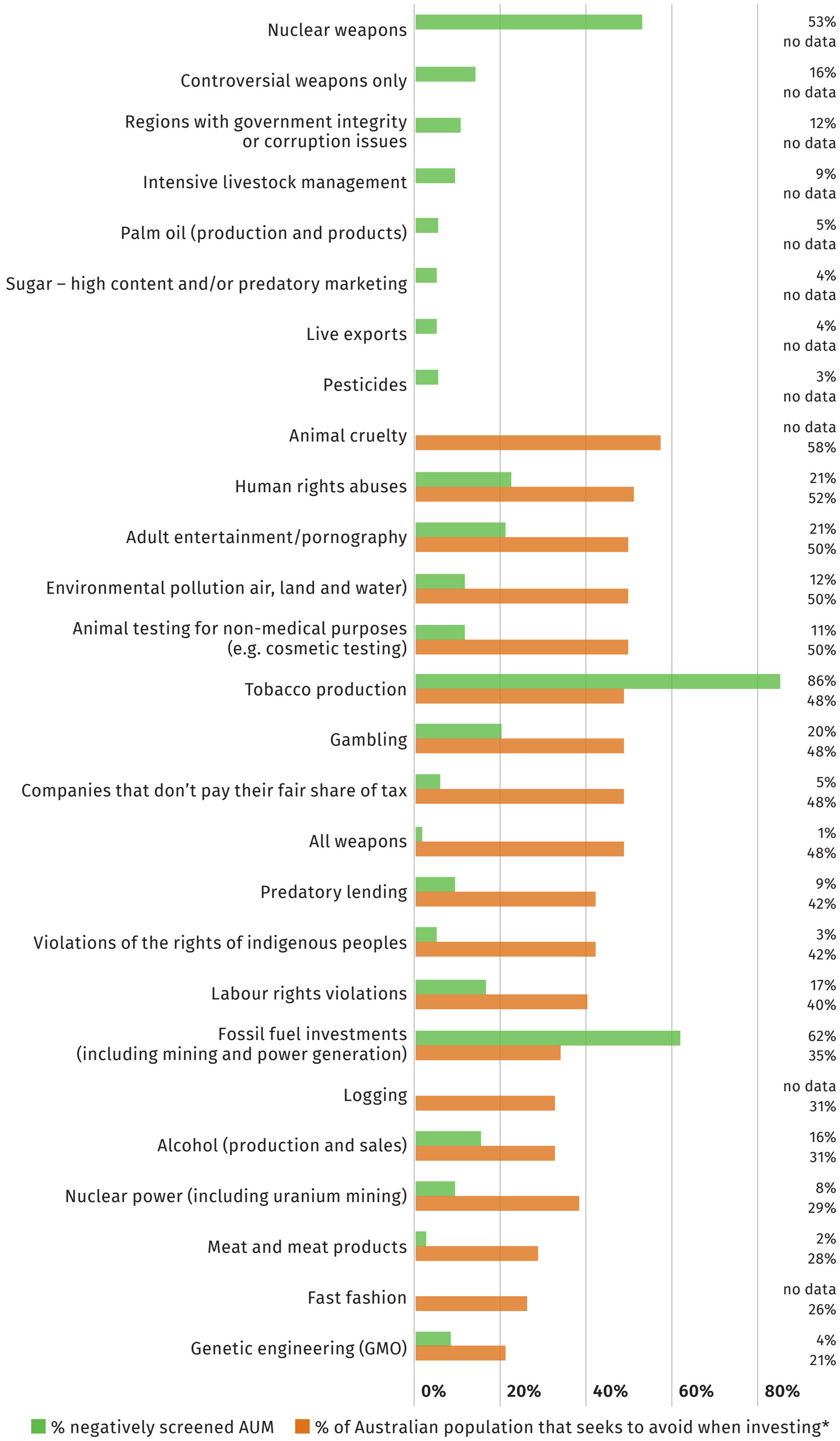


Figure 13 compares consumer preferences for exclusions (based on RIAA's consumer study conducted in January 2022)[10] to the exclusion categories used by investment managers. Half of the Australian population wants to avoid animal cruelty, adult entertainment or pornography, investments that cause environmental harm and animal testing for non-medicinal purposes.

The top exclusions currently on offer by investment managers are tobacco production, fossil fuel investments (including mining, production, extraction and power generation) and nuclear weapons. Although several categories do not match across the two surveys (this work is in progress) it is interesting to note where there are significant differences in what consumers seek and what is available. Currently, the biggest difference is in products that exclude all weapons, sought by 48% of consumers, but offered by just 1% in the market. This is closely followed by companies that don't pay their fair share of taxes, again sought by 48% of the population but offered by just 5% in the market. Violations against the rights of indigenous peoples, animal testing and environmental harm all show a substantial discrepancy as well. This information may help investment managers in developing and marketing new responsible investment products.

Figure 13 Proportion of AUM that exclude certain sectors or activities compared to environmental and social issues that Australians seek to avoid when investing in 2022



*Source: From Values to Riches 2022: Charting consumer demand for responsible investing in Australia, based on a representative sample of 1000 Australian adults.

Norms-based screening

Norms-based screening recorded the biggest growth in 2022, reaching $255 billion in 2022, an 85% increase since 2021. More than half (56%) of surveyed investment managers incorporate this approach into their investment processes. This may be driven by fears of greenwashing in the market, leading to an increased focus on reaching the minimum standards of credible external frameworks and standards.

Thirty-five per cent of survey respondents screen against one or more international norms across their entire fund, while 29% apply screening across product-level only. While respondents' most popular international convention and treaty screen was the UN Global Compact (71%), its use decreased from 86% in 2021. The Paris Agreement continues to be favoured, moving up to the second most popular norms-based screening category and used by 60% of survey respondents.

Use of the United Nations Declaration on the Rights of Indigenous Peoples increased significantly (34%, up from 14% from 2021). Meanwhile, the UN Convention on the Elimination of All Forms of Discrimination Against Women rose from 13% in 2021 to 23% as the Australian Government introduced more measures to tackle gender equality.

Screening for the International Sustainability Standards Board (ISSB) doubled in 2022 (from 10% in 2021 to 20% in 2022) as corporates prepare for the upcoming reporting standards. After a heightened focus in 2021, use of the Convention on Cluster Munitions as a screening tool decreased in 2022 (54%).

Definition

Norms-based screening refers to the screening of investments based on minimum standards relevant to business practices. Standards applied are based on international norms and conventions, such as those defined by the United Nations (UN).

In practice, norms-based screening may exclude companies that contravene standards such as the UN Convention on Cluster Munitions. It may also include 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.

Key facts

- **Total norms-based screening AUM:** $255 billion
- **Key trends:** Increased by 85% compared to 2021.
- **Top themes:** Screening against alignment with the Paris Agreement, and uptake of UN Declaration of the Rights of Indigenous Peoples, and the UN Convention on the Rights of the Child.

Sustainability-themed investing

Sustainability-themed investing grew by 46%, from $161 billion in 2021 to $235 billion in 2022, gaining popularity in an increasingly competitive sustainable finance market. Sustainability-themed investments encompass a range of products and strategies, including sustainability-linked loans and other labelled sustainable finance debt products. Sustainability-themed investments are most often applied at the product level, as opposed to across entire funds. Forty per cent of survey respondents apply this approach to certain products, while almost a quarter (24%) of survey respondents apply some type of sustainability theme across their entire fund. Fund-wide approaches contribute just over a quarter (26%) of the total sustainability-themed investments.

Interest in labelled sustainable finance products in the market increased, as financial institutions look to meet their sustainable financing targets and meet increasing demand from institutional investors. Sustainability-linked loans totalled $30 billion in 2022, up from $19 billion in 2021.

Of the investment managers surveyed in 2022, 73% incorporated sustainability-themed investing as part of their broader investment approach. Climate change-related themes continue to dominate sustainability-themed investing approaches. Renewables and energy efficiency were the top theme in 2022, with 36% of AUM of surveyed investment managers nominating a total of $82.9 billion for climate change-related themes. Social impact-related themes, which include a wide range of investments such as accessibility and disability housing, was designated by $41.7 billion of sustainability-themed funds.

Definition

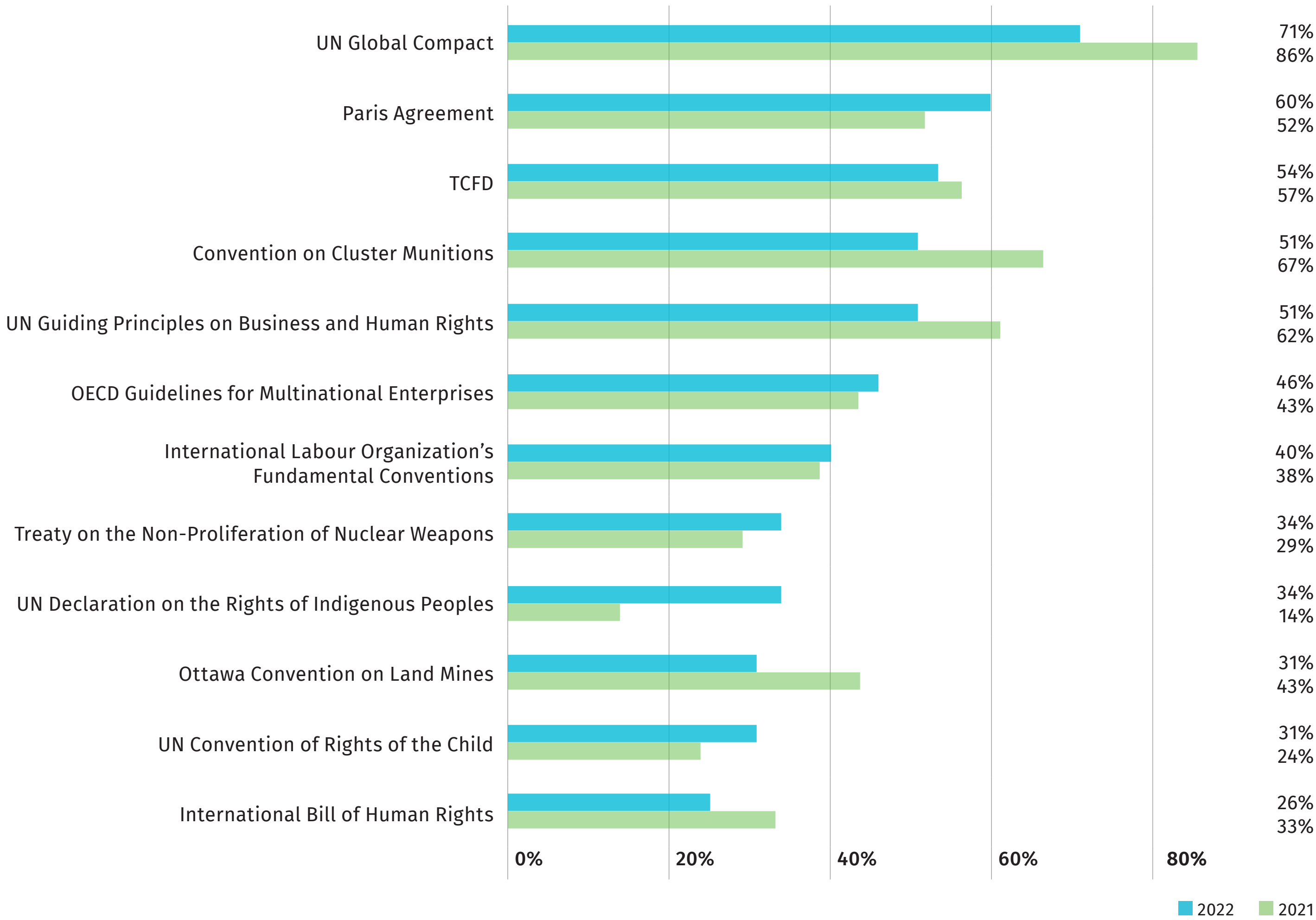
Sustainability-themed investing refers to investment in themes or assets that specifically aim to improve social or environmental sustainability.

This commonly involves funds that have an explicit objective to improve sustainability outcomes alongside financial returns. Examples include investment in clean energy, green technology, sustainable agriculture and forestry, green property and water and waste technology. Sustainability-linked debt issuances are included as sustainability-themed investing.

Key facts

- **Total sustainability-themed AUM:** $235 billion
- **Key trends:** AUM increased by 85% in 2022 as the labelled sustainability-linked debt market became an increased focus for financial institutions.
- **Top themes:** Climate change (renewables, energy efficiency), social housing and other social impact, natural capital and waste management.

Figure 14 Frequency of international conventions and treaties used in norms-based screening among survey participants (2022 and 2021)



Other significant sustainability themes include waste management, zero waste and circular economy-related investments worth $37.3 billion and investments seeking to support natural capital, biodiversity, sustainable forestry, water and land management practices, amounting to more than $42 billion. Note that often sustainability-themed investments nominate several different themes intended sector or activity, therefore these figures cannot be taken as direct capital flows into each theme. This year, respondents identified a large portion of sustainability-themed investments in 'other' categories ($111 billion) without providing further clarification. This will be followed up in next year's survey.

Interest in natural capital continues to remain strong, amounting to 28% of AUM of surveyed investment managers and climbing to the second most popular sustainability theme.

Consumer interest in sustainability-themed investment is aggregated using RIAA's Responsible Returns online tool (Figure 16). The tool allows members of the public to select themes they would like to include or exclude from their search of responsible investment products. This helps them identify products aligned with their values and target areas in which they would like to make an impact.

Figure 15 **Sustainability-themed investments of survey respondents by theme (% AUM) in 2021 and 2022**

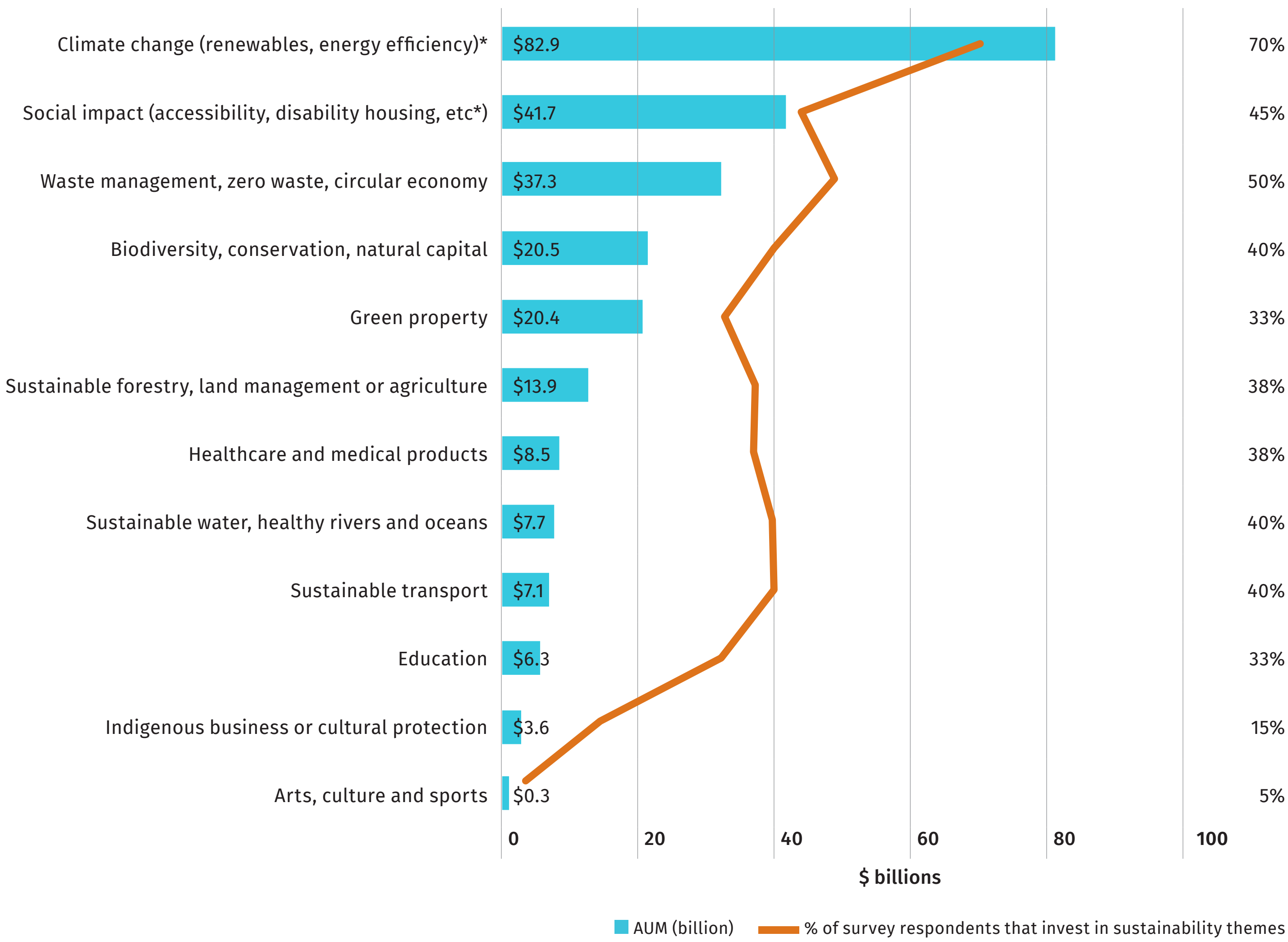
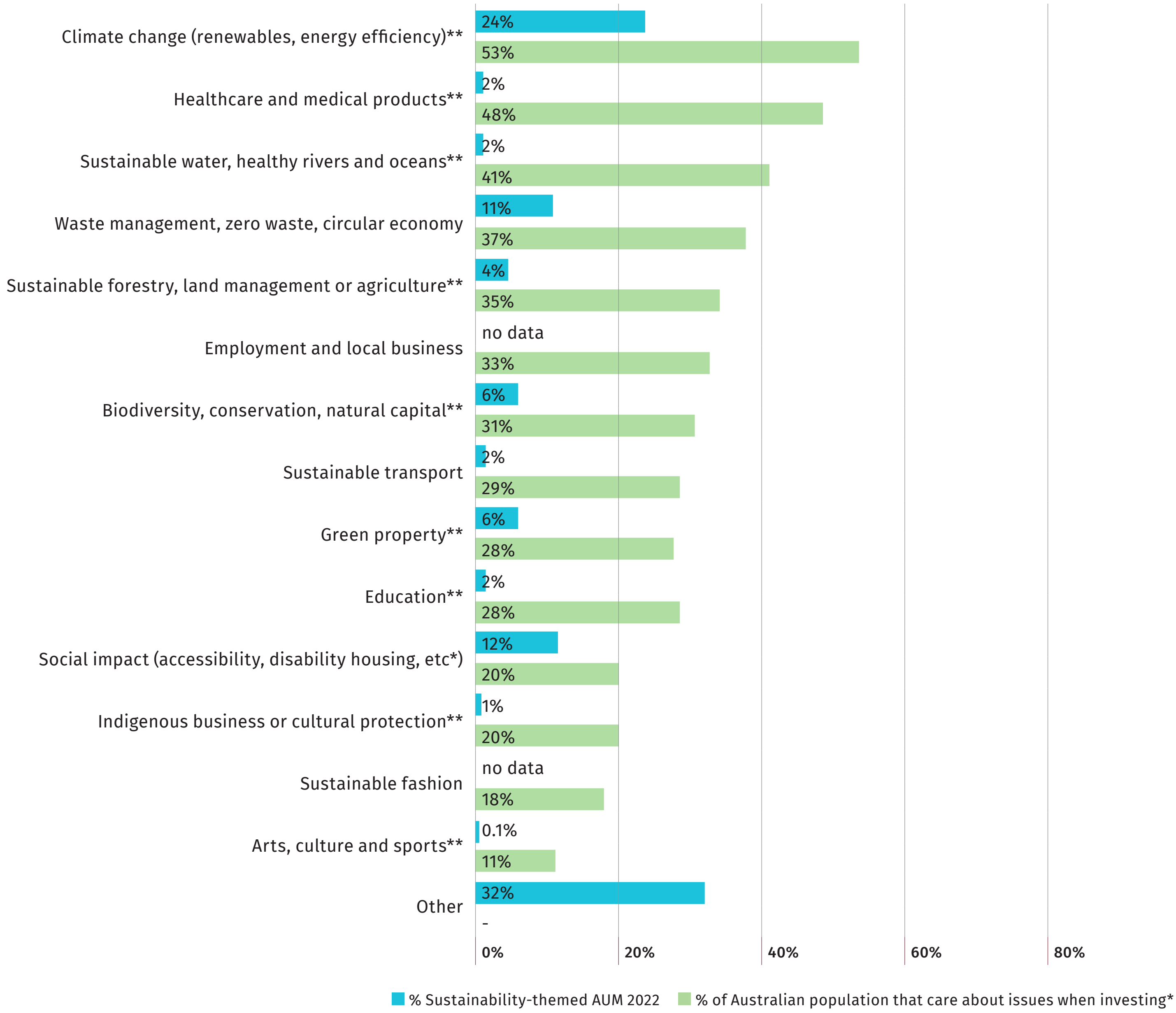


Figure 16 **Proportion of sustainability-themed investments compared to issues that Australians care about when investing**



*Source: From Values to Riches 2022: Charting consumer demand for responsible investing in Australia
**Names used for these categories differ to some extent in Values to Riches 2022 report

Figure 16 compares the issues that consumers care about when investing (based on RIAA's consumer study conducted in January 2022)[11] to the sustainability-themed investments nominated by investment managers that responded to the survey. More than half (53%) of the Australian population supports investments in climate change-related issues and just less than half (48%) seek to support healthcare and medical products. While there is significant investment targeting climate change, those that target the healthcare or medical sector are just 2% (by total AUM of sustainability-themed investments). The third most important issue for Australians is sustainable water, healthy rivers and oceans, but this is also only currently supported by 2% of funds. This information could be used to inform future portfolio construction and marketing of sustainability-themed investments.

Positive or best-in-class screening

Positive screening continues to gain momentum as a responsible investment approach. Overall, 58% of survey respondents incorporated positive screening as part of their broader investment strategy. Most investment managers apply positive screening at the product level (68% of those that apply this approach) rather than fund-level (45%). This translates to a 5% increase in AUM to $100 billion in 2022, compared to $95 billion in 2021.

Figure 17 shows the issues that investment managers positively screen for in their portfolios. Screening for more sustainable companies reached almost $40 billion in 2022, with 68% of survey respondents that use this approach. This may have been in response to concerns about the performance of ESG funds and a move away from practices that screen out entire sectors to focus on screening best-in-class companies or leaders instead.

Screening for investments that meet sustainable water management criteria was the second most common approach, amounting to over $30 billion, followed by renewable energy and energy efficiency at $25 billion. Over $20 billion was marked for investments in green property, a sector that has very robust sustainability performance criteria (e.g. NABERS rating) as well as human rights, which may be facilitated by the publication of human rights guidelines for investors, such as RIAA's Investor Toolkit on Human Rights and Armed Conflict.[12] This toolkit gives investors the why and how to act on potential or emerging human rights' issues. It lost ground in 2022, with managers favouring a more holistic approach to ESG performance.

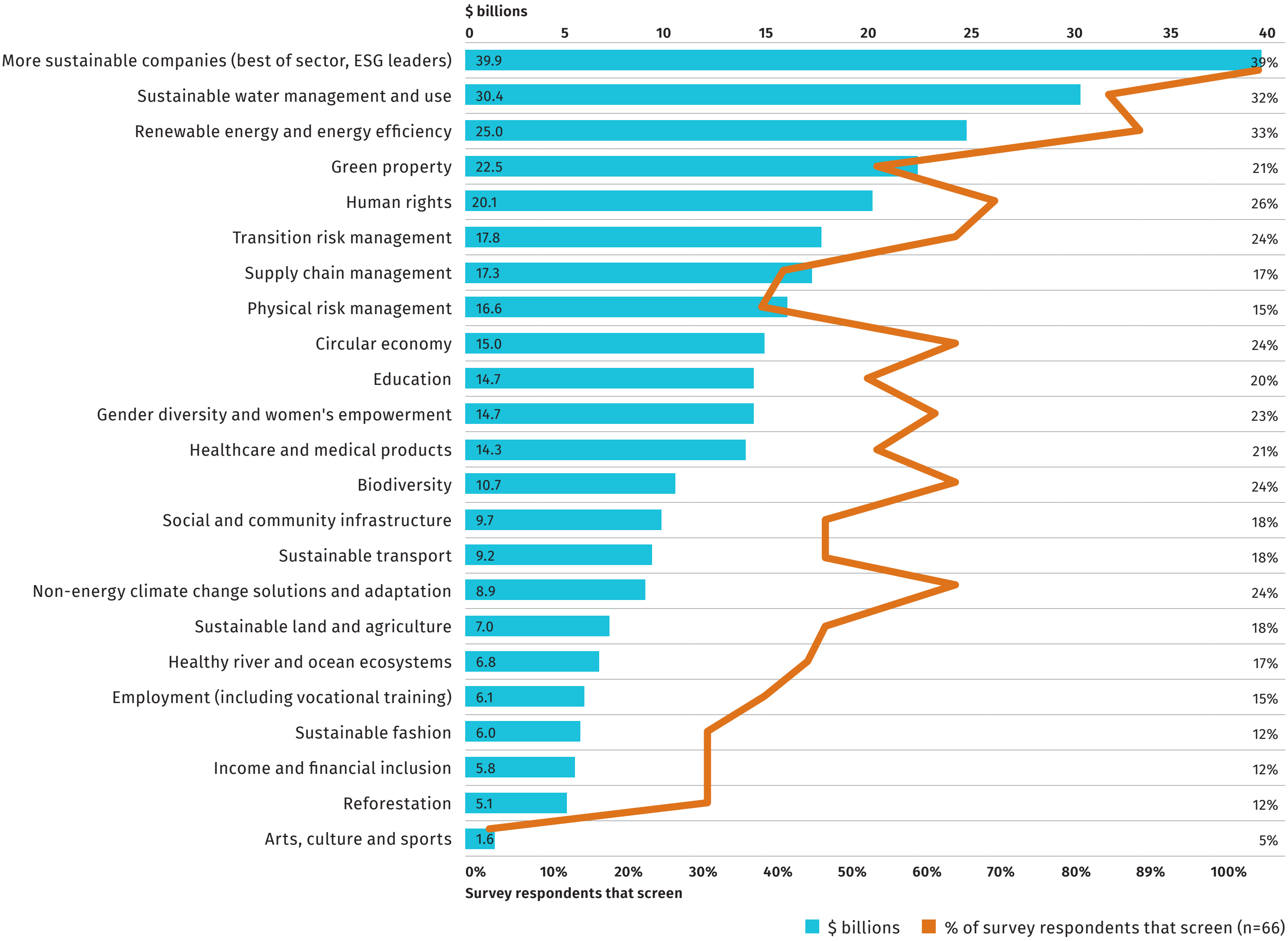
Definition

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

Key facts

- **Total positive screening AUM:** $100 billion
- **Key trends:** This approach continues to increase.
- **Top themes:** More sustainable companies, with climate-related considerations (renewable energy and energy efficiency, sustainable water management and use) remaining a strong focus.

Figure 17 AUM screened for positive environmental and social themes by survey respondents



Impact investing

Impact investing is gaining traction in Australia, nearly doubling since 2021 to $59 billion in 2022. Thirteen of the 66 investment managers that completed the survey this year manage a total of 23 impact investment funds. The majority (eight) of these investment managers are based in Australia, while five are internationally headquartered. Thirty-eight green, social, impact and climate bonds were issued in 2022, contributing more than $13 billion to a record impact investment figure this year. The majority of bonds are issued by international issuers (26) worth a total of $9.4 billion. Twelve were issued by local issuers, totalling $3.9 billion. With the exception of two bonds, all bonds are aligned with the International Capital Market Association's Green Bond Principles. The two largest bonds were issued by the European Investment Bank and the New South Wales Treasury Corporation ($1.5 billion each). ESG security description was provided for 27 bonds, revealing that nine were green bonds, six had a sustainability theme, three were climate themed and two each were gender, health and social themed.

Data on impact targets and outcomes is still very patchy. A key growth area is investments under conservation, environment and agriculture themes, targeted by 12 funds (Figure 18). Six funds targeted housing, particularly social and disability housing, which continues to be a strong theme. Income and financial inclusion were targeted by four funds, while economic empowerment, strong communities, mental health and wellbeing, physical health and disability and employment and training were each targeted by two funds.

In 2022, more than 450 homes were financed via impact investment funds, with $18 million allocated to Specialist Disability Accommodation, and more than 450 new tenants were provided with housing. Existing social housing funds are following the low-carbon trend and have both targeted and achieved carbon intensity reductions. Impact funds are also assisting small and medium businesses by providing access to technologies (such as cloud-based solutions).

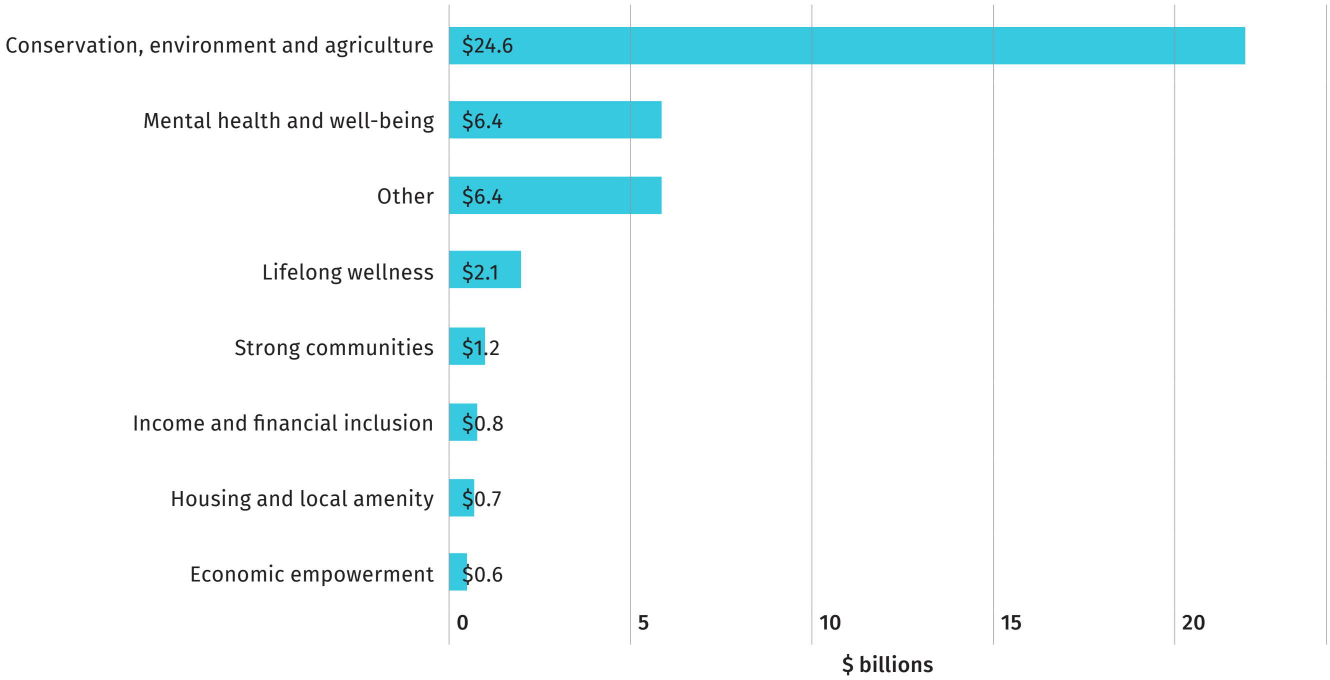
Definition

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, in other words, the delivery of benefits beyond those that would have occurred without the investment.

Key facts

- **Total impact investment AUM:** $59 billion
- **Key trends:** Almost double the value of investment flowing into impact investing.
- **Top themes:** Conservation, environment and agriculture, housing and local amenities and income and financial inclusion.

Figure 18 **Target areas supported by impact investment products in 2022 (AUM)**



Market drivers and future trends

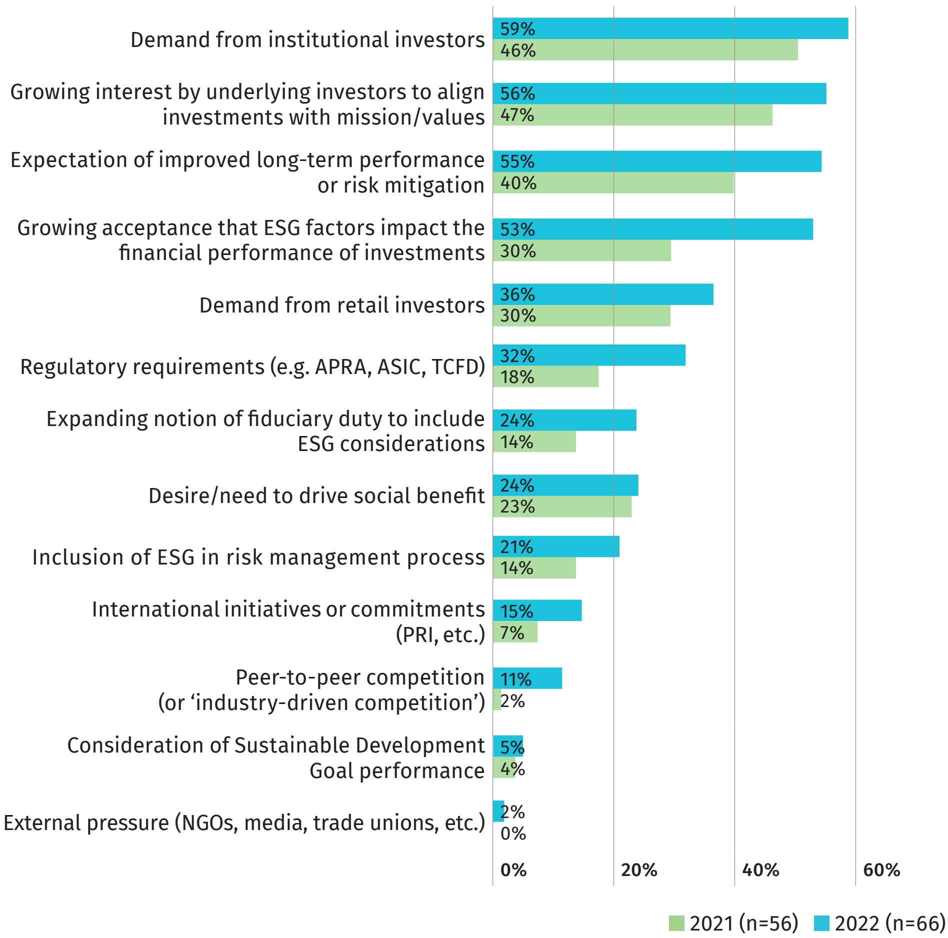
Key market growth factors

In 2022, demand from institutional investors was the chief motivator for investment managers to engage in responsible investment. This was followed closely by underlying investors' growing desire to align investments with their mission and values. Expectation of improved long-term performance or risk mitigation continued to grow and remained the third most popular driver (see Figure 19). These top three key drivers were similar to 2021.

This result reinforces the idea that ESG integration is an essential component of mainstream investment. Survey results showed a drastic increase (23 percentage points) in recognising the growing acceptance that ESG factors impact the financial performance of investments. Fifty-three per cent of survey respondents identified this as a key driver of market growth, up from 30% in 2021. ESG factors are becoming an increasingly crucial piece of information for assessing the financial risks and opportunities of an investment.

Regulatory requirements increased by 14% in 2022, driven by both local and global development such as APRA's Prudential Practice Guide on Climate Change Financial Risks and the developments of the ISSB.

Figure 19 Key drivers of market growth by survey respondents in 2021 and 2022



Barriers to growth of the responsible investment market

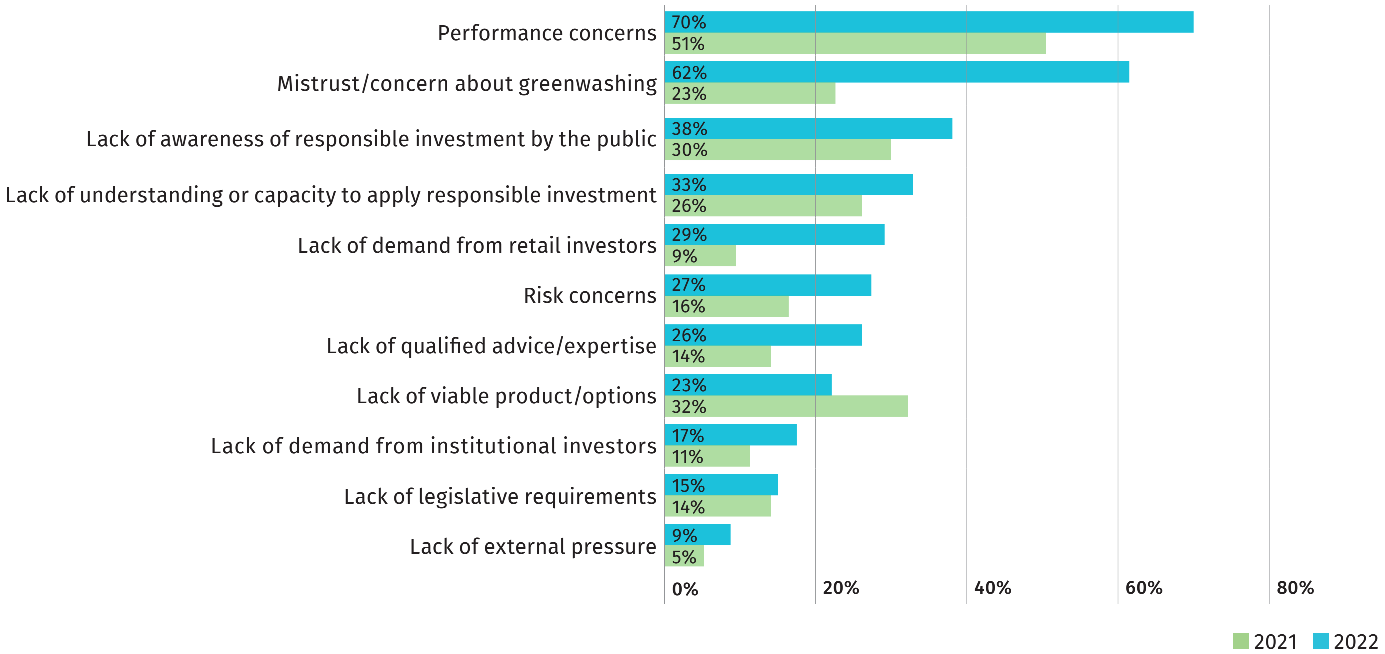
As in 2021, survey respondents identified performance concerns as the number one barrier to responsible investment (see Figure 20). This barrier increased by 19 percentage points in 2022 and is driven by media coverage of performance concerns for responsible investments.

Concerns about greenwashing rose significantly (an increase of 39 percentage points) as a barrier to responsible investment. Greenwashing moved up to the second-highest deterrent to responsible investment market growth, as ASIC made greenwashing a top enforcement priority for the 2023 financial year. As investor demand in responsible investment products increases, it's likely that the risk of greenwashing will become more prevalent.

Another key deterrent to responsible investment market growth in 2022 was lack of demand from retail investors, according to 29% of respondents in 2022 (up from 9% of respondents in 2021). Fear of greenwashing may also play a part here. In addition, retail investors may not understand responsible investing sufficiently to be able to identify credible options. Interestingly, demand from retail investors was identified as a key driver of responsible investment market growth by 36% of survey respondents. It may be that retail investors' attitudes toward responsible investment depend on the type of fund and/or asset class.

The lack of viable products and options were rated as less of a deterrent to responsible investment market growth in 2022 compared to 2021. This may be due to increased education about products and options, more focus from investees on sustainability initiatives, or an increase in innovative sustainable finance products from banks and other financial institutions.

Figure 20 **Key deterrents to responsible investment market growth by survey respondents in 2021 and 2022**

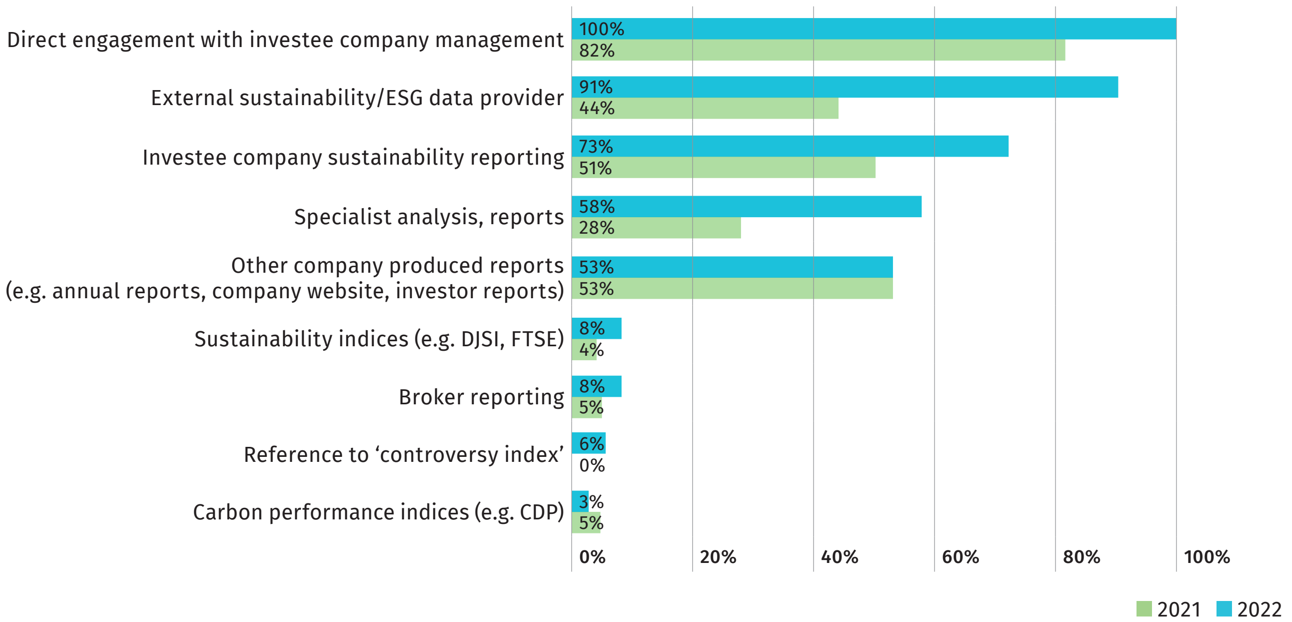


Resources used to inform responsible investment decisions

Survey respondents identified the information sources they used to inform responsible investment decisions (see Figure 21).

The top information source for 2022 was direct engagement with investee company management. While it was also the most used source in 2021, in 2022 all survey respondents referred to this source, compared to 82% in the previous year. This increased interest may be because of the rise in stewardship practices among companies, as investors increase their ESG capabilities and resources. It may also reflect investors' desire for more accurate data.

Figure 21 **Information sources used in responsible investment decision-making by survey respondents in 2021 and 2022**



Appendices

Appendix 1: Abbreviations

ABS	Australian Bureau of Statistics
ASF	Australian Securitisation Forum
ASFI	Australian Sustainable Finance Initiative
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
AUM	Assets under management
CSRD	Corporate Sustainability Reporting Directive
ESG	Environmental, social and governance
ETF	Exchange Traded Fund
EU	European Union
FSC	Financial Services Council
GRI	Global Reporting Initiative
GSIA	Global Sustainable Investment Alliance
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
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

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. This means 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. It included selected international investment managers 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 the 2022 calendar year).

Data collected and analysed covers the period between 1 January to 31 December 2022. If data was not available for the calendar year, the closest available reporting date was used.

This research primarily targets investment managers, rather than asset owners, with the aim to capture the underlying managers of the capital being deployed responsibly in this market. It captures data from asset owners that 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 privacy reasons or commercial confidentiality (see Limitations on page 41) due to self-reporting and self-classification. Data on funds held outside of managed responsible investment portfolios was not accessible. For these reasons and other matters discussed 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;
- Plan For Life, Actuaries & Researchers for RIAA-certified product performance;
- RIAA databases;
- desktop research drawing on publicly available information about AUM, 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,[13] 2020,[14] etc., From Values to Riches 2022: Charting consumer demand for responsible investment in Australia,[15] and the Stewardship Study 2022[16] to inform the impact investing section of this report.

The survey was delivered online through a platform designed by Lonergan Research, which RIAA distributed to investment managers.

The survey targeted more than 300 investment managers and asset owners operating in Australia and New Zealand. These organisations were chosen because of their current membership of RIAA or the Investor Group on Climate Change, or because they are a signatory of the Principles for Responsible Investment, all of which provided evidence that they engage in responsible investment. In total, 272 organisations (the Research Universe) were identified as managing AUM on behalf of Australian investors during the study period. The majority (86%) were domiciled in Australia, and 14% were domiciled elsewhere globally. Survey respondents totalled 66, while the remaining 206 investment managers and asset owners were assessed through desktop analysis.

Performance

The average performance of responsible investment product categories is based on data from Plan For Life, covering RIAA's Certification Program in three categories: managed growth (11 funds), global equity (62 funds) and domestic equity (35 funds).

Limitations due to self-reporting and self-classification

This study relies on investment managers' self-reported data and 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 about 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. However, RIAA does contact 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 colloquially to refer to any allocation towards solution-style investments. This could be, for example, 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, they were attributed to sustainability-themed investing.

Research methodology includes checking over self-declared data, but the data is not assured and errors in reporting occur occasionally. For example, Responsible Investment AUM for 2019 was adjusted down from $1,149 billion to $983 billion, due to an investment manager's error in self-reporting of Responsible Investment AUM that year. 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 2023 Australia gathered a comprehensive summary of the entire Australian responsible investment market. No data was extrapolated from its original source.

Appendix 3: Responsible Investment Scorecard 2023

Core pillars and weighting	Question description	Scoring methodology
Pillar 1. Coverage of and commitment to responsible investing and transparency		
1.1	Of the total AUM above, what proportion was invested responsibly (Responsible Investment Assets Under Management or RI AUM), as at December 31, 2022?	a) 100% b) 75-99% c) 50-74% d) 10-49% e) 0-9%
1.2	Is the responsible investment policy disclosed publicly? Select one only.	a) Yes – on our website b) Yes - elsewhere c) No
1.3	To what level of detail does your organisation report its responsible investment strategy and process?	a) Our approach is disclosed in great detail, such as including a link to our PRI Report and/or RI approach b) Our approach is disclosed, but it is not detailed c) Our approach is not disclosed
1.4	Does your organisation / super fund disclose a list of its investments? Select one only.	a) Yes, we disclose full fund holdings (99-100%) b) Holdings disclosure in line with regulations (asset owners only) c) Yes, we disclose fund holdings for at least our top 21 or more holdings, but not all d) Yes, we disclose fund holdings for at least our top 11-20 holdings e) We disclose our top 9, fewer or no holdings
1.5	Does your organisation disclose its specific responsible investment or ESG targets on its website or responsible investment policy? Select one only.	a) Yes b) No c) Unsure
1.6	Does your organisation employ specialist staff dedicated to performing ESG-related tasks as staff or external contractors / consultants?	a) We have a dedicated internal ESG or responsible investment team b) We have dedicated internal staff, but no team c) We have dedicated ESG or responsible investment team who are not internal employees (e.g. consultants, contractors) d) None of the above

Core pillars and weighting		Question description	Scoring methodology
Pillar 2. Enhancing risk management through explicit and systematic consideration of ESG factors and other screens, including reporting of these			
2.1		Is there evidence of integrating ESG into traditional financial analysis described? Please select all the ESG factors that are systematically considered in your approach to ESG integration	a) Selection, retention and realisation of assets b) Construction of portfolios c) Risk assessment and management d) Research/qualitative analysis process e) Security valuation f) Selection, assessment and management of managers (if you use external managers) g) None of the above
2.2	Extent of relevant asset class that ESG covers	What proportion of each of the following asset classes are covered by your explicit and systematic approach to ESG integration? Select one only.	a) Equities, fixed income corporate, fixed income sovereign OR at least 85% of AUM b) At least two main asset classes OR 75% of AUM c) At least one main asset class OR 50% of AUM d) We are a single asset class investor and cover all our investment with explicit and systematic ESG
2.3	ESG embeddedness/ integration	How does your organisation demonstrate the explicit and systematic inclusion of ESG factors in investment analysis and investment decisions? Select all that apply.	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 e) None of the above
2.4	Disclosure of ESG integration	Does your organisation disclose its approach to ESG integration publicly? (such as through PRI reporting, website etc.) Select one only.	a) Yes b) No
2.5	Applying screens to investments	Does your organisation have a transparent and systematic process of applying screens? Select one only.	a) Yes b) No c) Don't know/ unsure
2.6	Revenue and activity thresholds applied to screens	Does your organisation disclose revenue and activity thresholds, and definitions of categories applied to screens? Select one only.	a) Yes, revenue and activity thresholds and definitions are fully disclosed b) Yes, revenue and activity thresholds and definitions are partially disclosed c) No, revenue and activity thresholds and definitions are not disclosed

Core pillars and weighting	Question description	Scoring methodology
Pillar 3. Being strong stewards and building better beta		
3.1	To what extent does your organisation/ fund demonstrate stewardship and active ownership commitments through voting and proxy voting? Select one only.	a) Voting across all possible holdings (e.g. directly held equities, or in mandates for fund manager and other third parties to action) b) Voting across those holdings for which the fund is materially exposed c) Don't know/not sure d) We do not vote as we do not invest in asset classes where this is relevant
3.2	Which of the following stewardship options or guidelines have you formally adopted or are a signatory of? Select all that apply.	a) Australian Asset Owner Stewardship (ACSI) b) New Zealand Stewardship c) UK Stewardship d) PRI Active Ownership 2.0 e) EFAMA Stewardship f) ICGN Global Stewardship Principles g) FSC Standards (Australia) h) Other (please specify) i) We have not formally adopted any/guidelines
3.3	Does your organisation have a formal voting policy which is made public? Select one only.	a) Yes, we have a voting policy and it is public b) Yes, we have a voting policy but it is not public c) No, we don't have a formal voting policy d) Not applicable to my organisation, we do not have voting rights.
3.4	Does your organisation have a formal stewardship or engagement policy or a formalised process to engage with investee companies? Select one only.	a) Yes, our stewardship policy is a stand-alone policy that is available on our website b) Yes, our stewardship policy is part of our responsible investment/ESG or sustainability policy and is available on our website c) Yes, we have a stewardship policy but it is not publicly available d) Yes, we have a stewardship policy that we disclose to our members/clients and is not publicly available e) No, we don't have a stewardship or engagement policy or process f) Don't know/unsure if we have such a policy or process

Core pillars and weighting	Question description	Scoring methodology
3.5	Which of the following stewardship activities do you undertake? Select all that apply.	a) We engage with stakeholders across all asset classes b) We exercise voting rights at shareholder meetings c) We file shareholder resolutions/proposals d) We follow procedures to ensure duties have been met e) We have an approach to manage conflict of interest and act in the best interest of clients/members f) We negotiate with/monitor others in the investment chain (e.g. asset owners engaging with underlying investment managers) g) We collaborate with others to intensify influence on issues for better social/environmental outcomes h) We assess whether our stewardship processes deliver outcomes that align with responsible investment promise/stewardship objectives i) We engage or advocate on public policy issues j) None of the above
3.6	Which of the following activities do you monitor, or have an approach to monitor, as part of your stewardship practices? Select all that apply	a) We monitor our engagement activities for effectiveness b) We monitor our voting (including proxy) c) We monitor stakeholder collaborations/working groups d) We have a process to monitor conflict of interest e) We have a process to monitor whether duties have been met f) We have a process to follow up with underlying managers/ products g) We regularly review internal and external governance structures h) We regularly suggest amendments to support effective stewardship i) None of the above
3.7	How do you communicate stewardship activities and outcomes with clients/ members? Select all that apply.	a) We publish full voting reports publicly b) We publish full voting reports to clients/members c) We publish summary engagement reports publicly d) We publish summary engagement reports to clients/members e) We publish regular updates on stewardship areas of focus as part of our regular communication with clients/members f) None of the above

Core pillars and weighting	Question description	Scoring methodology
3.8	Which of the following ESG issues did you engage in as part of your stewardship practices between January 1, 2022 and December 31, 2022? Select all that apply.	a) Biodiversity/nature conservation b) Blue economy c) Climate change (fossil fuels/ TCFD reporting/ etc.) d) Natural capital e) Human rights (including Modern Slavery) f) Rights of indigenous people/protection of indigenous culture g) Public health/medical issues h) Education/training/early learning i) Extreme events/natural disasters j) Diversity/inclusion issues k) Labour rights l) Geopolitical issues m) Other (please specify) n) None of the above o) We don't engage with investee companies
3.9	Thinking about how the organisation demonstrates stewardship commitments, such as engaging with investee companies, select the most relevant answer from the following. Select one only.	a) We regularly report on our engagement activities with investee companies AND their outcomes publicly b) We regularly report on our engagement activities with investee companies AND their outcomes to our members/clients ONLY c) We provide updates on our engagement activities with investee companies and/or outcomes on an ad hoc basis d) We don't report on our engagements with investee companies e) We don't engage with investee companies
3.10	Are you a member of any responsible investment/ESG collaborative initiatives or networks?	a) RIAA b) PRI c) ASFI d) ACSI e) IGCC / Investors Group on Climate Change/Climate League 2030 f) FSC Standards (Australia) g) AIST h) Climate Action 100+ i) Other (please list) j) None of the above

Core pillars and weighting	Question description	Scoring methodology
Pillar 4. Allocation of capital		
4.1	What evidence is disclosed, or do you intend to disclose about how your organisation intends to create positive social or environmental impacts through their investments? Select all that apply	a) A statement is published that identifies the social/environmental issues the organisation intentionally seeks to address through its investment (e.g. impact thesis, goals). b) The criteria used to select investments (holdings) that address social/environmental issues is explained/disclosed publicly (e.g. GRESB, Green Star rating etc.). c) None of the above
4.2	How does your organisation determine and measure the positive social/environmental outcomes achieved by your investment activities? Select all that apply.	a) By measuring progress against extra-financial (ESG) targets or goals (e.g. at least 30% lower carbon intensity than index) b) By measuring progress or outcome against impact targets/goals c) By having a targeted plan of systemic company/sector engagement d) None of the above
4.3	In which of the following ways does your organisation seek verification of the responsible investment performance and outcomes at an organisation or fund/product level? Select all that apply.	a) An external review and assessment of our organisation, fund or product (e.g. independent verification of GRI report, RIAA product certification etc.) b) An external independent assurance provider who provides a report on our responsible investment/ESG performance/outcomes to management c) Via internal verification (without external audit) e.g. against certified RI products d) In some other way (please specify)
4.4	In which of the following ways does your organisation seek verification of the responsible investment performance and outcomes at an organisation or fund/product level? Select all that apply.	a) We report on progress against outcomes/targets at least annually and publicly b) We report on our outcomes/targets every two years or more publicly c) We report on select cases only that demonstrate the type of impact/outcomes achieved publicly d) We track internally, but do not report publicly e) None of the above

Appendix 4: Additional norms included in the survey, used by fewer than 25% of respondents

- Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)
- United Nations Convention Against Corruption
- Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES)
- International Sustainability Accounting Standards Board (ISSB)
- The Ramsar Convention on Wetlands 1971
- UN Convention against Transnational Organized Crime and the Protocols Thereto 2003
- Stockholm Convention on Persistent Organic Pollutants 2001
- Aarhus Convention on Access to Information Public Participation in Decision-making and Access to Justice in Environmental Matters 1998
- Cartagena Convention for the Protection and Development of the Marine Environment in the Wider Caribbean Region
- Global Reporting Initiative (GRI) standards

Appendix 5: Investment managers in the Research Universe

4D Infrastructure	Desktop
AAG Investment Management	Desktop
abrdn	Survey
Acadian Asset Management	Survey
Acorn Capital Ltd.	Desktop
Adamantem Capital	Survey
Affirmative Investment Management	Survey
Alexander Funds	Desktop
Alium Capital Management	Desktop
Allan Gray	Desktop
Allegro Funds	Desktop
Alliance Bernstein	Desktop
Alphinity Investment Management	Desktop
Altius Asset Management	Survey
American Century Investments	Survey
AMP Ltd/AMP Super and Wealth	Survey
Amundi	Desktop
Anchorage Capital Partners	Desktop
Antares Capital Partners (Insignia Financial)	Desktop
Antipodes Partners Ltd.	Desktop
Aotea Asset Management	Desktop
Apostle Funds Management	Desktop
Ardea Investment Management	Desktop
Argonaut Ltd.	Desktop
Argyle Capital Partners	Desktop
Arowana	Desktop
Artesian Capital Management Pty Ltd	Desktop
Attunga Capital Pty Ltd	Desktop
Ausbil Investment Management	Survey
Auscap Asset Management	Desktop
Australian Communities Foundation	Desktop
Australian Ethical Investments	Desktop
Australian Impact Investments	Desktop
Australian Unity Ltd.	Survey
Aviva Investors Pacific Pty Ltd	Survey
AXA Investment Managers	Survey
Baillie Gifford	Desktop
Beckon Capital	Desktop
Bell Asset Management Ltd	Survey
Bentham Asset Management	Desktop
Betashares	Desktop
Blackmore Capital	Desktop
BlackRock	Survey
Blue Oceans Capital	Desktop
BNP Paribas Asset Management Australia Ltd.	Survey
Brandon Capital Partners Pty Ltd	Desktop
Bridges Australia	Desktop
Brighten Home Loans	Desktop
Brightlight Group Pty Ltd	Desktop
BUSS (Queensland)	Desktop
Camco Management	Desktop
Carbon Growth Partners	Desktop
Carthona Capital	Desktop
Cedar Pacific Investment Management	Desktop
Celeste Funds Management	Desktop
Challenger Ltd./Fidante	Desktop
Charter Hall Group	Desktop
Claremont Global	Desktop
Clean Energy Finance Corporation/Clean Energy Transfer Fund	Desktop
ClearBridge Investments Ltd.	Survey
Clearwater Portfolio Management	Desktop
Conduit Capital (now Infusive)	Desktop
Conscious Investment Management Pty Ltd	Survey
Continuity Capital Partners Pty Ltd.	Desktop
Coolabah Capital Investments	Desktop
Costa Asset Management	Desktop
CPE Capital (CPEC)	Desktop
Crescent Capital Partners	Desktop
Cromwell Property Group	Desktop
Cultiv8 Funds Management	Desktop
Daintree Capital	Desktop
Dexus	Desktop
Dimensional Fund Advisors	Survey
DNR Capital	Desktop
Duxton Capital Australia	Desktop
E&P Financial Group	Survey
ECP Asset Management	Desktop
EG Funds Management	Desktop
Eiger Capital/Fidante	Desktop
Ellerston Capital	Survey
Emit Capital Asset Management	Survey
Epsilon Direct Lending (Provisional Signatory)	Desktop
Equity Trustees	Survey
Ethical Advisers Funds Management/ Ethical Investment Advisers	Survey
Ethical Partners Funds Management	Survey
Fairlight Asset Management	Desktop
Federation Asset Management Pty Ltd	Desktop
Fidelity International (FIL Investment Management Australia)	Survey
Firetrail	Desktop
First Australians Capital	Desktop
First Sentier Investors	Survey
Fortitude Investment Partners	Desktop
Fortius Fund Management	Desktop
Fortlake Asset Management	Desktop
Franklin Templeton Australia Ltd.	Survey
Frontier Advisors	Desktop
GCQ Funds Management Pty Ltd	Desktop
Generation Investment Management	Survey
Genesis Capital	Desktop
Giant Leap	Desktop
Glow Capital Partners	Desktop
Good Return	Desktop
Greencape Capital	Desktop
Growth Farms Australia	Desktop
Gryphon Capital Investments	Desktop
Gunn Agri Partners	Desktop
Hamilton Lane	Survey
Haven Wealth Partners	Desktop
HEAL Partners Management	Desktop
Hejaz Asset Management	Desktop
HMC Capital	Desktop
Hyperion Asset Management Ltd.	Desktop
IFM Investors	Survey
Impact Investment Group	Desktop
Impact Investment Partners	Desktop
Impax Asset Management	Desktop
Indigenous Business Australia	Desktop
Infinity Asset Management	Desktop
Infradebt	Desktop
Innova Asset Management Pty Ltd	Desktop
Insignia Financial (IOOF, OnePath, MLC)	Survey
Inspire Impact (Inspire Australian Equities)	Desktop
Insync Funds Management	Desktop
Intelligent Investor	Desktop
Invesco Australia Ltd.	Desktop
Investa Property Group	Survey
Investible	Desktop
Investors Mutual Ltd. (IML)	Desktop
InvestSense Pty Ltd	Desktop
ISPT Super Property	Survey
J.P. Morgan Asset Management (Australia)	Survey
Jamieson Coote Bonds Pty Ltd	Desktop

Janus Henderson	Desktop
K2 Asset Management	Desktop
Kardinia Capital	Desktop
Kilara Capital	Survey
Kilter Rural Pty Ltd	Survey
L1 Capital Pty Ltd	Desktop
La Trobe financial	Desktop
Laguna Bay	Desktop
Lakehouse Capital	Desktop
Lazard Asset Management	Desktop
Lennox Capital Partners	Desktop
Lighthouse Infrastructure	Desktop
Liverpool Partners	Survey
Loftus Peak Pty Ltd.	Survey
LOGOS PROPERTY GROUP Ltd.	Desktop
Longwave Capital Partners/Pinnacle	Desktop
MA Financial Group - Asset Management	Desktop
Macquarie Asset Management	Survey
Madigan Capital Pty Ltd	Desktop
Magellan Asset Management Ltd.	Survey
Main Sequence	Desktop
Maple-Brown Abbott	Survey
Martin Currie	Survey
Matreco	Desktop
MaxCap Group	Desktop
Melior Investment Management	Survey
Mercer Australia	Desktop
Merlon Capital Partners	Desktop
Metrics Credit Partners	Survey
MFS Investment Management	Survey
Minderoo Foundation	Desktop
Mirvac Group	Desktop
MONASH INVESTORS	Desktop
Montgomery Investment Management	Desktop
Morgan Stanley Investment Management (Australia) Pty Ltd.	Survey
Morningstar Investment Management Australia	Survey
Morphic Asset Management	Survey
Mosaic Private	Desktop
Munro Partners	Desktop
Nanuk Asset Management	Survey
NAOS Asset Management Ltd.	Desktop
Natixis (on behalf of Mirova)	Desktop
Netwealth	Desktop
Neuberger Berman Australia Ltd	Desktop
New Forests	Survey
North Star Impact Pty Ltd	Desktop
Northcape Capital	Desktop
Northern Trust Asset Management	Survey
NovaPort Capital Pty Ltd	Desktop
NSW Treasury Corp	Desktop
Nuveen	Desktop
Odyssey Private Equity	Desktop
OneVentures	Survey
Ophir Asset Management	Desktop
Optar Capital	Survey
Ox Capital Management/Fidante	Desktop
Pacific Equity Partners	Desktop
Pacific Road Capital	Desktop
Packhorse Investments Australia	Desktop
Palisade Investment Partners Ltd.	Desktop
Paradice Investment Management	Desktop
PATRIZIA Infrastructure	Desktop
Paul Ramsay Foundation	Desktop
Pella Fund Management	Survey
Pendal (being bought out by Perpetual)	Desktop
Pengana Capital	Desktop
Perennial Partners Ltd.	Survey
Perpetual Asset Management, Australia	Survey
Phoenix Portfolios	Desktop
PIMCO Australia Pty Ltd	Desktop
Pinnacle Investment Management	Desktop
Platinum Investment Management	Desktop
Plato Investment Management	Desktop
Platypus Asset Management	Survey
Plenary Asia Pacific	Desktop
PM Capital	Desktop
Potentum Partners	Desktop
Prime Value Asset Management	Desktop
Providence Climate Capital	Desktop
QBE Insurance	Desktop
Qualitas	Desktop
Quay Global Investors/Bennelong	Desktop
Queensland Investment Corporation	Survey
Rata Foundation	Desktop
Real Asset Management (RAM)	Desktop
Realm Investment House	Desktop
Renaissance Property Securities	Desktop
Resolution Capital	Survey
Revolution Asset Management	Desktop
RF Corval Property Fund	Desktop
Riparian Capital Partners/Pinnacle	Desktop
Rivera Farming	Desktop
RMBL Investments Ltd.	Desktop
Robeco	Desktop
ROC Partners	Desktop
Russell Investments Management Ltd.	Survey
Sage Capital	Desktop
Save the ChilDesktopen	Desktop
Schroders Investment Management Australia Ltd.	Survey
Sentient Impact Group Pty Ltd	Survey
SG Hiscock	Desktop
Social Ventures Australia (SVA)	Desktop
Solaris Investment Management	Survey
Spheria Asset Management	Desktop
Stewart Investors	Survey
Suncorp Portfolio Services Ltd. (Brighter Super)	Desktop
Super Housing Partnerships (Provisional Signatory)	Desktop
Swell Asset Management Pty Ltd.	Desktop
T. Rowe Price	Survey
Talaria Asset Management	Desktop
Tanarra Credit Partners Pty Ltd	Desktop
Taurus Funds Management Pty Ltd.	Desktop
Teachers Mutual Bank Ltd.	Survey
Tenacious Ventures	Desktop
The GPT Group	Desktop
The Wyatt Benevolent Institution Inc	Desktop
Tidal Ventures	Desktop
TPT Wealth Ltd.	Desktop
Tribeca Investment Partners	Desktop
Triple Eight Capital (T8 Capital)	Survey
TRUE Infrastructure (provisional signatory)	Desktop
TT International Asset Management Ltd	Survey
Tyndall Asset Management	Desktop
U Ethical	Survey
Ubique Asset Management	Desktop
UBS Asset Management	Desktop
Uniting Financial Services (Treasury and Investment Services)	Survey
Value Investment Partners Pty Ltd	Desktop
VanEck Australia	Survey
Vanguard Investments Australia Ltd	Survey
Victorian Funds Management Corporation	Desktop
Vinva Investment Management	Desktop
Vontobel Asset Management Australia	Survey
Warakirri Asset Management	Desktop
WaveStone Capital	Survey
Wilson Asset Management	Desktop
Woodbridge Capital	Desktop
WTW	Survey
Yarra Capital Management	Desktop
Zurich Investment Management	Desktop

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