



## **PUBLIC TRANSPARENCY REPORT**

**2024**

**UEthical**

Generated 25-11-2024

# About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2024 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

## Disclaimers

### Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

### Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

### Data accuracy

This document presents information reported directly by signatories in the 2024 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented. The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

#### Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

U Ethical has always been a responsible investor, with our first funds established in 1985. Originating within the Uniting Church in Australia, we have evolved into an autonomous social enterprise with an independent board and have grown steadily to become one of the largest ethical investment managers in Australia. U Ethical has a reputation for unwavering commitment to ethics-driven performance. Our ethical authenticity is central to who we are not just what we do. Our vision is “to improve our world through the power of purposeful investing” while aiming to provide our clients with competitive returns. As a social enterprise, we contribute the majority of our operating surplus to facilitate social justice advocacy and community programs.

We are also certified as a B Corporation, which verifies that we meet the highest standards of social and environmental performance, transparency and accountability.

We apply a systematic approach to ethical and responsible investing. Initial top-down exclusionary screening ensures we select companies with minimum ESG ratings, the removal of companies involved in undesirable activities as well as structural ESG controversies (i.e. red flags). We are also consciously seeking out companies that produce goods or services that enhance the health and welfare of individuals and communities.

Companies are screened for best-in-class performance against relevant environmental, social and governance factors prior to investment. Alongside internal research, U Ethical utilises MSCI ESG Research, broker reports, ISS governance benchmark data, as well as news and other relevant sources. The relevant ESG factors will vary by industry and company. We use MSCI ESG Research's financially material ESG scorecard data for each security to ensure the most material risks for each individual company are considered. U Ethical also engages with portfolio companies on industry-material ESG themes, very severe and severe controversies and a diversity of other signals. These considerations are discussed daily or on an ad hoc basis within the investment team. ESG and voting records are shared quarterly with the Investment Committee and U Ethical's independent Ethical Advisory Panel. We also track engagement on ISS's Proxy Exchange platform.

#### Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policymakers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

The U Ethical investment team has continued to enhance the integration of ethical and ESG considerations in its investment process. This includes updating and refining all of its ethical & investment stewardship policies and procedures. In particular, U Ethical has focused on improving processes for screening, monitoring and reporting on fixed income and cash. The U Ethical investment team has also spent more time focusing on thematic ethical/ESG research and developing educational content for clients and team members.

In the fourth quarter of 2023, U Ethical reorganised the investment team to better align its ethical policy and philosophy to action on integration and stewardship.

The head of Ethics and Impact role was reorganised into a Stewardship Manager function, focusing on the management and execution of all of U Ethical's active ownership activities including proxy voting, direct and collaborative engagement and policy advocacy. U Ethical also enhanced internal resourcing by creating the position of Responsible Investment Analyst as a FTE and was actively recruiting to fill this role as of the end of the reporting period.

U Ethical has developed an internal climate-risk dashboard for management and Board oversight for our Australian Equities portfolio, which was reflected in our Investment Committee report as of the quarter ending 31 March 2024. Climate scenarios mapping will also feed into an updated TCFD-aligned climate risk report that is due to be released later this year. U Ethical had its Reflect Reconciliation Action Plan (RAP) endorsed in 2023 and continues to work on implementation.

We are committed to further learning and inclusion, as well as utilising the experience developing the RAP to improve discussions with portfolio companies on Indigenous issues.

For direct engagement activities, U Ethical has maintained ethical and ESG-related discussions with portfolio companies on a number of ESG themes across social responsibility, corporate governance & behaviour, human rights / modern slavery / global norms, environmental stewardship and climate change risk.

U Ethical continues to participate in collaborative engagements with ClimateAction100+, Australian Investors Against Slavery and Trafficking (IAST) and various RIAA and UNPRI working groups.

With regards to advocacy, U Ethical supported a number of initiatives through the Uniting Church of Australia's Justice and International Mission (JIM) unit including on tax transparency, nuclear proliferation and climate-related safe-guard mechanism regulation.

U Ethical's listed equities trusts and growth portfolio are externally certified under RIAA's Responsible Returns Program and U Ethical was named as a responsible investment leader in 2023. After the introduction of RIAA's Sustainable Classification ratings in May 2024, U Ethical's listed equities trusts and growth portfolio were judged as Sustainable Plus.

### Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

U Ethical will continue to:

- track, monitor and report on its individual and collaborative engagement activities at a granular level;
- enhance climate-related risk reporting and advocate for climate action through engagement and supporting relevant resolutions; and
- advance its vision "to improve our world through the power of purposeful investing" through actively seeking to reach and exceed sustainability outcomes and related targets as covered in this UNPRI submission.

This undertaking will be complemented by U Ethical's investment team further analysing and evaluating existing and prospective portfolio companies through the lens of UN SDG net alignment.

### Section 4. Endorsement

**'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.**

Name

Mathew Browning

Position

Chief Executive Officer

Organisation's Name

UEthical

A

**'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.**

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# ORGANISATIONAL OVERVIEW (OO)

## ORGANISATIONAL INFORMATION

### REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	03	2024

## SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

# ASSETS UNDER MANAGEMENT

## ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 923,845,094.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00



## ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>50-75%	0%
(B) Fixed income	>10-50%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>10-50%	0%
(J) Off-balance sheet	0%	0%

**(I) Other - (1) Percentage of Internally managed AUM - Specify:**

Cash

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

**Provide a further breakdown of your internally managed listed equity AUM.**

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental >75%

(D) Other strategies 0%

## ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

**Provide a further breakdown of your internally managed fixed income AUM.**

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA >0-10%

(D) Active – corporate >75%

(E) Securitised >0-10%

(F) Private debt >0-10%

## GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

### AUM in Emerging Markets and Developing Economies

(A) Listed equity	(1) 0%
(B) Fixed income – SSA	(1) 0%
(C) Fixed income – corporate	(1) 0%
(D) Fixed income – securitised	(1) 0%
(E) Fixed income – private debt	(1) 0%

## STEWARDSHIP

### STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(3) Fixed income - active	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

### (1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

### Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active	(12) 100%
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## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors, to some extent, into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input type="radio"/>	<input checked="" type="radio"/>
(H) Fixed income - private debt	<input type="radio"/>	<input checked="" type="radio"/>
(V) Other: Cash	<input type="radio"/>	<input checked="" type="radio"/>

### ESG NOT INCORPORATED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG not incorporated	1

Describe why your organisation does not currently incorporate ESG factors into your investment decisions and/or in the selection, appointment and/or monitoring of external investment managers.

Internally managed

(G) Fixed income – securitised

We have not yet developed a meaningful or material way to incorporate ESG into securitised fixed income investments.

(H) Fixed income – private debt

We have not yet developed a meaningful or material way to incorporate ESG into private debt investments. However, we are in the process of winding down our loan portfolio.

(O) Other

We analyse environmental, social and governance factors for new issuers, however there is a limited integration possible.

## ESG STRATEGIES

### LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

**Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?**

#### Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	0%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	>75%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	0%
(C) A combination of screening approaches	>75%

## FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Screening alone	>75%	0%
(B) Thematic alone	0%	0%
(C) Integration alone	0%	0%
(D) Screening and integration	0%	>75%
(E) Thematic and integration	0%	0%
(F) Screening and thematic	0%	0%

(G) All three approaches combined 0% 0%

(H) None 0% 0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

**What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?**

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Positive/best-in-class screening only	0%	0%
(B) Negative screening only	>75%	>75%
(C) A combination of screening approaches	0%	0%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

**Do you explicitly market any of your products and/or funds as ESG and/or sustainable?**

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>50-75%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

**Additional information: (Voluntary)**

The Australian Equities Trust Wholesale (AETW), Australian Equities Trust Retail (AETR), International Equities Trust Wholesale (IETW) and Growth Portfolio (GP) are all Responsible Investment Association of Australasia (RIAA) certified.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

**Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?**

**(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications**

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

>50-75%

(B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

**Which ESG/RI certifications or labels do you hold?**

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation**
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (N) Greenfin label (France)
- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products
- (AB) National stewardship code
- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)**
- (AG) Towards Sustainability label (Belgium)

(AH) Other

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) Fixed income – SSA	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(F) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

# POLICY, GOVERNANCE AND STRATEGY (PGS)

## POLICY

### RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We understand systematic sustainability issues as among others, biodiversity related risks and climate change related risks. Our ethical investment approach includes screening out securities with any exposure to thermal coal mining and energy generation revenue, metallurgical coal mining and revenue and oil and gas extraction, production and energy generation revenue. In doing so, we are reducing exposure to these climate change related risks and to a minor degree, biodiversity risks. Additionally, our approach seeks to include securities in clean energy and technology, circular economy as well as UN-SDG alignment and social/environmental impact solutions. According to the MSCI Sustainable Impact Metrics Methodology, these environmental impact solutions are grouped into climate change and natural capital themes. While social impact solutions are grouped into basic needs and empowerment. Hence, we are seeking to preferably invest in securities that are better positioned to address these systematic sustainability issues and are responding by adjusting their business models.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

**Which elements of your formal responsible investment policy(ies) are publicly available?**

**(A) Overall approach to responsible investment**

Add link:

<https://uethical.com/forms-and-documents>

**(B) Guidelines on environmental factors**

Add link:

<https://uethical.com/forms-and-documents>

**(C) Guidelines on social factors**

Add link:

<https://uethical.com/forms-and-documents>

**(D) Guidelines on governance factors**

Add link:

<https://uethical.com/forms-and-documents>

**(E) Guidelines on sustainability outcomes**

Add link:

<https://uethical.com/forms-and-documents>

**(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)**

Add link:

<https://uethical.com/forms-and-documents>

**(G) Specific guidelines on human rights (may be part of guidelines on social factors)**

Add link:

<https://uethical.com/forms-and-documents>

**(H) Specific guidelines on other systematic sustainability issues**

Add link:

<https://uethical.com/forms-and-documents>

**(J) Guidelines on exclusions**

Add link:

<https://uethical.com/forms-and-documents>

(L) Stewardship: Guidelines on engagement with investees

(O) Stewardship: Guidelines on (proxy) voting

(Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

**Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?**

(A) Yes

Elaborate:

Our Ethical Investment Policy explains that U Ethical's investment process ensures that all investment decisions are in keeping with our vision and promote prudent financial stewardship. This is achieved through the application of positive and negative screens, ESG integration, alignment with the United Nations Sustainable Development Goals and engagement with companies and industry peers— together with a focus on competitive economic returns and long-term outlook.

Our Ethical Investment Approach outlines that as an ethical and responsible investor, we hold the companies in which we invest to high standards.

Beyond screening and evaluating potential new investments, our stringent investment process also applies to existing portfolio companies. Stewardship takes place through a diverse range of engagement activities: direct, collaborative industry initiatives, and advocacy.

By making reference to prudent financial stewardship, a focus on long-term outlook and holding companies to high standards through stewardship, we make the link to our fiduciary duties. The implementation of our Ethical Investment Policy and stewardship activities are founded on an understanding of our fiduciary duties and responsibilities.

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?**

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

**Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?**

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

**Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?**

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

## RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

### Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

### AUM coverage

(A) Specific guidelines on climate change

(2) for a majority of our AUM

(B) Specific guidelines on human rights

(2) for a majority of our AUM

(C) Specific guidelines on other systematic sustainability issues

(2) for a majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(I) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%



- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

## GOVERNANCE

### ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

CIO

- (C) Investment committee, or equivalent

Specify:

ESG analyses and voting records are shared quarterly with the Investment Committee (IC) and the main ethical and ESG themes and/or proxy voting concerns are discussed with U Ethical's independent Ethical Advisory Panel (EAP) on a quarterly or bi-annual basis.

- (D) Head of department, or equivalent

Specify department:

Stewardship (part of the investment team).

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(1) Board members, trustees, or equivalent

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment



(B) Guidelines on environmental, social and/or governance factors



(C) Guidelines on sustainability outcomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

**Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?**

(A) Yes

Describe how you do this:

U Ethical has historically influenced policy-makers and political representatives within the Commonwealth Government through the Uniting Church of Australia (UCA)'s Justice and International Mission (JIM) team. Our social justice counterparts regularly meet with policy makers and act as expert witnesses in Parliamentary Inquiries. U Ethical also participates in collaborative initiatives to engage public policy makers in critical consultations and regulatory reforms. We are members of the RIAA policy and advocacy technical expert group and UNPRI global policy reference group (GPRG). The Stewardship Manager and investment team will determine the key issues in line with our ethical investment and stewardship policy. However, we do not have a formal governance process or structure to ensure alignment with the principles of the PRI, beyond our commitment to our ethical investment and stewardship policy.

Please refer to our Ethical Investment Policy <https://uethical.com/uploads/resources/Ethical-investment-policy.pdf> and Stewardship Report [https://uethical.com/uploads/resources/Stewardship-Report-23\\_24.pdf](https://uethical.com/uploads/resources/Stewardship-Report-23_24.pdf) for additional details.

(B) No

- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

**In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?**

**(A) Internal role(s)**

Specify:

The Investment team, which includes the equities, fixed income, responsible investment and stewardship roles are all involved in the implementation of the ethical investment approach. The Stewardship Manager and Responsible Investment Analyst are responsible for the implementation with the support of the CIO.

(B) External investment managers, service providers, or other external partners or suppliers

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

**(B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

**Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?**

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

**(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Explain why: (Voluntary)

## EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?**

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments**
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

**During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?**

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above**

Explain why: (Voluntary)

We did not disclose new climate related information in line with the TCFD in the last year, however the investment strategy and asset allocation have remained unchanged since our 2021 TCFD report. We run climate scenario mapping and analysis which will be embedded in an updated TCFD report which will be completed later this year. U Ethical's 2021 TCFD report can be found here: [https://uethical.com/uploads/resources/TCFD-aligned-Climate-Risk-Report-2023\\_2024-04-10-125322\\_zkzh.pdf](https://uethical.com/uploads/resources/TCFD-aligned-Climate-Risk-Report-2023_2024-04-10-125322_zkzh.pdf)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://uethical.com/>

[https://uethical.com/uploads/resources/Stewardship-Report-23\\_24.pdf](https://uethical.com/uploads/resources/Stewardship-Report-23_24.pdf)

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

## STRATEGY

### CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns

- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

## STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

### (1) Listed equity

### (2) Fixed income

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.**

U Ethical has a history of and continued focus on advocacy to drive regulatory changes and market shifts. We are therefore active members of a number of working groups and technical expert groups. For details, please refer to stewardship section of the Ethical Investment & Stewardship Policy, Stewardship Report and blog updates.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

**Rank the channels that are most important for your organisation in achieving its stewardship objectives.**

**(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

- 1
- 4
- 5

(B) External investment managers, third-party operators and/or external property managers, if applicable

(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

**(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

- 3
- 4
- 5

**(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- 2
- 4
- 5

(F) We do not use any of these channels

## STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?**

**(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**How is voting addressed in your securities lending programme?**

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?**

**(A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment**

- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?**

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

**After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?**

- (A) Yes, for all (proxy) votes
- (B) Yes, for the majority of (proxy) votes  
Add link(s):  
<https://uethical.com/uploads/resources/Board-Stats-Report-quarter-ending-31-March-2024.PDF>
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?**

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

**After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?**

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale		
(B) Yes, we privately communicated the rationale to the company	(3) for a minority of votes	(3) for a minority of votes
(C) We did not publicly or privately communicate the rationale, or we did not track this information	○	○
(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year	○	○

## STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9 HF, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

**For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?**

### (1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one



(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal



(C) Publicly engaging the entity, e.g. signing an open letter



(D) Voting against the re-election of one or more board directors



(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director



(F) Divesting



(G) Litigation



(H) Other



(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

As members of the RIAA Policy & Advocacy Working Group, reviewed and commented on Submission to Treasury's YFYS reform: "Exposure Draft: Superannuation Industry (Supervision) Amendment (Your Future, Your Super— Addressing Underperformance in Superannuation) Regulations 2023 (3rd May 2023)

Reviewed and commented on Tax Justice Network of Australia's Joint Submission to the Independent Review of the Modernising Business Registers (MBR) Program (8th May 2023).

Reviewed UN-PRI's Policy Briefing "Beyond 2030: Japan's pathway to net zero".

Reviewed and commented on UNPRI response to Sustainable finance policy: Roadmap for the next European Commission

Reviewed UN-PRI's Discussion Paper "Human Rights and social issues policy - strategic approach".

(D) We engaged policy makers on our own initiative

(E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

**During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?**

(A) We publicly disclosed all our policy positions

(B) We publicly disclosed details of our engagements with policy makers

(C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

Explain why:

Updating reporting under stewardship report.

## CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

**Has your organisation identified climate-related risks and opportunities affecting your investments?**

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Consideration of climate change risks is fundamental to our assessment and evaluation of risk-return drivers in investment decision-making. In 2019, an externally conducted materiality assessment identified climate change mitigation and resilience as one of U Ethical's top three highly material themes. U Ethical divested from Oil and Gas in 2014, and completely divested from fossils fuels in 2019. The investable universe is therefore defined by our core ethical exclusions, minimum ESG requirements, ESG controversies screening and preference for companies that align with the UN-SDG goals. Analysis of new issuers (and the review of existing ones) includes consideration of a low carbon transition management score, category and related quartile score, management capability, a review of the carbon footprint profile, historical carbon emissions, and opportunities in clean energy and clean-tech, energy efficiency, green buildings, alternative products and services.

We leverage third party ESG data, industry level analyses, broker research and think tanks' sectoral mappings to both mitigate and pre-empt portfolio risk exposure while aiming to identify issuers with greatest resilience and capacity to embrace a transition pathway. A preliminary climate scenario exercise carried out by U Ethical's third party ESG data provider has indicated that our climate-related Value-at-Risk (CVaR) exposures (transition and physical risks) are concentrated in a few sectors: materials, transportation, telecommunication services, health care and equipment and pharmaceuticals. More recent scenarios from late 2022 identified the following sectors at highest exposure: materials, real estate, healthcare and transportation.

In our climate risk due diligence, we rely on regulatory frameworks, ASIC and APRA's evolving requirements and third-party analyses and taxonomies including MSCI ESG Research's Climate Change Matrix methodology, Carbon Estimation methodology Low Carbon Transition Risk Assessment, Business Involvement Screening Research. We are also working on a forthcoming TCFD report to update these positions.

Additionally, all ethical and ESG considerations, including climate risk, inform U Ethical's engagement activities with portfolio companies. This is to improve issuers' climate risk transparency and related disclosures and encourage consideration of climate scenario alignment of strategy, business models, operations, and supply chains.

For additional details, please refer to U Ethical's 2021 TCFD report: TCFD: <https://www.uethical.com/uploads/resources/Climate-Risk-Report-Task-Force-on-Climate-Related-Financial-Disclosures-TCFD-aligned.pdf>.

- (B) Yes, beyond our standard planning horizon
- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

**Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?**

- (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

Climate risk is material and systemic. Transition and physical risks are, to different degrees, already impacting several regions as well as asset values. As a certified B Corporation, U Ethical strives for integrity across its business operations, investment products, employee engagement and consideration of key stakeholders.

U Ethical's investment climate strategy focuses on:

- fossil fuels divestment
- carbon emissions exposure reduction; and
- preference for issuers transitioning to a just and low carbon world.

We favour investments in companies that are better positioned in a just and low carbon transition by means of strong governance practices and management's commitments to innovative business models and resilient operations. On a quarterly basis, we run portfolio-level carbon footprint analyses and regularly map (for both new and existing issuers) the low carbon transition risk exposures, historical CO2-e emissions reduction trends and corporate management's climate risk resilience capabilities. This review focuses on opportunities in clean energy and clean technology related revenues and capital expenditure.

Stewardship is carried out both via direct engagement with portfolio companies, proxy voting and collaboration with like-minded organisations including Climate Action 100+.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

**Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?**

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios**

Specify:

Following a review of all climate scenarios available under the MSCI-Carbon Delta's Climate Value-at-Risk (CVaR) tool (i.e. AIM-GCAM- IMAGE-REMIND), discussion with the Ethical Advisory Panel (EAP) and Investment Committee, U Ethical has adopted REMIND 1.5 and 2.0 degree Celsius scenarios for both "orderly" and "disorderly" a climate transition. The CVaR scenarios all include considerations of transition risk (i.e. policy, technology and liability risk) and physical climate risk impacts/exposure across nine physical risk categories.

The investment team is taking stock of the implications for the portfolio and the U Ethical's investment process such as:

- climate risks exposure management
- CVaR data integration – sector, stock, issuer, risk & opportunity identification,
- benchmark selection and target setting considerations,
- possible product review, and
- engagement priorities.

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

**Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?**

- (A) Yes, we have a process to identify and assess climate-related risks**

(1) Describe your process

Please refer to the below section (B1)

(2) Describe how this process is integrated into your overall risk management

Please refer to the below section (B2)

- (B) Yes, we have a process to manage climate-related risks**

(1) Describe your process

As a responsible investor with a long-term outlook, U Ethical believes that climate risks are financially material and systemic in nature. Additionally, the alignment of U Ethical's investment portfolios with a low carbon transition and just transition will not only mitigate risk exposure, but ultimately contribute to investment portfolios' resilience and continued performance.

The investment team, headed by the chief investment officer (CIO), have delegated responsibility to integrate climate risk considerations in daily investment decision-making, industry collaborations, proxy voting and active engagement with portfolio companies. In turn, U Ethical's ethical investment policy and related procedures, processes and external communication collateral are regularly reviewed to ensure alignment with risk-return targets and ethical considerations. When considering new investments, the investment team accounts for climate change-related risk assumptions (e.g. carbon emissions metrics, low carbon transition risk exposure and Climate Value-at-Risk) in their assessments, alongside ESG profiles (i.e. ESG ratings and controversies data), UN Sustainable Development Goal (SDG) alignment and negative screening considerations.

As part of regular investment performance reporting, the investment team reports to the Investment Committee (IC) on the investment Trusts' ESG profile, sustainable impacts alignment, key carbon foot-printing metrics (including historical data for Scope 1, 2 and 3 emissions) and low carbon transition risk exposures, including management capabilities.

We actively engage with portfolio companies to ensure they consider carbon emissions' reduction targets and encourage them to embrace decarbonisation plans in line with the Paris Agreement and industry best practice. We apply the above across all products. In our proxy voting we also support environmental (E) and social (S) resolutions that address climate risk, call for transparency and disclosure of emissions targets, seek a higher aspiration for decarbonisation targets or climate transition plans. We disclose voting decisions on our website as part of our commitment to best-practice governance and transparency. As part of our active engagement, we also collaborate with industry initiatives and peer investors to advocate for a broader shift of capital markets and support regulatory frameworks.

When considering potential new investments and reviewing our existing holdings, our fundamental valuation analyses account for:

- The climate risk intensity exposure of industry groups,
- The management capabilities of portfolio companies/holdings within their historical profile and current position,
- Emissions reduction targets, CAPEX, R&D, commitments to decarbonisation plans and track record towards meeting them.

We will continue to evolve our investment strategy as climate models, research and related data evolve. We also strive to align with best practice approaches as they emerge. In line with this, U Ethical aims to expand its capabilities to report on climate scenario analyses and further evolve their integration into decision making processes.

## (2) Describe how this process is integrated into your overall risk management

U Ethical's Investment Committee (IC) provides oversight and delegates to the leadership team the management of climate-related risks and opportunities. The Ethical Advisory Panel (EAP) advises on a diversity of ESG themes, including climate risk targets, decarbonisation scenarios and reporting trends. Both the EAP and the IC meet on a quarterly basis respectively to: advise on emerging ethical and ESG concerns and monitor the investment team's implementation of the ethical framework and fund performance. In accordance with established practice, such processes are reviewed by the Board annually, as part of U Ethical's governance and compliance plans.

The stewardship manager is part of the investment team, and is responsible for ensuring that policies, processes and procedures align with the ethical investment policy and are fit-for-purpose. As climate risk management and analysis is a complex and evolving field of research, the stewardship manager also ensures that the team is informed of both regulatory and research developments in a timely manner and, within the dynamics of a collaborative team, that knowledge sharing is on-going. The investment team meets weekly and internal data, reports and market trend updates are also shared with the marketing and distribution teams.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

**During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and publicly disclose?**

**(A) Exposure to physical risk**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

**(1) Metric or variable used**

- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology

**(B) Exposure to transition risk**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

**(1) Metric or variable used**

- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology

(C) Internal carbon price

**(D) Total carbon emissions**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

**(1) Metric or variable used**

- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology

**(E) Weighted average carbon intensity**

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

**(1) Metric or variable used**

- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology

(F) Avoided emissions

(G) Implied Temperature Rise (ITR)

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

(I) Proportion of assets or other business activities aligned with climate-related opportunities

**(J) Other metrics or variables**

Specify:

Absolute emissions Scope 1&2, tonnes CO2 equivalents per \$ million invested, based on MSCI data

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed
- (3) Metric or variable used and disclosed, including methodology**

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

[https://uethical.com/uploads/resources/586UETH\\_QPR-2023-24-Q3-March-AETR\\_v2.pdf](https://uethical.com/uploads/resources/586UETH_QPR-2023-24-Q3-March-AETR_v2.pdf)

(K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation publicly disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

- (A) Scope 1 emissions
- (B) Scope 2 emissions
- (C) Scope 3 emissions (including financed emissions)
- (D) Our organisation did not publicly disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

## SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

**What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?**

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

**Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?**

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

**Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?**

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

## HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

**During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?**

**(A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes**

Explain how these activities were conducted:

Through our systematic ESG reviews, thematic research, broker research and industry collaborations we assess the human rights context.

(B) We assessed whether individuals at risk or already affected might be at heightened risk of harm

(C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

(D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

(E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?**

**(A) Corporate disclosures**

Provide further detail on how your organisation used these information sources:

Primarily but not exclusively covered by our ESG and governance data providers and broker research.

**(B) Media reports**

Provide further detail on how your organisation used these information sources:

Primarily but not exclusively covered by our ESG and governance data providers and broker research.

**(C) Reports and other information from NGOs and human rights institutions**

Provide further detail on how your organisation used these information sources:

Primarily but not exclusively covered by our ESG and governance data providers and broker research.

**(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank**

Provide further detail on how your organisation used these information sources:

If or when these reports are suitable and available.

**(E) Data provider scores or benchmarks**

Provide further detail on how your organisation used these information sources:

These are used as a baseline for our assessments and depends on team capacity for further research on available sources. Internal assessment is made through internal discussion.

**(F) Human rights violation alerts**

Provide further detail on how your organisation used these information sources:

Primarily but not exclusively covered by our ESG and governance data providers and broker research.

- (G) Sell-side research
- (H) Investor networks or other investors
- (I) Information provided directly by affected stakeholders or their representatives
- (J) Social media analysis
- (K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

**During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?**

- (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities**

Describe:

Through our collaboration with Investors Against Slavery and Trafficking (IAST) we ensured identification, prevention and remedy of human rights breaches and risk is prioritised and systematically approached by companies.

- (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

# LISTED EQUITY (LE)

## OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

**Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?**

**(3) Active - fundamental**

(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?**

### (3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(B) Yes, we have a formal process, but it does not include scenario analyses

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

○

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

○

### (A) Yes, we have a formal process that includes scenario analysis - Specify: (Voluntary)

Scenario analysis in this context refers to Climate Value at Risk (CVaR) analysis

## PRE-INVESTMENT

### ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?**

#### (2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(2) in a majority of cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(3) in a minority of cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?**

**(3) Active - fundamental**

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(1) in all cases

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(2) in a majority of cases

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(3) in a minority of cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

### Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

We apply a systematic approach to ethical and responsible investing, defining our investable universe through an initial top-down exclusionary screen, which ensures we select companies above a minimum ESG rating, remove companies involved in undesirable activities and very serious ESG controversies (i.e. red flags). We deliberately seek out 'the good'— companies that promote human welfare, dignity and environmental sustainability. Prior to investment, companies are screened for their best-in-class performance against peers across relevant environmental, social and governance factors. Alongside internal research, U Ethical utilises MSCI ESG Research, broker research reports, ISS socially responsible governance benchmark data, news sources and other relevant sources, where available. The relevant ESG factors will vary by industry and company. We use MSCI ESG Research's financially material ESG scorecard data for each security to ensure the most material risks for individual companies are considered. We will then assess their strengths, weaknesses and controversies across all relevant ESG factors, including climate risk.

An example of this is our investment in Lynas Rare Earths (ASX: LYC), a rare earths miner supplying ~10% of global Neodymium & Praseodymium (NdPr) demand, a key component of many electrical motors. LYC operates one of the only rare earths separation plants outside of China which is supported by the long mine life Mt Weld carbonatite deposit in Western Australia. Rare earths production is considered vital to the 'electrification of things' occurring around the globe. It is an upward trending ESG-rated company, deemed by MSCI ESG Research as showing best-in-class in tax transparency (100th percentile in both local and global market ranking). It has no significant involvements in either controversial activities or ESG controversies. LYC has also established a supplier code of conduct requiring its suppliers to adhere to its ethical and sustainability standards and has joined the UN Global Compact. LYC has also demonstrated strong performance on gender diversity on its board in past, but recently dipped from 43% women on board to currently 33% women on board due to retirement/board renewal. The Stewardship Manager has contacted LYC on this and other issues to gain insights and confidence in LYC's overall governance trajectory.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?**

**(3) Active - fundamental**

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(3) for a minority of our AUM

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(2) for a majority of our AUM

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(1) for all of our AUM

(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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**(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process - Specify:**

We use MSCI ESG Research's financially material ESG scorecard data for each security to ensure the most material risks for each individual company are considered. U Ethical also considers the opportunities for engagement with companies on industry-material ESG themes prior to investment.

# POST-INVESTMENT

## ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
  - (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

### (2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

## PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

### Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

APM Human Services (APM) is a provider of health and human services, assisting people with injury or disability with employment, as well as focussing on social and economic participation in communities. APM is a key registered service provider for the National Disability Insurance Scheme (NDIS) in Australia. In 2023, the Australian Government commissioned an independent review into the NDIS following increasing criticism of the Scheme.

While we believe that APM was acting with good intent and character in its operations broadly, relating to the NDIS specifically, we were concerned that the negative sentiment surrounding unregistered providers and the findings of the independent review of the NDIS would be negative for the industry. As such, we exited our position in APM in September 2023. From the time we exited the position until the end of March 2024, the APM share price declined 13%. This compares to the broader market and our Australian equities portfolio increasing 14.7% and 19.2% respectively over the same period.

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

**For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?**

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

# FIXED INCOME (FI)

## OVERALL APPROACH

### MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

#### (2) Corporate

(A) Yes, our investment process incorporates material governance factors

(2) for a majority of our AUM

(B) Yes, our investment process incorporates material environmental and social factors

(2) for a majority of our AUM

(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons

(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion

o

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors

o

## MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

**Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?**

### (2) Corporate

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but does it not include scenario analyses

(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion



(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets





# PRE-INVESTMENT

## ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?**

(2) Corporate

(A) We incorporate material environmental and social factors

(B) We incorporate material governance-related factors

(C) We do not incorporate material ESG factors for the majority of our fixed income investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?**

(2) Corporate

(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)

(B) Yes, we have a framework that differentiates ESG risks by sector

(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector

(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers

o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

**How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?**

**(2) Corporate**

(A) We incorporate it into the forecast of financial metrics or other quantitative assessments

(B) We make a qualitative assessment of how material ESG factors may evolve

(2) for a majority of our AUM

(C) We do not incorporate significant changes in material ESG factors

o

## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?**

### (2) Corporate

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process

(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(2) for a majority of our AUM

(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways

(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

o

# POST-INVESTMENT

## ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**How are material ESG factors incorporated into your portfolio risk management process?**

**(2) Corporate**

(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations

(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits

(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors

(D) We use another method of incorporating material ESG factors into our portfolio's risk management process

(2) for a majority of our AUM

(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process

o

**(D) We use another method of incorporating material ESG factors into our portfolio's risk management process - Specify:**

Material ESG risks are considered as part of the overall credit analysis, taking a more long-term lens.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

**For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?**

**(2) Corporate**

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process

## DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

**For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?**

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

# SUSTAINABILITY OUTCOMES (SO)

## SETTING TARGETS AND TRACKING PROGRESS

### SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

**(A) Sustainability outcome #1**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

**(1) The UN Sustainable Development Goals (SDGs) and targets**

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

**(3) Governance-related**

(4) Other

(3) Sustainability outcome name

Improve board level gender diversity across the portfolio.

(4) Number of targets set for this outcome

(1) No target

**(2) One target**

(3) Two or more targets

**(B) Sustainability outcome #2**

(1) Widely recognised frameworks used to guide action on this sustainability outcome

**(1) The UN Sustainable Development Goals (SDGs) and targets**

**(2) The UNFCCC Paris Agreement**

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

Improve portfolio level environmental outcomes.

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(C) Sustainability outcome #3

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

Track and monitor portfolio company's Reconciliation Action Plans.

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(D) Sustainability outcome #4

(E) Sustainability outcome #5

(F) Sustainability outcome #6

(G) Sustainability outcome #7

(H) Sustainability outcome #8

(I) Sustainability outcome #9

(J) Sustainability outcome #10



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

**(A1) Sustainability Outcome #1: Target details**

(A1) Sustainability Outcome #1:	Improve board level gender diversity across the portfolio.
(1) Target name	Improve board level gender diversity.
(2) Baseline year	2021
(3) Target to be met by	2026
(4) Methodology	<p>Where portfolio companies have not met the 40:40:20 board level gender diversity requirement, we research to confirm if they have plans to meet this ratio. Where there is no evidence of intended improvement, we will engage with the company by letter and/or call. If there is no further evidence of intended improvement, U Ethical may notify the company of voting against the board of directors for this reason.</p> <p>Our previous UNPRI submission targeted 80% of portfolio companies with 30% board level gender diversity. Once our own board met the minimum 40% gender diversity requirements, we then raised our targets in line with industry best practice for our portfolio.</p> <p>We are now targeting 70% of portfolio companies with Board-level gender diversity above 40%.</p> <p>As at 31 March 2024, 72% of Australian Equities Trust (AET) and 34% of the International Equities Trust (IET) companies have more than 40% board level gender diversity. A further 45% of IET companies have more than 30% board level gender diversity.</p>
(5) Metric used (if relevant)	Percentage of females on the board of each portfolio company.
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	

(8) Target level or amount (if relevant) 70%

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this? (2) No

**(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2: Improve portfolio level environmental outcomes.

(1) Target name Increase portfolio SDG revenue exposure

(2) Baseline year 2021

(3) Target to be met by 2026

(4) Methodology We aim to maintain above benchmark revenue exposure to the SDGs by including this factor in our proprietary ESG score, which contributes to determining target active weights in equity portfolios.

Through use of MSCI's Sustainable Impact Metrics (SIM) data set we are able to identify companies that derive revenue from products or services aligned with the SDGs, including a net basis evaluation. We are integrating this metric into our proprietary ESG score, which is one component in determining of a stock's target active weight in equity portfolios. This information can then be considered in portfolio investment decisions and over time may feed into portfolio-level targets.

(5) Metric used (if relevant) Environmental impact as part of MSCI's Sustainable Impact Metrics data set and reporting tool.

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant): 6.5%

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this?

## (B2) Sustainability Outcome #2: Target details

(B2) Sustainability Outcome #2:	Improve portfolio level environmental outcomes.
(1) Target name	Lower portfolio level carbon footprint.
(2) Baseline year	2021
(3) Target to be met by	2026
(4) Methodology	<p>We aim to maintain a carbon footprint significantly below the benchmark by integrating a low carbon transition management assessment into our proprietary ESG score which contributes to determining target active weights in equity portfolios.</p> <p>By implementing quantitative and qualitative assessments on companies' carbon footprint (scope 1, 2 and 3 emissions), we aim to maintain a portfolio with significantly lower overall carbon exposure relative to the benchmark - 60% lower based on tons CO<sub>2</sub>e / \$m invested for the AET, and 80% lower based on tones CO<sub>2</sub>e/\$m for the IET.</p> <p>This target aims to lower the portfolio level carbon footprint (scope 1, 2 and 3 emissions) relative to the benchmark by 80% for the International Equities Trust (IET) and 60% for the Australia Equities Trust (AET).</p> <p>Through use of MSCI's low carbon transition management (LCTM) factor and a qualitative review of carbon intensity, we can identify companies that have a lower carbon footprints and are better equipped to mitigate risk and identify opportunities aligned to global climate action.</p> <p>We are integrating the LCTM factor into our proprietary ESG score, which contributes to determining target active weights in equity portfolios. This information can then be considered in portfolio investment decisions and over time may feed into portfolio-level targets.</p>
(5) Metric used (if relevant)	Absolute emissions (Tonnes of CO <sub>2</sub> equivalents) and carbon emissions intensity (Tonnes of CO <sub>2</sub> equivalents per dollar invested)
(6) Absolute or intensity-based (if relevant)	
(7) Baseline level or amount (if relevant):	In December 2021, the scope 1 and 2 emissions of the International Equities Trust (IET) were 44% less than the benchmark (MSCI World Ex Australia Net Total Return Index AUD (unhedged)) and 35% less than the Australia Equities Trust (AET) benchmark (S&P/ASX 300 Accumulation Index).
(8) Target level or amount (if relevant)	This target aims to lower the portfolio level carbon footprint (scope 1, 2 and 3 emissions) relative to the benchmark by 80% for the International Equities Trust (IET) and 60% for the Australia Equities Trust (AET).

(9) Percentage of total AUM covered in your baseline year for target setting

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(10) Do you also have a longer-term target for this?

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**(C1) Sustainability Outcome #3: Target details**

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(C1) Sustainability Outcome #3: Track and monitor portfolio company's Reconciliation Action Plans.

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(1) Target name Increase RAP reporting by portfolio companies.

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(2) Baseline year 2021

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(3) Target to be met by 2026

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(4) Methodology This target aims to encourage 60% Australian Equities Trust (AET) portfolio companies to have a Reconciliation Action Plan a (RAP) by 2026. As of June 2021, 38% of AET companies had a RAP. At the end of the UNPRI reporting period, March 31 2024, 54% of AET companies had a RAP.

To achieve this target, U Ethical will record and monitor the companies who have not begun a RAP as well as monitoring of ESG controversies and related alerts. U Ethical will then engage with companies to understand if they intend to begin a RAP. Where a company has no intention of starting a RAP, U Ethical will notify the company that is unsatisfactory and vote against company directors.

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(5) Metric used (if relevant)

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(6) Absolute or intensity-based (if relevant)

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(7) Baseline level or amount (if relevant): 42% of Australian Equities Trust (AET) companies have a Reconciliation Action Plan (RAP).

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(8) Target level or amount (if relevant) Encourage 50% of portfolio companies to have a Reconciliation Action Plan (RAP).

---

(9) Percentage of total AUM covered in your baseline year for target setting

---

(10) Do you also have a longer-term target for this?

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## TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

**Does your organisation track progress against your nearest-term sustainability outcomes targets?**

**(A1) Sustainability outcome #1:**

(A1) Sustainability outcome #1: Improve board level gender diversity across the portfolio.

Target name: Improve board level gender diversity.

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(B1) Sustainability outcome #2:**

(B1) Sustainability outcome #2: Improve portfolio level environmental outcomes.

Target name: Increase portfolio environmental revenue exposure

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(B2) Sustainability outcome #2:**

(B2) Sustainability outcome #2: Improve portfolio level environmental outcomes.

Target name: Lower portfolio level carbon footprint.

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

**(C1) Sustainability outcome #3:**

(C1) Sustainability outcome #3: Track and monitor portfolio company's Reconciliation Action Plans.

Target name: Increase RAP reporting by portfolio companies.

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

**During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?**

**(A1) Sustainability Outcome #1: Target details**

(A1) Sustainability Outcome #1: Improve board level gender diversity across the portfolio.

(1) Target name: Improve board level gender diversity.

(2) Target to be met by: 2026

(3) Metric used (if relevant): Percentage of females on the board of each portfolio company.

(4) Current level or amount (if relevant):  
 72% of Australian Equities Trust (AET) companies have more than 40% board level gender diversity.  
 34% of International Equities Trust (IET) companies have more than 40% board level gender diversity.

(5) Other qualitative or quantitative progress

(6) Methodology for tracking progress: Quarterly reporting using a factor screen from MSCI ESG Manager for "% of Female Directors". Where a portfolio company does not have 40% board level gender diversity, we will ask them if they have plans to reach this target.

### **(B1) Sustainability Outcome #2: Target details**

(B1) Sustainability Outcome #2:	Improve portfolio level environmental outcomes.
(1) Target name	Increase portfolio environmental revenue exposure
(2) Target to be met by	2026
(3) Metric used (if relevant)	Environmental impact as part of MSCI's Sustainable Impact Metrics data set and reporting tool.
(4) Current level or amount (if relevant)	The IET environmental revenue exposure is 6.9%
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	Refer to previous section SO1

### **(B2) Sustainability Outcome #2: Target details**

(B2) Sustainability Outcome #2:	Improve portfolio level environmental outcomes.
(1) Target name	Lower portfolio level carbon footprint.
(2) Target to be met by	2026
(3) Metric used (if relevant)	Absolute emissions (Tonnes of CO2 equivalents) and carbon emissions intensity (Tonnes of CO2 equivalents per dollar invested)
(4) Current level or amount (if relevant)	The IET scope 1 and 2 emissions are 75% below the benchmark. The AET scope 1 and 2 emissions are 53% below the benchmark.
(5) Other qualitative or quantitative progress	
(6) Methodology for tracking progress	Refer to previous section SO1

### **(C1) Sustainability Outcome #3: Target details**

(C1) Sustainability Outcome #3:	Track and monitor portfolio company's Reconciliation Action Plans.
(1) Target name	Increase RAP reporting by portfolio companies.

(2) Target to be met by	2026
(3) Metric used (if relevant)	
(4) Current level or amount (if relevant)	54% of Australian Equities Trust (AET) companies have a Reconciliation Action Plan (RAP)
(5) Other qualitative or quantitative progress	Where a portfolio company does not have an active RAP, we will ask them if they have plans to begin one.
(6) Methodology for tracking progress	We record annually the number of portfolio stocks with a RAP in place.

## INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

### LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

**During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?**

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets**  
 Select from drop down list:
  - (1) Individually**
  - (2) With other investors or stakeholders**
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers
- (D) Stewardship: engagement with other key stakeholders
- (E) Capital allocation
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year



## STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

### (A) Across all sustainability outcomes

(1) Describe your approach

It is through our stewardship approach that U Ethical seeks appropriate and continuous disclosures on ESG matters. The core aim is to encourage companies not only to improve on general governance best practice and operational profile but also to seek a greater ambition to deliver social and environmental outcomes, drive innovation and become, or continue to be, an industry leader. For specific controversy cases, we engage with company management to ensure that they are taking immediate and appropriate action, including remediation and process improvements to pre-empt future cases from occurring. On-going dialogue and collaborations contribute to long-term outcomes: financially, as a result of good governance and for society, by reducing or pre-empting social and environmental impacts.

For additional details, please refer to our Ethical Investment and Stewardship Approach [https://uethical.com/uploads/resources/Ethical-investment-and-stewardship-approach\\_September-2023.pdf](https://uethical.com/uploads/resources/Ethical-investment-and-stewardship-approach_September-2023.pdf)

(2) Stewardship tools or activities used

(1) Engagement  
(2) (Proxy) voting at shareholder meetings

(3) Example

### (B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

Improve board level gender diversity across the portfolio.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

### (C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Improve portfolio level environmental outcomes.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

### (D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: Track and monitor portfolio company's Reconciliation Action Plans.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

**How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

- (A) We prioritise the most strategically important companies in our portfolio.
- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.**

Describe how you do this:

For all portfolio companies, the investment decision-making process enables us to prioritise engagements that aim to improve general ESG performance and drive positive outcomes. The following steps are taken:

1. Consider involvements in business activities that might be in breach of our ethical investment policy. We prioritise companies with poor ESG profiles and performance and/or ESG related controversies of a severe (orange flag) or very severe (red flag) nature.
2. Analyse industry specific, financially material, ESG issues as prioritised by MSCI ESG Research's ESG Rating model.
3. Select engagement themes in line with focus areas outlined in the previous section.
4. Choose the type: direct, collaborative or advocacy and medium of engagement: letter, email or call. Whilst letters are a good initiation to engagement, calls or in-person meetings are preferable.
5. Reference the engagement guideline of key ethical considerations relevant to the industries in which we invest. This document provides a guidance for critical questions that the team may need to address to maintain compliance with our ethical investment policy criteria.

Select from the list:

- 1
- 4

- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.**

Describe how you do this:

Beyond direct engagement, collaborations with both internal stakeholders and external peers across non-governmental organisations and industry associations help to achieve positive outcomes over the medium to long term. Internally, U Ethical works closely with the social justice experts from UCA's JIM team on matters of human rights locally and globally. Externally, existing collaborations include the following organisations and respective campaigns and/or working groups:

- The Investor Group of Climate Change (IGCC)'s Climate Action 100+
- RIAA's Human Rights Working Group and RIAA's Policy and Advocacy Technical Expert Group (TEG)
- Investors Against Slavery and Trafficking (IAST)
- The Australian Centre for Corporate Responsibility (ACCR)
- UNPRI's Global Policy Reference Group and UNPRI's Tax Reference Group
- Consumer group CHOICE
- The Australian Gambling Reform Alliance

Select from the list:

- 2  
 4

(D) Other

Describe:

U Ethical has a history of advocacy to drive regulatory changes. In cases where we realise we cannot affect change as an individual investor, we encourage or join collaborative endeavours. In some instances when third parties aligned with our values and ethical principles approach us for support, we engage collaboratively on an ad hoc basis. U Ethical has historically played a strong advocacy role in influencing policy-makers and political representatives within the Commonwealth Government through the Uniting Church of Australia (UCA)'s Justice and International Mission (JIM) team. Our social justice counterparts regularly meet with policy makers and act as expert witnesses in Parliamentary Inquiries.

Key thematic areas for JIM's advocacy, to which U Ethical provides an extent of internal and external support, are:

- Protecting People on Temporary Visas from Family Violence,
- Climate Justice Action,
- Online safety and curbing online child sexual exploitation, and
- Online Gambling Advertising Reform.

U Ethical's advocacy work continues its focus on tax transparency and the climate change leadership of the Australian government. U Ethical will vigorously pursue its ethical values and objectives subject to the resources and size of its operation and as such we prioritise specific issues that both impact on long-term risk and return to portfolios as well as allow us to maximise our impact and our purpose.

Select from the list:

- 3  
 4

## STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

**During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?**

### (A) Initiative #1

(1) Name of the initiative	Climate Action 100 +
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	<p>We supported the lead investor by reviewing and providing comments on BlueScope's sustainability report. We also attended engagement calls in June 2023 and December 2023 for BlueScope. The key areas covered with BlueScope during collaborative engagements were:</p> <ul style="list-style-type: none"> <li>- Seeking progress on near-term emissions reductions opportunities and technology</li> <li>- Greater disclosure on CAPEX R&amp;D spend on climate-related breakthrough technology</li> <li>- Progress on development of integrated regions supply chains and network energy solutions</li> <li>- Advocacy for financial and regulatory settings that promote transition and manufacturing</li> </ul>

### (B) Initiative #2

(1) Name of the initiative	Investors against slavery and trafficking (IAST) initiative
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)

Under the investors against slavery and trafficking (IAST) initiative, we continued to number of engagements with target companies. An example of this is Woolworths (WOW):

(3) Provide further detail on your participation in this collaborative initiative

In its 2022 Modern Slavery Statement, Woolworths confirmed the first instance of modern slavery identified in its supply chain and revealed that it had agreed with the supplier that approximately \$750,000 had to be returned to an estimated 226 migrant workers. Woolworths used the learnings and incorporated them into a Responsible Recruitment Addendum to their existing Responsible Sourcing Standards, setting out supplier requirements, guidance and remediation controls for migrant workers on higher risk geographies, with roll-out to take place in FY23.

In October 2023, U Ethical as part of the IAST APAC WOW engagement met to discuss this issue and others. Past engagement asks have included encouraging WOW to “adopt best practice in various areas of responsible sourcing,” such as using technology solutions for traceability as well as the use of a wide suite of tools for risk identification, over and above traditional factory audits and involving other stakeholders for grievance mechanism with the aim of assisting Woolworths to achieve objectives for responsible sourcing activities. (Source: <https://cdn.iastapac.org/content/uploads/2023/09/12060203/IAST-APAC-Annual-Report-2023.pdf>)

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### (C) Initiative #3

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(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

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### (D) Initiative #4

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(1) Name of the initiative

(2) Indicate how your organisation contributed to this collaborative initiative

(3) Provide further detail on your participation in this collaborative initiative

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# CONFIDENCE-BUILDING MEASURES (CBM)

## CONFIDENCE-BUILDING MEASURES

### APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

#### How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

## INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

#### Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent
  - Sections of PRI report reviewed
    - (1) the entire report
    - (2) selected sections of the report
  - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year