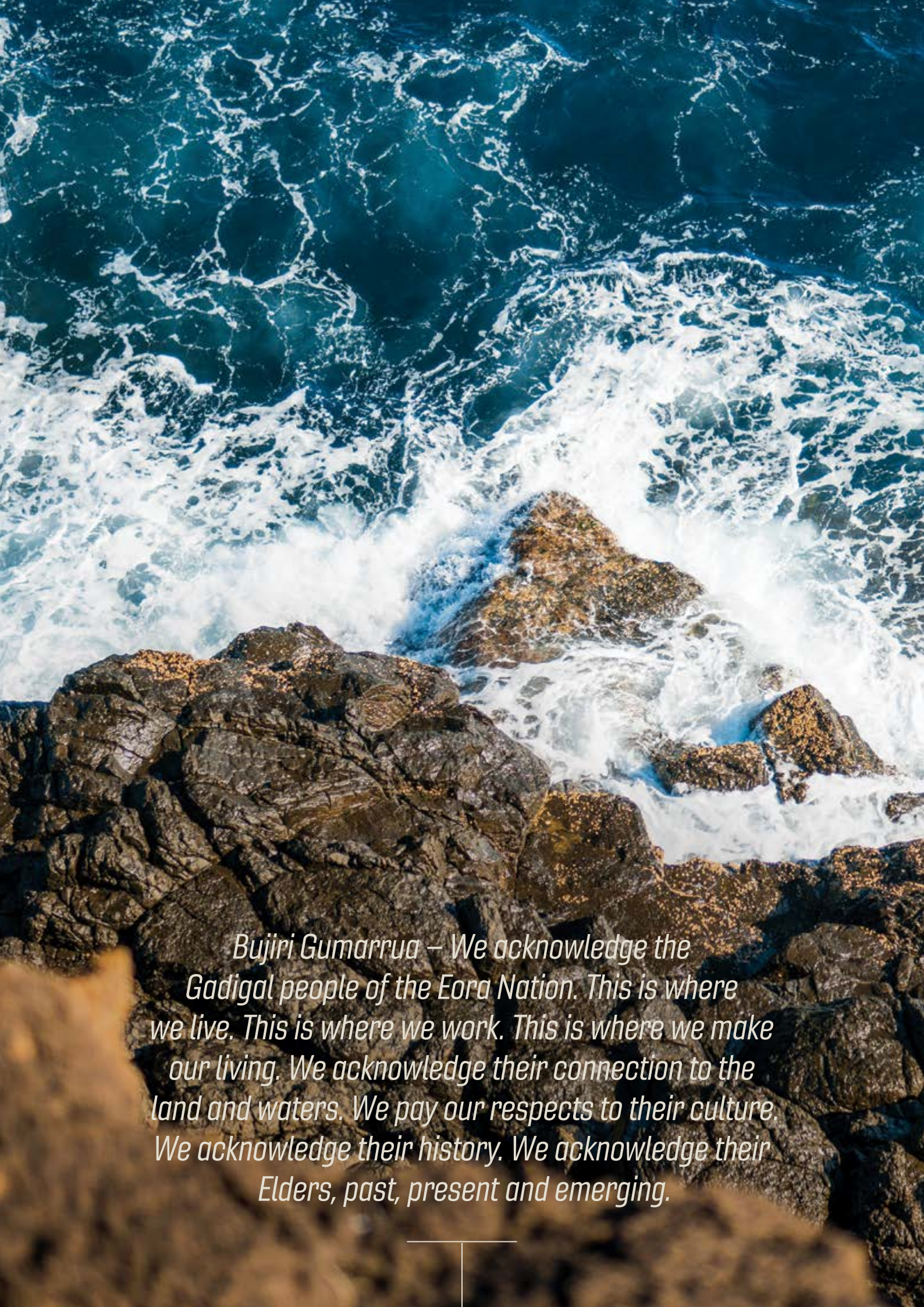


Australian Impact Investments

# Impact Report for 2020



Australian  
Impact Investments

An aerial photograph of a rugged coastline. The top half of the image shows deep blue ocean water with white, frothy waves crashing against dark, jagged rocks. The rocks are covered in patches of yellowish-brown seaweed or algae. The bottom half of the image is dominated by the dark, textured surface of the rocks, with some blurred foreground elements in the bottom corners.

*Bujiri Gumarrua – We acknowledge the Gadigal people of the Eora Nation. This is where we live. This is where we work. This is where we make our living. We acknowledge their connection to the land and waters. We pay our respects to their culture. We acknowledge their history. We acknowledge their Elders, past, present and emerging.*

# Impact Report 2020

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### FACTUAL INFORMATION ONLY

The material contained in this document is information only and does not set out any recommendations or give opinions. Accordingly, it is not financial product advice and should not be relied upon as such.

**Images:** David Clode (cover), Michael Fenton (opposite), Markus Spiske (p3), Wolfgang Hasselmann (p4), Milo Milk (p9), Aaron Burden (p10), Nathan Anderson (p12), Priscilla du Preez (p14), Kat Yukawa (p18), Australian Unity (p21), Benjamin Sow (p22) and Taha Mazandarani (p27).

**Design:** frescocreative.com.au

# Year in Review

The world is a very different place than it was 12 months ago. Bushfires raged across Australia challenging even the hardest of climate sceptics. Life screeched to a halt as COVID-19 swept the world. Rage over centuries of inequitable divides bubbled to the surface. Investors, more than ever, started to think deeply about how their investment capital shapes our communities and planet.

**"I am excited to be joining Australian Impact Investments as its inaugural Chairperson and work alongside the team to catalyse expansion of impact investment in Australia."**

Mara Bun, Chair of Australian Impact Investments Board

We started Financial Year 2020 with continuing mass civil unrest in Hong Kong. As many in the region protested infringements of its autonomy and democratic rights, the images of thousands of Hong Kong residents taking to the streets in a movement organised by young people was as frightening as it was inspirational. In September 2019, school children around the world led a coordinated action to bring attention to climate change. Protesting for their future, the 'School Strike 4 Climate' was led by inspirational young activists, both in Australia and elsewhere. The Not Business as Usual campaign encouraged businesses to join the action, and thousands of Australian businesses supported their workers to unite with the student-led movement and join the climate strikes.

Tragically, the concerns on the ever-present issue of climate change were validated in January 2020, as bushfires destroyed lives, homes, and vast tracts of Australian bushland. Images of orange skies and ash-shrouded landscapes filled

our collective conscious, and as the scale and severity of the Australian bushfire season became international news, addressing climate change took on a new sense of urgency.

This urgency somewhat stalled, along with the rest of the world, as COVID-19 took hold in February. Sweeping the globe, it did not take long for the virus to be declared a pandemic, bringing our modern society to its knees: global travel all but ceased, public venues closed, events were cancelled, jobs were lost and those that could retreated into lockdown. While life in Australia is beginning to return to normal as we pen this review, in many parts of the world, the situation remains dire.

Underneath the attention paid to the pandemic, a global legacy of inequality and injustice was rippling. After several high-profile deaths in the United States, including Ahmaud Arbery and Breonna Taylor, the death of George Floyd at the hands of police in May sparked protests around the world. Under the Black Lives

Matter banner, communities rallied against the police brutality and systemic inequality faced by Black and Brown people around the world.

Locally, protestors, led by a diverse group of families and community leaders, brought attention to Aboriginal and Torres Strait Islander deaths in custody and at the hands of police, and how racism is embedded in Australian society. As Gunnai-Kurnai and Gunditjmara woman Lidia Thorpe was sword into the Senate, she carried a message stick bearing a single mark for each of the 441 First Nations people who have died in custody since the Royal Commission in 1991.

While Financial Year 2020, and calendar year 2020 in particular, has been one that no one expected and one that so many want to put far behind, it has acted to accelerate a shift in the public consciousness towards social and environmental accountability. Consumers are more conscious of their purchasing decisions and are seeking more sustainable and ethical alternatives. Corporations are recognising that their social licence to operate cannot be taken for granted and are exploring opportunities to improve their environmental, social and governance (ESG) practices. Investors are increasingly looking to value-align and mobilise capital to drive positive social and environmental impact.

Evidence of these shifts can be seen across the market for impact investment. The market in Australia grew fourfold from mid-2018 to December 2019 to reach \$19.9 billion<sup>1</sup>, while the global market was estimated to have reached US\$715 billion<sup>2</sup>. While post-COVID data on the impact investment market is limited, emerging anecdotal evidence indicates that interest and activity in impact investment has not abated and the paradigm shift to a three

dimensional investment decision framework that embeds impact alongside risk-reward is inevitable. Our own increasing client base, including the addition over recent months of two new wealth advisory firms, is evidence of this increasing appetite.

Clients of Australian Impact Investments committed \$38.2 million to nine new investment opportunities and several open-ended funds over Financial Year 2020, taking the total capital committed by our clients since our inception in 2014 to \$100.3 million across 48 investment opportunities. Year on year we have seen increasing product diversity and were particularly excited this year to have clients mobilise capital to help expand the supply of specialist disability accommodation. Addressing climate change remained a strong focus across our client base with investments to support regenerative agriculture and the transition to a fossil-fuel-free economy carrying strong appeal. As always, we are forever grateful for the founders, fund managers and teams behind each investment to which our clients commit their capital.





*“Year-on-year impact investment has become of increasing interest to our clients as they seek to deploy capital to reflect their values while pursuing risk-adjusted returns and valuable portfolio diversification.”*

DAVID KNOWLES, HEAD OF PHILANTHROPY & SOCIAL CAPITAL, KODA CAPITAL

*“We launched our impact offering in 2020 in response to increasing client demand. We selected Australian Impact Investments to advise us due to their deep experience and ability to source compelling impact investing opportunities for our clients.”*

DAN SIMPSON, HEAD OF PORTFOLIO MANAGEMENT, ANZ PRIVATE BANK

*“For many of our clients, the social and environmental impact of their money is just as important to them as meeting their financial objectives. The great thing is that as impact investment opportunities have grown, more of our clients have learned through experience that they do not have to choose between the two.”*

FIONA THOMAS, GENERAL MANAGER, ETHINVEST

*“We draw on the research and expertise of Australian Impact Investments to help select impact investments for integration into our clients’ portfolios, with long-term sustainable investment objectives in mind.”*

SCOTT HASLEM, CHIEF INVESTMENT OFFICER, CRESTONE WEALTH MANAGEMENT

Two of our clients' investments, Newpin Social Benefit Bond (Newpin) and Sydney Renewable Power Company (SRPC), matured over Financial Year 2020 with strong financial and impact returns. Returns of approximately 10% per annum were generated by both investments which were at or above target. They also met their respective impact targets, including restoring 391 children in out-of-home care to the care of their families for Newpin and generating 2,000MWh of renewable energy for SRPC. The success of these investments, along with other impact investments over the year, add to the growing evidence that investors can do well while doing good.

We are also very excited to announce that in November 2020 we welcomed to our board Mara Bun as our inaugural chairperson and Peter Murphy as an independent director. Mara is an experienced director and advisor to several companies, governments, and research agencies, including the ASX listed Australian Ethical Investment Ltd and the Australian Conservation Foundation. Peter has worked in the financial markets for over twenty-five years, including ten years as CEO of Christian Super. We are confident Mara and Peter will help us to further strengthen our efforts to mobilise capital for a better tomorrow.

So as we approach the end of 2020 with a heightened anxiousness as to the mounting strain on our planet and inequities that divide local and global communities, we are encouraged by the continuing growth of impact investing and the role that it can play in addressing social and environmental challenges.

We trust that you enjoy reading about the investments we have helped facilitate for our clients and warmly invite you to reach out to us with feedback or to learn more.

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1 *Responsible Investment Association Australasia 2020, 'Benchmarking Impact Report 2020'.*

2 *Global Impact Investing Network 2020, 'Annual Impact Investor Survey 2020'.*

## Partnering for Impact

**Impact investing, alongside the broader strategy of responsible investment, is fast becoming an essential pillar for many investors.**

Australian Impact Investments was formed in 2014 in response to demand from clients of our founding shareholder, Ethinvest. A handful of clients, conscious that every investment has an impact on the world around them, were looking for a way to generate real, measurable impact with their investment portfolios.

Since then, we have seen increased attention from other wealth advisory firms whose clients are also seeking to shift capital to investments driving positive social and environmental impact. An increase in public awareness of the impact investment sector is being driven by mounting evidence of climate change, the global disruption of the COVID-19 pandemic, and social unrest driven by increasing inequalities, together with the intergenerational wealth transfer. As impact investment increasingly enters the mainstream, investors of all types are seeking to value-align their investment portfolios.

Forward-thinking wealth advisory firms are proactively responding to this investor shift by building offerings that enable clients to create impact through investment. We are excited to be partnering with several wealth advisory firms in this regard, including KODA Capital, Crestone Wealth Management and ANZ Private Bank.

We are confident that these partnerships will drive growth of the impact investment industry in Australia and mobilise capital for impact far beyond what we could ever do working independently.

# Our Collective Impact

Over the year we have worked with our clients to direct \$38.2 million to investments seeking to effect positive environmental and social change. Nine new investments were introduced to clients across a range of environmental and social areas, including regenerative agriculture, Specialist Disability Accommodation, disability technology and renewable energy.

## Australian Unity SDA Fund

**Impact Type:** Contribute to Solutions

**Primary SDG:** Sustainable Cities & Communities (SDG 11)

A fund investing in Specialist Disability Accommodation in Australia.



## Australian Farmland Funds

**Impact Type:** Contribute to Solutions

**Primary SDG:** Life on Land (SDG 15)

A fund investing in land-based agricultural assets with the aim of improving soil health, enhancing ecosystems and using scarce resources more efficiently.



## Loop+

**Impact Type:** Benefit People and Planet

**Primary SDG:** Good Health & Wellbeing (SDG 3)

A for-purpose technology company developing solutions for the care management of pressure injuries of wheelchair users.



## Infradebt Ethical Investment Fund II

**Impact Type:** Benefit People & Planet

**Primary SDG:** Affordable & Clean Energy (SDG 7)

A fund investing in a mix of environmentally and socially positive infrastructure.



## Impact Spectrum

### HARM PEOPLE & PLANET

The investment is directly involved in activities that harm or may harm people or planet.

### AVOID HARM

The investment has no direct involvement in activities that harm or may harm people or planet.



## Synergis Fund



**Impact Type:** Contribute to Solutions  
**Primary SDG:** Sustainable Cities & Communities (SDG 11)

A fund investing in Specialist Disability Accommodation in Australia.

## Xceptional



**Impact Type:** Contribute to Solutions  
**Primary SDG:** Reduced Inequalities (SDG 10)

A for-purpose company working to improve employment opportunities for people with autism spectrum disorder and promote neurodiversity in the workplace.

## HONE Agriculture



**Impact Type:** Benefit People & Planet  
**Primary SDG:** Life on Land (SDG 15)

A for-purpose company developing technology to improve soil, crop and grain testing processes for farmers.

## Future Super



**Impact Type:** Benefit People & Planet  
**Primary SDG:** Affordable & Clean Energy (SDG 7)

Additional working capital for Future Super, Australia's first fossil fuel-free super fund.

## Infrastructure Access Fund



**Impact Type:** Advocacy  
**Primary SDG:** Responsible Consumption & Production (SDG 12)

A fund employing a shareholder activism strategy to reduce the carbon footprint and improve sustainability of major Australian infrastructure assets.

The impact of these investments, together with those of prior periods in which our clients have invested, is presented throughout the following pages. Each investment is aligned with the United Nations Sustainable Development Goals (SDGs) and categorised against our Impact Spectrum, as informed by the work of the Impact Management Project.

Our approach is to present the impact of each investment in its entirety, acknowledging that this impact has been enabled by the investment of our clients together with many other investors. Our clients' commitments represent approximately 13% of total capital invested in the 44 local investments in which they have participated.

In total we report on 38 of 48 investments in which our clients have invested over the past six years, with 28 classified as Contribute to Solutions and 10 as Benefit People & Planet. The 10 investments not reported on have had capital fully returned in prior periods.

### BENEFIT PEOPLE & PLANET

The investment not only acts to avoid harm, but is also directly involved in activities that benefit people or planet.

### CONTRIBUTE TO SOLUTIONS

The investment not only acts to avoid harm, but also intentionally generates positive, measurable outcomes for people or planet.

TOTAL INVESTED IN IMPACT

**\$100.3M**

**48**  
IMPACT  
INVESTMENTS

**26**  
ENVIRONMENTAL  
FOCUS

**21**  
SOCIAL  
FOCUS

**1**  
DIVERSE  
FOCUS

**334,167**  
CO<sub>2</sub> EMISSIONS  
ABATED

**420,495**  
MWh RENEWABLE  
ENERGY GENERATED

**3,315**  
MEGALITRES OF  
ENVIRONMENTAL WATERING

SUSTAINABLE DEVELOPMENT GOALS



**1,650**  
PEOPLE ACCESSING  
LIFE ENHANCING PROGRAMS

**45.8M**  
LIVELIHOODS IMPROVED IN  
LOW INCOME COMMUNITIES





# Contribute to Solutions

## Social Impact

1 NO POVERTY



### Livelihood Impact Fund (FY15\*)

A venture capital fund investing in early-stage companies in Southeast Asia and India.

**Target Impact:** To improve the livelihoods of low-income populations through increased income, savings or access to life-enhancing products and services.

**Cumulative:** 5.5 million livelihoods improved.

### Patamar Fund II (FY20)

A venture capital fund investing in early stage companies in Southeast Asia/India.

**Target Impact:** To improve the livelihoods of low-income populations through increased

income, savings or access to life-enhancing products and services.

**Cumulative:** 61,906 livelihoods improved.

### Triodos Microfinance Fund (FY16)

A fund investing in finance institutions empowering individuals and small businesses in emerging markets.

**Target Impact:** To increase access to financial services for low income populations and small businesses in emerging markets.

**Cumulative:** 20.9 million active savers and 19.4 million active borrowers (78% of which are female).

\* Inception date

### 3 GOOD HEALTH AND WELL-BEING



#### AbilityMade (FY18 and FY19)

A for-purpose technology company developing products to promote mobility and accessibility for people of all abilities.

**Target Impact:** To make ankle-foot orthoses (AFOs) for children with disabilities accessible and affordable.

**FY2020:** 148 AFOs made.

**Cumulative:** 194 AFOs made; 78 children empowered.

#### Resolve Social Benefit Bond (FY17)

Funding to support Flourish Australia to deliver the Resolve Program, an intensive mental health program.

**Target Impact:** To improve the health and wellbeing of 523 participants over an eight year period, by targeting a reduction in the consumption of hospital and hospital-related services.

**FY2020:** 75 people enrolled.

**Cumulative:** 326 people enrolled.

#### Newpin Social Benefit Bond (FY13)

Funding for UnitingCare New South Wales to deliver the Newpin Program, an intensive therapeutic program for families with children aged less than five years who are either in out-of-home care or are at risk of harm.

**Target Impact:** To safely restore to the care of their families, or prevent from entering out-of-home care, at least 400 children over a seven-year period.

**Cumulative:** A total of 391 net restorations achieved over the life of the bond.

#### Loop+ (FY20)

A for-purpose technology company developing solutions for the care management of pressure injuries in wheelchair users.

**Target Impact:** To minimise the risk of pressure sores and increase the independence and quality of life of wheelchair users.

**Cumulative:** First impact to be reported.

### 8 DECENT WORK AND ECONOMIC GROWTH



#### Sticking Together Social Impact Bond (FY19)

Funding to support SYC Ltd to deliver the Sticking Together Program, an intensive case management and support program to increase youth employment.

**Target Impact:** To increase the number of hours in productive work for 870 young people aged 18-24 experiencing long-term unemployment over a five year period (currently reporting on enrolments only).

**FY2020:** 131 young people enrolled.

**Cumulative:** 326 young people enrolled.

### 10 REDUCED INEQUALITIES



#### Aspire Social Impact Bond (FY17)

Funding for Hutt St Centre to deliver the Aspire Program, a 'housing first' intensive case management program for homeless people in South Australia.

600 homeless participants over an eight-year period, by targeting a reduction in the use of short term emergency accommodation services, inpatient bed days and convictions (currently reporting on enrolments only).

**FY2020:** 135 people enrolled.

**Cumulative:** 433 people enrolled.

**Target Impact:** To improve the wellbeing of



*“At Just World Group we want to ensure our portfolio is working to address key social and environmental issues. Australian Impact Investments shares these values and works with us to address these concerns.”*

*ANDREW DAVY-HOU, DIRECTOR, JUST WORLD GROUP*

10 REDUCED INEQUALITIES



### COMPASS Social Impact Bond (FY19)

Funding for Anglicare Victoria and Vincent Care Victoria to deliver the Compass Program, a 'housing first' intensive case management program for young people leaving out-of-home care.

**Target Impact:** To improve the wellbeing of 202 young people leaving out-of-home care over a seven-year period, by targeting a reduction in incidences of homelessness, emergency department presentations and convictions (currently reporting on enrolments only).

**FY2020:** 73 young people enrolled.

**Cumulative:** 87 young people enrolled.

### SEFA Loan Fund (FY14)

A social impact lender providing finance to mission-led organisations.

**Target Impact:** To provide debt to mission-led organisations delivering a diverse range of social and environmental impacts.

**FY2020:** \$675,000 loaned to mission-led organisations.

**Cumulative:** \$31.4 million loaned to mission-led organisations.

### Youth Connect Social Impact Bond (FY18)

Funding for the Churches of Christ in Queensland to deliver the Youth Connect Program, a 'housing first' intensive case management program for young people leaving out-of-home care.

**Target Impact:** To improve the wellbeing of 300 young people leaving out-of-home care over a seven-year period by achieving housing stability together with engagement in education, employment and personal development (currently reporting on enrolments only).

**FY2020:** 101 young people engaged.

**Cumulative:** 172 young people engaged.

## 10 REDUCED INEQUALITIES



### Xceptional (FY20)

A for-purpose company working to improve employment opportunities for people with autism spectrum disorder and promote neurodiversity in the workplace.

**Target Impact:** Improve employment opportunities for not less than 1,092 people with autism spectrum disorder (ASD) over 11 years.

**FY2020:** Nine candidates with ASD placed into work in FY20.

### SVA Diversified Impact Fund (FY18)

Fund providing finance to organisations that make a meaningful social impact on the lives of people in Australia.

**Target Impact:** To provide debt and equity

to a diverse range of impact organisations and housing projects.

**FY2020:** \$4 million committed to impact organisations and programs.

**Cumulative:** \$7 million committed to impact organisations and programs.

### Youth Choices Social Benefit Bond (FY18)

Funding for Life Without Borders to deliver the Youth Choices Program, an intensive program using Multi-Systemic Therapy to address youth reoffending and anti-social behaviour.

**Target Impact:** To improve the wellbeing of 600 young people aged 10-16 over a six year period by targeting a reduction in the expected reoffending rate by 25% or more (currently reporting on enrolments only).

**Cumulative:** First impact to be reported.

*“Social impact bonds provide us with the opportunity to direct investment capital to help catalyse solutions to wicked social problems.”*

HELEN LIONDOS, HEAD OF AMP FOUNDATION

## 11 SUSTAINABLE CITIES AND COMMUNITIES



### Australian Unity SDA Fund (FY20)

A fund investing in Specialist Disability Accommodation in Australia.

**Target Impact:** To provide approximately 130 Specialist Disability Accommodation apartments to support people with disabilities.

**Cumulative:** 18 people living in housing that accommodates their disability.

### Synergis Fund (FY20)

A fund investing in Specialist Disability Accommodation in Australia.

**Target Impact:** To provide people living with disabilities with accommodation that suits their needs.

**Cumulative:** First impact to be reported.

*“Working with Australian Impact Investments provides us in-depth research on an expanded set of impact investment opportunities.”*

MARK READING, HEAD OF ATLISSIAN FOUNDATION





# Contribute to Solutions

## Environmental Impact

### 7 AFFORDABLE AND CLEAN ENERGY



#### Hepburn Community Wind Park (FY08)

4.1MW community-owned windfarm located in Leonards Hill, Victoria.

**Target Impact:** To generate, on average, 12,000 MWh renewable energy annually.

**FY2020:** 11,000 MWh generated, 8,900 tonnes CO<sub>2</sub> abated.

**Cumulative:** 91,800 MWh generated, 96,200 tonnes CO<sub>2</sub> abated.

#### IIG Chepstowe Wind Trust (FY14)

6.15MW wind farm located approximately 30km west of Ballarat, Victoria.

**Target Impact:** To generate, on average, 21,000 MWh renewable electricity annually.

**FY2020:** 20,000 MWh generated, 22,400 tonnes CO<sub>2</sub> abated.

**Cumulative:** 100,000 MWh generated, 115,000 tonnes CO<sub>2</sub> abated.

#### IIG Solar Asset Fund (FY18)

A portfolio of solar farms in Queensland and Victoria, currently with combined capacity of 73.8MW.

**Target Impact:** To generate, on average, 140,000 MWh renewable energy annually.

**FY2020:** 80,000 MWh generated, 80,700 CO<sub>2</sub> emissions abated.

**Cumulative:** 132,100 MWh generated, 138,000 CO<sub>2</sub> emissions abated.

#### IIG Solar Income Fund (FY17)

A portfolio of solar farms in Western Australia and the Australian Capital Territory, with combined capacity of 14.5 MW.

**Target Impact:** To generate, on average, 27,000 MWh renewable energy annually.

**FY2020:** 27,000 MWh generated, 24,000 tonnes CO<sub>2</sub> abated.

**Cumulative:** 94,000 MWh generated, 84,000 tonnes CO<sub>2</sub> abated.

#### Kurrawang Community Solar Project (FY16)

36kW solar PV array for a remote indigenous community in Western Australia.

**Target Impact:** To generate, on average, 50MWh renewable electricity annually.

**FY2020:** 55 MWh generated, 55 tonnes CO<sub>2</sub> abated.

**Cumulative:** 165 MWh generated, 165 tonnes CO<sub>2</sub> abated.

#### Lismore Community Solar Project (FY16)

99kW community-funded solar PV array to power the East Lismore Sewage Treatment Plant in Lismore, New South Wales.

**Target Impact:** To generate, on average, 166 MWh renewable electricity annually.

**FY2020:** 40 MWh generated, 33 tonnes CO<sub>2</sub> abated.

**Cumulative:** 102 MWh generated, 91 tonnes CO<sub>2</sub> abated.

*"Australian Impact Investments has helped us to define and commence the journey of implementing an impact investment strategy focused on addressing climate change."*

JEFF AND JULIE WICKS, ACME FOUNDATION

### Repower Shoalhaven – 7 (FY18)

120kW solar PV array to power the Shoalhaven Heads Bowling and Recreation Centre in New South Wales.

**Target Impact:** To generate, on average, 170.2 MWh renewable energy annually.

**FY2020:** 144 MWh generated, 116 tonnes CO<sub>2</sub> abated.

**Cumulative:** 304 MWh generated, 276 tonnes CO<sub>2</sub> abated.

### Sydney Renewable Power Company (FY17)

520kW community-owned solar PV array at the International Convention Centre (ICC) in Sydney, New South Wales.

**Target Impact:** To generate, on average, 500 MWh renewable energy annually.

**FY2020:** 490 MWh generated, 397 tonnes CO<sub>2</sub> abated.

**Cumulative:** 2,024 MWh generated, 3,935 tonnes CO<sub>2</sub> abated.



### Australian Farmland Funds (FY20)

A fund investing in land-based agricultural assets with the aim of improving soil health, enhancing ecosystems and using scarce resources more efficiently.

**Target Impact:** Allocate up to 30% of farmland under management to ecosystem protection, including strategic revegetation, to deliver critical carbon sequestration and biodiversity benefits.

**Cumulative:** 100ha of native woody vegetation, such as eucalyptus, acacias and other shrubs, was directly seeded, which will provide important biodiversity and salinity outcomes in the area as it grows.

### Murray Darling Basin Balanced Water Fund (FY16)

Investment in water rights in the southern Murray Darling Basin to balance farming and environmental needs.

**Target Impact:** To restore threatened wetlands and support freshwater species across the southern Murray Darling Basin and conduct environmental watering in wetlands of spiritual and cultural significance to First Nations people.

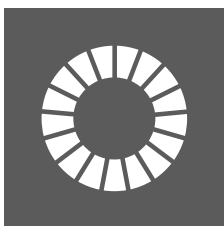
**FY2020:** 1,400 ML water donated, of which 530 ML was utilised for environmental watering, 790ML was traded to fund the development of irrigation infrastructure and 80ML was carried over to 2021.

**Cumulative:** 3,912.5 ML water donated or facilitated for environmental watering events.



# Contribute to Solutions

## Diverse Impact



### IIG Giant Leap Fund (FY17)

A fund investing in a portfolio of impact-driven businesses focused on empowerment, sustainability and health and wellbeing.

Eight of its portfolio companies touch on 4 environmentally-focused SDGs:



Ten of its portfolio companies touch on 4 socially-focused SDGs:



**Target Impact:** To invest \$15 million in businesses that deliver positive change across three impact areas: empowering people, sustainable living and health and wellbeing.

**Cumulative:** \$10.2 million invested in 18 impact-driven businesses.

# Benefit People & Planet

7 AFFORDABLE AND CLEAN ENERGY



## Energy Storage Infrastructure Fund (FY18)<sup>3</sup>

A fund investing in esVolta, a battery storage company based in the United States.

## Future Super Note (FY19 and FY20)

Working capital for Future Super, Australia's first fossil fuel-free super fund.

## Future Renewables Fund (FY19)

Retail fund investing in renewable energy projects.

## Infradebt Ethical Investment Fund 1 (FY18) and Fund 2 (FY20)

Two funds investing in a mix of environmentally and socially positive infrastructure.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## SOSV IV International Fund (FY19)

Venture capital fund investing in disruptive food, life sciences, technology and telecommunications start-ups.. SOSV runs multiple world-class accelerator programs with hands-on engineers, designers, accountants and scientists to support founders' growth financially and intellectually.

11 SUSTAINABLE CITIES AND COMMUNITIES



## IIG 401 Collins Street Trust

A special purpose property investment trust that owns 401 Collins Street Melbourne, a 1937 commercial building with heritage listed façade, with the purpose of refurbishing the building to improve environmental efficiency.

15 LIFE ON LAND



## Argyle Agricultural Fund III (FY16)

Integrated supply chain of agricultural production, processing and marketing within the organic grain industry, to support sustainable farming practices.

## HONE Agriculture (FY20)

A for-purpose company developing technology to improve soil, crop and grain testing processes for farmers.

<sup>3</sup> The Energy Storage Infrastructure Fund had previously been excluded from our calculations due to oversight. We have corrected this for Financial Year 2020.

# Specialist Disability Accommodation

## Empowering Australians Living with a Disability

**“We are excited to be working with a diverse range of stakeholders within the housing, disability and social sectors to provide quality housing for people with disabilities.”**

Ryan Banting, General Manager – Social Infrastructure, Australian Unity

### Opportunity

No two experiences of disability are alike, as it transcends all demographic and socioeconomic groups. More than four million Australians have a disability, and many face discrimination in society, including difficulty accessing buildings and public transport, poor health outcomes, higher levels of psychological distress, and higher rates of unemployment and violence<sup>4</sup>.

The National Disability Insurance Scheme (NDIS or Scheme), introduced by the Gillard Labor Government in 2013, was conceived to empower Australians living with a disability with choice and control over their support, housing and use of assistive technology. Specialist Disability Accommodation (SDA), housing designed or modified to suit the needs of people with a disability, is a core component of the Scheme that may be applied to as many as 50,000 Australians<sup>5</sup>. Historically, SDA has been the responsibility of

state governments and not-for-profit organisations, which has led to outdated care models and an undersupply of affordable, sustainable and accessible housing. As a result, people with disabilities have faced long waiting lists and extended periods in aged or inadequate housing.

Impact investors facilitated significant investment in SDA over Financial Year 2020 to expand the availability of housing that accommodates the physical needs of people with a disability.

### Australian Unity SDA Fund

Australian Unity launched its SDA Fund (AU SDA) in 2019. It is targeting \$100-\$150 million of investment over three years to fund around 130 SDA apartments nationwide, with a particular focus on Victoria. Australian Unity has assembled a team of SDA Providers and Supported Independent Living (SIL) Providers to deliver quality apartments that are

*“We established the Synergis Fund to help deliver much needed housing for people with disabilities through a strategy that puts people first.”*

MICHAEL LYNCH AND JASON WALTER, SYNERGIS FUND



**C**  
Contribute  
to Solutions

**11** SUSTAINABLE CITIES  
AND COMMUNITIES



designed to suit the needs of people with disabilities, including: Guardian Living, an SDA construction specialist; Housing Choices Australia, a well-known and respected community housing not-for-profit organisation; Annecto, a community care organisation focused on providing holistic family support; and Melba Support Services, a disability care provider with extensive NDIS experience.

As of 30 June 2020, AU SDA was supporting 18 people with disabilities through 18 properties designed to High Physical Support specifications.

### Synergis Fund

In 2019 Social Ventures Australia and Federation Asset Management jointly launched the Synergis Fund (Synergis) with the aim of raising \$1 billion within ten years to acquire and develop a geographically diverse portfolio of SDA. Synergis is working with a number of SDA Providers and SIL Providers to address the shortage of suitable properties, including: Good Housing, an SDA Provider with

firsthand understanding of the difficulties of finding disability housing; Illowra Projects, a specialist development company matching properties to the tenants; SDA Queensland, focusing on supply in regional and rural areas; and Access 2 Place, a not-for-profit organisation with extensive experience managing disability housing.

As of 30 June 2020, Synergis had made commitments to develop more than 20 SDA properties across Queensland, NSW, Victoria and South Australia.

By expanding the availability of SDA, AU SDA Fund and Synergis Fund are facilitating choice and agency and improving the living standards of people with disabilities across Australia.

4 Australian Institute of Health and Welfare 2019, 'People with Disability in Australia 2019: In Brief', cat. no. DIS 74.

5 SGS Economics and Planning 2018, 'Specialist Disability Accommodation: Market Insights', Summer Foundation.

C

Contribute  
to Solutions

7 AFFORDABLE AND  
CLEAN ENERGY





# Sydney Renewable Power Company

## Committed Citizens Driving Change

SRPC received an offer to acquire the Array by Solar Bay in early 2020 just three years after the inception of SRPC. The sale was finalised in November 2020 with investors rewarded with returns of nearly 10%, materially more than the 6-8% forecast.

The Sydney Renewable Power Company (SRPC) is an unlisted public company that was formed in 2017 to finance the installation of large-scale renewable energy projects and allow community members an opportunity to invest directly in this renewable energy production, thereby contributing to Australia's transition to a low carbon economy.

SRPC was awarded a 25-year concession to finance and manage a 520kW solar PV array (Array) at the International Convention Centre (ICC) in Sydney's revamped Darling Harbour precinct. The Array was the largest CBD solar array in Australia at the time, forecast to generate approximately 500 MWh of renewable energy annually. As of 30 June 2020, the Array had generated a total of 2,024 MWh renewable electricity, reducing the ICC's reliance upon electricity generated within the National Electricity Market, thus avoiding 3,935 tonnes CO<sub>2</sub> emissions.

SRPC raised \$1.4 million from a range of investors to fund the project, including \$600,000 from clients of Australian Impact Investments. SRPC received an offer to acquire the Array by Solar Bay in early 2020 just three years after the inception of

SRPC. The sale was finalised in November 2020 with investors rewarded with returns of nearly 10%, materially more than the 6-8% forecast.

SRPC was an opportunity for investors to participate in the financing of a unique solar installation contributing to Australia's transition to a low carbon economy and demonstrated that major infrastructure projects could be built with sustainability at the core. It also evidenced that strong financial returns can sit alongside positive impact and, as in the words of anthropologist Margaret Mead, that 'thoughtful, committed citizens can change the world'.

*"Our clients were excited to participate in SRPC, as it gave them an opportunity to expand Sydney's renewable energy supply and contribute to a more sustainable infrastructure project."*

TREVOR THOMAS, MANAGING DIRECTOR, ETHINVEST

# Community Impact Foundation

The Community Impact Foundation (CIF) is the first public ancillary fund in Australia with an investment strategy explicitly designed to optimise the impact of philanthropic capital.



COMMUNITY  
IMPACT FOUNDATION

**"We chose the Community Impact Foundation as it allows us to adopt a planned approach to our philanthropy and know that our contributed capital is pursuing investments that effect positive environmental and social impact."**

Susie Edwards, CIF sub-fund member

## About the CIF

The investment strategy applied to the CIF combines negative and positive investment screening with participation in shareholder advocacy and active pursuit of impact investment opportunities. Australian Impact Investments is responsible for implementing the investment strategy of the CIF, prioritising investments that benefit people or planet such as education, healthcare, recycling, renewable energy, social infrastructure and sustainable products. Investments classified as having potential to harm people or planet, such as alcohol, animal testing, armaments, child labour, fossil fuels, gambling, nuclear, old-growth logging and tobacco, are screened out.

## Performance

Financial Year 2020 was a tumultuous period; however, the CIF outperformed its benchmark while assisting sub-fund holders to gift \$2 million to a range of charitable causes.

Performance to June 30 2020 <sup>5</sup>	1 yr	3 yrs (p.a.)	5 yrs (p.a.)
Community Impact Foundation	0.3%	4.3%	4.1%
Benchmark: FE UT PG Multi Balanced Index <sup>6</sup>	-1.5%	3.7%	4.2%

Through the CIF, we aim to show that a portfolio focused on creating positive social or environmental impact does not compromise on financial return, and so far, the CIF has proved this is possible. The result is especially pleasing given several assets (such as social impact bonds, venture capital and some real assets) have investment return profiles focused on time horizons beyond 5 years, and approximately 30% of the portfolio is being held in cash while suitable investments can be found. We also note that the benchmark used is an accumulation index where returns are reinvested, whereas the CIF donates a minimum of 4% to charitable causes annually.

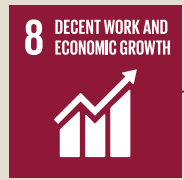
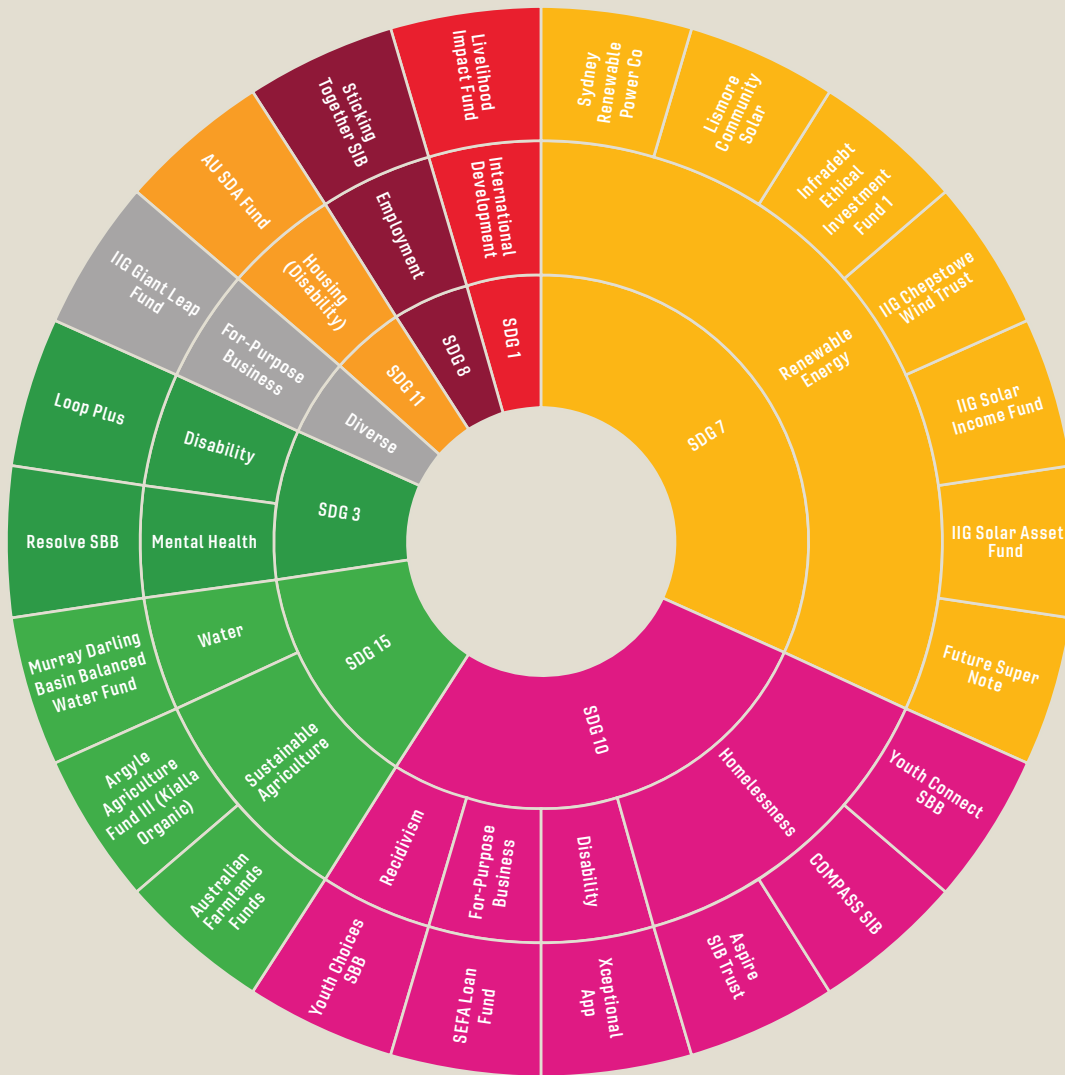
We look forward to managing the investment portfolio of the CIF to deliver long-term returns that ensure sub-fund holders can continue to leverage donated capital and achieve positive environmental and social impact returns through the addition of philanthropy and underlying investments.

<sup>5</sup> Past financial performance is not an indication of future financial performance.

<sup>6</sup> A composite index of managed funds with a similar Defensive/Growth ratio of assets as the Community Impact Foundation.

# CIF Investments

Contributing to Solutions and Benefiting People & Planet



## Portfolio Breakdown *(Excluding cash)*

**40%**

CONTRIBUTE TO SOLUTIONS

**42%**

BENEFIT PEOPLE AND PLANET

**18%**

AVOID HARM

# About Us

Australian Impact Investments is a specialist asset consulting firm that provides advice to clients seeking to mobilise capital to create positive environmental and social impact alongside financial value.

We serve a range of clients including asset owners and their investment advisers, family offices, charitable trusts and foundations, wealth management firms and government. Our founding shareholder is Ethinvest, Australia's oldest ethical investment advisory firm.

We contribute actively to the development of the impact investment sector through participation in advisory groups and committees, including RIAA's Impact Investment Forum, Impact Investment Summit Asia Pacific and Australian Sustainable Finance Initiative.

## Our Services

- » Development of bespoke impact strategies.
- » Rigorous, independent sourcing and analysis of impact investments informing a proprietary pipeline of investment opportunities that deliver financial return and meaningful impact.
- » In-depth ethical research, ratings and analysis, including coverage of ESG related practices.
- » Comprehensive investment management of impact-aligned portfolios from construction through to implementation, monitoring and reporting.
- » Customised research, advice and investment origination and structuring to achieve defined impact and financial objectives.

## Our Team & Investment Committee



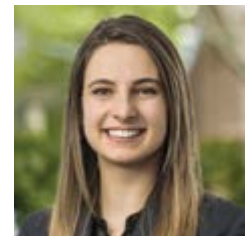
**Kylie Charlton**

*Managing Director  
Investment Committee  
Board Member*



**Phil Webb**

*Investment Director  
Investment Committee*



**Dana Halevi**

*Investment Analyst*



**Caitlin James**

*Impact Analyst*



**Ross Knowles**

*Investment Committee*



**Trevor Thomas**

*Investment Committee*

## Our Board



**Mara Bun**

*Chair Person*



**Fiona Thomas**

*Board Member*



**Peter Murphy**

*Board Member*





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**Corporate Authorised Representative:** No. 464365 of Ethinvest Pty Ltd