



Australian Ethical Growth Opportunities Fund

Impact Report

2025

Australian
Ethical



Disclaimer

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Before acting on the information, visit australianethical.com.au for our Financial Services Guide (FSG) and the Fund’s Information Memorandum (IM) to consider its appropriateness to your circumstances. You should read the IM in full and consider consulting with a financial adviser or tax adviser. An investment in the Fund should be considered in the context of the risks outlined in the IM.

The Fund described in this report aims to generate positive environmental and/or social impact alongside financial returns, guided by Australian Ethical’s impact framework and methodology. There are varied market and regulatory definitions of ‘impact investment’, and different frameworks and funds classify and measure impact differently. Prospective investors should conduct their own due diligence and form their own view as to whether the framework and methodology used aligns with their individual objectives, values, and requirements in relation to impact outcomes. Impact related data used in the Fund’s investment process and reporting may be derived from investees and other third party sources and methodologies. Although Australian Ethical uses sources and methods it believes to be credible, measurement of impact is complex and often involves estimates and assumptions. Australian Ethical accepts no responsibility for the data and makes no representation or warranty as to its accuracy or completeness or fitness for a particular purpose. The Fund’s impact objectives are subject to risk and uncertainties, and actual outcomes may differ materially from those anticipated.

Investing ethically and sustainably means that the investment universe will generally be more limited than non-ethical, non-sustainable portfolios in similar asset classes. This means that the

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 Visit our website

ACKNOWLEDGEMENT OF COUNTRY

Australian Ethical has offices on Gadigal country in Sydney, parts of the Eora Nation, and on Wurundjeri Woi-wurrung and Bunurong Boon Wurrung country in Melbourne, a part of the Kulin Nation. Australian Ethical acknowledges the Traditional Owners of the country on which we work. We recognise and celebrate their continuing connection to land, waters and culture. We pay our respects to Elders past and present and thank them for protecting Country since time immemorial.

About Australian Ethical

Ethical and impact investing isn't just a part of what we do – it's who we are.

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

40 years

offering investment and super solutions using our differentiated ethical investing approach.

\$14.5bn+

managed as an ASX 300 listed investment manager, on behalf of members and investors^.

10%

of annual profits* donated through our Foundation to charitable organisations.

^As at 30 June 2026
*After tax and before bonuses.

Our heritage in impact and responsible investment



GIIN Investors Council member (since 2015)
Managing 40+ impact investments over the past two decades.
We have navigated the sector during its infancy and helped shape its maturity through active participation and institutional-quality diligence requirements.



RIAA Responsible Investment Leader



Named 1 of only 8 'Leaders for ESG Commitment' 2023



Certified B Corp since 2014.
The first company on the ASX to achieve this.



Australian Ethical Investment Ltd is recognised as a Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA) in its [annual benchmark report](#) including 2018-2024. We are placed in the top 20% of organisations assessed, demonstrating leading practice in our commitment to responsible investing; our explicit consideration of environmental, social and governance factors in investment decision making; our strong and collaborative stewardship; and our transparency in reporting activity, including the societal and environmental outcomes being achieved.

Our Theory of Change in practice

Our purpose is to invest for a better world. We believe investing can deliver both attractive investment returns while also influencing progress towards a better future for the planet and all its inhabitants.

Our group level Theory of Change recognises the importance of co-ordinating efforts across all our levers to maximise the outcomes for our efforts. We combine investment, stewardship and philanthropy to address challenges, strengthen enabling conditions and unlock long-term, scalable solutions that deliver on the real-world objectives established by our Ethical Charter⁺.

Our Ethical Charter+ sets out our impact priorities – real-world outcomes we pursue through...

1. Intentional allocation of capital

to investments with net positive activities according to our Ethical Charter⁺ and Criteria.



The Growth Opportunities Fund invests across several impactful Thematics that provide opportunities to contribute towards positive environmental and social outcomes aligned to our Ethical Charter+ priorities:

- Decarbonisation
- Circular economy
- Digitalisation
- Urbanisation
- Changing demographics

2. Advocacy and engagement

to call for and catalyse positive change.



We use our investor position and voice to drive positive change towards the same ends as the impact investments we make. Stewardship can help unlock greater impact e.g.:

- Advocacy for science-based policy supports our renewable energy investments to grow returns and impact.
- Engagement for Paris Aligned lending and insurance improves relative costs for renewables.
- Stewardship can also help reduce and avoid harms improving net impact outcomes for investments.

3. Seed and accelerate

transformative solutions through our Foundation giving.



The Australian Ethical Foundation (Foundation) advances many of the same impact priorities as the Fund through strategic philanthropic funding including material progress on:

- Decarbonisation
- Nature and circular economy
- Urbanisation and changing demographics

Together, the Foundation, our system stewardship and the Fund represent a coordinated approach to impact.

⁺ Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our [Ethical guide](#).

1. Intentional allocation of capital through the Fund's impactful Thematics

	Decarbonisation	Circular Economy	Digitalisation	Urbanisation	Changing Demographics
Challenge	US\$275 trillion of capital required to decarbonise physical energy and land assets to meet net zero 2050 ¹ .	Unsustainable consumption fuelling nature loss and pollution with 2.1 billion tonnes of waste dumped on the planet each year ² .	While digital adoption is accelerating, the digital divide continues to widen, exacerbating the poverty and productivity divide.	Housing affordability is now at its worst level in at least three decades ³ .	Over the next 25 years the number of those over 65 years old and over 80 years old will triple ⁴ .
Sustainable Development Goals (SDGs)	7 - Affordable and clean energy 	12 - Responsible consumption and production 	9 - Industry, innovation and infrastructure 	11 - Sustainable cities and communities 	11 - Sustainable cities and communities 
Contribution (Incremental capital)	In renewable energy projects and platforms that deliver additional physical assets and/or energy efficiency gains.	In projects and platforms that aim to deliver resource efficiencies (diversion, repurpose, recycle, reduce).	In infrastructure projects where there is a thoughtful approach to resource efficiency or inclusive characteristics.	In climate adaptive and socially inclusive projects in urban areas.	Support the development of additional housing supply with a focus on underserved segments of the community and projects that aim to support the health and wellbeing of an aging population.
Impact	<ul style="list-style-type: none"> Lower GHG emissions Higher renewables penetration Improved energy efficiency Improved EV penetration 	<ul style="list-style-type: none"> Reduced landfill Lower emissions Improved recycling rates Reduced virgin inputs 	<ul style="list-style-type: none"> Greater connectivity Lower emissions Improved resource efficiency 	<ul style="list-style-type: none"> Additional purpose-built or specialised dwellings Additional affordable housing supply Improved energy efficiency 	<ul style="list-style-type: none"> Additional purpose-built or specialised dwellings Additional affordable housing supply Improved energy efficiency
Potential sectors	Traditional renewables assets (wind, solar, storage), energy efficiency projects, transport electrification	Recycling and waste management, resource (e.g. water) treatment, nature-based solutions	Data centres, network infrastructure, virtual power plants (VPPs), smart meters, software-enabled solutions	Social & affordable housing, workforce housing, mixed-use mixed-income projects	Retirement living, aged-care specialist, disability accommodation
Asset example	Neoen	Repurpose It	Octopus Energy	Vertelo	For Purpose Aged Care AU

1. www.wri.org; 2. www.theworldcounts.com; 3. 2021 Australian Census www.abs.gov.au; 4. United Nations www.un.org ; World Health Organisation www.who.int.
Further detail on each Thematic in 'Theory of Change per investment Thematic' section on pages 19-24.

2. Catalysing positive change through advocacy and engagement

Our stewardship focuses on improving real-world outcomes on the priorities in our Ethical Charter*. In this way, stewardship is often working towards the same ends as the impact investments we make aligned to the Charter.

Recent material progress relevant to the Fund's Thematics includes:

Decarbonisation

- National Australia Bank (NAB) set a public expectation that fossil fuel companies cap or reduce hydrocarbon output following our multifaceted, multi-year engagement strategy.
- We orchestrated timely public investor support for an ambitious national emissions reduction target supporting continued renewable energy development.

Nature and Deforestation

- Woolworths and Coles have made no deforestation commitments with potential to lift standards throughout their Australian beef supply chain.

In FY25 the Impact & Ethics team were proactively involved in around 130 engagements, and saw evidence of progress in approximately 25% of these. We saw progress in around 50% of our 35 in-depth engagements.*

+ Please read our [Ethical guide](#) to refer to our investment process.

Data relates to our overall stewardship program at the group level.

* Assurance: KPMG have provided limited assurance over key metrics in our sustainability disclosures, including some engagement statistics. KPMG's assurance opinion is available on pages 156-158 of the [Australian Ethical Sustainability Report 2025](#). We cannot claim attribution for all of these outcomes. There are many other people and organisations working hard toward similar objectives.

3. Accelerating positive change through our giving

Our Foundation’s strategy is centred on funding initiatives that address the root causes of climate change, nature loss and social inequity – central priorities under our Ethical Charter+ – particularly where government and market efforts fall short. The aim is to catalyse new initiatives and where possible, unlock access to government and private investment funding.

Recent material progress relevant to the Fund’s Thematics includes:

Decarbonisation

In decarbonisation, the Foundation funds organisations working to strengthen climate policy, accelerate the energy transition and ensure it is fair and inclusive. This includes support for partners such as the [Australian Council of Social Service](#), which advocates for a fast and equitable transition to clean energy, and Environmental Justice Australia, which works to protect communities and ecosystems from climate and environmental harm through legal and policy reform. This work complements the Fund’s investments in renewable energy, electrification and energy related infrastructure by helping to create the policy certainty, regulatory integrity and social licence required for capital to flow at scale.

Nature and Circular economy

The Foundation prioritises place based and First Nations led approaches to protecting and restoring land and water and improving environmental stewardship. Current funding partners include Country Needs People, which supports Indigenous Ranger programs and Indigenous Protected Areas; Jabalbina Yalanji Aboriginal Corporation and Martuwarra Fitzroy River Council, which are advancing Traditional Owner leadership in land and river governance; and Accounting for Nature, which is building trusted frameworks to measure and value environmental condition. These initiatives help build the evidence, governance and market infrastructure needed to support scalable nature-positive and circular economy investment.

Urbanisation and Changing demographics

The Foundation supports organisations working on the social, policy and capability settings that shape access to essential services, energy and infrastructure for communities facing disadvantage. This includes funding for partners such as Original Power, which builds First Nations led energy capability linked to housing quality and energy affordability, and ActionAid Australia, which advances gender responsive approaches to climate resilience and community wellbeing. This work complements the Fund’s investments in social and affordable housing, aged care and inclusive infrastructure by addressing the underlying social and institutional factors that influence long-term outcomes for residents and communities.

In FY25, Australian Ethical allocated a record \$2.8 million to the Foundation.

+ Please read our [Ethical guide](#) to refer to our investment process.

Fund Progress and Outcomes

Reflecting on our first year

TO 31 DECEMBER 2025

We are pleased to release the inaugural annual impact report for the Australian Ethical Growth Opportunities Fund (Fund). The genesis of establishing this fund in late 2024 was to provide an institutional-quality offering with broad and diversified exposure to impactful investments across several key Thematics. We have spent this first year refining our impact approach, including our Thematic-level theories of change, how we evaluate impactful investment opportunities, and how we integrate impact and stewardship into our active portfolio management throughout our ownership period.

After 12 months, the Fund had committed to 11 investments, comprising over 36 underlying assets, with a further pipeline of more than 10 additional assets under contract.

In its first year, the Fund has constructed a diverse portfolio containing both social and climate impact outcomes. This is by design. When originating and evaluating investment opportunities we are focused on finding attractive business models that also deliver real-world impact. Our Thematic focus allows us to deliver impact across sectors, regions,

and stakeholders. However, there is further to go. In many cases our investments are still maturing, and our focus moves now from making to monitoring these investments – and to use our influence to encourage and support successful delivery against impact objectives.

Financial performance for the year was pleasing, delivering a 14.6% (pre-fee) return since inception (12 months ago).

There has already been a realisation announced, Aligned Data Centers, a North American hyperscale platform which both uses 100% renewable energy, and incorporates water efficiency technology into its facilities, in order to offer a more thoughtful approach to AI and digitalisation. We are expected to earn a 2x money multiple.

Moving forward we remain focused on the externalities associated with the digitalisation Thematic as it continues to accelerate, including the material increase in energy and water consumption and potential for excess in the sector to undermine impact outcomes considered at the system level – key factors that would shape any future investment decisions.



Adam Roberts

Portfolio Manager & Head of Private Markets
Australian Ethical Investment Ltd



Alison George

Chief Impact & Ethics Officer
Australian Ethical Investment Ltd

Impact highlights

The Fund has contributed towards the following outcomes across its key Thematics

DECARBONISATION



4.2GW

of additional renewables generation and storage capacity.

CIRCULAR ECONOMY



874,000

tonnes of waste treated with 99.8% landfill avoidance rate.

DIGITALISATION



284MW

of additional data centre capacity incorporating 100% renewable energy.

URBANISATION



200

electric vehicles added to the Indian EV bus fleet platform.

CHANGING DEMOGRAPHICS



557

new aged care beds added, mostly across outer and regional areas.

100%

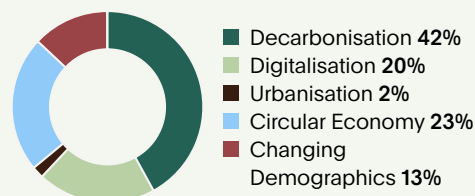
ethically and impactfully screened

As at 31 December 2025. Figures based on 100% of the relevant businesses that the Fund has investments in. We have contributed a portion of the capital alongside other investors into these investments. In some cases our total combined capital may be insignificant compared to other investors. Please refer to section "How we collect and measure data" on Page 16 for more information.

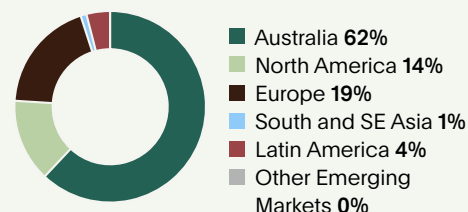
Portfolio overview

The Fund provides a diversified portfolio of unlisted real assets aligned to the future focused Thematics – targeting measurable impact alongside market rate returns.

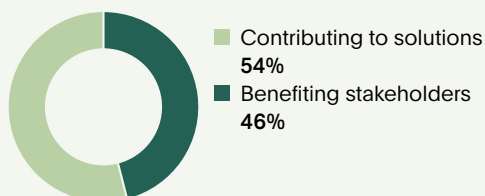
THEMATICS



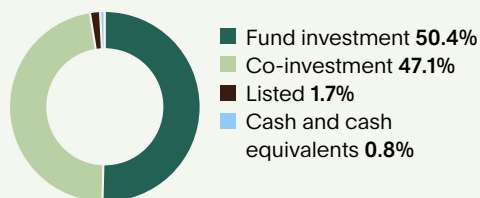
GEOGRAPHY



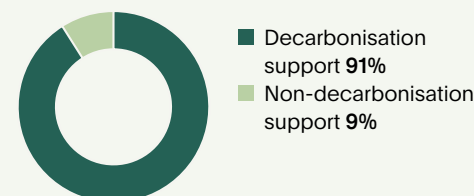
IMPACT CLASSIFICATION



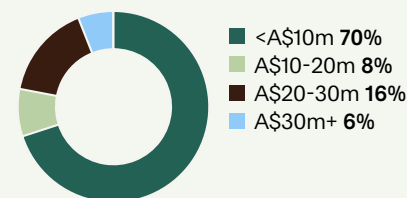
INVESTMENT TYPE



DECARBONISATION SUPPORT



AVERAGE EXPOSURE



Partner examples

Brookfield

MACQUARIE

IFM Investors

generation

FOR PURPOSE
INVESTMENT PARTNERS

PALISADE
IMPACT

MORRISON.

11

Investments

36

Assets/portfolio
companies

\$322m

Net asset value
(NAV)

\$376m

NAV + undrawn
commitments

14.6%

Gross IRR
(pre-fees)

1

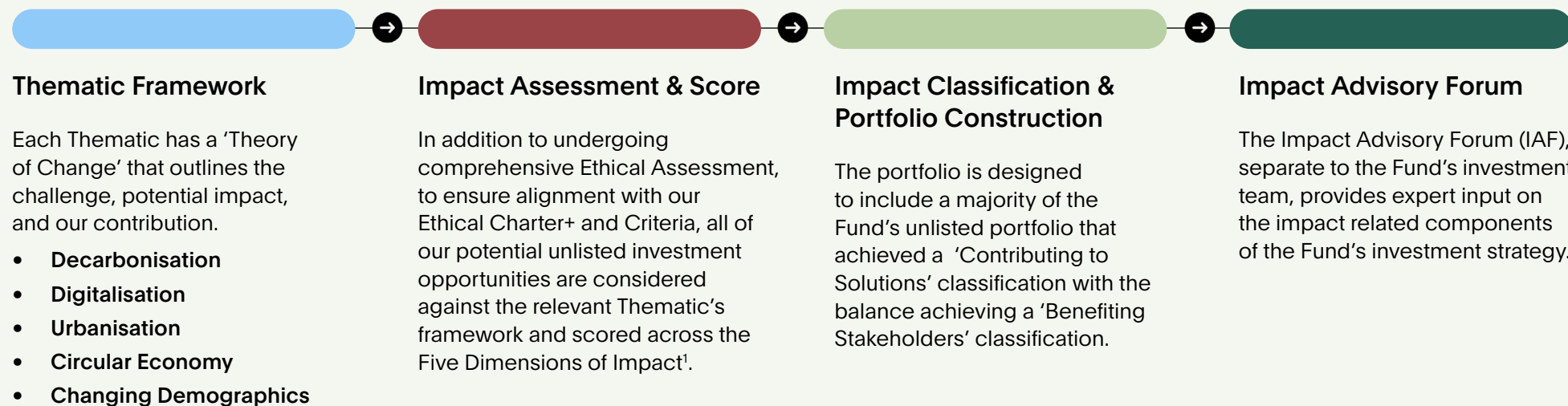
Asset realisation

As at 31 December 2025, 97.5% of the Fund is unlisted, weighted by unlisted NAV. The metrics on this page relate to the unlisted assets in the Fund.

As at 31 December 2025, it was announced that 100% of Aligned Data Centers would be sold subject to regulatory approvals and customary conditions precedent. The divestment was successfully completed in July 2026.

Fund impact framework in practice

All of our investments are ethically evaluated by our in-house expert team to restrict+ harm and confirm positive contribution to our Ethical Charter+ priorities, utilising our established Ethical Criteria. In addition, we aim to generate a measurable positive impact by investing in solutions that address environmental and/or social challenges through application of our Impact Framework.



Impact is integrated across the entire investment lifecycle for all Fund investments, guided by a Thematic-level Impact Framework

Screening

Impact screen conducted to ensure sufficient alignment with relevant Fund Thematics' impact framework to proceed to diligence.

Diligence

Undertake impact due diligence alongside commercial due diligence. Develop impact thesis and confirm alignment with Thematic Impact Framework.

Investment

Develop and implement impact KPIs and strategy. Align with co-shareholders and management and embed measurement within business.

Oversight

Monitor, measure, and report on KPIs and impact strategy. Actively engage on initiatives with key stakeholders. Reporting to the Fund's IAF.

Exit

Adapt strategy through lessons learned. Socialise outcomes to signal importance of impact.

1. Reference: <https://impactfrontiers.org/>

+ Our investment restrictions include some thresholds. Thresholds may be in the form of an amount of revenue that a business derives from a particular activity, but there are other tolerance thresholds we can use depending on the nature of the investment. We apply a range of qualitative and quantitative analysis to the way we apply thresholds. For example, we may make an investment where we assess that the positive aspects of the investment outweigh its negative aspects. For information on how we make these assessments for a range of investment sectors and issues such as fossil fuels, nuclear power, gambling, tobacco, human rights, and many others, please read our [Ethical Guide](#).

Impact assessment and scoring

Each investment is assessed and scored against the Fund's Impact Framework which aligns with the Impact Frontiers' Five Dimensions of Impact¹.

Portfolio construction:

A majority of the unlisted portfolio, weighted by invested capital, is to be attributed to C-Scores. The remainder of the unlisted portfolio must be attributed as B-Scores.



**IMPACT
MANAGEMENT
PROJECT**

Dimension	Consideration	Scoring methodology
 What	What is the unmet need that is being addressed by the investment?	Requires positive (+1 or +2) to continue to be assessed. If there is no starting positive, then asset not investible.
 Who	Does the investment address underserved stakeholders? (e.g. climate, nature, developing markets, low income, vulnerable cohort).	+1 if underserved stakeholder; Otherwise: +0.
Subtotal	Requires score of +2 or higher to progress; Otherwise, impact assessment ends and considered B Score	
 How Much	How substantial and sustained is the impact? Considering scale, depth and duration.	High: +1; Medium: +0; Low: reduces overall score to +2
Subtotal	Requires score of +3 or higher to progress; Otherwise, assessment ends and considered B Score	
 Contribution Adjustment	Starting position is that private markets are inefficient and require additional capital. Our involvement is typically provision of capital and signalling importance.	+1 where contribution goes beyond capital provision and signalling (e.g. \$ or % of investment; actively involved) or where there is innovation (e.g. unique business model or structure); Otherwise: +0.
 Risk Adjustment	What is the risk that the impact will be different to what is expected? Considers participation, drop-off, efficiency and evidence.	Negative adjustments for Risk. Low risk: no adjustment: -0; Medium: -1 where some concern around one or more risks; High: -2 where strong concern around one, or moderate concern around multiple risks.
Result	Score of +3 or higher considered "C - Contributing to solutions" attribution; Otherwise considered "B - Benefiting stakeholders" attribution	

1. Reference: <https://impactfrontiers.org/>

Impact Advisory Forum

The Impact Advisory Forum (IAF) supports the impact related components of the Fund by providing perspectives from subject matter experts outside of the investment team on our approach to impact, including in relation to:

- Our impact measurement and management framework for the Fund;
- An annual review (or more frequently if deemed necessary) of the Fund's Impact Framework, to consider whether it remains relevant and fit-for-purpose in relation to our investment strategy for the Fund;
- An annual review of the investment portfolio for the Fund as it pertains to impact;
- Such impact reporting as may be provided to the Fund unitholders;
- Sharing and discussing impact market trends and best practices; and
- Examination of specific areas in relation to the impact related components of the Fund's investment strategy.

The IAF is envisaged to have between four and seven members, in order to maintain an appropriate size and breadth of experiences to draw upon. In recognition of the Clean Energy Finance Corporation (CEFC) as a specialist climate investor, and as a cornerstone investor in the Fund, the CEFC has been granted a right to nominate one member of the IAF.

Our IAF held its inaugural meeting during the December-quarter. We anticipate that this group will meet formally several times during 2026 and we will continue to also obtain informal insights as required. During the coming year, the IAF will also be presented the Fund's decarbonisation approach, which is expected to focus predominantly on sourcing investment opportunities where our capital and stewardship can play a role in delivering tangible decarbonisation outcomes.

We are grateful to the group's membership in establishing the IAF during 2025 and thank them in advance for their involvement into the future.

Members of the Forum



Alison George

Chief Impact & Ethics Officer
Australian Ethical Investment
IAF Chair



Kate Saunders

Head
Australian Ethical Foundation



Kylie Charlton

Managing Director
Australian Impact Investments



Justin Lockwood

Director - Portfolio Management
Clean Energy Finance Corporation

How we collect and measure data

We work with multiple investee partners across five Thematics, meaning that there can be different methodologies used across investments. Rather than imposing a reporting framework top down from the Fund level, we consider and develop an approach on an asset-by-asset basis that aligns with the kind of impact the asset creates.

● Selection

The portfolio is diverse with direct and indirect exposure to 36 underlying assets or businesses. Due to our strategy encompassing both direct and fund investments, it is not always possible to access a consistent amount of information across all assets. The volume of investments is also much larger than a typical 5-8 asset fund, which means there are practical volume challenges with creating a report that deep dives each underlying asset.

We therefore highlight a case study within each Thematic. The Fund's mandate includes a majority of Contributes to solutions (C-Score) investments, with the balance being Benefits stakeholders (B-Score) investments. It is therefore natural to focus on the C-Score investments when highlighting the Fund's impact outcomes.

We aggregate certain data points

within each Thematic (e.g. the MW of new renewable generation capacity across all relevant renewables assets we hold directly or indirectly), and then present case studies across each Thematic to further deep dive and provide practical examples of the financial and impact outcomes being achieved, and how these compare to our initial underwrite.

● Metrics

Where we partner with a lead sponsor who is themselves an impact focused investor or manager, we tend to align our impact measurement with theirs – as part of our decision to invest we incorporate their impact business plan.

This means that we gain access to their impact reporting which tends to lead to a richer and more integrated framework. Where our partners are not themselves crafting

an impact management plan, we will develop this internally and incorporate these measures into our oversight and engagement approach.

● Outlook

Where we provide an assessment of likelihood of achieving a future outcome, this is based on our view, rather than necessarily the view of the lead sponsor. This may be based on asset-specific and/or macro factors.

● Timing

Our report is as at 31 December, but due to availability of information this can mean our report is produced several months after this reporting date.

We attempt to provide information 'as at 31 December', however where assets follow a different reporting structure, or we are not able to

access information that aligns with 31 December, we will incorporate what is available and footnote as such.

● Presentations

We show our impact on a 100% basis (rather than a proportionate basis), as we are part of a consortium that acts as the stewards of those assets.

We make it clear that this is not all attributable to our capital. This is not intended to overstate our impact, but rather show the overall outcomes of assets we are involved in.

● Definitions

Renewable energy includes solar, wind, hydropower, biofuels and others.

For more on renewables, refer to the [Renewables and Low-Emissions Fuels section](#) on the IEA website.

Thematic Case Studies

Detailed case studies relating to the investments and outcomes referenced in this report are available to current and prospective Fund investors in the Fund data room. Investors seeking further information are encouraged to contact the Distribution team through the [Fund page](#).



NEOEN



 REPURPOSE IT®



octopus
energy



 vertelo



 FOR PURPOSE
AGED CARE

Portfolio summary

The portfolio contains 11 investments with 36 underlying assets totaling \$322m as at 31 December 2025 with all assets screened for ethics and impact.

Investment	Thematic	Sustainable Development Goals (SDGs)	Location	Partner	Type	Impact Score	% Portfolio
Morrison Global Infrastructure Fund	Decarbonisation		Australia	Morrison	Fund Investment	Various	31%
IFM Australian Infrastructure Fund	Decarbonisation		Australia	IFM investors	Fund Investment	Benefits Stakeholders	16%
Aligned Data Centres	Digitalisation / Decarbonisation		United States	Macquarie Asset Management	Co-Investment	Benefits Stakeholders	14%
Repurpose It	Circular Economy		Australia	Palisade Impact	Co-Investment	Contribute to Solutions	11%
Octopus Energy	Digitalisation / Decarbonisation		United Kingdom	Generation Investment Management	Co-Investment	Contribute to Solutions	8%
For Purpose Aged Care Australia	Changing Demographics		Australia	For Purpose Investment Partners	Co-Investment	Contribute to Solutions	7%
Neoen	Decarbonisation		Global	Brookfield Asset Management	Co-Investment	Contribute to Solutions	6%
MGECO	Decarbonisation		Global	Macquarie Asset Management	Fund Investment	Contribute to Solutions	4%
GigaComm	Digitalisation		Australia	Palisade Impact	Co-Investment	Benefits Stakeholders	2%
Vertelo	Decarbonisation		India	Macquarie Asset Management	Co-Investment	Contribute to Solutions	0%
Southern Water	Circular Economy		United Kingdom	Macquarie Asset Management	Co-Investment	Contribute to Solutions	0%
							100%

As at 31 December 2025. Note: numbers may not add due to rounding



Theory of Change per Investment Thematic

DETAILED THEMATIC OVERVIEW

Decarbonisation

Challenge

- US\$275 trillion of capital required to decarbonise physical energy and land assets to meet net zero by 2050, given the energy sector produces more than 75% of total global emissions¹. However, there is a ~40% forecast capital shortfall².
- This capital equates to ~50% of global corporate profits, or 25% of total tax revenues, or 7% of global household spending².
- Most of the world is facing challenges in achieving the United Nations' 'Sustainable Development Goals' (SDGs),³ including SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action)⁴. (See Figure 1.)
- This has led to installed renewable energy capacity growing at a compound annual growth rate of 8.1% over 5-year periods seeking to bridge the gap⁵.
- SDG target 7.3 seeks to double the global rate of improvement in energy efficiency by 2030 - to meet this, annual improvements must now average around 4%⁶.
- Reaching Australia's 82 per cent⁷ target renewable energy requires substantial additional renewable energy generation.
- In Australia, transport accounts for 21% of national GHG emissions in 2023⁸.

Impact

In the IEA's 'Net Zero Roadmap' (NZE 2023)⁹, renewable energy, energy efficiency and EVs are all key technologies to keep 1.5 degrees in reach (see Figure 2):

- Global renewable power capacity triples and energy efficiency progress doubles by 2030, while sales of electric vehicles rise sharply.
- Wind capacity additions rise from 75 GW in 2022 to 320 GW in 2030, and battery storage sees a CAAGR of 48% between 2022 and 2030.
- Electric buses increase their share of sales from 4% in 2022 to over 50% in 2030, and electric heavy trucks increase from a 1% to 33% share.
- Growth in solar power capacity and electric car sales together deliver one-third of the emissions reductions between 2022 and 2030 in the IEA's NZE 2023 roadmap.

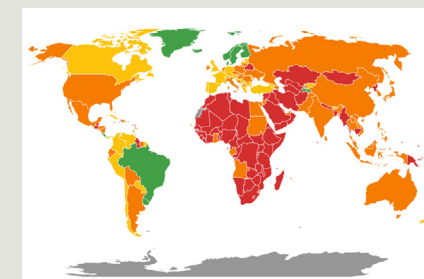


Figure 1: SDG 7 progress assessment⁴

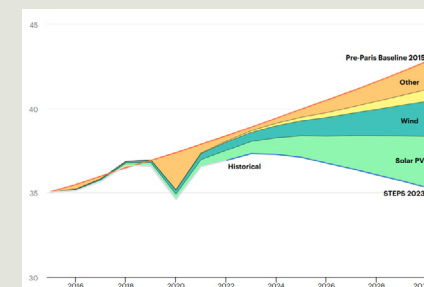


Figure 2: Global energy sector CO₂ emissions in the Pre-Paris Baseline and Stated Policies Scenarios 2015-2030⁹

Contribution

The Fund will provide incremental capital into renewable energy projects and platforms that deliver additional physical assets and/or energy efficiency gains with the intention of leading to:

- Lower GHG emissions
- Higher renewables penetration
- Increased renewable energy share in total final energy consumption
- Improved energy efficiency
- Improved EV penetration

Potential sectors

- Traditional renewables assets (wind, solar, storage)
- Energy efficiency projects
- Transport electrification

Source: 1 www.wri.org; 2 www.mckinsey.com; 3 www.sdg.un.org/goals; 4 www.sdgindex.org; 5 www.unstats.un.org; 6 www.sdg.un.org; 7 www.cleanenergycouncil.org.au 2023; 8 www.infrastructure.gov.au; 9 www.iea.org 2023

DETAILED THEMATIC OVERVIEW

Circular Economy

Challenge

- The crisis of unsustainable consumption and production patterns worldwide is fuelling the ongoing triple planetary crisis of climate change, nature loss and pollution¹⁰.
- There are more than 2 billion tonnes of waste dumped on the planet each year, with 99% of all items purchased trashed within 6 months¹¹.
- Global waste is expected to grow by 70% by 2050 unless urgent action is taken. Circular economy activities are a key part of controlling them¹².
- Improperly managed waste has an impact on human health and the environment through disease spread and hazardous waste contamination, while effective waste management (including collection) enables recycling and reuse.
- Achievement of SDG 12 (Responsible Consumption and Production) is seriously challenged in most jurisdictions globally (see Figure 3) with recycling and composting being well off target¹³.
- In 2022, 19% of global food was wasted, while 783 million people suffered from hunger. SDG target 12.3 aims at halving per capita global food waste at the retail

and consumer levels and reducing food losses along production and supply chains, including post-harvest losses.

- In 2022, e-waste generation rose to 7.8 kg per capita from 6.2 kg per capita in 2015, but only 1.7 kg per capita was properly managed¹⁴.
- Australians are throwing away nearly 76 million tonnes of waste every year, much of which ends up in landfill. By 2035, Australia aims to double its circularity - transforming how we use, reuse, and regenerate resources across the economy¹⁵.

Impact

- Municipal waste streams globally are still comprised predominantly of highly recyclable materials such as food and garden waste, paper and cardboard and metals (figure 4).
- Organic waste streams are a sustainable source of bioenergy as they avoid the land use conflicts that arise with other sources (food v fuel) enabling decarbonisation where electrification is not suitable, such as high temperature heat for industrial processes (IEA NZE 2021)
- Resource recovery is a key circular economy approach.

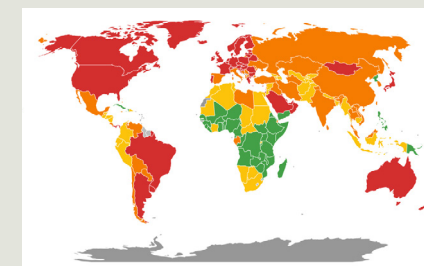


Figure 3:
SDG 12
progress
assessment¹³

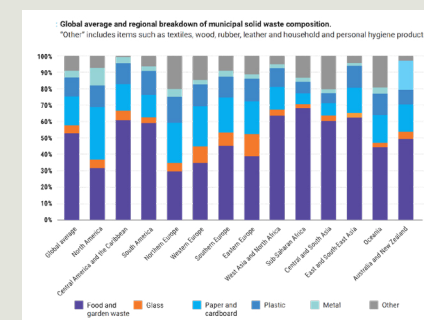


Figure 4:
Municipal
solid waste
composition¹⁶

Contribution

The Fund will provide incremental capital into projects and platforms that aim to deliver resource efficiencies (diversion, repurpose, recycle, reduce), leading to:

- Reduced landfill
- Lower emissions
- Improved recycling rates
- Reduced virgin inputs

Potential sectors

- Recycling and waste management
- Resource (e.g. water) treatment
- Nature-based solutions

Source: 10 www.unfccc.int; 11 www.theworldcounts.com; 12 [UNEP Waste Management Outlook 2024](https://www.unep.org/waste-outlook-2024); 13 www.sdgindex.org; 14 www.sdgs.un.org;

15 [DCCWE Circular Economy Framework 2024](https://www.dccew.gov.au/circular-economy-framework-2024); 16 [Global Waste Management Outlook 2024](https://www.unep.org/waste-outlook-2024)

DETAILED THEMATIC OVERVIEW

Digitalisation

Challenge

- The digital sector is driving innovation, economic growth and job creation, generating positive spillovers on the broader economy¹⁷.
- Unprecedented growth in data and analytical capabilities is propelling digitalisation to a new era, with profound implications for low- and middle-income countries, requiring significant infrastructure upgrades. The information and communication technology (ICT) sector has emerged as the biggest purchaser of renewable energy in the world¹⁷.
- We feel that while digital adoption is accelerating, the digital divide continues to widen, exacerbating the poverty and productivity divide.
- The rise in a digital economy can increase inequality with education and employment increasing reliance on digital connectivity and literacy. Many Organisation for Economic Cooperation and Development (OECD) countries still face significant differences in household internet access between top and bottom income quartiles (see Figure 6), while in lesser developed countries the challenge is still in connecting populations to the internet (see Figure 5).
- Nine in ten new US jobs require digital skills

and access to affordable high-speed internet is necessary to avoid being left behind¹⁸.

- In Australia, digital inclusion at national level has improved steadily, but the number of Australians who are highly excluded remain substantial, especially for indigenous people¹⁹.

Impact

- Technology and innovation are important to the achievement of SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation and Infrastructure)²⁰.
- We feel that artificial intelligence (AI) holds huge potential to accelerate productivity growth and bring vast benefits to the global economy and society, including in crucial areas - notably in agriculture, health care, education, energy, financial inclusion, climate resilience and insurability.
- Uses for AI across power systems are likely to soar in the years to come as electrification and intermittency both increase with decarbonisation efforts. In addition to better forecasting of energy supply and demand, applications could include managing and controlling grids, using an array of data from sensors, smart meters and other internet-of-things devices; and facilitating demand response²¹.

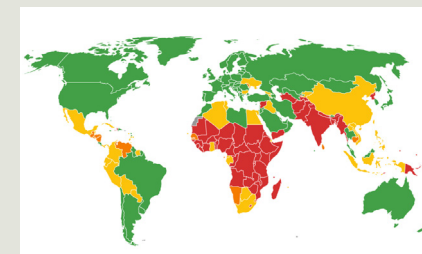


Figure 5:
SDG 9 indicator –
Population using
the internet²²

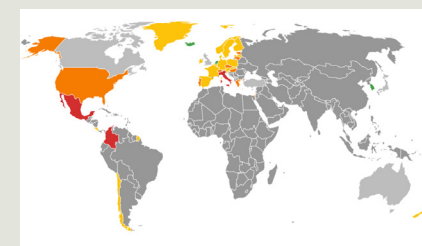


Figure 6:
SDG 9 indicator
– gap in internet
access by income
(collected for
OECD countries
only)²²

Contribution

The Fund will provide incremental capital into infrastructure projects where there is a thoughtful approach to resource efficiency or inclusive characteristics, with the aim of achieving:

- Greater connectivity;
- Lower emissions; and
- Improved resource efficiency.

Potential sectors

- Data centres
- Network infrastructure
- Virtual Power Plants (VPPs)
- Smart meters

Source: 17 World Bank Digital Progress and Trends 2023; 18 www.nationalskillscoalition.org; 19 www.digitalinclusionindex.org.au; 20 www.sdg.un.org; 21 www.iea.org; 22 www.sdgindex.org

DETAILED THEMATIC OVERVIEW

Urbanisation

Challenge

- The majority of OECD nations have a significant percentage of their populations facing rent over-burden (where total housing costs represent more than 40% of disposable income) (see Figure 7), while SDG 11 (Sustainable Cities and Communities) target 11.1 aims at access for all to adequate, safe and affordable housing and basic services by 2030²³.
- In Australia, housing affordability is at the worst levels on record, whilst 1-in-10 households have 3 or more spare bedrooms (~3.5 million nationwide)²⁴.
- Australian median income families can only afford <13% of houses available for sale, and families with A\$200,000 yearly income (in the top 20th percentile) can afford less than half of such houses²⁵.
- Australia's population is projected to reach 30 million by 2030, with the majority of this growth occurring in our major cities. This rapid urbanisation will place significant demands on our already stretched infrastructure, housing, and public services²⁶.
- Australian cities face several urgent challenges²⁷;
 - Housing affordability crisis - rising costs are making homeownership and renting unattainable to many Australians;
 - Climate vulnerability - extreme weather and rising temperatures demand climate adaptive infrastructure;
 - Equitable access to services - disparities in access to employment, health and education limit urban inclusivity; and
 - Urban growth pressure - rapid urbanisation is straining infrastructure, requiring better planning.

Impact

- We feel that sustainable urbanisation can improve the social outcomes for all residents, including marginalised and vulnerable groups to have more equal opportunities and access to resources, services and goods.

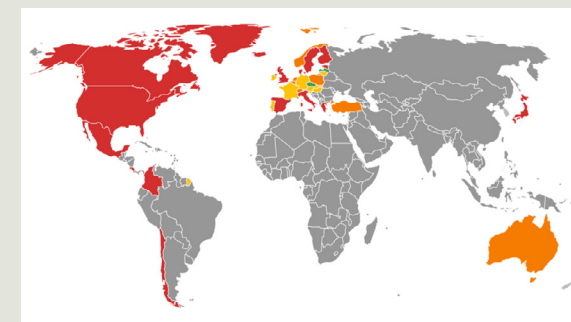


Figure 7:
SDG 11 indicator – rent overburden
(collected for OECD countries only) ²⁸

Contribution

The Fund will provide incremental capital into climate adaptive and socially inclusive projects in urban areas that support the development of additional housing supply with a focus on underserved segments of the community with the aim of delivering:

- Additional housing stock;
- Additional affordable supply and
- Energy efficient homes.

Potential sectors

- Social & affordable housing
- Workforce housing
- Mixed-use mixed-income projects

Source: 23 www.sdg.un.org; 24 2021 Australian Census; 25 PropTrack Housing Affordability Report; 26 www.abs.gov.au; 27 www.urbanpolicyplatform.org; 28 www.sdgindex.org

DETAILED THEMATIC OVERVIEW

Changing Demographics

Challenge

- The number of people aged 65 years or older worldwide is projected to more than double, rising from 761 million in 2021 to 1.6 billion in 2050. The number of people aged 80 years or older is growing even faster. Population aging is an irreversible global trend. It is the inevitable result of the demographic transition - the trend towards longer lives and smaller families - that is taking place even in countries with relatively youthful populations²⁹.
- In Australia, sectors such as aged care and disability services have received significant government investment but large gaps in service provision and intended impact outcomes remain³⁰.

Impact

- This demographic shift will result in a requirement for more than 3 times more suitable retirement housing versus forecast³¹.
- The Fund estimates that there is an unmet need of ~200,000 new beds to support homeless and people with disabilities³².
- Progress on each of these fronts should advance SDG target 11.1 which is: by 2030, ensure access for all to adequate, safe and affordable housing and basic services.
- Adequate and affordable housing helps curb inequality for these vulnerable groups (see Figure 8).

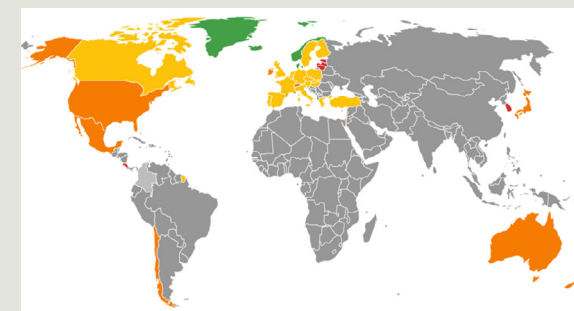


Figure 8:

SDG 10 indicator – percentage of people of 66 years of age or more whose income falls below half the median household income of the total population (collected for OECD countries only)³³

Contribution

The Fund will support the development of additional housing supply with a focus on underserved segments of the community and will invest in projects that aim to support the health and wellbeing of an aging population, with the intention of delivering:

- Additional purpose-built or specialised dwellings;
- Additional affordable housing supply; and
- Improved energy efficiency.

Potential sectors

- Retirement living
- Aged care specialist
- Disability accommodation

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Resources

- [Australian Ethical Growth Opportunities Fund](#)
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- [Fund Information Memorandum](#)
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- [Our Ethical Charter](#)
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- [2026 Sustainability Report](#)
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