2022 Annual Member Meeting of the Australian Ethical Retail Superannuation Fund

Held online on Tuesday 22 November 2022 at 7 pm

Present

Directors & Employees of Australian Ethical Superannuation Pty Limited

- Stephen Gibbs, Chair
- Kate Greenhill, Non-Executive Director
- Mara Bun, Non-Executive Director
- Michael Monaghan, Non-Executive Director
- Madeleine Bandfield, Executive Officer Superannuation

Responsible Officers and other attendees

- John McMurdo, CEO Australian Ethical Investments
- Stuart Palmer, Head of Ethics Research
- Karen Hughes, Chief Risk Officer & Company Secretary
- Mark Simons, Chief Financial Officer
- Tom May, Company Secretary
- Conrad Tsang, Chief Technology Officer
- John Woods, Head of Asset Allocation
- Mike Murray, Head of Domestic Equities
- Amanda Richman, Ethical Stewardship Lead
- Andrew Reeves, Partner KPMG, Auditor

Agenda

- Introduction – Steve Gibbs
- Fund Update – Madeleine Bandfield
- Investment Update – John Woods
- Impact Update – Dr Stuart Palmer
- Advocacy Update – Amanda Richman
- Foundation Update – Nick Chadwick
- Q&A session

The Chair opened the meeting at 7 pm and closed it at 8:15 pm

A video recording is available here. What follows is a transcript of the proceedings.

Start of Transcript

Steve Gibbs: Good evening and welcome to this year's Annual Members' Meeting of the Australian Ethical Super Fund. I'm Steve Gibbs, Chair of Australian Ethical Superannuation Proprietary Limited, which is the

Trustee of the Fund. Firstly, I would like to acknowledge the traditional owners of the country on which we are holding this meeting this evening, the Gadigal people of the Eora Nation, and recognise and celebrate their continuing connection to land, waters and culture. I pay my respects to Elders past and present and thank them for protecting country since time immemorial.

With me are my fellow Directors, Kate Greenhill, Mara Bun and Michael Monaghan. I would also like to indicate that the following members of Australian Ethical senior leadership team are present at this meeting: John McMurdo, who's the CEO of Australian Ethical; Stuart Palmer, Head of Ethics; Karen Hughes, Chief Risk Officer and Company Secretary; Mark Simons, Chief Financial Officer; Tom May, Company Secretary; and Conrad Tsang, Chief Technology Officer.

We are also joined by John Woods, Head of Asset Allocation; Mike Murray, Head of Domestic Equities; Madeleine Bandfield, Executive Officer Superannuation; and Amanda Richman, Ethical Stewardship Lead. I also confirm that the funds auditor, Andrew Reeves, a partner at KPMG, is attending this meeting. Please note that we are recording today's proceedings and the recording will be available on our website within the next month.

The order of business for tonight will be as follows: Madeleine Bandfield will start with a fund update. Following this, John Woods will provide you with insights into the performance of the fund's investment options over the previous financial year. We will then have presentations from Dr Stuart Palmer and Amanda Richman, who will provide an update on the impact and advocacy work of the ethics team over the year. To finish, Nick Chadwick, Head of the Australian Ethical Foundation, will talk about the philanthropy work of Australian Ethical.

Now, all of these presentations have been recorded. After we hear those presentations, we will then answer questions from you, our members, some of which have been received prior to the meeting. We will answer the questions we've received prior to the meeting first and then we will look to go to questions that are submitted during the meeting, so you have plenty of time to submit your questions as we go forward. If you would like to ask a question, please press the Ask a Question button and that will be submitted to us. So to kick off, Madeleine will provide a fund update.

Madeleine Bandfield: Welcome to the 2022 annual member meeting. The events of 2022 have been challenging for super fund members, ethical or otherwise. Geopolitical tensions plus investment markets and economic volatility have created a complex landscape to navigate. Australian Ethical is not immune to the impact of these changes. Having delivered market-leading returns for our members across most of our investment options just a year ago, our short-term performance has been affected by this year's significant headwinds.

However, the continuing growth that we are experiencing in new members tells us that the appetite for authentic ethical superannuation remains strong. While the pandemic, climate change and the global energy crisis underscored the needs to transition to a more sustainable future, the events of 2022 have highlighted the urgency with which this needs to happen.

At Australian Ethical, we stayed true to the values defined in our ethical charter. Short-term investment performance was impacted by our unchanged position on fossil fuel investment, when the oil and gas prices spiked. But our ethical integrity remains intact. It's what our members expect from us and we're proud to help them align their money with their values and we believe that in the long term our approach will prevail in creating a better world. We find our unwavering commitment to our purpose is the best position through which to view the world.

Even when short-term investments are down, we're still invested in future-building companies that will thrive in the low carbon economy and our advocacy remains unchanged. It's how our members can be sure that their super is working for a better world for people, the plant and animals.

Notwithstanding the volatility of the investment markets, Australian Ethical has had a successful year. We started with over 63,000 members and ended with 72,500. That's growth of 15%. We received record amounts of contributions on rollovers from members, nearly $1 billion worth. This is an increase of 20% compared to the total we received last year. This is a great result considering the competitiveness of the superannuation market, especially as other funds launch ESG-style products.

Our total funds under management also grew over the year by 8%, despite the volatile investment markets. We ended the year with $4.3 billion in funds under management. In terms of growth over the past five years, the funds assets have almost tripled. As you can imagine, when we compare ourselves to other funds, our growth is outstanding. Earlier this year, KPMG produced a *Super Insights* report for the year to 30 June 2021 and Australian Ethical Super was in the second spot for the three-year average total account growth.

Our average annual growth rate over five years is top by membership at 27% and in second spot by funds under management at 30%. This year, we have been busy preparing for our next stage of growth. Earlier this year, we agreed and executed a successor fund transfer deed with Christian Super, which was required by the regulator APRA, to transfer its members to another fund. Following a review of potential funds, Christian Super selected us, given our strong commitment to people, planet and animals.

The SFT will not change the way we invest or how we manage the fund. Christian Super members will become Australian Ethical members and will be invested in our options, which will remain true to the Australian Ethical Charter. A successful completion of the SFT will mean that the fund could grow by up to 27,000 and by almost $2 billion in assets. That's a potential increase of over 35% in members and 45% in funds under management. This growth will give us great opportunities in terms of our scale.

Our first step, if it all goes ahead as planned, is to reduce our fees, so from 1 December 2022, we're expected to be able to reduce our admin fee, both the dollar-based fee and the percentage-based fee. We already reduced the dollar fee in September this year from $97 to $74 per year. We'll publish an updated product disclosure statement on the website with all the details of our fees and charges, so you can check what this means for you and some further reductions are being made to fees for individual investment options.

We've been on a path of fee reductions over the past number of years and for a long time our fees have been higher when compared to other funds, particularly some of the mega industry funds. However, as we grow and have access to the benefits of scale, we're starting to compare well to our competitors. It's not all about fees though, as demonstrated in the results of APRA's performance test, which has been running for the last two years and which MySuper Investment Option passed for 2021 and 2022.

For 2021, Australian Ethical Super came second place out of all the default super options in the results published by APRA. We were the only retail front to make the top 10 of best performing funds. The detailed results for 2022 will be available in mid-December.

Over the year, we've built on previous improvements that have been made to the member experience. We digitised and redesigned a number of our forms to make it easier for people to transact with us. We also updated our member join forms, so new members can select their investment options and opt in or out of insurance when joining the fund, rather than having to remember to do this later. We know that super can be set and forget, so making this step easier helps people get it right from the beginning.

After bringing the contact centre into Australian Ethical last year, we've made improvements to our telephone system, which has lifted our service metrics. In particular, the call abandonment rate, which is now better than the industry standard. At last year's annual member meeting, we had a number of questions and comments from members about the poor service they had been receiving and this year the response has been much more positive. Our customer experience scores highlight these improvements and we're number one for net promoter score out of 23 surveyed funds.

This year, we also made changes to our annual statements and we've added in retirement predictions that give you an estimate of what your annual income from your super could be at retirement. From this, you can click through and adjust your retirement goals and contributions to see how these changes can influence the amount of your retirement income. The statements have more information on the impact of your investments and some case studies of the companies that we're investing in.

More and more data and analysis is available now, so we can benchmark and better understand the impact we're having on the world, particularly the sustainable development goals that were set by the United Nations General Assembly in 2015. You can check out more information on the fund on our website and we recently published our outcomes assessment for 2022, which goes into much more detail on the performance of the fund over the year and the trustee's determination of how all its outcomes have been met.

The next year is going to be another busy year. I would like to thank all our members for your support. We are true-to-label ethical super fund and we will continue to do what is right to create a better future and to advocate on behalf of our members. Thank you.

Steve Gibbs: Thank you, Madeleine, for that fund report. I now ask John Woods, the Head of Asset Allocation. He will speak pre-recorded, as I mentioned, about the fund's investment performance over the financial year.

John Woods: The volatility in global share markets over the six months to 30 June 2022 has been dramatic and intense. During the period, we've seen underlying market concerns switch from the impact of the pandemic to geopolitical tension and inflation. The headwinds into which we face has been challenging for investors around the world. While at Australian Ethical we continue to be proud with the long-term performance of our investment strategies, our short-term performance has not been immune to the pressure of investment markets.

The first half of the financial year found many of our investment options performing above their benchmarks. However, the ASX companies that performed best in the second half of the year were in carbon-intensive resource sectors. Because of our ethos of our investment process in the Australian Ethical Charter, we will always avoid investing in these type of companies. This meant that we underperformed other super funds who choose to invest in these companies. Our strong long-term performance shows that despite this volatility, we're above benchmark for our Balanced MySuper and Australian shares options for periods greater than two years.

For the year to 30 June 2022, the balanced option experienced a negative return of 6.15%. This is only the third time in 22 years where the annual return has been negative. Our longer term performance remains strong with 4.2% per annum delivered for the three years to 30 June. But periods where we are going backwards are unsettling. It's worth remembering that the balanced option is diversified, meaning that it includes investments in shares, fixed interest, cash, infrastructure and property. So the volatility in share markets is tempered by less volatile assets.

When markets are falling, it's easy to respond by being reactive and to drift from established principles, but by continuing to focus on ethical investing guided by the principles set in our Australian Ethical Charter means that we have a stable lens through which we view the world and that the impact of our investment portfolios and advocacy remains unchanged.

After more than a decade of strong growth, our outlooks suggests that the risk of lower economic growth is increasing, which may lead to lower returns than previously. We will continue to monitor and adjust the portfolios to manage these economic cycles and how the market responds to them. We'll invest in companies that will thrive in a low-carbon future, such as those in IT, healthcare and education sectors. The structural drivers behind a low-carbon economy are gaining strength through an increasingly supportive regulatory and policy environment. There is growing demand from people who want to invest their money and super in line with their values.

Current geopolitical events and natural disasters only serve to underscore the importance of energy security and tackling the climate crisis. Our ethical investment philosophy has a long term and strategic focus on future-building companies that will thrive in a low-carbon economy. We also take pride in our experience, long-term performance and an investment approach that has been tested and proven over multiple cycles.

Our approach to investing is governed by the principles in the AE Charter and, in order to meet them, we undertake detailed assessment of the impact of climate change on people, animals and the environment. We achieve this through negative and positive screening of companies for investment, engagement and advocacy and our climate performance measurement and reporting. The CIO and Head of Ethics Research are responsible for this work and putting together the framework that details our screening criteria, particularly for emissions-intensive sectors.

The ethics research team applies the charter as part of their day-to-day work, monitoring existing and emerging ethical risks using information from a diverse range, including company, industry, government, responsible investment, scientific, societal and news. I know the last year has been unsettling, but there's signs that green shoots are emerging and we look forward to continuing to invest your money to achieve a less carbon-intensive future.

Steve Gibbs: Thanks, John. Now, we shall hear from Dr Stuart Palmer about our impact and immediately thereafter from Amanda Richman about our advocacy work.

Stuart Palmer: I'm going to talk about some of our work this year tracking and reporting the impact that our investments are having. But I'd like to begin with some more general comments about our particular ethical investment approach, which we see as crucial to achieve the impact we strive for. There are many so-called ESG investment approaches and labels, but broadly they fall into two categories; what I'll call ESG-integration approaches and, secondly, intrinsic ESG approaches or what we see as genuinely responsible, sustainable and ethical investing.

Under the first ESG integration approach, an investor says they are considering business impacts on people and the environment as part of their financial investment analysis. They might still invest in expansionary fossil-fuel companies or in old-growth forest logging, but they'll do so having thought about the financial implications of the climate change and biodiversity harms caused by those companies and activities. They might only think about the financial implications for a particular company or they might think more systemically about financial implications for all their investments. For example, how climate change and natural capital destruction might devalue their other food and real estate investments or generally how those factors might disrupt markets and economies more broadly.

This financially focused integration approach is different to an intrinsic ESG or ethical approach, which not only thinks about social and environmental impacts through a financial risk return lens, because it still does that, but the intrinsic ESG approach also recognises that helping, not harming, people, animals and the environment has intrinsic importance. It is important independently of its effect on risk return characteristics of companies and portfolios.

The Australian Ethical investment process takes this intrinsic ESG approach. Our ethics research team assessed the positive and negative impacts of companies on people, animals and the environment, and that research defines our universe of potential ethical investments. Our investment team then implements investment strategies for strong risk-adjusted returns within this defined ethical universe. This structure and approach helps protect against greenwash where sustainability and impacts stories can easily simply be part of a product marketing strategy, rather than a genuine part of the investment process.

It also helps guard against valuation inertia and stranded assets, where analysts can find it difficult to revise longstanding business model assumptions and to accurately revalue companies facing the risk of existential disruption. This independent consideration of sustainability also limits the so-called green-wish effect, where an analyst might be influenced to overstate the financial prospects of an investment, because of the company's strong positive impact potential.

More generally, this ethical investment process favours investment universes and portfolios exposed to positive structural trends in the economy and reduced social licence and operating risks. We need this intrinsic ESG, this ethical investment approach, because of the scale and urgency of the systemic challenges faced by our economies and societies, challenges from climate change from natural capital and biodiversity loss, from social and political polarisation. It's this ethical approach that will not only deliver a better world for us all, at the same time, it gives us the best chance of preserving and strengthening the social and environmental foundations which are needed to sustain well-functioning markets and economies into the future.

I think you already know all this, but it is important to repeat it from time to time. This year, we've seen criticism from some quarters of the legitimacy of responsible investing strategies, but this criticism is not a result of flaws of ethical and responsible investing; it's an indicator of the success and impact we are having. Unsustainable companies which have been exposed and which have been hurt by ethical and responsible investing are trying to exploit current global energy disruption and broader economic, social and geopolitical disruption to attack the whole idea of responsible investing.

But the disruption we are currently seeing only reinforces the importance of investing in a way which will create more resilient and sustainable economies and societies. Think about the energy sector, which has been at the centre of Australian and global climate debates. Russia has invaded Ukraine. The fossil fuel companies which had lagged the market for a decade and more now outperform for a period. Here, it seems, it is the perfect opportunity for those fossil fuel companies to debunk responsible investment; a perfect opportunity, it seems for companies and investors to revert to business as usual.

Except what's happened this year has done nothing to change the threat of climate change, nothing to change fossil fuel emissions, nothing to change the safer, lower cost energy that more renewables and storage can deliver. A short-term spike in energy prices does nothing to fix the challenged economics of new fossil-fuel infrastructure with decades long payback periods. Responsible investing remains as essential as ever to respond to systemic challenges like climate change and biodiversity loss and political disruption.

It's as essential as ever that we invest and engage in a way which helps the energy sector transition to zero renewable energy – zero-emissions renewable energy in line with the Paris Agreement, and which along the way protects the most vulnerable consumers and workers harmed by this transition. It is important, though, to pay attention to the reaction that we are seeing against responsible and in ethical investing from some. It can be a superficially attractive argument to say that a time of crisis is the time to stick with the status quo and BAU, business as usual.

But that's not a good argument and it's a dangerous one when urgent change is needed. Disruption from flood and fire is of course no reason to slow down action to limit the global warming which is contributing to those floods and fires. These terrible events, along with our COVID experience, have also shown us that crisis can actually make people more open to change and create opportunities to accelerate change. We need to take those opportunities.

I've talked about our ethical investment process and our ethics and investment teams with independent accountabilities for ethical research and for financial investment research. We also need to hold ourselves to account for helping achieve the change the world needs. This year we continued to measure and report the carbon footprint of our share investments as one way to check the effectiveness of our ethical investment approach to manage climate risk and to support the transition to a net zero-emissions economy and society.

The key metric is carbon intensity, which is a guide to the carbon efficiency of the positive products and services which we invest in. In 2022 financial year, the carbon intensity of our share investments remained at about one quarter of a corresponding share-market benchmark at 77% lower than the market. Since last financial year, the carbon intensity of our share investments and the market benchmark had both reduced by about 16%.

Another important metric is the level of our investment in renewable power generation and other clean energy solutions, which are critical to support the massive global shift to renewables required to limit warming to 1.5 degrees. Our analysis this year showed that our share investment in renewables and energy solutions is proportionately 5.6 times that of the share-market benchmark. This metric includes investment in renewable energy generation from wind, solar, geothermal and small-scale hydro. Also included are biofuels, waste to energy, renewables equipment such as solar invertors, wind turbines, as well as transmission of renewable energy and batteries supporting renewable energy.

Another measure of the impact of companies we invest in is the annual revenue they earn from products and services which are helping to meet the global sustainable development goals or SDGs. We use the MCI Sustainable Impact metrics framework and data to measure the companies we invest in for their sustainable impact compared to the impact of a share-market benchmark.

Some key results are for our share investments, overall revenue from a broad range of sustainable impact solutions is 1.8 times the sustainable impact revenue for an equivalent investment in a market benchmark. Revenue from sustainable water and agriculture and pollution prevention solutions is 3.7 times benchmark. By contrast, revenue from major disease treatment solutions is only about a third of benchmark. Our lower revenue for disease treatment is impacting by our current exclusion of some of the big pharma companies, like Pfizer and Johnson & Johnson.

While these companies produce many important drugs and vaccines, they can also raise ethical concerns from the way they use animal testing and also from their slowness to act on product safety concerns. We do invest significantly in small biotech companies, though often their current revenue is small, as they are focused on research and development for new medical solutions.

As we did last year, we have reported climate, SDG and stewardship metrics and information in your annual superannuation and pension statements. So I'm hoping you've seen that in your statements and we welcome any feedback or questions about that information and the way we've presented it to you.

Amanda Richman: Hi. I'm going to canvass examples of our stewardship activities over FY22. Today we released our stewardship report as part of our sustainability report. It's the first time we've had a dedicated stewardship report and we would love to get members' feedback on it, whether you think there are gaps or something we could be doing better, but I realise some people might be wondering what we mean by stewardship and why we do it, so let's start there.

It goes without saying we need systemic change across multiple industries to tackle the most difficult and important challenges of our time, such as climate change, nature loss, human rights abuse and industrialised animal cruelty. As an ethical investor, we use capital allocation to help drive this change by investing in companies that we think on balance benefit people, animals and the planet and avoiding those which cause unnecessary harm. Stuart is talking about the importance of capital allocation and how we measure our impact.

But while ethics-driven capital allocation is critical, we know that on its own our ethical screen is not enough to achieve the economic and social transformation we need. There are a few reasons for this. The fact that we do not allocate capital to harmful industries does not mean they don't continue to exist. For example, we don't invest in fossil-fuel companies, but we are still seeing new oil and gas projects in Australia.

The second reason is that we do not invest in perfect companies. The economy is so far from perfect, inevitably in any portfolio there will be companies you need to engage with. So in addition to capital allocation, we see engagement and advocacy with companies both inside and outside the portfolio and with government and with responsible investment community as another tool we can use to have real-world influence, and this is what we call stewardship.

At the start of FY22, we identified key areas we want to leverage our influence, and I'll talk about two of those focus areas. The first is influencing the finance sector to cut lending to unsustainable fossil-fuel expansion. This is something we've been working on for almost a decade. Over the last nine years, we have co-filed shareholder resolutions, agitated issues both in private discussion and public criticism at AGMs. We've collaborated closely with organisations like Market Forces. Over that time, we have seen the financial institutions shift considerably, including making commitments to align their lending with the Paris Agreement, not to finance any new thermal coal projects, increasing lending to renewables.

In FY22, our focus was on their oil and gas exposure. We met with Westpac and NAB and demanded that they assess Paris alignment for every new oil and gas project. These are really important conversations to be having, because we don't want to see the banks weasel out of their Paris commitments by simply aligning to the Paris agreement at the portfolio level, whilst still supporting individual oil and gas projects that are fundamentally not aligned.

We also supported shareholder resolutions calling for Paris-aligned targets and an end to the financing of new fossil-fuel projects. We also co-filed a shareholder resolution against QBE. When people think about the finance sector and fossil fuels, they think immediately of the banks. But the issue is broader than that. We need to put pressure on the insurance sector too, because it underwrites and invests in the fossil-fuel sector as well.

So we co-filed against QBE, questioned them at the AGM about their continued support for oil and gas and their weak restrictions. We also help fund independent research. We think independent research is an important tool to hold companies to account. We saw a need for research assessing the Paris alignment over planned Australian gas projects and that we can use that research to help challenge the banks and insurance companies on their support for some of these projects.

But that's talking about our activities. What progress was actually made? In FY22, NAB and Westpac announced new restrictions on their lending to the oil and gas sector and QBE signed up to the Net-Zero Insurance Alliance, which means it will have to set a science-based target in mid-2023. That progress is good, but it's insufficient. We think major banks and insurance companies are giving high-emission customers too much time to align their business the climate transition.

There is a case to provide room for companies and executives that are genuinely grappling with the challenge of winding down existing high-emission activities, but there is no case for latitude when capital is being allocated to expansion of those high-emission activities, rather than to the alternative technologies and infrastructure that we need to replace them. All significant new capital expenditure should be aligned with the Paris agreement from today.

The other issue is the banks are not applying their climate related restrictions to their general corporate lending facilities and that's a major loophole. So we are pressuring the banks on both of these points now and we will be looking to escalate the engagement if these institutions continue to set targets and criteria that are insufficient. Of course, divestment is always on the table if we think the banks are not being genuine in supporting the transition and we see no way of influencing change as an investor. Our climate patience has run out with two other insurers and we did divest.

So on the engagement vest/divestment debate, we see divestment as an important tool to complement other engagement and advocacy activities. In our own view, investors need to do both. They need to engage and there should always be consequences for recalcitrant companies that are not coming to the table on these issues.

Another strategic area of focus was animal agriculture and deforestation. The world has a livestock problem and it's one that is felt particularly in Australia. Australia is the only developed country in the world with an identified global deforestation hotspot. We also have one of the worst track records for animal extinctions, and this is being driven primarily by habitat loss and fragmentation. Estimates suggest that almost 4.9 million animals died due to land clearing every year in the decade between 2005 and 2015 and livestock is the primary driver of that land clearing.

In Queensland, 93% of deforestation and land clearing in 2018 to 2019 was for conversion to pasture and around 80% of likely or known koala habitat cleared between 2018 and 2019 was cleared for beef production. We avoid investment in conventional animal agriculture companies and that's because we assess the harm to animals and the disproportionate environmental impact to be unnecessary where there are less impactful alternatives. But even though we don't invest in conventional animal agriculture companies, we think it's an issue we can help influence to help reduce the sector's climate change and nature loss impacts.

There is growing recognition by the responsible investment community and by government that the depletion of nature around the world and in Australia is an existential challenge on part with and very interconnected with climate change. But we are not sure that the disproportionate and unsustainable impacts of animal agriculture and particularly livestock is well understood or accepted by those who can influence and are exposed to the sector in Australia, including banks, insurance companies, food retailers, consumers and other investors.

So in FY22, we focused on two work streams. First, we want to understand how finances of the livestock industry and the major supermarkets are thinking about this issue, particularly as there is growing recognition that deforestation is not aligned with the Paris Agreement. But we know that collaborative investor engagements carry far more weight than individual engagements, so in FY22 our focus was on creating forums for collective conversations to happen to help us build that pressure.

It's not the sexiest sounding work, because it doesn't result in any less land clearing on the ground right now, but it was a longer-term strategic play and our efforts are starting to pay off. Just last week, we had a conversation with Woolworths, calling for an end to deforestation in their supply chain and we did so not just on behalf of Australian Ethical and our members, but also on behalf of a group of over 30 investors from all over the world with a total of $8.5 trillion dollars in assets under management. We also established a corporate engagement subgroup of the RIAA Nature Working Group, so that these conversations can start happening with local investors as well.

The second workstream is to commission a report that highlights the key impacts of livestock in Australia, both from an emissions perspective, but more importantly because it isn't as discussed from a biodiversity and nature loss perspective. On that we've been speaking closely to several NGOs to understand what information is already out there, what research they're already doing and where the gaps are. We have started speaking to potential researchers about this.

The idea is to use that research to help with those collaborative engagements with banks and supermarkets. Again, commissioning research might on the surface not sound like the most impactful thing we could be doing, but it is a long-term play and we think independent research is critical to helping hold companies to account.

So those are some examples of our engagement and advocacy work in FY22. To zoom out from the detail, in FY22 we engaged over 450 companies for people, animals and the planet, but in the interests of full transparency, I want to make clear that number includes supporting collective engagements, where all we've done is signed onto a statement or a letter. We want to distinguish between that and the more proactive engagement, where we've done something more meaningful either on our own or together with others.

In FY22, we had over 78 proactive engagements and around 25% of those we assessed to result in meaningful change. Two engagements resulted in divestment and there were four divestments on ethical grounds in FY22 overall. So that's a wrap. More information is available in our stewardship report and on our website as well. To reiterate, we would love your feedback on this, the work we are doing, how we report on it and what other information you would like to see. Thank you.

Steve Gibbs: Thanks, Amanda. Finally, Nick Chadwick will talk you through the achievements of the Australian Ethical Foundation over the year.

Nick Chadwick: Every year Australian Ethical Investments donates 10% of profits to the Australian Ethical Foundation to create environmental and social impact in Australia and overseas. Since the year 2000, Australian Ethical has donated over $8 million, driving positive outcomes for the planet, people and animals. In 2022, we donated $1.6 million, supporting over 25 charities directly fighting climate change.

The foundation's vision and theory of change is grounded by the fact that a healthy climate underpins all of Earth's systems, which allows for people and animals to thrive. That's why the foundation uses philanthropy informed by leading research and analysis to unearth and fund effective charities addressing the climate crisis. We fund initiatives in Australia and overseas that stop sources of carbon pollution, specifically stopping the use of fossil fuels, as well as promoting alternative proteins in our food systems; supporting carbon sinks and their ecosystems, primarily protecting forests and oceans and the biodiversity they support; and finally educating and empowering women.

We do this by two funding grounds: our Strategic Grants and Visionary Grants programs. Support is targeted at both systemic and advocacy efforts, as well as grassroot projects across our focus areas. With only 3% of global philanthropy utilised towards climate change, it's important funds are donated to the groups having the most impact.

The last year saw the completion of our first ever Visionary Grants annual public grant round, which awarded funding support to eight amazing organisations working on a variety of innovative projects to combat the climate crisis. Projects ranged from using drones to replant seagrass meadows to designing energy security initiatives for First Nations communities. Our funding will hopefully progress these new ideas to the next stage in development.

Our Visionary Grants program has been run again in 2022, with another set of winners to be announced in early December. This year also marked the launch of Giving Green in Australia, a website and resource to recommend Australia's most effective climate-change charities. The recommendations were based on a 12-month research process applying effective altruism principles, fully funded by the Australian Ethical Foundation. The foundation will continue to fund the work in Giving Green to update and research further charities for inclusion into the recommendations, as we endeavour to expand out this offering for all Australian donors.

Across our portfolio of grantees, there are several impact highlights to explore across each of our focus areas, the first being Food Frontier, an organisation we have supported since 2019, who are working to stop sources of emissions associated with animal agriculture. Food Frontier are Australia's leading thinktank on alternative proteins, working to help diversify protein supply with nutritious and sustainable alternatives.

With the world's population predicted to grow to 10 billion by 2050, demand for protein continues to rise. The impacts of conventionally farmed and fished animal protein on our environment and public health demand a shift in food production towards a diversified diet with sustainable and nutritious protein alternatives made from plants, cell cultivation and precision fermentation. Food Frontier continues to support the growing plant-based meat category and expanding interest in cellular agriculture, by providing industry support, thought leadership and policy engagement.

Over the course of our funding, there has been more than 150% growth in the number of plant-based meat products on shelves in Australia, with more than 250 products now available. There's been an 83% growth in the number of plant-based meat companies operating in Australia and New Zealand and a doubling of the number of cellular agriculture companies in Australia and New Zealand.

Within our next focus area, protecting stores of carbon, we've begun funding the working of a newly formed group called the Australian Conservation and Biodiversity Foundation, ACBF, who were established in 2021 with the goal to end forest logging by 2030. As a backbone funding and strategic organisation, ACBF is protecting and restoring Australia's native forests by rapidly building capacity across multiple sectors. By 2030, ACBF aims to achieve the end to commercial logging and clearing of Australia's forests and eight million hectares of restoration of forests' habitats.

This will deliver 100 million tons of abatement a year and help recover hundreds of threatened plant and animal species. Achieving these goals will require a major intervention to develop and coordinate a broad-based alliance across Australia's climate and nature movements. This will focus on aligning partners in the business and investor communities, in the scientific community, amongst traditional owners and in rural and regional Australia to deliver a campaign that can transform Australia.

Finally, the Australian Ethical Foundation has been supporting Living Goods to reliably deliver lifesaving, affordable, critical medicines to the doorsteps of millions of women and girls in Uganda. Living Goods recruits, trains, equips and manages networks of community health workers who provide their communities with health education, accurate diagnoses, essential medicines and health products that save and improve lives. Living Goods works with governments and partners to ensure community health workers have access to digital technology, medical treatments, supervision and compensation to cost effectively delivery high-quality impactful health services.

Over the last year, community health workers funded by the Australian Ethical Foundation have supported 11,500 people in their communities, provided 4645 treatments and positive diagnoses to children under five years old, registered 395 pregnancies and continued delivering vital health services and scaled family planning services.

Furthermore, the preliminary results from a new external randomised control trial of Living Goods supported community health workers in Uganda show a strong 30% reduction in under-five child mortality and a 27% reduction in infant mortality. This highlights that well equipped and supported community health workers can save lives at scale, but also showcases how and why data and research are such critical enablers for iterating and improving community health programs.

Going forward, the foundation will continue to fund high-impact initiatives across our focus areas in the hope philanthropy can be used as an effective tool to address the climate crisis. We're looking forward to another year of funding amazing charities across Australia and overseas, who are working to make the world a better place.

Steve Gibbs: So thank you to all of our presenters who have given you some considerable insights into what we've done over the past year and what we've achieved. I'm now going to move to the Q&A session. We had a number of questions submitted before the meeting and a couple have come in during the meeting. I did say I was going to deal with the questions that were submitted before the meeting first, but I'll deal with first question that's come in during the meeting. That question is: after the pre-recorded reports, will we see the Board members live during this AGM?

Now, the answer to that is no. We're doing this audio only and I can assure that so far as I am concerned, that's in your interests. If you really want to know what we look like and some of our background, then if you go to our website and click on About Us, you'll see photos of the Board members and also of the Senior Management team.

So we'll then go to the questions that have been submitted. I'll read the question, not the questioner, and then I'll ask one of the team here to answer the question. First question we received was: I have been a member of Humane Research Australia for 30 years and have come to learn how animal testing on non-human animals is used to predict outcomes in humans is bad science and no more statistically predictive than the toss of a coin. There exists today better, more ethical scientifically validated research methods, yet old animal models are entrenched by the law in an industry that puts profits from providing animals, often genetically modified ones, to the testing industries.

I want to know whether and if so how Australian Ethical avoids investing in animal-based research and supports non-animal alternatives that are predictive of outcomes in humans. Good question. Amanda. I'm going to ask Amanda to answer this question, please.

Amanda Richman: Thanks, and firstly great question. I'm so glad it's been asked. An estimated 190 million animals were used for scientific purposes in 2015 alone and most of those animals would have either been taken from the wild or bred into a life of captivity, some bred to have painful diseases, subjected to invasive procedures, experiments at induced high levels of stress and of course many would have been killed as part of the research.

It is hard to properly acknowledge the magnitude of the pain and suffering. But we are living in really exciting times, because as you point out, alternatives to animal research, like organ-on-a-chip technologies are being developed, validated, scaled and implemented. When they do work, they are often cheaper and more reliable than animal models.

The Australian Ethical Foundation has helped fund some of the – some organ-on-a-chip research through our multiyear grant to the MAWA Trust. A future without animal research is now looking like a possibility. We are not there yet though, and most researchers would say that animal research still plays an important role in developing safe, effective health products like vaccines.

So how do we navigate this issue? First, we do not allocate capital to companies that conduct or commission animal research for cosmetic products. Those companies only do this type of testing because they are required to by regulators, but we still do not invest in them, because we don't think that it's justified. On the one hand, we do invest in healthcare companies and to universities which conduct and commission animal research. We expect them to take seriously their obligation to avoid and reduce animal suffering and we have had a multiyear engagement project to encourage companies to list their ambitions.

There is more information about our work and what we've achieved so far on our website and in our 2022 sustainability report. In short, we have influenced some companies to improve their approach to animal research, but we've better come to understand that there are systems in place that perpetuate the status quo and this isn't something that any one company on its own can address, which means we need companies to collaborate on this; transition, which makes it an issue which is ripe for investor involvement.

So that collaboration angle is going to be our focus for this engagement in FY23. We have also this financial year started a parallel program of work with Australian universities and have been doing so in consultation with Humane Research Australia and an organisation called ANZCCART. Both have been guiding and informing our approach and have been incredibly helpful.

Steve Gibbs: Thanks, Amanda. The second question we received was as follows: do you consider it ethical to invest in Christian or even religious organisations or organisations that state clearly their religious beliefs? I ask because it is debatable whether or not any religious group is indeed ethical, particularly when you look historically. But even in the current state of most religions, certain persons with certain orientations, lifestyles or genders would be persecuted. Or is it only considered that the goods or service provider is ethical? Over to Stuart Palmer for this one.

Stuart Palmer: So we don't include or exclude investments based on their religious characteristics and when we assess a company, we look at how the product, services and operations of the company align or don't align with the principles of our ethical charter in their impacts on people, animals and the environment. Our charter itself doesn't deal with the many different reasons people have for caring about people, animals and the environment, be they religious, secular or other reasons.

We're conscious that between and within different religions, there are diverse views on many issues, as there are between and within many secular groups and institutions. So our ethical research focuses on what companies produce and how they operate, applying the principles of the charter. So one example, in 2018, we ethically approved investment in fixed-income securities issued by Australian Catholic University, ACU. We took into account that education is positive under the charter, that ACU supplies a large quantity of nurses and teachers to hospitals and schools and that we saw that the church-sponsored educational institutions which foster intellectual freedom can be an important, positive force within church communities.

We assessed that ACU supports intellectual freedom and equality and that it does not discriminate on the basis of race, sex or religion in staff recruitment or in student admissions. The university's policies commit to providing an environment free from discrimination and the Federal Government Workplace and Gender Equality Agency has awarded the ACU a citation for employer of choice for gender equality.

Steve Gibbs: Thank you, Stuart. The next question is: do you consider the historical context of the companies you invest in? If their current operation process is ethical, does it matter what they may have done or not done in the past? Amanda.

Amanda Richman: Thanks, Steve. Yes. Companies aren't static entities. They evolve over time and all companies, like people, can make mistakes. Having said that, we recognise that cultural issues can persist within an organisation for a long period of time, so our approach tries to navigate this. We distinguish between two types of wrongdoing. If a company was previously engaging in a negative activity and then ceased doing that activity or its revenue from the negative activity fell below our threshold, then they could pass our ethics assessment.

For example, when Woolworths sold its gambling and alcohol business, we reassessed it and concluded that they now meet our expectations for responsible retailers, but we looked closely at the ongoing relationship between Woolworths and the divested entity to get comfort that it was a genuine divestment. By contrast, back when AGL was talking of divesting its coal assets, a look behind the façade showed that AGL would have maintained close ties with their divested coal business.

When it comes to climate change, we do want to support companies that are genuinely transitioning to be more sustainable or ethical, so we keep on our investment radar those companies which irrespective of their starting point are able to demonstrate the transformative role they will play in helping secure the achievement of the Paris climate goals.

On the one hand, when we look at issues like regulatory fines or controversies, we first ask, does this issue demonstrate a systemic problem? For example, was senior management condoning the conduct? If we conclude that there are systemic issues, we will apply a negative adjustment for a period of time depending on the severity, and then we will look to see how the company has sought to address this issue and change.

Steve Gibbs: Thank you, Amanda. The next question is: what learnings have you taken from the Norwegian Sovereign Wealth Fund? Stuart.

Stuart Palmer: So on this one, first some context for members. The Norwegian Sovereign Wealth Fund is the world's largest sovereign wealth fund and is responsible for investing Norway's oil and gas revenue. It manages close to $2 trillion. So it does operate at a somewhat different scale to Australian Ethical, but given its scale, it is interesting to look at their approach to responsible investing. So I'll comment on a couple of things that they do like us and unlike us and there might be a follow-up question if we don't address the issues which inspired this particular question.

So like us, the Norwegian Sovereign Fund has net-zero targets for its investment portfolios. Their target is to be net zero by 2050. Australian Ethical has a 2040 net-zero target for our company and other private sector investments and 2050 for government investments.

The Norwegian Sovereign Fund has some investment exclusions, such as coal and tobacco, but they are much more limited than our exclusions. They have a strong focus – the Norwegian fund has a strong focus on influencing companies through stewardship and engagement and obviously their capacity to influence is helped by their size. As Amanda has outlined earlier, we also see stewardship and engagement as important tools for change. Although we're a smaller fund, we see lots of opportunity for us to Australian Ethical's voice and influence to shift unsustainable sectors and business practices.

Steve Gibbs: Thanks, Stuart. The next question is: can you please update the website dashboard to more clearly show the performance of the fund? For example, with a rolling graph showing total value against time valid at any moment. I'll ask Madeleine to answer this one.

Madeleine Bandfield: The MySuper dashboard on the website, it is in a prescribed format to allow it to be easily compared to other MySuper products. On the website, we have got a sort of monthly update of the performance of each of the options which ranges from periods from one month to 10 years. But we do appreciate that a graph showing rolling annual returns or other ways of looking at how options are performing would be very useful. We'll take this into account when we're reviewing and refining the website in the future.

Steve Gibbs: Thank you, Madeleine. Next question is: Russia's invasion of the Ukraine, Volodymyr – and I don't know whether I've got that right – Zelenskyy – but anyway I've got the Zelenskyy right – has consistently called on leaders of the world to provide military aid to defend against the illegal invasion a, to quote, defend freedom and people. Where we are seeing a militarised Russia illegally invading neighbouring countries, is Australian Ethical's charter to create, encourage or perpetuate militarism or engage in the manufacture of armaments still fit for purpose in 2022 or can there be an ethical investment approach that could allow for investment in the development of defence equipment, such as Bushmasters and targeted drone equipment that the Ukrainians have used effectively to defend themselves while minimising the impact on civilians? You're the lucky one here, Stuart. Good question.

Stuart Palmer: Yes. Another really interesting one. Thank you. We do think our ethical charter is still fit for purpose, but the question I think is whether our current application of the charter principles should change, should be updated in light of what's happening in Europe and elsewhere. We do ask this question regularly when we are updating our specific ethical criteria which sit underneath our charter, which use to implement the more general principles of the charter.

For example, over recent years, we've evolved our criteria for investing in food, real estate, retailing, mining and other sectors. Specifically on the – on this defence question though, as you pointed out, our ethical charter does include a principle to avoid investments which unnecessarily create, encourage or perpetuate militarism or engage in the manufacture of armaments. Applying that principle, we may still invest in government bonds of countries which maintain military defence forces, but we won't invest where a country is militaristic, in cases where we've assessed that the country maintains a strong military force to aggressively promote its national interests rather than for legitimate defence purposes. So clearly that rules out investment in Russian government bonds, for example.

Applying the ethical charter though to the production of weapons, we don't currently invest in companies which make weapons. While we do see an important role for well-governed national defence forces and coalitions, at the same time, we see that there is excessive use of military force and excessive levels of gun ownership in the world. The challenge is how to transition to a less violent and less militaristic world. Our current approach is to support this transition by avoiding investment in the armament sector, which we see has grown beyond reasonable ethical limits. The charter itself doesn't specifically rule out investment in weapons. If we were to in the future assess that they were necessary to pursue the positive objectives of the charter – but at this point currently, we do exclude investment in armaments and other weapons as we currently apply those principles of the charter.

Steve Gibbs: Thanks, Stuart. We had a couple of questions on fees. Firstly, are there costs charged to members and, secondly, why are the annual fees approximately double of other top-performing super funds? I'm going to put those two questions together and Madeleine's going to talk about fees.

Madeleine Bandfield: Yes. I did mention fees in my presentation earlier, but like all super funds, we do charge fees to our members in order to cover the costs of running the fund, which for us includes administration, investment and ethics fees.

They are slightly higher when compared to other funds, particularly large industry funds who can take advantage of their size. However, as we have grown over the years, we've been able to use this increased scale to steadily reduce our fees over the years. Each quarter, we do review fees, compare them to other MySuper products in particular, so that we can see how we stack up. We're getting closer to the median fee for this group.

As you can appreciate, providing ethical screening is something that most funds don't do, particularly on the scale that we do. This does come at a cost. However, we do keep these fees as competitive as possible. Details of all our fees are set out in the PDS.

Steve Gibbs: Thanks, Madeleine. The next question is: would it be possible to see exactly what investments have been made on renewable energy projects, including the project names? Stuart.

Stuart Palmer: So this year we did include some information about renewables and other investment examples in our member statements. That included some information about Brookfield Renewable energy and Mercury energy, which have renewable investments across wind, hydro, solar and geothermal projects. Our website also lists all fund investments, but we don't include details of the specific underlying renewable projects being pursued by the companies we invest in.

So I'm going to try to give a little bit more information now. So I've mentioned Mercury and Brookfield Renewable and there are a number of other large listed renewable companies we invest in, including Vestas, First Solar, Contact Energy and Orsted. Within our unlisted investments through the Morrison Infrastructure Fund, we've invested in Galileo Green Energy – which has a strategy to invest across Europe in the development of wind onshore and offshore, as well as solar PV energy projects and energy storage solutions. It is worth noting that in the past 18 months we've unfortunately needed to divest from two renewables companies over human rights concern, Xinjiang Goldwind, and Siemens Gamesa Renewable Energy.

Of course, it's not just the generators of renewable energy which are important; there's the materials and technology that's needed to grow renewable energy supply and storage. We invest in lithium miners, Pilbara Minerals and Allkem. Through the Artesian Clean Energy Seed Fund we also invest in emerging companies like Evergen which provides software to manage solar panels and battery systems more effectively. Their technology is used by electricity-fed networks, as well as solar farms to help maximise the benefit from new renewables.

Another Artesian investment is Ping Services, which has developed technology to monitor the sound of wind turbine blades to assess their condition and signal when repair or maintenance is needed. So clearly a lot happening on the renewable investment front and we expect a diverse range of renewables relating to investment opportunities to continue to grow.

Steve Gibbs: Thanks, Stuart. Next question was: why can't people access their money when they really need it? I'm going to take this question. There is Commonwealth legislation that places restrictions on accessing superannuation unless you have reached what is known as your preservation age. These restrictions are not rules imposed by Australian Ethical and we have no control over them. There are some very limited circumstances where somebody may be able to access their super. The best way to find that out is to go to the Australian Tax Office website, the ATO, and if you search early access to superannuation, you'll find a list of the limited circumstances where you may be able to access super before your preservation age.

Question 10 is: please commit to stop investing in the big banks who continue to invest in fossil-fuel companies at a time when we must urgently stop the use of fossil fuels, noting two degrees of warming is not a sustainable goal. We need to aim for a maximum of 1.5 degrees. Companies like Lendlease who continue to contribute to the destruction of precious habitat. On the same topic we had the following question. I am concerned that AES has holdings in large banks such as National Australia Bank. Although this bank is promoting its green credentials, it continues to invest in fossil-fuel companies. They are not alone in this.

Other major banks such as Westpac are also major investors in coal, oil and in gas. Amanda, would you like to answer that one for us, please.

Amanda Richman: Thanks, Steve. I've noticed there's another Lendlease question up there too.

Steve Gibbs: Yes, there is, yes.

Amanda Richman: I can answer these questions.

Steve Gibbs: Yes, please do. How about I read that question and then you put it all together. This is coming while we're meeting. Sorry if this has been addressed. I joined at 11:08. Was there any mention of koalas impacted by Lendlease's Figtree Hill development? Last I heard, your decision to remain invested with Lendlease was based on pending government approvals of corridors for the animals. I don't think I've seen an update since then. If this has been addressed online already, please send me the detail offline. Well, we'll answer that now in a combined answer of all those questions about banks and Lendlease. Thanks, Amanda.

Amanda Richman: Thanks, Steve. So on the banks, yes, we agree. We have to keep focused on trying to achieve 1.5 degrees and it's alarming how quickly hope of achieving that goal is slipping out of our grasp. Large financial institutions are critical to achieving 1.5, because of the amount of capital needed to fund the transition. Smaller banks aren't able to provide the scale of investment needed.

Westpac and NAB and all big four have come a long way in the last decade and we will be keen to see what their updated oil and gas restrictions would be this year. Unfortunately, what they came out with is not good enough. It's crunch time and they are giving high-emission customers too much to align their business with the climate transition. They are also not applying their climate-related restrictions to their general corporate lending facilities, which is a major loophole.

So what should we do? I think we could all agree that best-case scenario for the planet is that the banks lift their game. As an investor, we have a number of tools at our disposal to try to influence that change, like, for example, seeking to replace directors, as Mike Cannon-Brookes and others worked very hard to do with AGL, or trying to influence other investors to support climate-related shareholder resolutions.

Of course, we cannot use any of this as an excuse to continue to stay invested if the banks are not doing enough and we see no prospects of achieving change. But right now we think there is prospect of positively influencing Westpac and that's something we're going to focus on this financial year starting with their upcoming AGM.

Divestment is of course on the table if they don't meet their – our ethical requirements, which includes that they're aligning their institutional lending to the Paris Agreement and what aligning with the Paris Agreement means is obviously getting stricter over time and applies the advice of the International Energy Agency and the ITCC. So, yes, we share your concerns, but we haven't yet given up on the possibility of influencing the banks to do better.

On Lendlease, we are very concerned about Lendlease's development at Mount Gilead and the impact it will have on local koala populations. We have been engaging with Lendlease about this since 2018 and over that time we have seen a huge shift in Lendlease's efforts to protect koalas. The number of hectares of core koala habitat that would be protected has gone up. In 2019, they were planning to cut down 35 hectares of core koala habitat. Now it's 14. In '19, they were planning for 178 hectares of existing core koala habitat to be protected and 39 hectares of new habitat [created].

Now, they are proposing to protect 204 hectares and create 70 hectares of koala habitat. Koala corridors have also been getting wider. This isn't all due to us, of course. We know they're under pressure from some conservation groups as well, but we are very confident that we are having a positive impact. To Lendlease's credit, they have been open to feedback. We are not sure the same could be said for some of the other developers in that area.

Of course, none of that matters if their proposal doesn't do enough to protect koalas. Their plans for stage two of the development, which is the highest impact stage, are evolving and are yet to be released. When we see the final version, we will assess it against what we understand to be necessary for koala protection and Lendlease is on notice that if it's not good enough and they proceed anyway, that would be a trigger for divestment.

Steve Gibbs: Thank you, Amanda. The next question is: how much in payments went out to directors? I'll answer this question. Directors of Australian Ethical Superannuation Proprietary Limited, which is the trustee of the Australian Ethical Retail Superannuation Fund received just over $36,000 a year. There is no extra payment for the Chair of the Board.

We also have an Audit, Risk and Compliance Committee. The Chair of that receives in addition to the director fee another fee of $18,000 or thereabouts. Members – and there are two Directors who are also members of that committee – receive just over $10,000. That means in total in a full year, about $184,000 is paid Directors of AES. I think if you search some comparisons, you'll find that is a pretty modest total number compared to many of our competitors.

Two further questions that have come in. We've dealt with two. We've got two more that have come in during the meeting. The first is: Nick Chadwick said some moneys donated to green-type charities. Can you tell us or provide a list of the recipient organisations? If you go to our website, there is a page there about the foundation and it lists all of the organisations that we give grants to. So you'll get a complete list of the charities and other organisations that we give grants to.

The last question – well, maybe not the last, but the next question at least is – I'll read it out: I note the increase in plant-based meat alternatives in our supermarkets, but note that a lot of them are made overseas. As the foundation of – I think it's probably the foundation and the super fund itself, but the question says, has the foundation considered the carbon footprint of the production and transport of these products when compared to that of the local meat products they are intended to replace? I'm going to ask Amanda again, please.

Amanda Richman: Thanks, Steve. So from the foundation's perspective, the organisation that's supporting is Food Frontier, which is seeking to accelerate the development and uptake of plant-based proteins developed in the region. So that is focused on local production. But I guess as an organisation, Australian Ethical did look at this in developing our position on food. What we found is that the transport of food is a really small proportion of the emissions footprints. That's just because of how emissions-intensive food production is.

So animal agriculture has a disproportionately large environmental footprint on a range of metrics: emissions, water use, land use and associated land clearing.

That is why science and database organisations like the ITCC say we need to transition to a plant-based diet. Given indication of the magnitude of the disparity, research suggests if the world transitioned to a plant-based diet, this would reduce food land use by 75% and that land could be used to sequester carbon or restore habitat. In terms of sequestering carbon, the estimate is eight gigatons of CO_2 equivalent per year, which is a significant amount.

But to zoom out, each year, 70 billion animals are raised and killed for meat around the world. That doesn't include animals raised and killed for egg and dairy production or fish killed for consumption. So 70 billion, although a huge number, is a massive underestimate. We just – we need to reduce this. So eating local is good, but it's not as impactful as moving to a more plant-based diet.

Steve Gibbs: Thank you, Amanda. Now, unless there are any further questions, I'm going to draw the meeting to a close. As I'm making my final remarks you've got one last chance to ask a question. But I'd like to thank my fellow Directors and the entire Australian Ethical team for their outstanding efforts and achievements during what has been another extraordinary year. We have demonstrated, I believe, how a super fund that is capable of delivering positive outcomes for its members can also provide positive outcomes for people, the environment and animals.

I'd like to take this opportunity to thank you all for taking the time to listen to us and remember that we have recorded this evening's proceedings and it will be available on our website within the next month. I'm sure if you want to go back and revisit, if you haven't quite remembered everything we said or you want to have clarification, that would be a good way to do it. Of course over Christmas barbecues and dinners, you can tell all your relatives and friends what a great job Australian Ethical does. Thank you very much for your time. Thank you.

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