



2022 Sustainability Report





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Introduction and Sustainability Highlights



Introduction

Welcome to the inaugural JANA Sustainability Report.

Our social and physical environments face unprecedented challenges that require creative and collective solutions. The challenges are complex and ever evolving. This report is designed to transparently outline how we are working through these complex challenges internally and with our clients.

For over 30 years, JANA has provided customised global consulting to investors from Australia and New Zealand looking for a competitive edge. As a majority management-owned, independent asset consultancy, we have the ability and flexibility to focus on the areas that are important to our clients; we are not distracted by overseas agendas or cost centres – we are focused only on client outcomes.

JANA believes that, to deliver investment returns, we need a sustainable environment and society. We believe that a system-wide approach, considering the broader picture, will deliver better investment and real-world outcomes over time. Therefore, we feel the weight of responsibility of our position of influence in financial markets to be transparent around:

- 1. How we think:** Sustainable investing naturally involves value judgements and qualitative assessments of trends. Where we make such judgements and assessments, we spell these out to ensure we are on the same page as the reader and unnecessary confusion is avoided.
- 2. What we have done:** Given the global urgency for action, we want to share our intellectual property with the goal of assisting others and working together to solve some of these complex challenges.
- 3. Challenges and what we are doing about them:** We want to signpost to the market the areas we are working on in order to generate conversations and spark further action (and collective action) where possible. A precursor to the collective action our planet and community so desperately needs is the transparency to share challenges and learnings so that the industry can continue to progress. Without transparency and authenticity there can be no trust and the ability for collective action and solutions is inhibited. This report is one step we are taking to be open and honest with you.

As you read this report you will see that we have tried to draw out the above themes as clearly as possible. When reading this report please note that Sustainability is embedded into both how we interact with and advise clients, as well as our own corporate practices. A brief summary of the two key roles we have with different clients, covering advice and implementation, and our own business, is as follows:

- **Advisory services:** For advisory clients JANA provides advice and guidance, where the implementation of JANA's advice is at the discretion of each individual client. This service accounts for ~50% of JANA's client base and includes Australian and New Zealand institutional investors, spanning superannuation, government entities, insurance firms, endowment funds (community, charitable and university trusts), long service leave funds, wealth clients and family offices.
- **Implemented investment services (or Outsourced CIO model):** This service sees JANA advise and implement the solution on behalf of the client within pre-agreed parameters. Implemented consulting services provide scale and efficiencies to clients by way of trusting JANA with the day-to-day management of their portfolio implementation. JANA then leverages the investment insights generated through our global research program to execute a tailored investment strategy across multiple manager solutions (the 'JANA Investment Trusts').
- **Corporate operations:** JANA has over 120 team members, with offices in both Sydney and Melbourne.

We encourage your organisation to be similarly transparent in an effort to cement trust as a strong basis for our industry's collective action. In many frank conversations we have had recently, well-meaning people express being overwhelmed and despondent at the immensity of the challenges we face.

We put it to you that as the leaders of industry and finance in an age where what you do now will matter for generations to come, dogged optimism is not only an opportunity but a privilege. We are not standing on the sidelines hoping others will act. We are in a position to make a difference, together, at a pivotal time in human history. We at JANA are throwing ourselves into this challenge with all the energy we have.

Rachel Halpern
Head of Sustainability

Tim Conly
Head of Responsible Investments

September 2022

We believe that a system-wide approach, considering the broader picture, will deliver better investment and real-world outcomes over time.

Sustainability Highlights

Below is a snapshot of the work JANA has done over the past year across Climate, Biodiversity, Human Rights and Diversity, Equity and Inclusion. More detail around how we think, the key challenges and what we are doing about them is contained in our report.



* Figure derived from the 2022 JANA Staff Survey, an optional survey for JANA staff.



JANA Sustainability Beliefs and Strategy

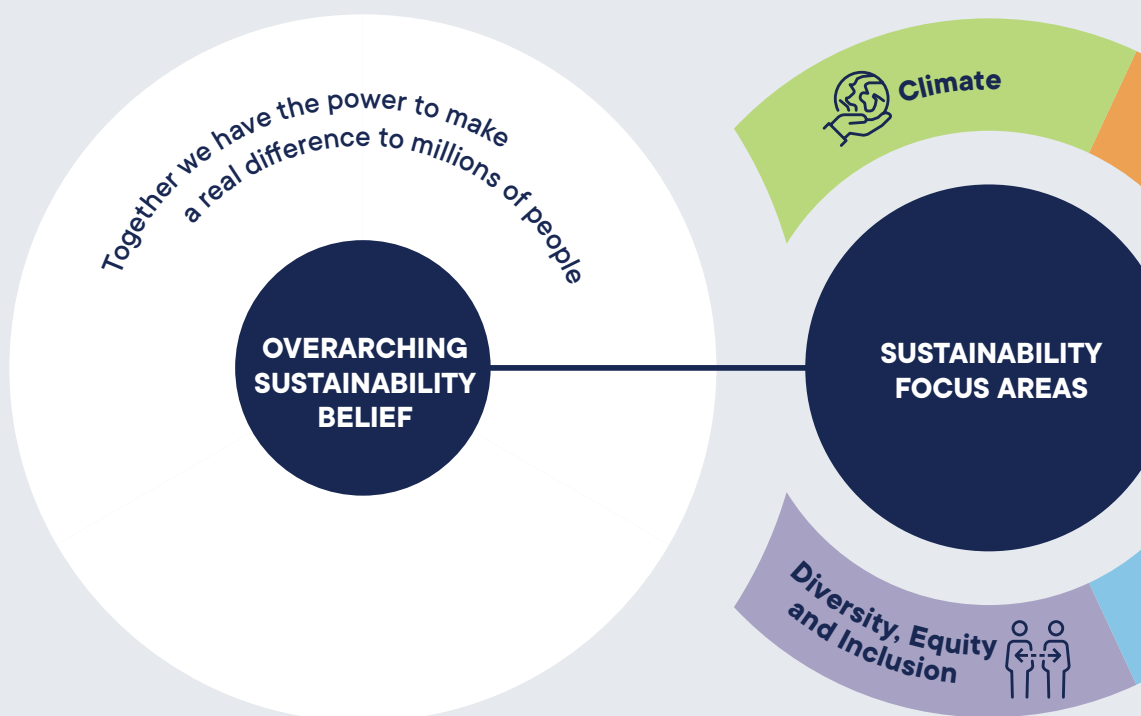
What we believe

To deliver investment returns we need a sustainable environment and society. Accordingly, we hold ourselves accountable for the impact we have on the environment and society.

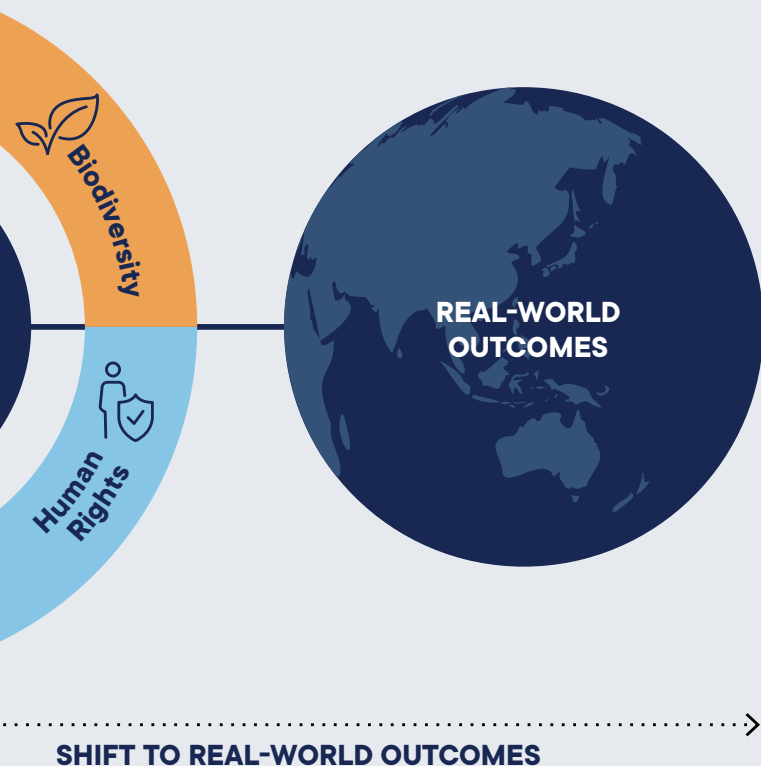
What we do

JANA's Sustainability team holds an in-depth level of experience and expertise, with our subject matter expertise in sustainable development goals and systems level approaches to social and physical environments always growing.

Why we act on sustainability



"JANA's purpose is that, together, we have the opportunity to impact millions of people. That's why at JANA, Sustainability is far deeper than just a word. It's a deep, organisation-wide belief that the choices we make today will impact the world tomorrow and beyond." – Jim Lamborn, CEO



How we help clients

Our team is dedicated to supporting clients to flourish in an ever changing world – helping to deliver investment returns that support a sustainable environment and society. We do this through:



Education



Peer Benchmarking



Design and deployment of Sustainability Beliefs



Sustainability Governance and Net Zero



Manager Due Diligence



Investment Strategy and Reporting





Climate

JANA agrees with global scientific consensus that climate change must be addressed with urgency and ambition. Our research and scenario modelling indicates that economic growth will be harmed by inaction and that investors should build climate aware portfolios. In alignment with this view, JANA is proud to be a part of the Net Zero Investment Consultants Initiative that spans both our corporate footprint and our investment advice.

How we think

Aligned to our beliefs, and supported by our climate change scenario modelling, the best outcome for investors, and the human race, is if the world limits global warming and is on a Net Zero trajectory.

JANA has made a Net Zero commitment, and we are proud to be an inaugural member of the Net Zero Investment Consultant Initiative (NZICI).

So what does this mean for how we think the investment community should approach Net Zero?

At a simplistic level, there are two broad paths and strategies available to investors on a Net Zero journey:

1. Change the portfolio: focusing on portfolio emissions trajectory.
2. Change the world: focusing on the real-world emissions trajectory.

Many investors, rightly, would say that of course we should focus on our own portfolio. The challenge is that if all investors focus on their portfolios in isolation, rather than taking a broader view, it actually will be harder for investors to meet their Net Zero objectives over time.

Key actions

- Net Zero commitment
- Joined Net Zero Investment Consultant Initiative (NZICI)
- Climate change scenario modelling
- Manager assessment and engagement
- Improved data



If the global economy decarbonises then investors have a greater likelihood of meeting their Net Zero objectives and delivering improved investment outcomes. Investors can play an active role in assisting this by engaging on challenges, including in those in harder to abate sectors.

How we think (continued)

To help illustrate this, we know that the impacts and risks (and opportunities) around climate change are typically viewed through the following lenses:

- **Transition risks:** arising from the transition to a low-carbon economy.
- **Physical risks:** arising from the changes in weather and climate that impact the economy, and
- **Liability risks:** arising from not considering or responding to the impact of climate change.

Whilst there are clearly some sectors/companies that are more or less exposed to these risks today, it is important to remember that these risks can impact all parts of the investment market and society – with this becoming a greater issue if the world does not decarbonise the global economy and put itself on an orderly transition path to Net Zero. Without this occurring, more extreme action may be required and/or irreversible physical risks may begin to have greater impact, which will have a far worse portfolio impact than the alternative.

If you want a portfolio to be Net Zero, the major tools are reducing exposure to high emitters (trimming or divesting) and using carbon offsets.

The larger the emissions reduction targeted, the greater the change in the portfolio required; with the remainder neutralised using offsets. Reducing exposure to high emitters will have a shorter-term benefit from a portfolio emissions reduction perspective and could be a prudent and valid step as part of an overall strategy. However, there are three challenges here:

1. The portfolio might end up quite out of shape – which may or may not concern investors.
2. Ignoring the veracity and verification of offsets, if there are no/limited real-world emissions reductions then there are physically not enough offsets available to achieve Net Zero. This would also likely mean that they become quite expensive from a pure supply-demand perspective, and
3. Most importantly in our view, this route is helpful in mitigating transition risks for some of the more highly exposed companies/sectors, however it is not clear that it will have the desired impact on decarbonising the economy. If the world is not on a Net Zero path, then this poses greater long-term threats for the portfolio irrespective of the actions taken to reduce carbon exposure/climate risk in the portfolio.

Hence we hold the view that the optimal way for investors to achieve Net Zero is if the world does, with the key question being around what role investors should look to play.

JANA believes the investment community should take an active role and engage on the challenges, including the harder to abate sectors (such as major energy players), rather than avoiding them and effectively assuming (or hoping) that someone else will address this challenge.

This doesn't mean that investors should ignore their portfolios, and there could be prudent changes over time to help achieve Net Zero – including selling exposures – but JANA believes investors should focus on five areas:

- **Engagement and Collaboration:** Investors should look to engage with market actors such as companies or investment managers (potentially collaboratively) to improve cut-through and efficiency – to ensure they have appropriate plans to transition and are taking steps that demonstrate delivery on that plan.
- **Policy Advocacy:** The most efficient route to Net Zero in the real world is one where public policy supports and guides the required economic transition. Additionally policy certainty, rather than uncertainty, assists in making long-term investment decisions like those required to decarbonise the economy. We encourage investors to see what role may be appropriate to assist in developing this policy certainty, which could include participating in collaborative initiatives that focus on this area.
- **Measurement and Monitoring:** Carbon data is imperfect, but understanding material exposures and risks can help investors determine the strategy best suited to their needs; and it also helps identify where engagement resources and effort should be focused.
- **Climate Solutions:** Investors can play an important role in mitigating climate change by directing capital to climate solutions. Climate solutions can also potentially serve as a climate change hedge for investors' portfolios, as 'greener' solutions increase in value and offset the decline in value of some 'brown' investments over time.
- **Climate Transition:** This involves the concept of investing in 'brown' companies such as energy utilities and working with them to transition. This could, *pari passu*, increase a portfolio's emissions initially. However, working with the companies to transition is designed to improve shareholder returns and ultimately deliver a better long-term climate impact (and portfolio impact) over time.

We conclude by saying that not all investors – whether asset owners or asset managers – need to have identical Net Zero approaches. But we believe that having a real-world perspective is fundamentally important to long-term outcomes, and this is a focus in JANA's work with our clients and also the investment management community.

What have we done

October – December / Q1 2021

- Net Zero Commitment:** In 2021 JANA became a founding member of the Net Zero Investment Consultant Initiative, joining forces with 11 other investment consulting firms around the globe to support the global goal of Net Zero greenhouse gas emissions by 2050 or sooner through our advisory services, JANA Investment Trusts and corporate operations.
- Climate Change Scenario Modelling:** In 2020 we undertook an intensive research project to assess the implications of climate change for investment strategies across three scenarios. In 2021 we updated this to include Net Zero as an additional scenario.
- Staff incentives:** From 2021 we put in place scorecard-based objectives for employees at all levels of the business to align the performance incentives of our business with JANA's Sustainability plan and Net Zero commitment. Objectives were tailored to function and seniority.
- Melbourne and Sydney** office locations became 100% green renewable energy.

January – March / Q2 2022

- JANA joined the Climate Active Network** in March 2022, with our operations certified as carbon neutral for 2020 and 2021. (CY2021 operational emissions were 352 tonnes CO₂e (31% decrease on CY2020)).
- Net Zero Governance:** We amended our JANA Investment Trust governance documents and created a new dedicated oversight role to ensure that any new asset manager or asset allocation investment decision on a JANA Investment Trust takes into account the effect this decision will have on our Net Zero commitment.
- Carbon data on JANA Investment Trusts:** We established a 2019 baseline of carbon intensity and emissions of all the JANA equity Trusts and report to clients on progress. This will be used to track against the Net Zero Asset Manager requirement to report and measure progress towards a 50% emissions reduction on JANA Investment Trusts by 2030.

April – June / Q3 2022

- Corporate travel emissions:** We are focused on travel, our most significant source of emissions, and now report emissions quarterly and have provided sustainable travel guidelines for employees within the JANA Travel Policy.
- Net Zero manager engagements on forward-looking metrics:** JANA's core business is engaging with asset managers on issues that are material to returns and our clients. From this lens, engagement on Net Zero is no different and something that exists in our DNA. What is different is that we are now utilising more and more forward-looking indicators that are becoming available on what a credible Net Zero strategy looks like beyond just a simple target to reduce Weighted Average Carbon Intensity (WACI) year on year. Our engagement has commenced with managers holding heavy emitting Australian listed equities on future-looking indicators of a viable transition plan.

July – September / Q4 2022

- Sustainability training:** JANA-wide sustainability training for all staff released, including a climate module.
- Net Zero asset manager framework:** We have finalised the first draft of our Net Zero asset manager framework that is consistent with Investor Group on Climate Change and prioritises reductions in real-world carbon reduction across all JANA active managers. Our goal is to use this ratings framework to engage with managers to improve over time.
- JANA Sustainability Advisory Council established:** (with leading advisors across human rights, first nations, climate and diversity, equity and inclusion subject areas) to challenge our thinking and deliver real impact (for more information see [page 26](#)).

- Net Zero Advisory Services:** We have conducted workshops on a number of climate-related topics for senior management and boards across different clients:
 - A deep dive into JANA Climate Change Scenario Modelling.
 - Net Zero education sessions for clients considering their options, and
 - Climate change investment trends.



- JANA climate advocacy through working groups and regulatory consultations:**



- We also remain a member of the PRI and participate in the Net Zero Investment Consultants Initiative (NZICI)





Greenwashing is a major challenge to our Net Zero advisory service. With carbon offsets in lieu of decarbonisation efforts rife throughout the industry, this form of greenwashing plays a major risk to our Climate strategies.

Challenges and what we are doing about them

CHALLENGE 1:

Strong and consistent manager engagement on Net Zero

As we set out in the 'How we think' (about Climate) section above, it is our view that engagement of fund managers is absolutely essential to achieving Net Zero in the real economy. However we are cognisant of the immense burden that our information requests (which extend beyond Climate) place on asset managers. Any information that we do request must also be digested and acted upon by the requestee.

What are we doing about it? Our plan for the year to come is to implement a stewardship and engagement strategy that covers all active JANA fund managers and sets out our expectations for what good engagement looks like when a fund manager is engaging with their underlying portfolio companies. For managers on our JANA Investment Trusts, this will involve a clear escalation and voting policy that is consistent with our ambition for all assets under management to achieve Net Zero emissions by 2050 or sooner. In order to do this we need to:

- 1. Build out our knowledge of sectoral transition pathways:** Building out our understanding of what a credible Net Zero transition plan looks like at each sectoral level will be absolutely essential in our effort to engage with fund managers on Net Zero. This will allow us to home in on the forward-looking metrics that matter to transition to a low carbon economy, and help shift fund manager focus beyond carbon emissions which are necessarily backward-looking and not necessarily predictive of future emissions.
- 2. Identify peers and regulators to collaborate with, to increase effectiveness of information requests of fund managers:** We are actively scanning the market to partner with other market players who wish to collect information from managers on sustainability themes, including Net Zero.

CHALLENGE 2:

Credible data

While we have committed to manage all AUM on our JANA Trusts aligned to Net Zero emissions for the asset classes with Investor Group on Climate Change (IGCC) supported methodologies, credible data is not yet available in all asset classes. This remains a challenge we continue to work through.

What are we doing about it? We expect that we will necessarily have to work more closely with the asset managers in our private markets trusts to build out this data in the future. Likewise, we will also build up the carbon emission picture of the JANA Infrastructure and Real Estate trusts manually using the underlying emissions reports of the managers and assets within the Trust portfolios. However as noted above on [page 8](#), we want to move the conversation beyond backward-looking carbon data. We have already begun engaging fund managers on more forward-looking activity metrics to drive ultimate emission reductions over the medium term.

CHALLENGE 3:

Emissions reductions is not enough

We are not going to reach Net Zero by a combination of emissions reductions and carbon offsets.

What are we doing about it? JANA will focus analysis on Climate Mitigation solutions (as defined by the EU Taxonomy), partnered with our own evaluation of the best asset class applications matched with priority areas as indicated by country and industry funding gap data. We will supplement this with ongoing work on documenting all elements of the Investment Strategy Implementation Plan which will continue over the next 12 months, including focus on forward-looking alignment, consideration of sector transition pathways, as well as further integration of climate considerations into capital market assumptions and strategic asset allocation evaluations. This will guide our first annual review of the JANA Investment Trusts to ensure that we are on target to meet our Net Zero commitment with a focus beyond emissions only. Furthermore, through our Net Zero Advisory Services we focus on helping clients navigate these complexities and identify investments in carbon solutions.

CHALLENGE 4:

Greenwashing

The major challenge that pertains to our Net Zero advisory services is greenwashing. Use of carbon offsets in lieu of decarbonisation efforts is rife in the investment industry and in itself can be a form of greenwashing and a major risk to our (and our clients') Climate strategies.

What are we doing about it? JANA's assessment is that at this point in the Net Zero journey the opportunities presented in emission reductions should be prioritised. Carbon offsets are more suited to investors with higher ambition to do more now, such as directing capital to developing economies to help their transition or support the protection and restoration of natural capital. Carbon offset markets may also help immunise investment portfolios against transition risks and costs, while in time greater investor participation will also support the liquidity and integrity of offsets markets – helping to improve their influences on the transition as a price mechanism. However offset markets are still relatively new and are expected to evolve in the coming years, therefore appropriate due diligence is required to ascertain the permanence and additionality of the carbon emissions being locked away; credibility of the verification process; and that there are no negative externalities resulting in unexpected social or environmental harm.



CASE STUDY:

Helping our clients mature their approach from ESG integration to real-world outcomes

JANA recently assisted a client in investing in sustainable bonds for the first time in a way that aligned with their corporate mission and sustainability beliefs. To get to that point we worked with the client to:

- Educate the Board and senior management team on the spectrum of approaches that investors can take to invest sustainably, from exclusions, ESG integration to sustainability-themed and impact investments.
- Draft a new sustainable investment policy and beliefs consistent with the client's corporate social responsibility focus on the Sustainable Development Goals #3 (Good Health and Wellbeing) and #13 (Climate Action).
- Assist senior management in forming a recommendation to the Board on an investment approach consistent with the client's new sustainable investment policy. This involved providing:
 - A holistic view of the sustainability and investment characteristics of each asset class, and
 - A shortlist of actionable investment opportunities focused on sustainable bonds consistent with the client's preferences and risk/return profile.

Achieving positive real-world outcomes for people and planet through the portfolio will be paramount. The work JANA and the client carried out led to the client being comfortable with investing in a fixed income sustainable fund consisting of a mix of green and social impact projects.



Biodiversity





Biodiversity

Biodiversity and natural capital underpin our global prosperity. However, biodiversity loss¹ is occurring faster than at any time in human history. Such declines undermine the productivity, resilience and adaptability of our ecosystems, the strength of which are foundational to our economies and wellbeing.

How we think

Biodiversity and climate change are interconnected and often referred to as the twin global challenges. Climate change affects biodiversity and has been identified as a significant driver of biodiversity loss. Enormous amounts of carbon are locked within nature and animal life. Thus, mitigating against the worst effects of climate change will have huge benefits for biodiversity, and mitigating biodiversity loss will have a positive effect on climate change.

JANA is committed to taking action to limit biodiversity loss. We view the protection of and investment in biodiversity as an integral part of our corporate mission to make a difference to the lives of millions of people; and it is particularly in alignment with our commitment to Net Zero emissions to support the transition to a low-carbon economy.

Key actions

- Member of the RIAA Nature Working Group
- Actively review recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD)
- Incorporated biodiversity-related questions in our manager engagements
- Identify biodiversity-focused investment opportunities
- JANA-wide sustainability training for all staff released, including a biodiversity module.

1. The UN Convention on Biological Diversity (CBD) defines biodiversity as "the variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems." **Biodiversity loss** is the reduction of any aspect of biological diversity; that is, diversity at the genetic, species and ecosystems level, that is lost in a particular area through death, including extinction, destruction or manual removal.



What have we done

October – December / Q1 2021

- **Thought leadership:** We released a paper to clients to highlight the challenge of biodiversity to the economy and investments.
- **COP26 client webinar:** Our client webinar on COP26 included our biodiversity subject matter expert who provided a view to clients on the nature-related commitments made at COP.

July – September / Q4 2022

- **Sustainability training:** JANA-wide sustainability training for all staff released, including a biodiversity module.
 - **Incorporation of biodiversity into our Net Zero manager assessment and engagement program:** JANA maintains that engagement is a key sustainability tool to apply in the investment management industry. Active ownership that halts potential nature-degrading practices and promotes nature-positive outcomes will be key to effective management of climate change risks and success in achieving Net Zero targets. The first iteration of our Net Zero manager ratings framework is designed to highly weight nature-positive strategies.
 - **Impact bench of managers:** We are actively working to conduct due diligence on more impact managers than we have in the past. This necessarily involves a greater focus on uncovering investment opportunities that solve biodiversity problems.
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- **Identification of nature-positive investment opportunities:** While natural capital and nature-based solutions remain a nascent investment opportunity, we are already seeing growth occur in both supply and demand – particularly with the TNFD framework gaining traction and the post-2020 global biodiversity framework. JANA's research engine will assess opportunities as they arise and recommend accordingly.
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- **JANA biodiversity advocacy through working groups:** There are numerous biodiversity-related alliances and initiatives. At present JANA partakes in the Responsible Investment Association of Australia's (RIAA) Nature Working Group and is exploring how we can collaborate more effectively in this space. Before we embark on committing or signing up to an alliance/initiative, we will be very considerate to ensure that it aligns with our views and that it is not merely a 'badge'; and we will carefully evaluate it before we commit time and resources to the initiative for the benefit of our clients and investors.



Challenges and what we are doing about them

CHALLENGE:

Lack of regulatory clarity

It has been over 10 years since we had any decisive action from the meeting of the Conference of the Parties to the Convention on Biological Diversity. Thus, the negotiations within COP15 have been highly anticipated as it brings forth a post-2020 global biodiversity framework that will direct the decade to 2030. Following much delay, Part 2 of COP15 will take place in Montreal, Canada in December this year. During Part 1 of COP15 in October 2021 in Kunming, China, countries declared their commitment to put biodiversity on a path to recovery by 2030 at the latest.

The post-2020 global biodiversity framework is due to be agreed at the Montreal meeting. The framework sets out an ambitious plan to implement broad-based action to bring about a transformation in society's relationship with biodiversity. It is expected that the new framework will support the collective 2050 Vision of 'Living in harmony with nature'.

The finalisation of the post-2020 global biodiversity framework will be key in addressing the twin global challenges of climate change and biodiversity loss. Net Zero will be achieved only when reductions in emissions are combined with investments to protect and restore natural habitats.

What are we doing about it? We will be reviewing and utilising the recommendations from the beta versions of the TNFD framework and post-2020 global biodiversity framework with a view to incorporating them into our due diligence program on investment managers and incorporating this into our Net Zero manager rating. This will ensure that biodiversity risks and opportunities are front of mind, particularly as investment managers implement their Net Zero strategies.

The world simply does not have enough natural capital to last the century if we continue to consume at the current rate. JANA is on the journey of taking action to limit biodiversity loss. We are committed to maturing our approach as biodiversity data and investment opportunities become more sophisticated.



Human Rights





Human Rights

We support the Universal Declaration of Human Rights. We do this by applying a human rights lens to our decision making.

How we think

An example of this is modern slavery. It is shocking to see instances of modern slavery increasing despite increasing awareness of it. By applying the lens of the right not to be enslaved to our supply chains and investment advice, we can take practical action to support the Universal Declaration of Human Rights. We are constantly challenging ourselves to broaden this lens.

Key actions

- JANA corporate modern slavery assessment
- Modern Slavery Policy
- Reconciliation Action Plan
- Staff training
- Manager survey and assessment



JANA proudly endorses UNPRI's Advance initiative, a stewardship program for institutional investors looking to collaborate and take action on human rights and social issues.

What have we done

October – December / Q1 2021

- **JANA corporate supply chain:** A modern slavery risk assessment of JANA's corporate supply chain was made concerning the top 250 suppliers by total spend over the 12 months to 30 June 2021. Our corporate supply chain was deemed very low risk from a modern slavery perspective, as expected given our industry type.

January – March / Q2 2022

- **Modern slavery risk assessment of listed equities JANA Investment Trusts:** 10 listed equities Trusts were reviewed to the 10th tier of supplier.
- **Modern slavery risk was reported to clients invested in listed equities JANA Investment Trusts.**

April – June / Q3 2022

- **Reconciliation Action Plan** working group stood up and work commenced to focus on defining our approach to Indigenous employment, procurement, cultural education and stakeholder/ community management.
- **Annual Modern Slavery questionnaire:** Every July we send a modern slavery questionnaire to all managers. The intent of the questionnaire is to understand best practice and encourage that practice amongst our manager population.

July – September / Q4 2022

- **Sustainability Training:** JANA-wide sustainability training for all staff released, including a human rights module and impact investment module.
- **Modern Slavery Policy** sent to JANA Board for approval to establish clear policy for onboarding new corporate suppliers.
- **JANA Sustainability Advisory Council established** (with leading advisors across human rights, first nations, climate and diversity, equity and inclusion subject areas) to challenge our thinking and deliver real impact (for more information see [page 26](#))
- **Impact bench of managers:** We are actively working to conduct due diligence on more impact managers than we have in the past. This necessarily involves a greater focus on uncovering investment opportunities that solve human rights problems.
- **Engagement program to eradicate modern slavery from our portfolios:** JANA is an endorser of the Advance initiative, a stewardship program established by the UNPRI where institutional investors work together to take action on human rights and social issues.
- **Modern Slavery assessments for clients:** JANA continues to facilitate the completion of asset managers' annual modern slavery questionnaires on behalf of our clients.



Challenges and what we are doing about them

CHALLENGE 1:

Deficiencies in data

This challenge is two-fold:

1. Going beyond theoretical risk of modern slavery: We used FairSupply, a third party supplier specialising in conducting risk assessments using its proprietary modern slavery analysis tool. The tool calculates the *theoretical* number of slaves within the top 10 tiers of the supply chain of a company based on total spend or investment size, sub-industry and region. From what we understand today, most instances of modern slavery typically occur at tiers three and four of the supply chain. From our analysis of the market, we understand this is because companies beyond tier two are not typically captured by modern slavery regulatory regimes that require reporting or are too small to be captured by regulatory reporting thresholds.

2. Expanding our modern slavery assessment beyond equities: Modern slavery risk tools are limited at this stage to public equities. One option is to work with fund managers to build out this picture in other asset classes like fixed income and private markets. However, this approach is resource-intensive and may lead to analysis from different managers that is not comparable at a fund or portfolio level.

What are we doing about it? Data deficiencies are frequently raised in the realm of human rights as a reason for inaction. We are sceptical as to whether this should need be the case. We are aware of data in the market at the company level and across private markets. It is our view that as mapping of real assets across supply chains improves as a result of investor focus on the physical risk of climate change, there will be a corollary benefit for mapping actual instances (not theoretical) of human rights abuses in supply chains. For example, controversy reporting of human rights abuses at an asset class level could theoretically be linked to climate physical risk tools. We are actively talking to our data suppliers about improving their capabilities in this regard.

Therefore a natural next evolution for institutional investors to take in eradicating modern slavery is to work together to identify and eradicate *actual instances* of modern slavery beyond the first few tiers of a supply chain. It is our intention to continue to work with industry via the UNPRI Advance Initiative in this regard.

CHALLENGE 2:

Successful engagement for real-world change:

At 30 June 2021, the theoretical number of slaves per \$m invested in the top 10 tiers of the investment supply chain of our listed equities JANA Investment Trusts was 0.124. This was primarily driven by underlying investee companies being located or linked to countries assessed as having a heightened modern slavery risk profile due to factors such as governance issues, social inequality, conflict and disenfranchised groups. FairSupply's assessment also outlined a number of underlying investee companies across the Trusts that have alleged linkages to Uyghur forced labour in the Xinjiang region of China; in particular, a number of companies with linkages to the solar panel supply chain. Where an instance of modern slavery has been identified, or the perceived risk of modern slavery is too high, the challenge for investors is determining whether to divest or not.

What are we doing about it? For JANA to have any real influence in eradicating this high theoretical risk of modern slavery from our Trust supply chains it is our view that our underlying managers should not divest from these companies but engage them for change and be as transparent as possible about our own supply chains. Our response is twofold:

1. We plan to encourage transparency in the market by submitting a voluntary Modern Slavery Statement for FY22.
2. While engaging with the managers in our listed equities JANA Investment Trusts is the first step, it cannot be the last. We are of the view that meaningful change at a company perpetrating human rights abuses is most likely to occur when a critical mass of institutional investors engage in a coordinated way. This is why the UNPRI Advance initiative is so important, and we encourage all our clients to join us to improve human rights outcomes.

Addressing these challenges will be firmly on the agenda of the JANA Sustainability Advisory Council in the year to come.



Diversity, Equity
and Inclusion





Diversity, Equity and Inclusion

We believe in valuing and respecting individuals for their unique experiences and perspectives, whilst maximising their opportunities and potential.

How we think

This empowers us to have an enduring impact on society and the lives of millions of our clients' beneficiaries for the better. JANA considers that a diverse, inclusive culture provides a strong foundation for sustainable, high-performing investment organisations. We communicate and encourage this in our interactions with investment managers.

Key actions

- DE&I statement
- Internal working group
- Detailed investment manager survey
- Training and development
- Partnering with the F3 Initiative



Diversity, Equity and Inclusion



What have we done

October – December / Q1 2021

- **First annual fund manager Survey on Diversity, Equity and Inclusion:** The main purpose of the survey was to deepen our knowledge of asset managers' efforts in relation to building a diverse and inclusive corporate culture. From there we could derive insights into best practice and set a baseline for the industry which could then enhance our manager assessments.
- **Targeted internal DE&I survey conducted** with 60% participation and 84% of respondents giving favourable responses to questions around DE&I at JANA.

January – March / Q2 2022

- **JANA Corporate DE&I working group and statement:** A DE&I working group and a standalone DE&I statement that formalises our intent have been completed.

April – June / Q3 2022

- **Diversity Council of Australia facilitated Inclusion training has been rolled out to all staff:** The diversity workshop received positive feedback; however, the challenge now is to ensure the learnings are integrated into our cultural DNA. Our DE&I initiatives should help this.

July – September / Q4 2022

- **Knowledge building:** JANA-wide sustainability training for all staff released, including a DE&I module (to be released at the end of 2022).
- **Impact bench of managers:** We are actively working to conduct due diligence on more impact managers than we have in the past. This necessarily involves a greater focus on uncovering investment opportunities that address challenges in diversity, equity and inclusion if only for the fact that they are often founded by people of more diverse backgrounds than traditionally found in financial services.
- **JANA partners with F3** to provide female university students project opportunities and mentoring to better understand our industry and build up the pipeline of female graduates entering financial services.

- **Progressive review of all JANA people policies with a DE&I lens.**

Challenges and what we are doing about them

CHALLENGE 1:

Improving diversity at JANA

Attracting a greater diversity in our candidates including women and people of diverse cultural backgrounds and/or experiences.

What are we doing about it? Our approach to improve this is two-fold:

1. On the gender side, our approach is multi-dimensional:
 - JANA roles are advertised with gender-neutral language and a greater focus on competencies rather than specific skills or experience. Furthermore, we are reviewing wording to include a paragraph at the top of every advertisement encouraging those who feel they don't meet 100% of the criteria to still apply as we value potential over experience.
 - We ensure gender diversity on interview and promotions panels.
 - We provide flexible working practices.

We feel this worked well in the past year to date as (58%) of new hires at JANA were women.

2. On diversity more broadly we recognise that the externally facilitated inclusion training that all JANA staff undertook this year is just a start. In an effort to improve we must first understand our workforce. To support this we extended the DE&I questions included in our annual JANA Staff Engagement Survey to transform it into a targeted DE&I survey. As part of the survey 35% of respondents came from a diverse cultural background and our focus for the year ahead is to see this number go up.

CHALLENGE 2:

Building out the diversity of the industry

Attracting candidates of diverse backgrounds to JANA and the financial services industry remains a challenge. This was reflected in the results of our fund manager survey where we found:

- **Many managers have a DE&I policy, but few employ explicit measures e.g. diversity targets/quotas,**
- **Large organisations (>500 employees) tended to be more proactive in implementing practices,**
- **Despite a strong focus on gender diversity, women are less likely to be represented at senior levels and investment-specific roles** while more details concerning gender diversity can be found in our Spark article,
- **Lack of ethnic diversity seems prevalent** with most managers having less than 30% representation across all levels of the organisation and with under-representation progressively worsening the higher the role. At the board level, ethnic under-representation was greater than female under-representation.

What are we doing about it? JANA qualitative research on due diligence of managers of DE&I. Whilst not immediately obvious, JANA's researchers have already been analysing elements of DE&I factors via our review of our organisation and people because we've always implicitly understood that the right culture provides a strong foundation for high-performing teams and better investment decisions.

In this next year we are focusing on two next steps as they relate to manager due diligence on DE&I:

1. The survey analysis provided the means to structure our manager due diligence assessments better. It also enables us to engage more proactively with managers to improve corporate culture. JANA and asset owners alike play an important role in encouraging a more equitable and inclusive corporate culture. We can encourage greater transparency in data disclosure but also guide governance frameworks to improve the industry.
2. We recognise that impact investments are a growth area for the investment management industry that require a unique skill set to manage and measure 'impact' key performance indicators in addition to the 'financial'. As a result, new impact funds present an opportunity for people of diverse backgrounds to add value to the investment industry. We are currently reviewing our manager due diligence processes to ensure we have no inbuilt biases in our processes against emerging impact funds without the extensive track record that we typically require. This particularly is relevant in impact investment, where the track record is still being established. After all, track record is only one proxy for quality.

CHALLENGE 3:

Obtaining quality data

Like other challenges to integrating sustainability, the lack of quality data is a key issue. Whilst we collected more data at the organisation level, not enough was collected on investment teams running investment strategies. However, we recognise many investment teams we monitor have smaller operations (particularly in Australia), making it difficult to disclose aggregated data.

Far fewer managers also responded on ethnicity (27%) compared to gender (60%). This is not surprising given the sensitivity and potential legal and regulatory constraints for mandatory collection and disclosure on race and ethnicity in some countries. But it's not impossible to improve. Leaders in DE&I are encouraging voluntary self-identification to improve data quality and outcomes.

We also collected very little on the LGBTQIA+ community in the industry. This may be because the population is very small, and professionals are not disclosing this to their organisations, or because organisations are not seeking to collect this information because it's still considered taboo. This suggests that much work is still required to understand, appreciate and encourage organisations and people to find the best method for identity expression.

On identity expression, our manager survey was not designed to cover intersectionality across multiple facets. Any one individual is not defined by gender, ethnicity, sexuality or age alone but such complexity isn't easily distilled from surveys and data. It's still an iterative process we're working on. And it's not just us trying to improve. Only recently did a review of the Australian Workplace Gender Equality Act 2012 recognise the need for broader diversity data collection to enable intersectional analysis.

Finally, whilst diversity data was collectible, it is harder to collect data assessing inclusion. Few statistics are available and we can only infer culture based on the examination of DE&I policies and practices and through ongoing manager research that assesses the application of an organisation's DE&I approach.

What are we doing about it? All the hard lessons obtained from trying to interpret imperfect data will be fed into the design of our next fund manager survey on DE&I and our ongoing manager research process. This is still a work in progress and amending the survey must be balanced against the need to obtain comparable data year on year to start understanding trends over time.



JANA Sustainability team



Rachel Halpern, Head of Sustainability – Sydney

Rachel is Head of Sustainability and co-leads the responsibility for ensuring sustainability continues to be core to everything we do at JANA. Rachel has an established advisory career covering risk and commercial litigation. Rachel has spent over 10 years in the finance industry developing investment strategies which minimise regulatory and fiduciary risk through the effective integration of ESG into investment and lending decisions.

Most recently at Westpac Rachel was the lead risk advisor on the creation of its sustainable finance framework designed to guide future credit decisions to be in line with client transition to a Net Zero carbon economy. Prior to that Rachel was regulatory counsel for State Street Bank in Asia Pacific and Europe where she assisted institutional investors in setting up responsible investment frameworks.

Rachel holds a Master's of Behavioural Science from The London School of Economics and Political Science and a combined Bachelor of Arts (politics) and Bachelor of Laws from Macquarie University.



Tim Conly, Head of Responsible Investment – Melbourne

Tim is Head of Responsible Investment at JANA. In this role, he co-leads the sustainable research programme at JANA, with this programme designed to ensure that JANA and our clients embed sustainability in everything that we do.

Tim is an experienced Consultant with a demonstrated history of working in the financial services industry and is passionate about building strong relationships as a trusted adviser to his clients.

Tim holds a Master's of Applied Finance from Macquarie University and a Bachelor of Commerce from the University of Melbourne.



Suzy Yoon, Senior Consultant – Seoul

Suzy is a Senior Consultant and a member of the Sustainability Team. Her areas of expertise include biodiversity, climate scenario modelling and ensuring sustainability is integrated into JANA's implemented consulting platform.

Suzy was previously a Consultant at JANA from 2007 to 2017 where she was a member of the Property Research Team, Global Equities Research Team and Secretary of JANA's Risk and Compliance Committee. She worked on a few industry superannuation accounts, not-for-profits, charities, and university endowments.

Most recently Suzy worked for the Australian Government in Korea, where she researched and analysed Korea's domestic agricultural policies and trade environment. This supported the Australian government's policy decisions towards Korea and supported market access for Australian industry. In addition, she managed relationships with Korea's government and public agencies, boosting the bilateral agricultural relationship through enhanced understanding of each country's biosecurity regulations and systems.

Suzy holds a Bachelor of Arts Degree from the University of New South Wales, majoring in Economics and Korean Studies and a Master's Degree in Global Affairs and Public Policy from Yonsei University in Korea, majoring in Economic and International Development. Suzy is passionate about Sustainable Development and Responsible Investing.



David Scollon, Senior Consultant – Sydney

David is a Senior Consultant advising superannuation clients, is a member of JANA's Sustainability Team and Retirement Research Team and coordinates JANA's regulatory responses. He is also a member of the JANA Managed Account Consulting Committee and Chair of JANA's Corporate Responsibility Committee.

David brings over 25 years of experience in the finance industry, from advising individuals, business owners, high net wealth and institutions. Before JANA, David was Senior Manager, Private Investment Consulting for NAB Asset Management and, before that, in London as Senior Manager, NAB Corporate Strategy.

David holds an MBA from Cranfield School of Management, UK, a Bachelor of Economics from the University of Sydney and a Foundation Diploma in Financial Planning from Deakin University.



Ada Chan, Consultant – Sydney

Ada is a Consultant at JANA and a member of the Sustainability Team and Portfolio Design Team. She specialises in research into Diversity, Equity and Inclusion (“DE&I”) and covers Responsible Investment considerations more broadly.

Ada has international experience spanning UK and Australasia. She has worked in the UK for the last five years covering a few different functions including Responsible Investment Research, Real Assets Research and advising UK Defined Benefit Pension Schemes.

Some of the work Ada has done includes development of an ESG dashboard, publishing a Guide on Climate Change Risk and Opportunities for NFP as well as analysing results from JANA’s Investment Manager DE&I Survey.

Ada has qualified for the Certificate in ESG Investing and is a CFA Charter holder from the CFA Institute.



Michael Gillespie, Senior Analyst – Melbourne

Following his passion for financial markets, Michael joined JANA in 2020 after a 12-year career with General Motors spanning vehicle engineering, quality, sales and corporate planning. The final three years of Michael’s time with GM was spent leading product board meetings and research for the international operation presidents based in the USA, China and Korea.

Michael brings a fresh perspective to JANA’s Sustainability team grounded in his engineering business case and battery vehicle planning experience. Michael focuses on climate research and Net Zero portfolio alignment, while also supporting JANA’s Operational and Custody Consulting team with asset manager operational due diligence and research.

Michael holds Bachelor degrees in Mechanical Engineering and Business (Management and Marketing) from the University of Newcastle. Michael is currently studying for his CFA.



Chris Beattie, Consultant – Sydney

Chris works on a range of traditional Superannuation Fund and Foundation clients. He is also a member of the Sustainability Team and the JANA Corporate Responsibility Committee, with a particular focus on modern slavery and sustainable supply chains.

Prior to joining JANA, Chris was an Investment Consultant at Aon in Edinburgh. His role involved providing strategic investment advice to a range of UK Defined Benefit pension scheme clients. Chris was also a Transition Specialist, providing oversight and guidance on various asset transition and implementation projects. Before joining Aon, Chris was an Investment Analyst at Hymans Robertson LLP in Edinburgh.

Chris has a first-class honours degree in Actuarial Science from Heriot Watt University, Edinburgh. He qualified as a Fellow of the Institute and Faculty of Actuaries in 2018.



Sid Raghuraman, Senior Analyst – Sydney

Sid is a Senior Investment Analyst and a member of the Global Equities and Sustainability research teams. His areas of expertise include sustainability data analytics and SRI screening/exclusions along with global equities research.

He also has consulting responsibilities across superannuation and not-for-profit clients. He has previously worked in the Quantitative Applications and Implemented Consulting teams.

Prior to joining JANA in 2018, Sid worked as a Quantitative Analyst at Super Ratings, where he was responsible for monthly performance and risk reporting, maintaining rating models and assisting in research and consulting engagements across super funds.

Sid holds a Bachelor of Accounting (Co-op Scholarship) from the University of Technology, Sydney, and is a CFA Level III candidate.

Subject matter expertise

Climate	Biodiversity	Diversity Equity and Inclusion	Net Zero	Human Rights
Sustainable Development Goals	Sustainability Data	Impact Investing	Modern Slavery	Governance
Supporting JANA-wide sustainable investment capabilities		Project based consulting		Providing specialist advice to clients



JANA Sustainability Advisory Council

About JANA Sustainability Advisory Council

The JANA Sustainability Advisory Council is an independent committee, committed to identifying solutions to our most pressing and emerging sustainability challenges.

Bringing together leading experts in sustainability and senior figures from institutional investments, this committee identifies practical, real-world solutions to support return on investments in a way that ensures meaningful impact to the environment and society.

Chaired by Rachel Halpern (Head of Sustainability, JANA), the Council will work closely with JANA to identify and apply practical frameworks to measure and monitor investing for real-world outcomes, beyond what is traditionally labelled 'impact investment' or 'ESG integration'.

“The reach of sustainability efforts is far and wide, impacting not only the wealth of investors, but also individuals and society. Achieving the outcomes of Net Zero, racial and gender equality and eradicating modern slavery are challenges that our industry will play a central role in resolving but this cannot be achieved alone.

“Appointing council members from backgrounds and perspectives outside of institutional investment ensures a true collaboration of both experts in sustainability and influencers in investing; and, is in our view, the most impactful way we can achieve necessary change.” – Jim Lamborn, CEO

JANA Sustainability Advisory Council members



Nicki Hutley, Independent Economist, Councillor (economics), Climate Control

Nicki Hutley is a highly experienced economist, with broad-based expertise in both macroeconomics and microeconomic policy, gained over more than three decades in financial and investment markets and in economic consulting.

After many years in the corporate world, including most recently as a partner with Deloitte Access Economics, Nicki is now an independent economist, advising governments, business and not-for-profits. She is also a Councillor on the Climate Council.

Nicki holds an Honours degree in Economics. In 2021, she was elected President of the NSW Branch of the Economics Society of Australia.

○ Nicki is a frequent commentator in the media and is a regular guest on The Drum and The Project.



Renee Grogan, Chief Sustainability Officer, Impossible Mining

Renee Grogan is a sustainability expert with over 16 years' industry experience in permitting and approvals, regulatory compliance, international and domestic stakeholder engagement, strategy and project management, risk, feasibility and due diligence. Her experience includes working in Australia and the Pacific, the United States, Africa, Europe and Areas Beyond National Jurisdiction.

Renee comes from a strong industry background where she has fulfilled senior sustainability positions with companies including Nautilus Minerals, Newcrest Mining Limited, Gold Fields Limited and Thiess Mining. Renee is now the Chief Sustainability Officer and co-founder of Impossible Mining, a company with the mission to enable responsible seabed mining and refining of battery metals, enabling the world's transition to sustainable energy.

○ Renee is a former Director of the World Ocean Council, where she served for over six years, and has also held Board positions for scientific and NGO organisations. Renee holds a Bachelor of Science and a Master of Business Administration.



Peter Yu, Senior Yawuru man and Vice President, The First Nation Portfolio at Australian National University

Peter Yu is a Yawuru man from Broome in the Kimberley region in North West Australia with over 40 years' experience in Indigenous development and advocacy in the Kimberley and at the State, National and International level. Peter was a key negotiator on behalf of the Yawuru Native Title Holders with the Western Australian State Government over the 2010 Yawuru Native Title Agreement. He was recently Chief Executive Officer of the Yawuru Corporate Group and is the current and inaugural Vice President First Nations at the Australian National University.

He has been an advocate for the social, cultural and economic advancement and well being of Kimberley and other Aboriginal communities as well as working at the Local, State, National and International level as a representative for the rights and interests of the Aboriginal community his entire career. He has been instrumental in the development of many community-based organisations and initiatives which have had an enduring influence on the Kimberley region.

He was Executive Director of the Kimberley Land Council during the 1990s and a member of the national leadership team negotiating the Federal Government's response to the 1992 Mabo High Court judgement on Native Title.

He is currently Director of Water Trust Australia, Trustee on the Princes Trust Australia, Chair of the Australian Advisory Group to Rio Tinto, Deputy Chair of the North Australian Indigenous Land and Sea Management Alliance Ltd (NAILSMA); and he was awarded an Order of Australia Medal (AM) in 2021 for his services to the

- Indigenous community.



Zarmeen Pavri, Partner and Chief Impact Officer, SDGx

Zarmeen is a values-based leader with over 28 years' experience, having a multi-dimensional background covering ethical and impact investing, venture capital, funds management, product development and international development, including her previous role as the Impact Fund Manager, responsible for managing the Department of Foreign Affairs and Trade (DFAT's) social impact innovation portfolios across Asia Pacific.

Zarmeen is a Co-Founder, Partner and Chief Impact Officer of SDGx – an Impact VC investment management and advisory firm, where she manages a global climate tech impact fund and also currently holds the position as the Oceania Regional Head for the Global Impact Investing Network (GIIN). She serves on a variety of fiduciary and non-fiduciary boards, including being a Non-Executive Board Director of U Ethical Investors Ltd; Chair of the Ethical and Impact Committee for the \$100 million Apostle Funds Management's Diversified People and Planet Fund and previously was a Non-Executive Board Director of Magnis Energy Technologies (ASX: MNS).

Prior to her career transition into the impact investing arena, she held several senior executive leadership positions, including Executive Director Strategy, Head of Offshore Institutional Business Development, COO and Head of Product Development at Pengana Capital and MIR Investment Management.

Zarmeen is a qualified Australian Chartered Accountant, holds a Bachelor of Commerce (sub major Law) degree from University of Western Sydney and is a member of the Australian Institute of Company Directors.



Reflections

We hope that in reading this report our commitment to genuine progress and authentic conversations is apparent. The shadow side of the consulting industry is to gloss over shortcomings and challenges in an effort to inspire confidence. We are taking a different approach and sharing our journey with you in the hope it might catalyse thinking at your own organisation and prompt you to reach out for a conversation so that we might approach these challenges collectively. It is our genuine belief that working together is our only option for real change. We invite you into conversation with us.

Want to know more about JANA and sustainability? Reach out to your JANA Consultant or contact the JANA Sustainability Team at sustainability@jana.com.au.



IMPORTANT INFORMATION

This document is issued by JANA Investment Advisers Pty Ltd (ABN 97 006 717 568) (AFSL 230693) (JANA).

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