

A photograph of a person from the back, wearing a red and black plaid shirt, holding a white paper airplane up towards a bright sunset sky. The person is standing in a field of tall, dry grass. The sun is low on the horizon, creating a strong orange and yellow glow that silhouettes the person and the grass. The sky transitions from a deep orange near the horizon to a pale blue at the top.

2023 **Sustainability Report**



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A message from our CEO



Welcome to the 2023 JANA Sustainability Report. Sustainability is a broad area with a lot of complexity and, at times, confusion. For us though, the message is simple.

At JANA we believe strong real-world outcomes will deliver better investment outcomes over time.

This thinking drives our sustainability journey and permeates how we operate internally and how we look to assist our clients in meeting their financial and sustainability objectives. By assisting our clients to leverage the best insights and ideas, we help deliver superior long-term investment results that create prosperity and positive changes to the lives of everyday people.

In the inaugural 2022 JANA Sustainability Report we aimed to be as open and transparent as possible regarding all things relating to sustainability at JANA. We were proud to candidly share our progress and areas of focus. We were open in our position that there was a lot of work required – inside and outside the walls of JANA – to truly deliver on the required real-world sustainable societal and investment outcomes.

We know the world keeps moving, with increasing sustainability-related opportunity and complexity and at JANA, we are wholeheartedly throwing ourselves into this challenge.

The 2023 report is designed to provide you with a broad picture of the progress JANA has made over the year, as well as outlining key areas of focus or challenge as we continue to move forward. I am proud of the progress we have made over the last year and excited about the future ahead as we deliver on our mission of 'depth with difference', contributing to a net zero world and supporting our clients in doing the same, to the benefit of both people and planet.

When reading this report please note that Sustainability is deeply embedded into how we interact with and advise our clients, as well as our own corporate practices. The three relevant components are:

- Corporate operations
- Advisory services
- Implemented investment services (or Outsourced CIO model)

Further information on JANA can be found in the 'About JANA' section.

We recognise that more needs to be done amid an environment of heightened regulatory requirements and scrutiny. Nevertheless, we won't let it hold us back in being ambitious in our actions. We welcome you to join us in our endeavours to make this possible.

A handwritten signature in black ink that reads "GDudley". The signature is fluid and cursive, with the first letters of the first and last names being capitalized.

Georgie Dudley
CEO

Executive Summary

When putting together this report there was a sense of pride, as there has been a lot of action taken that we believe can directly or indirectly lead to more sustainable outcomes from both an investment and real-world perspective.

We had ambitious plans, driven by the desire for change and the sense of urgency required, and have managed to progress many items. However, there were also many challenges, and we did not deliver everything in the time we advised. Factors that influenced this include both reprioritisation of certain items, but also the need to constantly adapt in a changing environment.

This report will delve into the achievements and challenges, as well as point to the future path.

We hope it shows you that sustainability is a whole of business focus and effort, led, but not solely driven, by the JANA Sustainability Team.

When thinking about how we can influence sustainability outcomes, it is important to remember JANA does not advise on or manage any of our own money – it is our clients' money. Often that money is being managed on behalf of beneficiaries of a client under a fiduciary relationship.

Hence, our advisory and implemented investment services, and the sustainability influence, must be combined with delivering on the agreed risk, return and cost objectives that our clients have engaged us for. We fundamentally believe more sustainable environmental and social outcomes will lead to better financial outcomes for our clients and their beneficiaries.

This links to our core purpose being that, together with our clients, we have the power to change the lives of millions of beneficiaries for the better. It's a privilege to be able to have this role and it is not something JANA takes lightly.

This hopefully provides some context for actions and challenges, as well as influences the actions and levers we have at our disposal.

JANA's journey to real-world outcomes

JANA's Net Zero Commitment

JANA is committed to supporting the 2050 global net zero emissions goal. This applies to our advisory and implemented investment services, and operations.

Sustainability of our Business

We're committed to achieving 'Depth with Difference' across key impact areas:

- **Ethical and Responsible Practice:**
Board approved Modern Slavery Policy



- **Greening Our Footprint:**
Carbon neutral since 2020, targeting Scope 3 emissions reduction.



- **Supporting Prosperous Communities:**
Donated approximately \$70,000 in 2023.



- **Thriving Workplaces:**
Endorsed Reconciliation Action Plan, 62% female Executive Leadership Team.



Supporting our Clients in Their Sustainability Journeys

Our investment strategy integrates climate considerations, including climate-aware capital assumptions and a top-down net zero approach. We're also advancing research in climate, biodiversity, human rights and diversity, while setting interim targets for our Implemented Consulting Platform to aid a 50% global emissions reduction by 2030.

JANA Sustainability Beliefs and Strategy

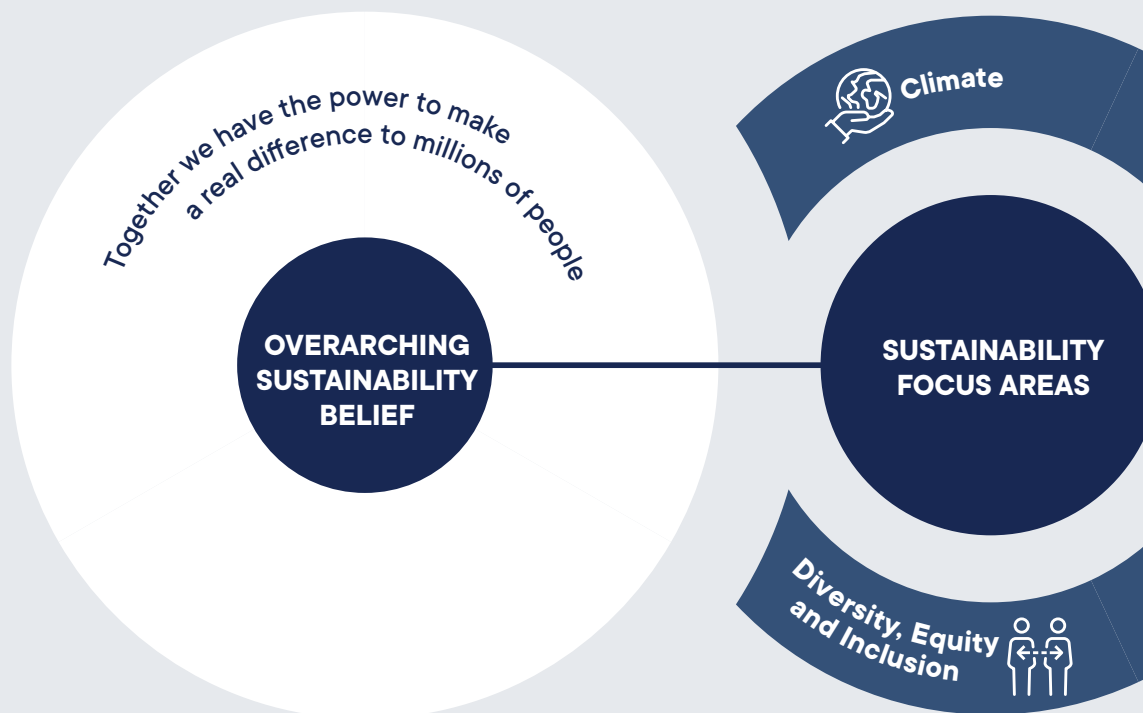
What we believe

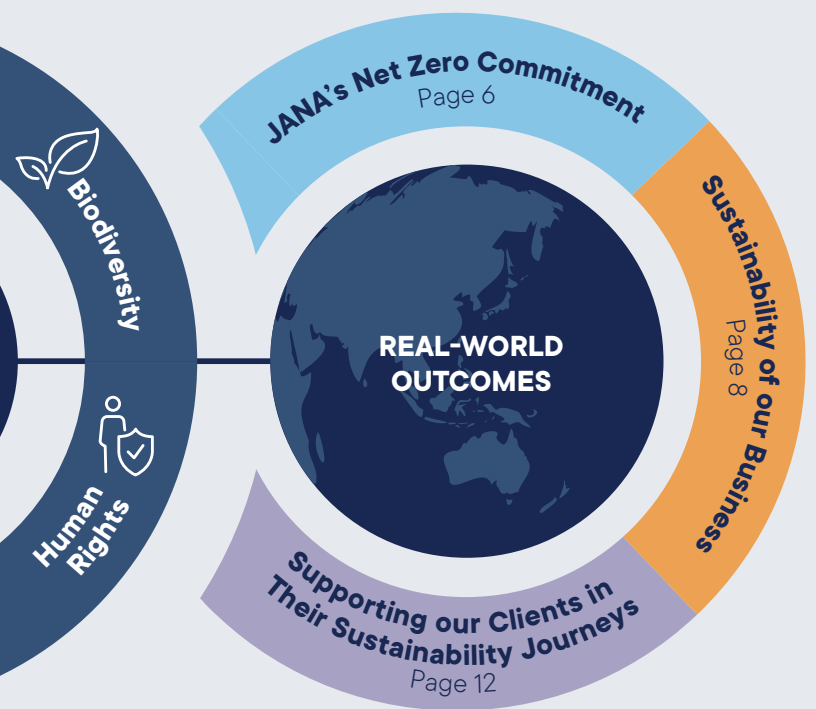
To deliver investment returns we need a sustainable environment and society. Accordingly, we hold ourselves accountable for the impact we have on the environment and society.

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



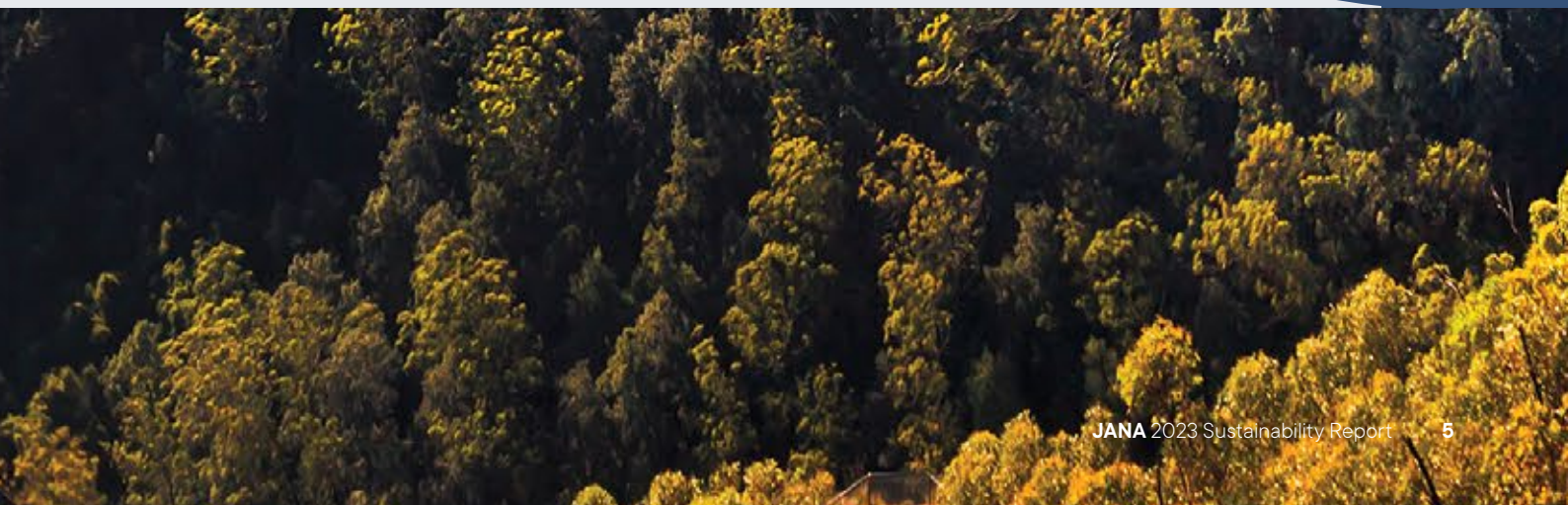


SHIFT TO REAL-WORLD OUTCOMES

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**



JANA's Net Zero Commitment

JANA agrees with the global and Australian governmental consensus that the world needs to achieve net zero carbon emissions.

Additionally, JANA believes that to deliver target investment returns we need a sustainable environment and society, and believes that a system-wide approach, considering the broader picture, will deliver better investment and real-world outcomes over time.

In the above context, JANA has made a commitment to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, and we are proud to be an inaugural member of the [Net Zero Investment Consultant Initiative \(NZICI\)](#).



Our commitment is driven by the following overarching beliefs:

- We believe net zero action is in the financial best interests of our clients and beneficiaries; and
- We believe in a longer-term and systems-level view on how to achieve future carbon emissions reductions.

Our approach to net zero is framed in the context of our role with our clients and beneficiaries, and that changing client preferences or client types can impact our trajectory. We will aim to be as transparent as possible in our ongoing reporting as we demonstrate progress over time.

A focus on financing emissions reductions rather than solely reducing financed emissions.

In the context of the legal and fiduciary duties of both JANA and our clients, at a simplistic level we believe there are two broad paths and strategies available to investors on a net zero journey:

1. Focusing on a portfolio emissions trajectory; or
2. Focusing on the real-world emissions trajectory.

In our view, focusing on reducing direct portfolio emissions is potentially helpful in mitigating transition risks for some of the more highly exposed companies and 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 and climate risk in the portfolio. Whilst there are clearly some sectors and companies that are more or less exposed to climate change related 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 irreversible physical risks may begin to have greater impact, which will have a far worse portfolio impact than the alternative.

In short, because climate change is a systemic risk that will have an impact on all regions and sectors, if you have a 'net zero aligned' portfolio, but the broader economy is still not on track to achieve net zero, your portfolio and business remain exposed to those risks.

We acknowledge some of our clients will have a sharper focus on portfolio emissions reductions; but overall, our approach is geared towards playing our role in real-world emissions reductions as we believe that will be the best outcome for all of our clients and the broader economy over time.

What is JANA doing?

JANA has taken and will continue to take a number of actions over time in order to deliver on our commitment, as we transparently report on progress and challenges.

These actions will cover our strategic advisory services, implemented investment services and own corporate operations, and are aligned to the nine requirements of the Net Zero Investment Consultant Initiative (NZICI).

At a high level, some of the key commitments and actions related to our commitment include:

Integrating Net Zero into our Business

- JANA has been certified as a Carbon Neutral organisation since 2020 by the Australian Government Climate Active program.
- We completed the switch of our office locations, with base building and tenant sourced electricity 100% renewable from 2021.
- We remain focused on remaining emissions, with travel being the most significant. We are developing plans to address this whilst balancing the need to travel for business or client requirements.

Please refer to [Greening our Footprint \(page 9\)](#) for more information on the above.

Integrating Net Zero into our Advice Solutions

- We continue to progress and evolve tools and advice to support our clients, including:
 - Education and training.
 - Advice solutions on elements such as net zero commitments and roadmaps.
 - Climate change scenario advice and integration.
 - Climate-aware capital market assumptions.
 - Manager ESG and Net Zero Assessments.
 - Expanding coverage of climate solutions and transition finance strategies.

All of the above continue to evolve, with examples including building out better data coverage of other asset classes to assist clients in their sustainability and net zero journeys.

Please refer to [Supporting our Clients in Their Sustainability Journeys \(page 12\)](#) for more information on the above.

Integrating Net Zero into our Implemented Solutions

- In addition to the advice solutions mentioned above, clients in this segment also have JANA (either fully or partially) implement the advice via JANA investment vehicles. Given this, our approach is informed by investment manager best practice and public guidance from groups such as the Net Zero Asset Manager (NZAM) initiative.
- Key focus areas of our Implemented Solutions pertaining to net zero include:
 - Developing 2030 interim targets aligned to supporting a goal of 50% global emissions reduction in line with global guidance from groups like IPCC¹, GFANZ² and NZAM³.
 - Enhancing governance and oversight.
 - Focusing on uplifting manager engagement around net zero.
 - Building out our investment solutions available to clients.
 - Developing further reporting and assessment tools.

Please refer to [JANA's Implemented Consulting Solution \(page 18\)](#) for more information about net zero in our Implemented Consulting business.

1 The Intergovernmental Panel on Climate Change (IPCC).

2 Glasgow Financial Alliance for Net Zero (GFANZ).

3 The Net Zero Asset Managers Initiative (NZAM).

Sustainability of our Business

Sustainability is critically important to JANA – both in how we work with our clients and in how we operate as an organisation.

We are committed to ensuring we ‘walk the talk’ and are achieving ‘Depth with Difference’ in the following areas of impact:

Ethical and Responsible Practice



Greening Our Footprint



Supporting Prosperous Communities



Thriving Workplaces



Ethical and Responsible Practice

This impact area deals with the principle of having the foundation as an organisation of doing no significant harm. We have supported this by having ethics presentations from ethics specialists, having documented risk and compliance procedures which encourage a robust risk culture, and having a Whistleblower Policy which includes an external whistleblower hotline.

While JANA is not formally covered under Australia's Modern Slavery Act 2018, we have undertaken the following initiatives:

- A Board approved Modern Slavery Policy.
- Conducted a formal modern slavery risk assessment of our top 250 direct operational suppliers. JANA's operational supply chain is considered low risk given the typical industry and geographical factors.
- Signed up as an Endorser to the PRI Advance, a stewardship initiative for institutional investors to use their collective influence to act on human rights and social issues.
- Annually we facilitate the completion of asset manager modern slavery questionnaires on behalf of our clients.

We recognise the importance of raising awareness of modern slavery and to promote the adoption and awareness of good practices by businesses.

Greening our Footprint

As part of our net zero commitment, we completed the switch of our office locations, base building and tenant sourced electricity, to 100% renewable energy part-way through 2021.

JANA has been certified as a Carbon Neutral organisation since 2020 by the Australian Government Climate Active program. Maintaining our carbon neutral certification ensures we are publicly accountable for our corporate emission reduction plans and active in our collaboration with other local organisations on the long-term changes needed to avert the climate crisis. As a result of actions taken to date JANA has reduced our Scope 1 and Scope 2 emissions to zero. Our updated emission reduction strategy now focuses on the largest sources of Scope 3 emissions, business flights (49% of 2022 emissions) and purchased vendor services (31% of 2022 emissions).



Business Flights

Prior to the resumption of unrestricted travel in 2022, JANA developed travel principles to ensure JANA is only traveling where truly necessary, and when doing so, we are maximising the opportunity.

JANA has already seen a reduction in kilometres flown as employees are making greater use of video conferencing and embracing JANA's official travel principles to question whether travel is truly necessary, and if it is indeed required, to make sure to maximise the benefit. Longer term, to ensure we continue to lock in the efficiency gains and support emerging technology, such as Sustainable Aviation Fuel (SAF), JANA recently confirmed the following interim targets:

- 30% reduction in Business Flight CO₂e/FTE from 2019 baseline levels by 2025.
- 50% reduction in Business Flight CO₂e/FTE from 2019 baseline levels by 2030.

Vendor Services

JANA has already begun to engage with our supplier network. Analysis was undertaken to understand the materiality to JANA's emissions of various supplier services contrasted against suppliers that do not have near-term emissions reduction or renewable energy commitments. JANA determined several priority suppliers for engagement from this analysis. As an example, we worked with the organisers of our JANA Annual Conference to reduce the footprint of the event and support the organiser in pursuing their own carbon neutrality commitments.

JANA will continue to seek out 'green' providers, such as those who publicly report on and plan to reduce their emissions. Also, where appropriate, we will consider delaying purchasing decisions to maintain existing equipment for longer.

JANA's interim target to guide continuous improvement in purchased services is for a 50% reduction in vendor service emissions by 2030 from 2022 levels.

Working from Home

Encouragingly we have found that in 2022 90.5% of employee trips to work were via sustainable means (train, tram, cycle, walk etc), a slight increase on the 2019 figure of 86.7%. We have also established that 25% of JANA staff have a rooftop solar installation and around 33% purchase green energy for their home. JANA will continue to monitor and educate employees on avenues to improve energy efficiency at home given the expectation of ongoing hybrid work arrangements.

Detailed information and analysis of our corporate operations emissions across all categories for the periods of 2019 to 2022 can be found on [JANA's Climate Active Profile](#) page.

Supporting Prosperous Communities

We recognise we have three resources that we can donate to add value to our community and broader society: time, money and expertise.

The principles of effective altruism emphasise the use of evidence and reason to identify the most pressing problems facing the world and to find the most effective ways to address them. As part of this we are developing a giving framework that will guide how we contribute our resources. Over the 2023 financial year, JANA and its employees donated approximately \$70,000 to various causes including UNHCR, UNICEF, Australian Red Cross, Oxfam, World Vision, Welfare Aid, Minus 18 (a charity improving the lives of LGBTQIA+ youth), and Lifeline.

Our staff are entitled to a day of volunteer leave each year, which can be used to participate in a community volunteering activity. We had two teams participate in the 2023 Sydney Oxfam Trailwalker event, with a strong crew of volunteers collectively striving for, 'a just, sustainable future without poverty'.

Using our Expertise to Support Nyamba Buru Yawuru

JANA is proud to have extended our expertise to support (pro-bono) Nyamba Buru Yawuru (NBY) in developing their Investment Policy and Strategy. JANA offered this support to NBY as it looks to the future to provide support and deliver self-determination to the Yawuru people.



Thriving Workplaces

This is an important focus for JANA, particularly operating in an industry that needs to significantly improve its diversity and inclusion. As part of our goal we formed a Diversity, Equity and Inclusion (DE&I) working group and a stand-alone DE&I statement that formalises our intent and facilitated inclusion training. There is ongoing work to keep identifying the subtle items that have traditionally gone unnoticed in the workforce such as the use of language, particularly around gender; and the greater focus on competencies rather than specific skills or experience.

Key achievements over the year include:

- JANA's first **Reconciliation Action Plan (RAP)** endorsed by Reconciliation Australia.
- JANA has been certified as a '**Family Inclusive Workplace**' by Family Friendly Workplaces.
- **Diversity and Inclusion** increased by 5% to 80% favourable in JANA's engagement survey.
- 62% of JANA's **Executive Leadership Team** are female.
- Firmwide **Sustainability Training** in the areas of: Unpacking Sustainability, The Sustainable Development Goals (SDGs), Impact, Climate, Biodiversity, Human Rights, and Diversity, Equity and Inclusion.

Reflect Reconciliation Action Plan

In 2022, JANA established its RAP working group (RWG) consisting of members across various functions of the business. The RWG engaged Two Point Co. (TPC), a 100% Aboriginal and Torres Strait Islander owned strategic consultancy, to assist with the ideation and development of our first 2023 to 2024 Reflect RAP. With TPC's assistance, the RWG developed JANA's vision for Reconciliation and a set of aspirational and achievable deliverables over a 12-month period which has been endorsed by Reconciliation Australia.

As we embark on this transformative journey, we recognise the critical role we play in fostering reconciliation, promoting diversity and creating a more inclusive future. Through the RAP program, we aim to leverage our sphere of influence to build meaningful relationships with Indigenous communities and support their empowerment. The RWG meets every four to six weeks to implement deliverables and we look forward to sharing more as we progress on our journey.

More information on our RAP can be found [here](#).

Diversity, Equity and Inclusion (DE&I)

Our clients come from all walks of life and so do we. At JANA we're committed to providing a workplace that represents our community, where people are safe to be their authentic selves and which nurtures the success of our people, clients and the communities we serve.

Throughout the year we have been working on initiatives to foster DE&I in asset management and investments. To drive progress, we implemented a comprehensive internal training module which focused on how DE&I applies to what JANA does and how it connects to the system-wide approach to deliver better investment and real-world outcomes. From this training, JANA personnel will be able to actively engage asset managers, fostering open dialogues on data transparency and existing issues; and exchange best practice principles. We have also been working on reviewing our DE&I investment manager questions, as we continue the journey to improve transparency and monitoring in this area.

During the year JANA's DE&I working group revised and updated our DE&I Statement, setting out our DE&I strategy for the year 2023-2024.

JANA Webinar: The Voice Featuring Peter Yu

We are privileged to have Peter Yu, Senior Yawuru Man and Vice-President, First Nations Portfolio at the Australian National University, on JANA's Sustainability Advisory Council. He is also a member of the Federal Government's Referendum Working Group and generously gave his time to speak with Tim Conly, JANA's Head of Responsible Investment; for a webinar in June 2023.

The purpose of the webinar was not to present a case for either the Yes or No vote, but to provide information on the key elements of the amendments to the Constitution, and their implications for Government and broader community. The aim was to bring clarity and provide context on the ask from the Uluru Statement from the Heart, so that each of us will be able to make a considered vote later this year in the Referendum.

You can watch a recording of the webinar [here](#).

Supporting our Clients in Their Sustainability Journeys

JANA's research program forms the foundation for our advice on investment policy, strategic and dynamic asset allocation, asset class structures and manager selection for each client's portfolio.

Research is conducted both from a top-down perspective (through portfolio construction analysis and macro research) and a bottom-up perspective (through asset class research).

Investment Strategy Integration

Structural Themes

Each year JANA undertakes a major review of the investment environment, highlighting around five to seven key 'structural' investment themes. These themes are orientated around potential major economic and social change expected to influence investment outcomes for up to the next 10 years.

JANA's structural themes describe the key long-term forces we expect to influence the macroeconomic and investment environment over the coming decade. Stakeholder Capitalism and Energy Transition and Decarbonisation are two explicit sustainability-related structural themes JANA believes will impact on the broader system.

These themes direct us in considering the implications for investment portfolios, with a particular focus on how opportunity sets may evolve. They are important in preparing portfolio construction reviews and long-term benchmark Strategic Asset Allocation (SAA) reviews.

Climate Aware Capital Market Assumptions

This year we modified our capital market assumptions (CMAs) to be climate aware, by building on our existing Climate Change Scenario Modelling.

We updated the inputs for both our medium-term and long-term capital market assumptions to reflect a forward-looking view on how climate change is likely to affect growth rates, real interest rates and risk premiums under JANA's assumed climate scenario pathway.

JANA's updated assumptions reflect a view on the current state and the most likely scenario to play out based on stated global government policies and Nationally Determined Contributions. However, we remain a strong advocate for more ambitious action in achieving net zero by 2050.

The assumptions are expected to evolve incrementally over time as evidence materialises, and as we identify and reassess signposts for each scenario.

More on our climate-aware CMAs can be read [here](#).

Climate Change Scenario Modelling

JANA continues to update our climate change scenario model based on updated global data, which reflects the latest governmental policy commitments and key temperature and emissions trajectories by credible sources such as the International Energy Agency (IEA), Network for Greening the Financial System (NGFS) and Intergovernmental Panel on Climate Change (IPCC).

Over the year, we enhanced our model including uplifting our green/brown exposure methodology to encompass more sub-asset classes and applied scalars to the ultimate green/brown return impact to reflect that lower risk asset classes are unlikely to be as sensitive to growth rate effects.

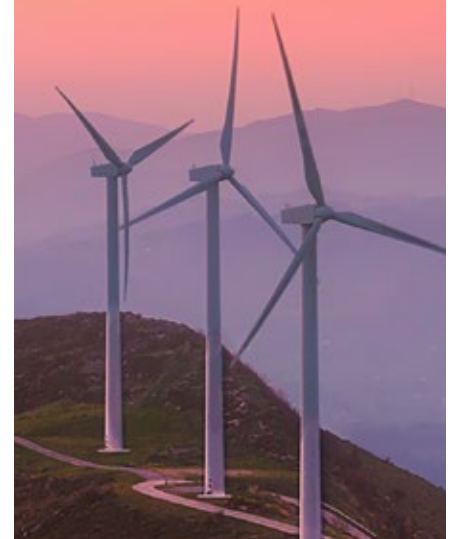
Net Zero Investment Strategy

JANA is currently developing a framework for how clients can systematically implement a portfolio-level net zero emissions objective, in consideration of other (potentially conflicting) objectives; namely, risk, return, fees and benchmark relative performance. The framework seeks to clarify for clients what levels of current net zero alignment are achievable within each asset class and where to best implement increased exposure to climate solutions from a portfolio perspective.

JANA believes the investment community should focus on the real-world economy emissions trajectory and take an active role to engage on the challenges, including the harder to abate sectors, rather than avoiding them and effectively assuming (or hoping) that someone else will address this challenge.

Project Supporting a Large Asset Owner in Building Their Own Climate-Aware Capital Market Assumptions and Scenario Analysis

JANA supported a large superannuation client in developing their in-house climate-aware capital market assumptions and building out their climate change scenario model. We provided the foundations of our climate change scenario model, to allow the Responsible Investment Team to lift and use internally.



JANA Net Zero Investment Beliefs

JANA has developed the following net zero investment beliefs to guide consistency around net zero in JANA's advice and implemented investment decisions.



Internal Scorecard Alignment

From 2021 we also 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.

Internal Knowledge Hub to Elevate Net Zero Knowledge

JANA developed a knowledge hub of educational resources for our staff on the net zero transition and detailed plan around JANA's net zero commitment. The Hub contains a series of mandatory training modules, covering climate science, the regulatory environment around net zero and how JANA can help our clients. We also continue to arrange presentations from investment industry and climate experts to ensure the business is armed with the latest thinking in themes and trends.

Supporting Our Clients on Their Net Zero Journeys

JANA's advisory services reach over 80 Australian and New Zealand institutional investors, spanning superannuation, government entities, insurance firms, endowment funds (community, charitable and university trusts), long service leave funds and family offices. As of December 2022, 22% of our advisory clients, accounting for 84% of the A\$1.3 trillion of assets under JANA's advice, had made net zero commitments; this is up from our 2021 survey where around 16% of advisory clients and 58% of assets were covered by a net zero commitment.

When accounting for the additional assets covered by JANA's commitment to support net zero emissions by 2050 across our Implemented Consulting Platform, the overall assets under JANA's advice covered by a net zero commitment increases to 85%. The encouraging improvement in this number, in such a short period, is testament to the strong commitment already shown by many of our large superannuation clients, as well as the broad range of implemented clients who look to JANA to deliver strong investment outcomes and sustainability goals.

These numbers are supported by 10% of clients who have set or are developing interim targets. Encouragingly a further 6% have set some form of target to increase investment in climate solutions, including energy transition assets that are expected to substantially reduce emissions over time.

The table below captures JANA's efforts over the past 18 months to support our clients through dedicated discussions and advice on key elements of an effective climate or net zero action plan.

Client AUM (A\$)	Number of Clients	Total Assets Under Advice (\$ billion)	Received Education on Net Zero Alignment	Received Climate Scenario Modelling	Received Emissions Data Reporting	Guidance on Sustainable Investment Beliefs	Made a Net Zero Commitment ⁴	Set Interim Targets ⁴	Set Climate Solutions Target ⁴
> \$100b	4	805	1	3	–	–	4	2	1
\$10b - \$100b	10	405	8	10	3	1	7	4	2
\$1b - \$10b	16	59	7	6	3	1	5	2	1
< \$1b	51	10	18	6	30	3	2	0	1

⁴ Commitment and target figures shown were established by JANA's clients, with varying levels of support and review provided by JANA.

Helping Our Clients Develop and Implement a Net Zero Plan

JANA recently assisted a client in the rollout of a net zero plan that aligned with their investment and corporate objectives. To deliver on this, our Team provided the client with written advice and convened stakeholder workshops to develop:

- Evidence and beliefs to reach consensus and set the tone from the top.
- Strategy including interim target setting across emissions reduction, portfolio alignment, stewardship and climate solutions.
- Enablers to manage, measure and report net zero impact.
- Governance including guidance on policies, manager mandates and compliance with best practice and legal standards.

2022 JANA Annual Conference

In our mission to support our clients in identifying the investment risks and opportunities from climate change, and the importance of net zero alignment, our 2022 JANA Annual Conference had climate and the net zero transition as core focus areas under the 'Investing for Change' theme with keynote and breakout sessions including 'Seizing The Opportunity: Playing a Bigger Game', 'Australian Equities: The Path Towards Net Zero', 'Climate Change Transition Risk in Government Bonds' and 'The Need to Rethink Allocations to Emerging Markets'.

Manager Research and Investment Integration Through the Lenses of Our Four Focus Areas

Climate

How We Think

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.

Achievement: Net Zero Manager Assessment Framework

JANA recognises that we are in a fortunate position in the investment value chain with long-term relationships with many global asset managers. Core to JANA's net zero commitment is applying a rigorous research-based approach for holding asset managers to account on their awareness of and ability to support the orderly transition to net zero emissions.

JANA has therefore developed a proprietary framework for assessing asset manager action and decision making in support of the net zero transition, that is consistent with the guidance provided by the Glasgow Financial Alliance for Net Zero (GFANZ) and The Investor Agenda's Net Zero Investor Framework. The assessment consists of a qualitative determination of asset manager ('manager') actions across four criteria at the firm level and five criteria specific to the investment strategy our clients are invested in. We sent the questionnaire to approximately 200 managers.

The outcome of the assessment for each manager, as well as commentary on the manager's current position and potential gaps, will feed into planning for progress on net zero across client portfolios. The opportunities identified for each manager will also drive prioritisation areas for uplift by way of ongoing engagement.

Challenges and Next Steps

Our research teams have focused their attention on assessing JANA's active (invested) strategies utilising our new net zero assessment framework. As we debate the various nuances amongst the asset classes and strategies, we continue to fine-tune the framework to ensure we are providing an accurate assessment of what we believe are credible commitments that will lead to real-world net zero outcomes. Our research teams have made a considerable commitment to completing these assessments; but like many projects, we underestimated the actual time it would take to complete. Nevertheless, we have made considerable progress over 2023 and plan to share our initial insights by the end of this calendar year.

In our 2022 Report, we stated our plan 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. While this has yet to be achieved, we continue to believe that engagement is critical to achieve our commitment to net zero and have embarked on a project to develop that strategy over the remainder of this calendar year. We will roll out the framework across our business next year.

Carbon Credits Research

Carbon credits are a nascent but emerging asset class. The JANA Portfolio Design and Sustainability Teams conducted a joint research project to deepen our understanding of the opportunity set and the role a position in carbon can play in investor portfolios, including the potential to augment client sustainability objectives, hedge climate impacts and harness macro tailwinds around climate policy.

The project team met with around 15 managers across hedge fund, forestry and direct investment strategies in carbon credits, to better understand the merits of different means of gaining access to carbon markets. The series of reviews have unearthed various levels of sophistication in approach while helping to shape the team's understanding of the fundamental drivers of risk and return within carbon markets.

More information on this topic can be found [here](#).

Biodiversity

How We Think

Biodiversity and natural capital underpin our global prosperity. However, biodiversity loss⁵ 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.

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 take action to limit biodiversity loss as set out below. 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. It is particularly in alignment with our commitment to net zero emissions to support the transition to a low-carbon economy.

Achievement: Identifying Nature-Positive Investment Opportunities

JANA has undertaken a project to assess how we can consider nature-related investments for our clients' investment portfolios. We are researching the different ways nature and biodiversity considerations could be captured through existing investments and looking at what new strategies will enable nature-positive outcomes that are scalable and investable for institutional investors.

We believe that momentum and demand for nature-related investments will increase following the finalisation of the Global Biodiversity Framework (GBF) at COP15 in Montreal and the Taskforce on Nature-related Financial Disclosures (TNFD) framework to measure and report on nature-related risks and opportunities.

Read more about our assessment of COP15 and what we see coming [here](#).

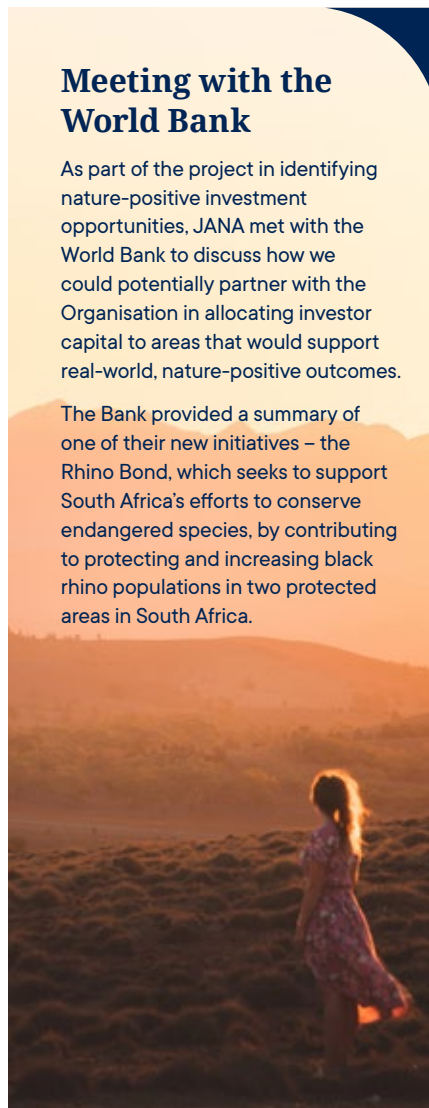
Challenges and Next Steps

Lack of data remains a key challenge in this space, and at times is used as a justification for why progress is not being made by companies in analysing their reliance upon and impact on nature. Climate remains the key topic of interest and concern; however, we need to lead on showing how climate and our nature crisis are interlinked. As we work on our stewardship and engagement strategy, over the remainder of this year, we will look to include nature considerations through a systems-level lens.

Meeting with the World Bank

As part of the project in identifying nature-positive investment opportunities, JANA met with the World Bank to discuss how we could potentially partner with the Organisation in allocating investor capital to areas that would support real-world, nature-positive outcomes.

The Bank provided a summary of one of their new initiatives – the Rhino Bond, which seeks to support South Africa's efforts to conserve endangered species, by contributing to protecting and increasing black rhino populations in two protected areas in South Africa.



Human Rights

How We Think

JANA supports the Universal Declaration of Human Rights and to that end we ensure we ask our managers how they deal with issues related to 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.

Achievement: Enhancing Our Manager Assessments and Engagements

On an annual basis, we send a modern slavery questionnaire to our managers, with the objective of understanding their modern slavery practices and encouraging any 'laggards' to adopt current best practice. We have also supported a few of our clients in completing their annual supplier questionnaires and facilitated the completion of their underlying asset managers' annual modern slavery questionnaires on their behalf.

The 2023 review of Australia's Modern Slavery Act 2018 listed several recommendations to strengthen Australia's Modern Slavery Act. JANA will capture the updates as part of our manager assessments and provide client support where required.

Challenges and Next Steps

The area of modern slavery remains a challenging topic, but we are committed to ensuring it is a key area of focus in our assessment of managers and their engagement with investee companies. We are working with our third-party supplier FairSupply in attaining the top 10 companies of concern (based on theoretical slaves within the supply chains) within each key listed market benchmark to have targeted conversations when engaging with our managers.

⁵ 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.

Diversity, Equity and Inclusion

How We Think

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

Achievement: Data Transparency

In seeking to tackle the challenges with data transparency, we have been collaborating with a diversity specialist on a new initiative. The focus of this initiative is to encourage private equity and venture capital managers to adopt more transparent practices and actively promote investments in diverse founders' businesses. By advocating for greater visibility and opportunity for under-represented entrepreneurs, we aim to drive positive change and create a more inclusive economy.

Challenges and Next Steps

The lack of quality data remains a major issue within the industry, and we still need to work on collecting sufficient data on investment teams to make a better assessment of the diversity related to the investment strategies we are invested in.

Impact

JANA has been researching dozens of impact strategies across all asset classes, in recognition that the world faces critical environmental and social challenges that require trillions of dollars of capital funding per annum, of which private capital plays a critical role.

Impact investing refers to investments made into companies, organisations and funds with the intention to generate measurable social and environmental impact alongside financial return. JANA is seeing high quality strategies with strong capabilities for delivering both market returns and real-world impact.

Despite investor confusion and cynicism on the ability to deliver market returns with impact, we believe the investment world has progressed, and now both financial returns and impact can be achieved due to thematic tailwinds and the increasing ability of managers to have this dual focus.

Impact investments can theoretically arise in any asset class or geography. However, due to their innate investment characteristics unlisted assets including Private Equity, Property and Infrastructure are particularly well positioned to efficiently drive meaningful positive impact outcomes.

The growth in impact investing is being supported through organisations and initiatives such as GIIN, Impact Frontiers and SDGs for Impact that are standardising definitions, measurement and frameworks.

JANA's Implemented Consulting Solution

JANA's Implemented Consulting business remains a core offering, with nearly half of our client base currently utilising our implemented consulting services. It provides scale and efficiencies to clients by way of entrusting JANA with the day-to-day management of their portfolio implementation. JANA leverages the investment insights generated through our global research program to deliver tailored investment strategies and access unique investment opportunities.

It is important to acknowledge two key elements of our implemented solutions business, being:

- JANA does not directly manage any assets, rather we appoint investment managers to manage the assets; and
- Our clients have engaged us on a fiduciary basis to deliver on certain objectives, typically risk and return objectives.

Hence our commitment and actions need to be viewed through these constraints.

Emissions Profile

JANA is aiming to manage all Assets Under Management (AUM) within our implemented consulting business in line with our net zero commitment. As of today approximately 93% of AUM has sufficient data and methodologies to gauge our process. The approach taken is informed by global investment manager best practice guidance as well as JANA's own observations.

Our aim is that our net zero commitment will, over time, enhance outcomes but does not supersede our primary fiduciary duty to deliver on our risk adjusted return objectives.

This links to our belief that strong real-world outcomes will deliver better investment outcomes over time. Hence our commitment is focused on driving real-world change which we believe will deliver better climate and investment outcomes over time and is in line with the outputs of JANA's climate change scenario modelling.

Globally Net Zero approaches are more advanced in some asset classes and sectors relative to others, and that will influence our approach and actions. Currently there is more advanced data and guidance in listed equities, in addition to the property and infrastructure asset classes. We are working with data providers to obtain improved fixed interest data, as well as understanding approaches to working with sovereigns relative to corporate issuers.

2030 Interim Targets

In line with best practice recommendations, JANA has established interim targets in the following areas for our JANA Investment Trusts (JANITs) to support a 50% reduction in global emissions by 2030:

1. Manager Alignment – JANIT investment managers aligned to net zero.
2. Investments – investing in climate or transition solutions.
3. Portfolio Alignment – JANIT portfolio companies aligned to net zero.



About JANA

For over 30 years, JANA has provided customised global consulting to investors from Australia and New Zealand looking for a competitive edge.

As a fully management-owned asset consultancy, we use our structure, processes, tools and our diverse group of industry professionals to help clients unlock opportunities. We provide considered and responsible advice, and help deliver superior long-term investment results. We bring an unprecedented breadth of talent, global research, analysis, deep insight and innovative thinking to the table.

As it pertains to this report, there are three broad areas and roles that JANA integrates sustainability into:

- **Advisory services:** For advisory clients JANA provides advice and guidance, and the implementation of JANA's advice is at the discretion of each individual client. This service accounts for c. 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 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 140 employees with offices in both Sydney and Melbourne.

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 judgments and qualitative assessments of trends. Where we make such judgments 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.

Collaborations

JANA is a signatory of the United Nations Principles of Responsible Investment (PRI), and member of the Responsible Investment Association of Australasia (RIAA), the Investor Group on Climate Change (IGCC), and the Australian Sustainable Finance Institute (ASFI).

JANA is a founding signatory of the Net Zero Investment Consultants Initiative (NZICI), which shows our commitment to align our operations and advisory services with the 1.5°C emissions trajectory outlined in the Paris Agreement.



JANA Sustainability Team



Tim Conly

Principal Consultant

Head of Responsible Investing – 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 they do.

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

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



Rachel Halpern

Head of Sustainability – Sydney

Rachel is Head of Sustainability and responsible for ensuring sustainability continues to be core to everything we do at JANA. She is also the chair of JANA Sustainability Advisory Council and a member of the Australian Sustainable Finance Initiative's technical advisory group (TAG) on the Australian Taxonomy.

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 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 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.



Suzy Yoon

Acting Head of Sustainability – Sydney

Suzy is a Senior Consultant and Acting Head of the Sustainability Team. 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 number of industry superannuation accounts, not-for-profits, charities and university endowments.

Prior to returning to JANA, Suzy worked for the Australian Government in Korea, where she researched and analysed Korea's domestic agricultural policies and trade environment, promoting and supporting bilateral trade.

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.

SUBJECT MATTER EXPERTISE

- Climate Change
- Biodiversity
- DE&I
- Net Zero Commitments
- Human Rights
- SDGs
- Sustainability Data
- Impact Investing
- Indigenous Rights
- Governance



David Scollon

Senior Consultant – Sydney

David is a Senior Consultant advising superannuation clients and is a member of JANA's Sustainability Team, Retirement Research Team and Regulatory Response Team. He is a member of one of JANA's internal investment committees and Chairs JANA's Corporate Responsibility Committee.

David brings over 25 years of experience across financial planning, business banking, Corporate Strategy and investment consulting.

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 Chan is a Consultant and a member of the Sustainability Team and Portfolio Design Team. She specialises in research into Diversity, Equity and Inclusion ('DEI') 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 number of 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 NFPs as well as analysing results from JANA's Investment Manager DEI Survey.

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



Diana Santibanez

Senior Investment Analyst – Melbourne

Diana is a Senior Investment Analyst and a member of the Sustainability Team and Corporate Responsibility Team. Diana also undertakes reporting responsibilities across a number of JANA's clients.

Before joining JANA in 2022, Diana worked at UniSuper as a Senior Investment Analyst. Her responsibilities included assisting the investment team in developing and implementing the investment strategies, as well as assisting with the portfolio maintenance. Prior to UniSuper, Diana worked for a leading private wealth advisory firm as a Portfolio Analyst where she was responsible for the implementation of the advice to her team's clients.

Diana has a Master's degree in Financial Management as well as a Bachelor of Business Engineering (majoring in Economics) degree from the University of Chile.



Michael Gillespie

Senior Investment Analyst – Melbourne

Following his passion for financial markets, Michael joined JANA in 2020 after a 12-year career with General Motors (GM) 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 a Bachelor's degree in Mechanical Engineering and Business (Management and Marketing) from the University of Newcastle. Michael has recently passed the CFA Level 2 exam.

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.

Appendix

JANA Sustainability Advisory Council



Rachel Halpern

JSAC Chairperson
Head of Sustainability,
JANA



Nicki Hutley

Independent Economist,
Councillor (Economics),
Climate Council



Peter Yu

Vice-President First
Nations, The Australian
National University



Zarmeen Pavri

Partner and Chief Impact
Officer, SDGx



Renee Grogan

Chief Sustainability
Officer and Co-Founder,
Impossible Mining

The JANA Sustainability Advisory Council (JSAC) is an independent committee committed to debating cutting edge sustainability topics to provide practical and impactful guidance to JANA, its clients and beneficiaries.

At JANA we're constantly looking at how we can catalyse our thinking on sustainability to drive real-world outcomes. That's why we formed the JANA Sustainability Advisory Council last year. The Council comprises senior figures in sustainability with deep expertise in their fields beyond finance.

The Council formally meets every quarter to focus on the bigger picture of sustainability, looking across JANA's focus areas of climate, biodiversity, human rights and diversity equity and inclusion to provide actionable insights backed by data, research and expertise.

To date the Council has had four formal meetings, with a range of discussion points, including providing practical guidance on JANA projects such as:

- The Net Zero Manager Assessment Questionnaire;
- Integration of structural themes into portfolio construction; and
- How to implement effective systems-level stewardship.

Throughout the year JANA has engaged them for their expertise. Some of the key engagements include:

- Nicki shared her key takeaways from attending COP27 in her capacity as Councillor for the Climate Council;
- Renee ran a JANA internal technical training session on 'The necessity and challenges of investing in critical minerals for the net zero transition';
- Peter was the key speaker on an educational JANA webinar on the Voice in his capacity as a member of the Federal Government's Referendum Working Group;
- Zarmeen provided educational insights on impact investment research to our clients.

We would like to thank the Council members for their valuable contributions this year and look forward to engaging them again in the second year of their term.



IMPORTANT INFORMATION

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