ABOUT THE RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand.

RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 300 members managing more than $9 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

RIAA achieves its mission through:

- Providing a strong voice for responsible investors in the region, including influencing policy and regulation to support long-term responsible investment and sustainable capital markets;
- Delivering tools for investors and consumers to better understand and navigate towards responsible investment products and advice, including running the world’s first and longest running fund Certification Program, and the online consumer tool Responsible Returns;
- Supporting continuous improvement in responsible investment practice among members and the broader industry through education, benchmarking and promotion of best practice and innovation;
- Acting as a hub for our members, the broader industry and stakeholders to build capacity, knowledge and collective impact; and
- Being a trusted source of information about responsible investment.

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A crisis often displaces the longer term and wider stakeholder perspectives that characterise responsible investment. This year instead seems to have underscored their relevance: in a difficult year for so many people, organisations and communities, the Responsible Investment Association Australasia attracted growing support.

As last summer’s smoke was clearing enough to begin counting its terrible costs, consumer queries to RIAA’s Responsible Returns consumer website doubled. In the last quarter of our financial year, as the novel coronavirus began wreaking its havoc on health, communities and industries, over 25 members across Australia and New Zealand applied to have their financial products RIAA certified. And during a year characterised by isolation, polarisation and anxiety, a vast and visionary coalition of bankers, investors and insurers joined RIAA in the ambitious project to agree a roadmap for shaping a sustainable future.

The pandemic was not without its challenges for RIAA. Notably, our transition of conference date from November to March, combined with infection control imperatives when March 2020 arrived, conspired to prevent an in-person conference in FY2020. Notwithstanding the ingenuity of the team in alternative delivery; the continued commitment of our generous conference sponsors; and the growth in RIAA’s other financial revenues, the absence of a face-to-face conference in FY20 has had a significant impact on RIAA income.

Nonetheless, FY20 saw continued growth for RIAA. The Association now serves 307 members, of which over half are actively involved in one of RIAA’s special interest working groups, on human rights, impact investment and management and the financial adviser forum. In a fast-developing field, these are critical platforms for our industry to share knowledge, test ideas and develop consensus. I urge all members to take advantage of the opportunities these afford, and would encourage any members to propose additional groups to advance these aims.

A key focus for the Board is ensuring RIAA’s governance arrangements and operating platform provide the necessary scaffolding to manage its growing footprint, strategic aspirations, and complexity. This included the reformulation of RIAA’s mission and constitution (adopted by members at the FY18 AGM) and the ensuing three-year strategy presented to members in 2019. This strategy continues to inform and underpin all aspects of RIAA’s delivery, and since its adoption, RIAA has added four staff to support its delivery.

This scaffolding is critical to RIAA’s ability to support its members and our board is increasingly attentive to its durability. On behalf of RIAA members, thank you to its directors, especially office-bearers Ross Piper and Grace Palos; and governance committee chair Francie Doolan for this very extensive scaffolding work.

Thank you also to CEO Simon O’Connor and to the excellent RIAA team who amid the many challenges of 2020, achieved so much for RIAA, for its members and those whom we serve.
Reaching 20 years of age in 2020 represents an important milestone for RIAA, and with the many challenges this year has thrown at all of us, it’s this depth of history and experience in our industry and across our membership that has been an important element allowing us to strongly navigate this period.

It is opportune to reach this milestone in 2020, as the world enters a critical decade where huge transformation is required to respond to climate change, to make progress in line with the Sustainable Development Goals, and by doing so to underpin a healthy and prosperous economy for the future.

2020 feels to me like the year the training wheels have come off responsible investment, as this sector reaches maturity, rapidly professionalises and steps into its most important role of truly taking responsibility for the influence we hold.

RIAA’s role only becomes more important at such a time, to work with our members as a platform for leveraging the best ideas and practices, for sharing knowledge and insights, to influence the rapidly evolving regulatory environment, and to ultimately strengthen our industry’s approach. It is only through working together that we can influence change commensurate with the task ahead.

I am encouraged by the momentum gained in the past year, with members growing by nearly a third, including our strong focus on financial advisers and wealth managers starting to build up that important segment of our membership.

Our Certification Program continues to be a highly important program of work, that embeds high standards and brings integrity and transparency to our market, with 20% more products now holding certification than at the end of last financial year. Equally important are the increasing new visitors to our Responsible Returns online tool where much of our awareness-building is directed, having doubled over FY20.

Our research reports continue to be important markers of both progress and rising standards, and are cited more than ever with 38,000 downloads in 2020. This research is a significant part of our growing ability to have a voice in raising the profile of responsible investment in the media, with strongly growing media coverage in high circulation press in both Australia and Aotearoa New Zealand.

Our policy work has also stepped up on our priorities in this year, and we’re excited by the sustainable finance roadmaps we’ve been intimately involved in creating in both Australia and New Zealand. These again represent a step change in moving responsible investment into the very core of our financial markets.

We were challenged to manage the financial impacts of COVID-19 in our business, with the main impact stemming from the deferral of our conference, but we remain in a strong financial position to continue to deliver on our mission.

Although occasionally daunted by the task ahead, I’m personally encouraged by the activity I see around me every day, including the amazing energy and activity of our members, of a finance system that is stepping up, using its influence for change, and strengthening the conviction behind those responsible investment commitments.

I look forward to working with you on our mission again in the year ahead.
### Year at a glance

<table>
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<tr>
<th><strong>28%</strong> membership growth (307 Members)</th>
<th><strong>436</strong> media mentions</th>
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<tbody>
<tr>
<td><strong>794</strong> conference registrants across Australia and NZ</td>
<td><strong>29</strong> events delivered reaching 2058 attendees</td>
</tr>
<tr>
<td><strong>193</strong> certified responsible investment products</td>
<td><strong>38,101</strong> downloads of RIAA’s research reports</td>
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<tr>
<td><strong>88%</strong> of members believe RIAA does a good job of raising awareness of responsible, ethical and impact investing</td>
<td><strong>96%</strong> of members satisfied with RIAA membership</td>
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In 2020, the Responsible Investment Association Australasia celebrated its 20 year anniversary. Over the past 20 years, our world has changed remarkably and the field of responsible investment has grown significantly, becoming embedded in mainstream investment practice and establishing a record of strong performance.

Throughout this time, RIAA’s purpose has remained steadfast: to ensure capital is aligned with achieving a healthy environment, economy and society. This means working towards all investing being responsible investing.

RIAA was originally called Ethical Investing Australia (EIA) when it formed in 2000. The organisation was founded by a group of concerned investors – led by financial advisers – who recognised the powerful impact that conscious investors could have by steering their capital towards companies that were aligned with their values.

RIAA’s early pioneers and practitioners were focused on ensuring their investment portfolios didn’t include companies that they perceived were having a negative impact. The early focus on negative screening soon expanded, as the potential for using capital to shift our economy and improve society gained traction. Mainstream investors began to recognise the benefits of analysing their portfolios on metrics beyond the financial. They saw that social and environmental factors could also be vital indicators of risk. These two camps, the ‘values-based’ investors, and those focused on managing risk – came together through RIAA.

In 2007 we changed our name from EIA to RIAA to reflect our breadth of membership. This diversity remains a key source of strength, demonstrated by the cross-pollination of many responsible investment approaches and concepts. For example, there are few mainstream investment managers that haven’t adopted the ‘values-based’ approach of a negative screen, and very few ethical investors who don’t engage in risk management through ESG integration, or corporate engagement and voting. Additionally, impact investors have brought a focus on metrics, data and measurement, which continues to influence our membership. Debate in these forums is often vigorous, and such dialogues help us to continually learn, adapt and evolve.

Early 2020 saw major disruptions such as the COVID-19 pandemic take hold, hot on the heels of Australia’s devastating and unprecedented summer bushfire season. These crises are a wake-up call, showing us the fragility of our financial structures and economic systems, but also testing our capacity to adapt. Throughout 2020, RIAA has brought the responsible investment community together to reflect upon and consider the opportunities these events bring, so that as we reset and rebuild our economy and society, we simultaneously lay the foundations for greater inclusivity, equality, sustainability and resilience.

Our strength is in our community. With united effort and common goals, we are taking the progress of the past 20 years and using it to reshape the world of finance and investing as we know it. There’s never been so much energy for investing with impact, and our vision for the future has never been clearer.

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RIAA’s FY2020-2022 Strategy takes us into a critical decade for action on many important and urgent social, environmental and economic challenges, including addressing climate change consistent with the Paris Agreement and the advancement of the Sustainable Development Goals.

Addressing these challenges is a pre-requisite for a healthy and prosperous economy upon which the financial system relies. The role of finance in achieving these goals is essential. Responsible investment and sustainable finance must lead that effort.

RIAA’s last three-year plan (FY2016-2019) focused on the growth of responsible investment assets under management. This target was met, with significant growth across our region, and continuing momentum.

RIAAs shift in emphasis from growth of the sector to its quality and its impact will ensure that the momentum of our growing responsible investment community is directed to fulfilling its promise in creating positive environmental, social and economic impacts.

One year into this three-year strategy, we have commenced initiatives that position us well to deliver on the outcomes set out. The strategy encompasses four key pillars that direct the focus and scope of our work. The following sections will report on our progress against each of these four pillars: building awareness by the investing public, differentiating investment practices and products, encouraging a policy and regulatory environment, and providing a connected and valuable hub.

### Building awareness by the investing public of the benefits of responsible investment and confidence that RI products and services support their needs and expectations

- Providing tools to connect investors based on RIAA being a trusted source of information
- Defining responsible investment standards in a globally robust Certification Program that sets the gold standard for impactful finance
- Supporting the community to engage with and align their own investments towards more sustainable outcomes

### Differentiating investment practices and products that deliver a healthy and sustainable society, environment and economy

- Articulating and embedding high standards of responsible investment practices that deliver real impacts
- Benchmarking leading practices through our research program

### Encouraging a policy and regulatory environment that drives the financial system to deliver solutions for our environmental, social and economic challenges

- Leading important work on the policy frameworks needed to unlock finance for this goal
- Building coalitions of support to drive this agenda

### Providing a connected and valuable hub for engaged and active responsible investment and sustainable finance organisations and practitioners

- Remaining the most active, engaged and valued network of organisations and professionals
- Building the capacity of the industry to deliver strong impact, including through peer learning
- Driving industry standards that streamline measurement and tracking of our industry’s contribution
RESPONSIBLE INVESTMENT CERTIFICATION PROGRAM

RIAA’s Responsible Investment Certification Program is the leading initiative for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand, and over the last year continues to be a strong focus of RIAA’s activities and services.

RIAA’s Certification Symbol is increasingly recognised and relied upon by investors and consumers across the region, providing confidence that a product or provider is delivering on its responsible investment promise and meeting the Australian and New Zealand Standard for responsible investing.

The Responsible Investment Certification Program is informed by RIAA’s deep expertise in responsible investment standards of practice, that draws on industry consultation as well as our involvement in global developments in responsible investment. It aligns across RIAA’s work including our policy advocacy as well as our research program where we define and assess leading practices of responsible investment.

→ 20% more RI certified products over 12 months

As the Certification Program continues to grow in its influence in the market, we are increasingly engaging with regulators who have an interest in ensuring consistency of claims and approaches in all forms of responsible investment. We have also witnessed strong growth in interest in the program not only by consumers, but also financial advisers, wealth managers and investment platforms who are responding to growing client demand and building out their own offerings of responsible investment solutions.

Over 50% of eligible RIAA members have products certified. There has been over 20% growth in the program over the past 12 months, with certified products growing from 159 to 193, plus over 50 products in the application process. Following the re-launched RI Certification Program Standard in September 2019, we have assessed almost half of all RI Certified products under the revised Standard, and we are well on target to have all products in the program assessed under the new Standard by end FY21.

The Certified Financial Adviser program continues to attract financial advisers with a passion and commitment to growing and developing responsible investment across our region. At the end of FY20 there were 25 certified financial advisers.

RI CERTIFICATION TRENDS

Over the last year, there has been an increase in:

- Products yet to be released to the market seeking certification. This enables initial investors to have the confidence that a product has gone through the robust analysis under the Responsible Investment Certification Program.
- Applications from superannuation funds, investment funds and KiwiSavers.
- The placement of responsible investment certified products within superannuation funds and ESG menus being offered by wealth platforms, as a result of the growing interest in RI certification from consumers and advisers.
CONSUMER ENGAGEMENT

New research into consumer awareness, interest and intentions around responsible investing was launched by RIAA in FY20, enabling us to track how consumers’ opinions and beliefs have changed over time in both New Zealand and Australia.

This research is conducted as a key resource for our members to understand the rapidly evolving consumer interest and expectations on our industry. It is helping our members to shape up their product offerings, their marketing and ensure the industry is responsive to our clients’ views and expectations.

The research shows an overwhelming majority of Australians expect their savings (87%) and superannuation (86%) to be invested responsibly and ethically. The majority of Australian consumers believe ethical or responsible banks (67%) and super funds (62%) perform better in the long term. This is a big shift, as only 29% of consumers believed ethical super funds performed better in the long term in 2017.

62% of Australian consumers believe ethical super funds perform better than conventional funds in 2020, compared to 29% in 2017

Research conducted together with Mindful Money in New Zealand found that more than 8 in 10 New Zealanders (83%) expect their KiwiSaver or other investments to be invested responsibly and ethically, up from 7 in 10 (72%) just a year earlier. Furthermore, 2 in 3 New Zealanders would consider switching their KiwiSaver or other investments to another provider if their current fund engaged in activities inconsistent with their values.

Identifying and publicising consumer sentiment has resulted in a significant rise in the use of exclusionary screens for fossil fuels and human rights abuses over the last year, as investors race to respond to consumer expectations.

RESPONSIBLE RETURNS

The Responsible Returns website is RIAA’s primary engagement tool for consumers to learn about responsible investing and discover investment products that match their values. RIAA continues to invest in promoting and developing the tool to be the key resource for consumers and financial advisers, and the key platform for promoting RI certified products.

112% increase in monthly new visitors to Responsible Returns

Over the year there has been a 112% increase in the monthly average of new visitors. There was a significant spike in January and February with a doubling of visitors compared with previous months, as many parts of the country battled devastating bushfires and ethical and responsible investing became a key action for consumers wanting to prevent further climate change.

RIA IN THE MEDIA

RIA is a strong voice for the responsible and ethical investment sector in the media. This allows RIA to build awareness of responsible and ethical investment through leading and participating in public conversations across all types of media.

There was a notable increase in the media interest and coverage of responsible investment throughout FY20, with Australia’s unprecedented weather events certainly a contributing factor. Encouragingly, the onset of the COVID-19 pandemic has further bolstered the interest and conversation about promoting a more sustainable economy and advocating for a response oriented around ‘building back better’.

RIA continued to push for the importance of responsible investment in this context with strong features, articles and opinion pieces across the year in outlets from consumer to business, including NZ Herald, Yahoo News, the Herald Sun, the Daily Telegraph, ABC Online, Radio NZ, Choice, the Guardian, the Sydney Morning Herald/the Age, the Daily Mail, the Australian Financial Review, National Business Review and Bloomberg, reaching many millions of readers.

Overall RIA attracted 436 mentions in the media in FY20. Compared to FY19, RIAAs coverage in Australian media with a circulation above 200,000 increased by 246%, and in New Zealand media with a circulation above 50,000 by 200%.
Differentiating investment practices and products

RESEARCH ACHIEVEMENTS

RIAA's program of research maps, analyses and reports on industry trends relevant to our sector as well as defining the standards of practice in the sector. The program underpins RIAA's policy and standards work, and is used by stakeholders such as regulators, civil society groups, media and the industry to identify opportunities and strategies to increase inflows to responsible investment products and services.

RIAA's research reports were downloaded over 38,000 times during FY20, an increase of almost 50% on the year before. Members use this information to grow and hone their own responsible investment products and services, consistent with our strategy objective of improving the quality of practices in responsible investment, and increasing the impact of responsible investments. FY20 provided an opportunity to reflect on a surging decade of growth in responsible investment and focus on the next step of delivering and reporting strong responsible investment practices that can generate real-economy outcomes.

Responsible Investment Benchmark Report Australia 2019 and Responsible Investment Benchmark Report New Zealand 2019 – In its 18th year for the region, these pieces of research set out the size, growth and performance of responsible investment with a strong focus on leading practices across our markets. The studies released in 2019 now capture data from over 240 financial institutions across our region and continues to be our most quoted and downloaded research, finding strong growth, a maturing market and again strong outperformance of responsible investment funds. As our sector continues to evolve and grow – more than 70% of the market in New Zealand and 40% in Australia – our approach to measuring the market also evolves with an increasing focus on leading practice scorecards to assess not just commitments to responsible investment, but the comprehensiveness of approach.

From Values to Riches 2020 – Charting consumer expectations and demand for responsible investing in Australia and Responsible Investment: NZ Survey 2019 were research pieces undertaken over 2019 and 2020 surveying a statistically viable sample of the Australian and New Zealand adult population to understand consumer attitudes, preferences and intentions relating to responsible investing. They showed enormous demand for responsible investing with more than 8 in 10 people in either market expecting their money to be invested responsibly.

Responsible Investment Super Study 2019 – Now in its third edition, this research articulates the systems and processes, including disclosures, that underpin leading approaches to responsible investment practices by asset owners covering the 50 largest APRA-regulated super funds (and major asset owners) in our region. The research found that Australia's largest super funds are ramping up their engagement in responsible investment to drive superior financial performance, reduce risk, and better meet members' and beneficiaries' expectations. The research also found that Australian super funds that comprehensively engage in responsible investment are outperforming their peers over 1, 3 and 5 year time horizons.

Benchmarking Impact: Australian Impact Investor Insights, Activity and Performance Report 2020 – This report brought together two flagship pieces of research focused on the Australian impact investment market. The research both maps impact investment sector growth, performance and outcome focus areas as well as future demand for impact investment. The research found that the market for impact investing is experiencing exponential growth in Australia, more than tripling over the past two years to almost $20 billion, and that the impact investment market is delivering strong financial returns, while also positively impacting the lives of tens of thousands of people.

Impact Investor Insights Aotearoa New Zealand 2019 – This pioneering report launched in September 2019 sets out an important contribution to understanding how the demand for impact investing is shaping in New Zealand, providing new insights into investors’ awareness and interest in impact investing, as well as the future prospects and challenges facing the growing field. 99 investors accounting for $83.5 billion of New Zealand’s assets under management participated in the study, revealing a strong demand to grow impact investing, suggesting investors are seeking to allocate $5.9 billion in the medium term, representing a six-fold increase in capital currently deployed.
SUSTAINABLE FINANCE ROADMAPS FOR AUSTRALIA AND AOTEAROA NEW ZEALAND

With the global movement to establish national level sustainable finance roadmaps gaining strong momentum, RIAA saw these as an essential means to accelerate the progress of policy advocacy, that would better support a more responsible and sustainable approach to investment and finance, in the form of national level coordinated plans, informed by RIAA’s own policy platform.

Throughout FY20, RIAA continued to play a key role contributing to the progress of both the Aotearoa Circle’s Sustainable Finance Forum (SFF) as well as the Australian Sustainable Finance Initiative (ASFI).

In New Zealand, RIAA has maintained a very close input and collaboration with the SFF, providing advice, guidance and input at working group level, secretariat level and with direct engagement with the co-chairs.

In Australia, RIAA has housed the secretariat of ASFI, two RIAA staff have sat on technical working groups, and RIAA’s CEO has driven the process as a co-chair.

RIAA made a strategic decision to support the resourcing of this work as a once in a generation opportunity to drive wholesale policy change to align with RIAA’s mission and objectives. Through these forums, RIAA has broadened our reach, working closely with not only investors, but also banks, insurers, civil society, academics, and importantly with regulators.

Both of these initiatives launched interim reports in late 2019, and final roadmaps in November 2020.

POLICY & STANDARDS

RIAA actively participates in work across Australia and New Zealand in setting minimum standards, leading practice and clarifying regulator intention, to enable better investment decision making and increase flows to and impact of responsible investment. During FY20, the Australian Sustainable Finance Initiative (ASFI) and the Sustainable Finance Forum (SFF) have been the main vehicle for RIAA to drive its policy and advocacy agenda.

Other policy achievements in FY20 were:

- Submitting to the Taskforce on Climate-related Financial Disclosures (TCFD) reporting consultation. In September 2020 the New Zealand government announced that from 2023, TCFD reporting will become mandatory for listed companies, investors and KiwiSavers in New Zealand.
- Inputting to the New Zealand Ministry of Business, Innovation and Employment’s review of KiwiSaver default provider arrangements. In March 2020 the New Zealand government announced it will require default pension funds to exclude investments in fossil fuel producers.
- Inputting to the Financial Markets Authority New Zealand’s consultation on green bonds and labelling of responsible investment products.
- Engaging with advisers around the FASEA update to Financial Adviser Code of Ethics so that they understand the role that clients’ ethical considerations play in their due diligence of understanding client needs and best interests.
- Through the work of the Human Rights Working Group, influencing the refinement of regulations and guidance notes for investors on modern slavery reporting, suitable for the complexity of business models and supply chains.
- Submitting to the United Nations Development Programme’s Sustainable Development Goals Impact Standards for Private Equity Funds.
Through FY20 RIAA continued to develop and raise the level of accepted standards in responsible and ethical investment, as well as educate the sector on how to apply these standards. Key achievements for the year included:

- Publishing a range of fact sheets and Certification Standard Guidance Notes to provide clarity and reduce the likelihood for unintentional greenwash through product labelling and sustainability claims by financial services products. Topics include exclusions for tobacco and controversial weapons, definition of impact investing and how to avoid common greenwashing pitfalls.
- Updating the Responsible Investment Spectrum with more current and usable definitions.
- Expanding the Responsible Investment Scorecard in our Responsible Investment Benchmark Report to include the intent of delivering more real-economy outcomes.
- Advocating for a review of definitions and classification of responsible investment approaches and strategies, involving coordination between GSIA and PRI.
- Commencing the development of the Certification Program’s ratings initiative that will help consumers differentiate between certified responsible investment products based on the degree to which they contribute to real-economy outcomes, to be launched in 2021.

COLLABORATION WITH OTHER ORGANISATIONS

Targeted partnerships and collaborations are an important part of RIAAs strategy. Collaboration with other industry groups and stakeholders builds critical mass to help us be more successful in reaching our strategic objectives and achieving our mission.

As well as our strong collaboration with ASFI (described above), RIAA has worked with a number of organisations on a range of initiatives including:

- Impact Investing National Advisory Board Aotearoa New Zealand – RIAA’s CEO sits on this board to bring an investor perspective to the market development in New Zealand. Through our Impact Investment Forum, RIAA also works actively with many stakeholders across the impact investment community in Australia and New Zealand.
- ESG Research Australia – RIAA continues to house the ESG RA, working with the executive committee to manage and present the annual ESG research awards that recognise and encourage the flourishing of high quality ESG research to inform the responsible investment community.
- Principles for Responsible Investment – RIAA sits on the PRI Country Network Steering Committee and the PRI Global Policy Reference Group and works closely with the PRI across areas such as global policy and corporate engagement.
- Business Engagement Unit for Modern Slavery Reporting in the Department of Home Affairs – RIAA worked with them to develop a Modern Slavery Guide for Investors. This was an output of the RIAA Human Rights Working Group.

We value our close collaborations with many other organisations including the Investor Group on Climate Change, Australian Council of Superannuation Investors, Financial Services Council and Mindful Money, among many others.

GLOBAL SUSTAINABLE INVESTMENT ALLIANCE

In late FY20, RIAA commenced its two-year tenure as the Chair and Secretariat of the Global Sustainable Investment Alliance (GSIA), a global alliance of the world’s largest regional and national sustainable investment representative organisations. RIAA will use this opportunity to advance areas of work aligned to our mission.

In FY20 GSIA members agreed to connect their consumer ethical investment weeks and launched the first global responsible investment week in October 2020. This raised consumer awareness and enhanced momentum in our responsible investment markets. The GSIA developed its position on standards and definitions of responsible investment, a vital contribution that will help align and lift conversations that are taking place in different forums around the world.

A major output of the GSIA is the biennial flagship report, the Global Sustainable Investment Review, recognised as the world’s most comprehensive report on the size, growth and dynamics of the responsible and sustainable investment industry. It was quoted weekly in the global media and downloaded up to 9,000 times a month in FY20. The next iteration of this report will be released in May 2021.
Providing a connected and valuable hub

**MEMBERSHIP**

Being able to facilitate conversation and collaboration across such a broad and diverse membership continues to allow RIAA to deliver on its workplan to support, build capacity and influence the responsible investment sector.

RIAA’s members are the driving force of the organisation, and come from the full spectrum of the investment chain, from retail to institutional. Through FY20, RIAA membership grew significantly by 28% to 307 members by the end of the year, with New Zealand membership more than doubling to end the year with 48 New Zealand members.

**RIA membership grew 28%**

Financial advisers and wealth management firms continue to be an important part of the responsible investment value chain, representing the gate keepers and intermediaries between clients and their investments. RIAA is working with our financial adviser members to develop the responsible investment knowledge and capacity of professionals in the region through developing additional resources and events, as well as our new Financial Adviser Forum. The number of financial adviser members increased by 33% and wealth management firms by 55% over the year. RIAA introduced a new membership category for wealth management and investment platforms in FY20, recognising their important role in the distribution and access of responsible investment products to financial advisers.

**Financial adviser members grew by 33% and wealth management firms by 55%**

RIAAs membership is highly engaged and supportive of how we work to achieve our mission. In 2020, over 90% of members registered to attend at least one event. In FY20, 94% of members who responded to RIAAs annual membership survey said that they would recommend RIAA membership to their peers.

Our members have told us that the RIAA activities which deliver the most benefit to them are (in order):

- Responsible Investment Benchmark Reports
- Annual RI Conferences
- RIAA newsletters
- Super Study and Benchmarking Impact Report
- Promotion of responsible investment in the media
- Member events

Other feedback included:

- 96% Are satisfied with their RIAA membership
- 88% Agree that RIAA does a good job of raising awareness about the case for responsible investment in Australia
- 72% Agree that RIAA does a good job of raising awareness about the case for responsible investment in New Zealand
- 91% Agree that RIAA supports its members

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WORKING GROUPS

RIAA’s working groups are a key forum for members to learn, share and explore different elements of responsible and ethical investment. Group membership is broad and inclusive with renowned industry experts, as well as emerging responsible investment professionals, and from major asset owners through to financial advisers at the retail frontline. By joining a working group, members have the opportunity to meet peers interested in similar issues, share leading practice and knowledge, to build their capacity in responsible investment, and to collaborate in focused sub-groups on tangible outputs that influence our sector and broader policy. Currently, RIAA has three working groups as well as the Impact Investment Forum Committee.

HUMAN RIGHTS WORKING GROUP

RIAA’s Human Rights Working Group (HRWG) is a highly productive and collaborative working group that meets quarterly. Its membership grew to over 70 people in FY20. A highlight in FY20 was the HRWG’s contribution to support investors to meet their obligations under the Commonwealth Modern Slavery Act 2018. The HRWG collaborated with the Australian Council of Superannuation Investors (ACSI) to produce the Modern Slavery Reporting – guide for investors. This best-practice guide was lauded by the Modern Slavery Business Engagement Unit of the Australian Border Force and recognised by the ESG Research Awards as the 2020 Best Piece of Investor Relevant ESG Research (non-brokering firm). Building on this guide, the HRWG developed a due diligence questionnaire for asset owners and their external managers. This questionnaire assists asset owners to meet their Modern Slavery Act reporting obligations while minimising asset managers’ duplication of reporting efforts. To strengthen implementation and further efficiencies, this initiative is linked to ACSI and the Financial Services Council.

IMPACT MANAGEMENT AND MEASUREMENT COMMUNITY OF PRACTICE

The Impact Management and Measurement Community of Practice (IMMCOP) was launched in FY20 in response to members’ desire to build their capacity to assess, measure and report on environmental and social impacts. In its first year IMMCOP held several workshops for members with world leading experts in the field of impact management. IMMCOP also teamed up with the Impact Investing National Advisory Board Aotearoa New Zealand to hold an interactive impact management workshop with a deep dive into practical implementation of real life frameworks. This forum is well attended by over 80 member organisations from across the RIAA membership base as these practices become more widely utilised to measure and report on real world outcomes resulting from our responsible investment approaches, whether an impact investor or not.

FINANCIAL ADVISER FORUM

In FY20, RIAA commenced inception of a new member Financial Adviser Forum, which was launched and held its first meeting in early FY21. As the gatekeepers to capital flowing into responsible investment products, financial advisers are an integral part of the investment chain. With the vast majority of Australians and New Zealanders expecting their money to be invested responsibly, growth in responsible and ethical investment by consumers relies on financial advisers having access to a trusted source of responsible and ethical information. The Financial Adviser Forum will deliver to RIAA’s adviser members the information on responsible investment issues, products and best practice that will enable them to be better informed on the issues relevant to them and their clients.

CORPORATE ENGAGEMENT WORKING GROUP

RIAA’s Corporate Engagement Working Group was wound down in February 2020 as many of the issues previously discussed in the working group are now being held in other RIAA forums.

Throughout the year, this working group helped to convene collaboration between members on key issues, including holding briefing sessions on AGMs and key ESG resolutions, and convening the Workforce Disclosure Initiative. Corporate engagement continues to be a major focus of our work, including setting out clear guidance on leading practice within our standards and research work, convening member meetings around key issues, and highlighting opportunities for collaboration by members.

IMPACT INVESTMENT FORUM COMMITTEE

RIAA’s Impact Investment Forum Committee oversees and informs RIAA’s workplan relating to impact investment, and its members include pioneering leaders within the diverse impact investing ecosystem. In FY20 this committee played a key role informing and shaping RIAA’s impact investment research agenda and studies, as well as feeding into the development of draft criteria to define an impact investment product.

EVENTS

RIAA’s events keep members up to date with relevant information, highlight leading practices, profile experts, and allow a platform for members to learn, share and demonstrate their thought leadership. In FY20 we hosted more events, with more attendees, despite having to significantly change plans due to COVID-19 restrictions.

Our New Zealand conference in September 2019 was larger than ever, with 212 attendees coming together to learn, be challenged and inspired, and to network with peers from across the industry.

Our Australian conference was planned for mid-March, and at the last minute had to be restructured due to the rapidly unfolding COVID-19 pandemic. The conference became a very successful and well attended series of online sessions across 2020, culminating in a full day session in November 2020.

In response to the COVID-19 pandemic and the community debate about how to rebuild the economy post-COVID, RIAA launched an online series, RI in times of COVID for members to discuss pertinent issues, share the best practices, research and insights, and inform and shape the future for responsible investment and sustainable finance. 322 people attended across four sessions.
BOARD MEMBERS

Board members (as at end FY20)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susheela Peres da Costa</td>
<td>Regnan Governance Research and Engagement – Chair</td>
</tr>
<tr>
<td>Ross Piper</td>
<td>Christian Super – Vice-Chair</td>
</tr>
<tr>
<td>Grace Palos</td>
<td>Future Super – Secretary</td>
</tr>
<tr>
<td>Simon O’Connor</td>
<td>CEO/Executive Director</td>
</tr>
<tr>
<td>Pablo Berruti</td>
<td>Stewart Investors</td>
</tr>
<tr>
<td>Francie Doolan</td>
<td>Impact Investment Group – Chair of the Governance Committee</td>
</tr>
<tr>
<td>Karen McLeod</td>
<td>Ethical Investment Advisers</td>
</tr>
<tr>
<td>Justin Mcleod</td>
<td>Independent</td>
</tr>
<tr>
<td>Åarti Prasad</td>
<td>New Zealand Super Fund</td>
</tr>
<tr>
<td>Matt Mimms</td>
<td>The Investment Store – New Zealand representative</td>
</tr>
<tr>
<td>Farren Williams</td>
<td>Koda Capital</td>
</tr>
<tr>
<td>Dave Rae</td>
<td>Federation Financial Services</td>
</tr>
<tr>
<td>Kathryn McDonald</td>
<td>Independent</td>
</tr>
</tbody>
</table>

RIAA would like to thank the directors who ended their board roles during FY20

Peter Murphy – Independent
Sarah Barker – Minter Ellison
Phil Vernon – Australian Ethical

RIAA thanks the chairs of the RIAA Working Groups and Impact Investment Forum Committee, for their leadership and time

Mark Lyster – Human Rights Working Group
Caitlin Medley and Erin Kuo – Impact Management and Measurement Community of Practice
Dave Rae – Financial Adviser Forum
Daniel Smith – Corporate Engagement Working Group
Kylie Charlton – Impact Investment Forum Committee

STAFF MEMBERS DURING FY20

Thanks to the team at RIAA for their hard work towards meeting our mission

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon O’Connor</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Briony Doyle Galovic</td>
<td>Events Coordinator</td>
</tr>
<tr>
<td>Carly Hammond</td>
<td>Head of Marketing and Impact Investment Forum Program Manager</td>
</tr>
<tr>
<td>Cassandra Williams</td>
<td>Certification &amp; Ratings Manager</td>
</tr>
<tr>
<td>Josh Edmunds</td>
<td>Manager of Member Services</td>
</tr>
<tr>
<td>Katie Braid</td>
<td>Communications &amp; Media Coordinator</td>
</tr>
<tr>
<td>Min Wah Voon</td>
<td>Project Coordinator</td>
</tr>
<tr>
<td>Nicolette Boele</td>
<td>Executive Manager Policy, Research &amp; Standards</td>
</tr>
<tr>
<td>Ryan Cook</td>
<td>Senior Certification &amp; Ratings Analyst</td>
</tr>
</tbody>
</table>

Australian Sustainable Finance Initiative (ASFI) secretariat – housed by RIAA

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gordon Noble</td>
<td>Head of Policy &amp; Advocacy, ASFI</td>
</tr>
<tr>
<td>Megan Pepper</td>
<td>Head of Governance, ASFI</td>
</tr>
</tbody>
</table>

PROBONO SUPPORT

Thank you to all of the organisations that provided RIAA with pro-bono support through FY20.

- Advice to the Certification Program – Baker McKenzie, West Nine Consulting
- Meeting rooms and hosting events – First State Super (now Aware Super), IAG, Refinitiv, KPMG NZ, QBE Insurance
- ESG Research Providers - MSCI, ISS ESG, Sustainalytics
- Department of Home Affairs Business Engagement Unit on their support for the Modern Slavery Guide for Investors
Significant groundwork was laid in FY20 to position RIAA for further growth. There was remarkable growth in membership throughout the whole year, and the increase in staff members has increased the capacity and capability of the team to further RIAA’s mission.

While RIAA was able to continue most operations during the 2020 COVID restrictions, the RI Australia conference, which is a major contribution to the organisation's revenue, was delayed from March until late 2020. The long delay was to maximise the chances of being able to hold the conference in person, which in November was not possible, and a one-day online event was held instead. As a result, the conference revenue and expected $280,000 surplus, was recognised in FY21 and therefore RIAA posted a $142,564 loss in FY20. The FY20 result was favourably impacted by the receipt of COVID-related government support.

### Balance Sheet as at 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>989,877</td>
<td>594,627</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>151,302</td>
<td>509,922</td>
</tr>
<tr>
<td>Other Assets</td>
<td>234,702</td>
<td>17,274</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>1,375,881</strong></td>
<td><strong>1,121,823</strong></td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>5,598</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Tax Assets</td>
<td>12,396</td>
<td>2,461</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td><strong>17,994</strong></td>
<td><strong>2,461</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>1,393,875</strong></td>
<td><strong>1,124,284</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>888,642</td>
<td>464,785</td>
</tr>
<tr>
<td>Current Tax Liabilities</td>
<td>21,366</td>
<td>38,543</td>
</tr>
<tr>
<td>Provisions</td>
<td>70,109</td>
<td>79,800</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>980,117</strong></td>
<td><strong>583,129</strong></td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>47,308</td>
<td>32,141</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td><strong>47,308</strong></td>
<td><strong>32,141</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,027,425</strong></td>
<td><strong>615,270</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>366,450</td>
<td>509,014</td>
</tr>
<tr>
<td><strong>Retained Earnings</strong></td>
<td>366,450</td>
<td>509,014</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>366,450</td>
<td>509,014</td>
</tr>
</tbody>
</table>

### Income Statement as at 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Research Sponsorship</td>
<td>147,851</td>
<td>86,763</td>
</tr>
<tr>
<td>Conference Income</td>
<td>6,049</td>
<td>514,639</td>
</tr>
<tr>
<td>Interest Received</td>
<td>5,019</td>
<td>7,851</td>
</tr>
<tr>
<td>Members Subscriptions</td>
<td>927,231</td>
<td>665,196</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>63,875</td>
<td>29,430</td>
</tr>
<tr>
<td>Certification Fees</td>
<td>58,480</td>
<td>72,722</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>332,776</td>
<td>85,866</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>1,541,282</strong></td>
<td><strong>1,462,466</strong></td>
</tr>
<tr>
<td><strong>Less Cost of Sales</strong></td>
<td>(165,877)</td>
<td>(102,857)</td>
</tr>
<tr>
<td><strong>Gross Income</strong></td>
<td><strong>1,375,404</strong></td>
<td><strong>1,359,609</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Activities</td>
<td>-</td>
<td>645</td>
</tr>
<tr>
<td>Bank Fees and Charges</td>
<td>28,184</td>
<td>10,895</td>
</tr>
<tr>
<td>Benchmarking Survey Expenses</td>
<td>-</td>
<td>54,095</td>
</tr>
<tr>
<td>Conference Expenditure</td>
<td>43,396</td>
<td>148,739</td>
</tr>
<tr>
<td>Travel Expenses</td>
<td>81,089</td>
<td>65,646</td>
</tr>
<tr>
<td>Marketing Expenses</td>
<td>53,675</td>
<td>34,987</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>391,871</td>
<td>276,020</td>
</tr>
<tr>
<td>Salaries - Ordinary</td>
<td>927,077</td>
<td>629,163</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>2,311</td>
<td>3,727</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>1,527,603</strong></td>
<td><strong>1,223,918</strong></td>
</tr>
<tr>
<td><strong>Profit/(loss) before income tax from continuing operations</strong></td>
<td>(152,198)</td>
<td>238,548</td>
</tr>
<tr>
<td><strong>Income tax expense/(benefit)</strong></td>
<td>(9,634)</td>
<td>(17,652)</td>
</tr>
<tr>
<td><strong>Profit/(loss) after income tax expense from continuing operations</strong></td>
<td>(142,564)</td>
<td>256,200</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the year</strong></td>
<td>(142,564)</td>
<td>256,200</td>
</tr>
</tbody>
</table>