

2022/23
Impact Annual Report



Contents

OVERVIEW	3	IMPACT METRICS AND HIGHLIGHTS	11	PROGRESS ON OUR COMMITMENTS	29	APPENDICES	49
Impact Forward		Portfolio Impact		Emissions Reductions		Methodology & Approach	
Avoiding Green and Impact Washing	4	Portfolio Impact Metrics	12	Commitment Overview	30	Driving Impact Results	
2022/23: A Year in Review	6	SDG Mapping by Asset Class	12	Artesian’s Path Net Zero	31	- Strategic Framework: Measuring and Managing Impact	
2023/24: The Year Ahead	6			Selecting Carbon Credits	32	- Artesian’s Theory of Change	
				Offset Project	33		
About Artesian		Impact Case Studies				Informing Investment Outcomes	
Company Overview	7	Fixed Income				- Responsible Investment Commitment	
Responsible Investing Evolution	8	- The Artesian ‘Impact Calculator’ Leads the Way on Impact Data Reporting				- Artesian’s Sustainable and Impact Investing Focus	
Team	9	- Issuer Case Studies				- Exclusionary Screens List	
Diversity Breakdown	10	Venture Capital		Advancing Gender Equity		- Integrating ESG Considerations into Our Investments	
		- Mission and Sector Focus		Commitment Overview		Impact Processes	
		- Startup Case Studies		Gender Impact in Fixed Income		- Measuring Impact: Methodology and Data Collection	
				Gender Impact in Venture Capital		- Managing Impact: Standards and Frameworks	
				Gender Pay Gap Disclosure			
		Impact Perspectives		Engagement, Outreach & Milestones			
		Carbon Liabilities Will Drive Bond Issuers to Invest in Innovation		2022/23 Impact Timeline			
		Responsible VC (Vol. 3) – Investing in Impact Infrastructure: Moving Beyond SaaS to Seed the Low Carbon Economy		History of Collaborations and Partnerships			
		New Approaches for Industry and Government-Aligned Innovation Investment		Portfolio Engagement: Startup Survey			
						More About Artesian	
						Certified B-Corp	
						Materiality	
						Oversight	
						Disclaimers	

01 Overview

Who we are, what we stand for and our outlook on the future of responsible investment.

IN THIS SECTION

Impact Forward

Avoiding Green and Impact Washing
2022/23: A Year in Review
2023/24: The Year Ahead

About Artesian

Company Overview
Responsible Investing Evolution
Team
Diversity Breakdown

Impact Forward



John McCartney
Co-Founding Partner,
Head of ESG



Vicky Lay
Partner, Head of
Impact Investments



Mei Lee
Partner, Head of
Operations

Avoiding Green and Impact Washing Across Asset Classes

Given investors' valid concerns around the impact their capital is generating, we thought it important to provide some transparency about the way we at Artesian approach and promote stewardship in this area.

We will now set out highlights of Artesian's process for avoiding green and impact washing in the asset classes in which we operate - fixed income and venture capital (VC).

Risk Analysis

- Artesian views ESG analysis as a risk mitigator in fixed income and an opportunity identifier in VC because ESG factors can be used to assess a company's exposures around environmental, social, and governance issues.

We believe integrating these factors into credit analysis in fixed income helps identify and mitigate risks that could have a material impact on future earnings.

In the case of VC, ESG analysis can identify industry sector or business model weaknesses that can be exploited. Start-ups that seek to solve ESG issues may be able to differentiate themselves in the marketplace and gain valuable market share.

- Negative screens and labeled securities are used in fixed income to mitigate the risks of greenwashing by issuers. With our global offices and 24-hour trading desk, our investment teams maintain a network that provides valuable visibility into the best practices of green bond issuers worldwide.

This extensive reach allows us to stay informed and identify entities considered to be best in class. Our fixed income portfolios utilise both negative screens and bond labels to mitigate against issuer greenwashing - diving deeper into use of proceeds (UOP) and key performance indicators (KPIs) to avoid risks of poorly structured securities which can increase impact-washing risks. For example, poorly structured green bonds, may heighten the risks of greenwashing.

This analytical approach ensures that our investment decisions are well-informed and grounded in reliable industry knowledge.

- We apply the SASB Materiality Mapping as a framework to identify material risks to companies in each industry and this forms part of our basis of corporate engagement to address greenwashing issues.

Impact Forward



John McCartney
Co-Founding Partner,
Head of ESG



Vicky Lay
Partner, Head of
Impact Investments



Mei Lee
Partner, Head of
Operations

Avoiding Green and Impact Washing Across Asset Classes (cont.)

Active Stewardship

- In VC, impact and enterprise value is inherently linked, as stakeholders are drawn to solutions offered by mission-driven startups. Artesian brings awareness of the importance of ESG factors to its venture portfolio with the goal of improving long-term success.
- Providing guidance and support where needed and value accretive to growth companies that are scaling quickly, with an eye towards long-term sustainability.
- This relates to green or impact washing because rapid scaling can lead to challenges, such as sourcing inputs from suppliers involved in unethical practices like supply chain slavery.
- Engaging with green and sustainable issuers on the UOP, and carbon reduction KPIs in addition to business matters and strategy informs our investment decisions.

Reporting

- In fixed income, impact reporting provides public disclosures that allows investors to verify impact statements and thereby diffuse greenwashing risks. When UOP green bonds adopt and report impact metrics, it means issuers provide demonstrable evidence of reducing negative externalities. Sustainability bonds KPIs may be susceptible to accusations of greenwashing if they don't report or deliver on the KPIs, especially if the KPI assessment date is close to maturity and the step-up coupon is financially immaterial. By ensuring that impact reporting is accurate and aligns with expectations, greenwashing risks can be mitigated.
- At Artesian, the formalisation of impact reporting metrics and relevant corporate policies is not merely encouraged—it is mandated prior to investment within the fixed income asset class. This rigorous standard underscores our commitment to align all such investments with best-in-class Environmental, Social, and Governance (ESG) principles. In VC, we advocate for a similar level of ESG stewardship, albeit without making it a formal requirement given the early-stage nature of startups. Nonetheless, Artesian seeks to encourage stewardship through its annual Startup Survey. Distributed to an extensive network of 625 portfolio companies across the Asia-Pacific, this voluntary survey serves as a critical tool for assessing the level of ESG awareness, implementation, practice, and proficiency among Artesian's portfolio companies.

Beyond assessment, Artesian takes a proactive stance, especially when approached by later-stage portfolio companies seeking to develop or enhance their ESG frameworks. Employing a 'best endeavours' approach, we are currently building the capabilities to extend our resources and expertise to assist these companies in crafting robust policies and refined impact metrics. We believe that instilling a sound ESG foundation in the early stages of a company not only aids in its scalability but also prepares it for stringent due diligence processes and future engagements with institutional investors.

Markets are facing a new wave of legislation and regulation as governments move to reduce negative impacts on society and the environment. As the markets adapt to these new rules, assets will reprice – and this is why Artesian maintains a focus on both financial and strategic (impact) returns that are accruing to the portfolios. The Impact Report, along with our carbon tracking tool, provide investors and stakeholders transparency on the manner in which Artesian employs their capital is being deployed responsibly.

Impact Forward



John McCartney
Co-Founding Partner,
Head of ESG



Vicky Lay
Partner, Head of
Impact Investments



Mei Lee
Partner, Head of
Operations

2022/23: A Year in Review

We are proud to share our impact highlights for the 2022/23 reporting year:

- Development of our proprietary impact calculator;
- Japanese banking giant MUFG signs Asia-Pacific innovation alliance with Artesian;
- Artesian awarded \$10m contract by the Victorian Government to accelerate the state's tech sector and ecosystem through founding of the Cremorne Digital Hub;
- Increase in female employees and expansion of gender pay gap calculation from domestic to offshore offices;
- Roll out of compulsory Diversity, Equity & Inclusion training firm-wide;
- Launch of the Artesian Green and Sustainable Bond Fund in New Zealand;
- Our investments in green, social & sustainable issues accounted for 65% of total fixed income public securities;
- Our investments in SDG-linked startups, scaleups and solutions accounted for 73% of total VC investments.

2023/24: Looking Ahead

Consistent with previous years, we will continue to strive towards our longer-term objectives of:

1. Building upon our sustainable and impact investment focus, by continuing to develop products that align with our clients' values of integrating environmental, social, and governance (ESG) and impact into capital allocation decisions;
2. Deepening our impact data collection, measurement, and management processes, with input from stakeholders;
3. Contributing to responsible investor education around impact and the myriad ways of implementation, measurement and assessment;
4. Encouraging greater ESG disclosure across our portfolios, particularly in the disaggregated startup sector;
5. Mitigating any material operational risks within our business where possible and continue to improve and publicly report on our own internal impact metrics.

ABOUT ARTESIAN

Company Overview

Signatory of:



Certified



Corporation™

Highest standards of social and environmental performance

1. The Australian dollar is Artesian's impact reporting currency.

Artesian

2004
Founded

Alternatives
Investment
Manager

AUM¹

\$1
Billion

Debt \$460M
VC \$540M

**Venture Capital, Public and Private
Debt Investment Specialists**

>625
Startup Investments

Asia Pacific Focus with Global Perspective

Artesian is a global alternative asset manager focused on public and private debt, venture capital and impact investments:

- 40 employees in 8 cities;
- Specialist public & private debt manager with an ESG focus;

- Transformational impact investments with compelling risk/return metrics;
- Most active early-stage VC in Asia Pacific with >625 startup investments across Australia, NZ, SE Asia and China;
- VC as a Service (VCaaS) platform for government, corporations and industry groups;
- Advisory services and customised solutions to help build resilient innovation ecosystems.

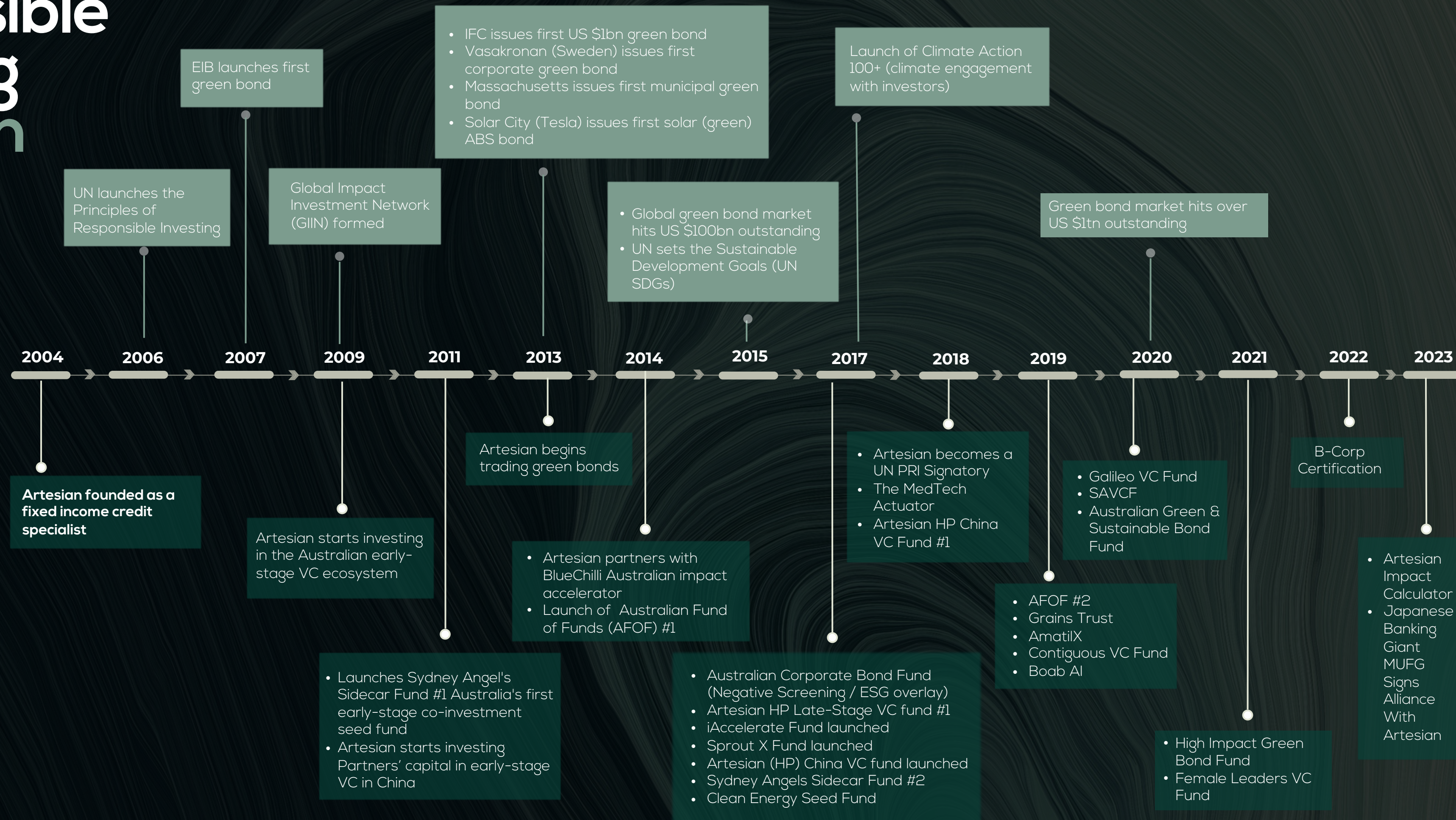


ABOUT ARTESIAN

Responsible Investing Evolution

Market and Firm Impact Highlights Over the Years

The rapid growth of the green and sustainable bond market has coincided with the rise of mission-based startups in venture capital and the growth of assets under the UNPRI umbrella has gone from US \$4tn in 2006 to US \$121tn in 2023.



ABOUT ARTESIAN

Team

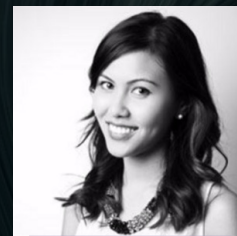
VENTURE CAPITAL



Jeremy Colless
Co-Founding
Partner



Luke Fay
Partner



Vicky Lay
Partner



Ali Clunies-Ross
Portfolio Manager



Gilles Plante
Partner



Felix Zhang
Partner



Tim Heasley
Partner



Melody Zhang
Director



Robert Williams
Director



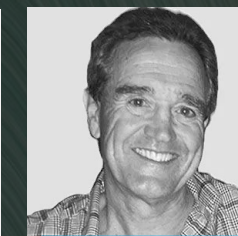
Ananya Sinha
Analyst



Stuart Fox
Partner



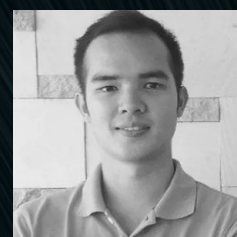
Rohan Gray
Portfolio Manager



Richard Case
Managing Director



Fiona Zheng
Analyst



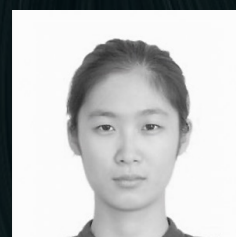
Nayoko Wicaksono
Analyst



David Rohrsheim
Portfolio Manager
SAVCF



Kirsten Bernhardt
Investment
Manager



Channing Chen
VC & Legal
Analyst



Diana Tong
Analyst



Guy Newton
Director
VCaaS



Kaushalya Gunatilaka
Head - Partnership &
Community,
DE&I Committee Chair



Andrew Lai
Managing
Director Boab AI



Will Smith
Analyst



David Spencer
Analyst



Renae Yu
Analyst

DEBT



Matthew Clunies-Ross
Co-Founding
Partner



John McCartney
Co-Founding
Partner



David Gallagher
Partner



Kurt Tan
Managing
Director



Nikolas Koukiasas
Portfolio Manager



Johny Tjeng
Director



Mark Bytheway
Director, ESG
Research



Rory Macintyre
Director,
Distribution

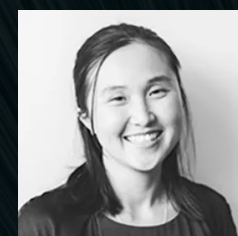


Gibson Goh
Credit
Analyst



Amrutha Venugopal
Credit &
ESG Analyst

OPERATIONS & ADMINISTRATION



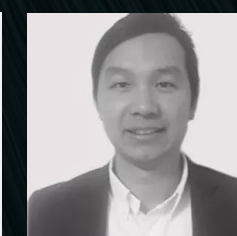
Mei Lee
Partner



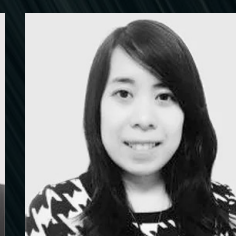
Pankaj Khanna
Chief Financial
Officer



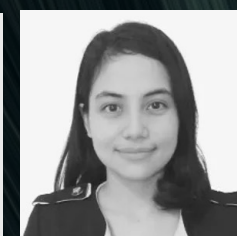
Kate Robinson
Senior Lawyer



Tam Nguyen
Fund
Administration



Jenny Chu
Group
Accountant



Mary Angelle Cansicio
Financial
Accountant



Rosalita Fortunato
Accountant



Fhiel Adrian Angeles
Data Analyst

- Sydney
- Melbourne
- Adelaide
- Singapore
- Jakarta
- Shanghai
- London
- New York
- Remote



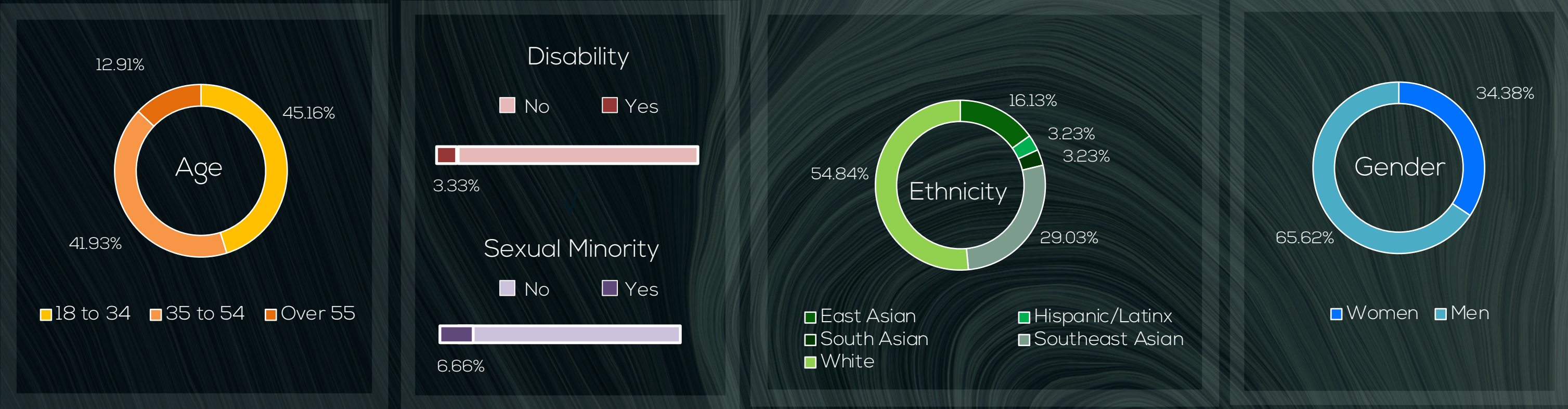
ABOUT ARTESIAN

Team

Diversity Breakdown of Artesian Employees

In today's rapidly evolving world, diversity encompasses a range of characteristics, perspectives, and work approaches that individuals bring to the workplace. The process of globalisation has significantly influenced social, cultural, and political norms, leading to dynamic demographic and immigration patterns. These changes have had a profound impact on the composition of workforces and client bases across various industries and sectors. In order to remain competitive, organisations must prioritise the recruitment of individuals who can effectively cater to the diverse needs of their clients. It is crucial that these individuals are chosen, developed, and treated based on their abilities and in a fair manner.

At Artesian, we have always strived to treat our team members equitably and based on their merit. However, we acknowledge that there is room for improvement. Our commitment to transparency is the initial step towards establishing targets that will enable us to address the challenges we face. By openly discussing the issues at hand, we can effectively measure, analyse, and tackle the identified concerns.



02

Impact Metrics and Highlights

We seek to provide our stakeholders with transparency, accountability for what and who we are investing in and how we are trying to move capital for purpose.

IN THIS SECTION

Portfolio Impact

Portfolio Impact Metrics

SDG Mapping by Asset Class

Impact Highlights and Case Studies

Fixed Income

- The Artesian 'Impact Calculator' Leads the Way on Impact Data Reporting
- Issuer Case Studies

Venture Capital

- Mission and Sector Focus
- Startup Case Studies

Impact Perspectives

Carbon Liabilities Will Drive Bond Issuers to Invest in Innovation

Responsible VC (Vol. 3) – Investing in Impact Infrastructure: Moving Beyond SaaS to Seed the Low Carbon Economy

New Approaches for Industry and Government-Aligned Innovation Investment

PORTFOLIO Impact Metrics

We connect capital to innovative solutions for improved outcomes for people and the planet.

Artesian leverages our extensive global markets investment experience across the capital structure (from early-stage VC to public debt markets) to deliver impact at scale.

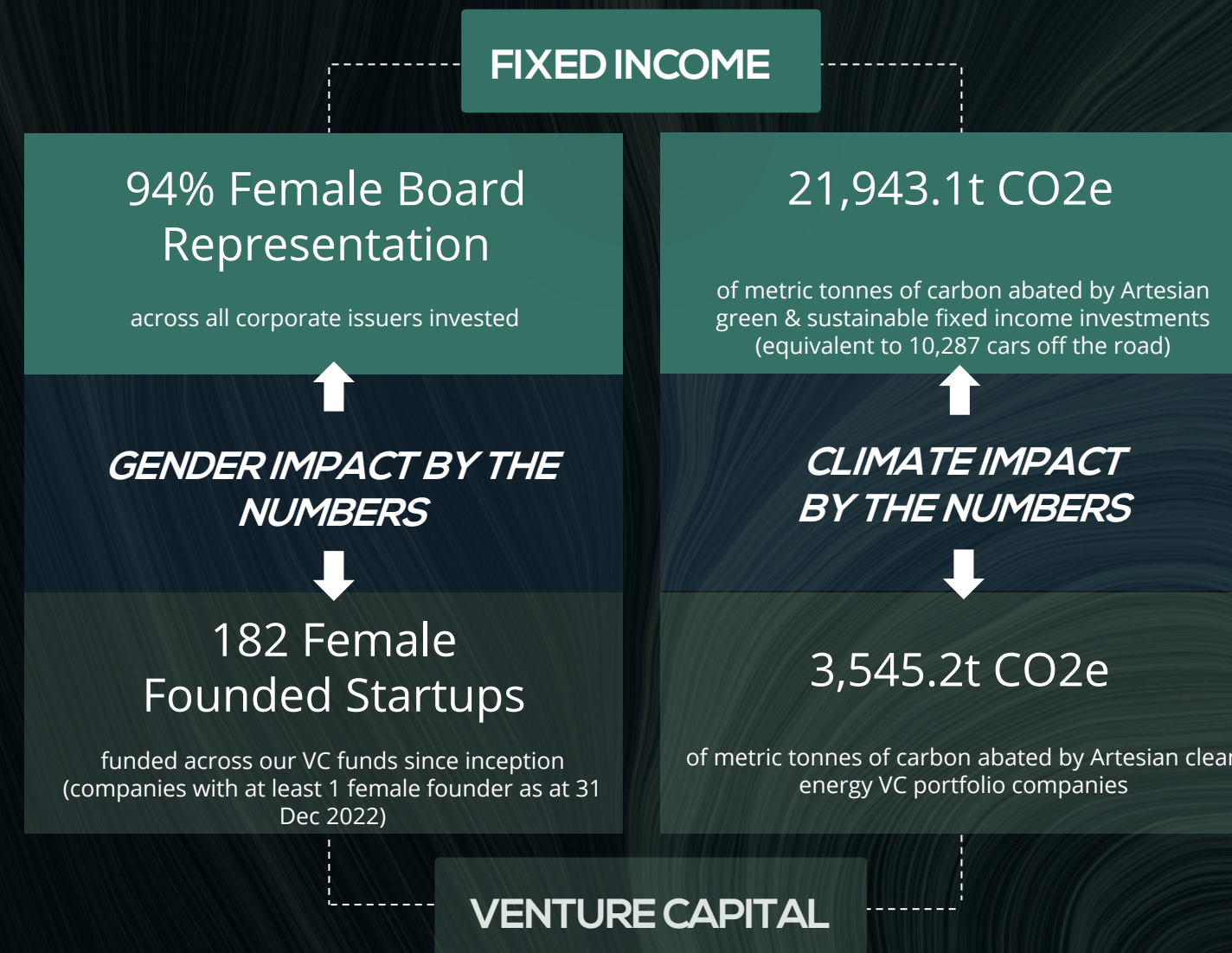
We build collaborative partnerships with complementary, like-minded organisations to deliver sustainable outcomes. We believe that innovation, with technology as a key facilitator, can have a sustainable deflationary effect on the cost of infrastructure required to address critical global social and environmental issues.

Our work directly contributes to filling the funding gap for 16 out of 17 Global Sustainable Development Goals.



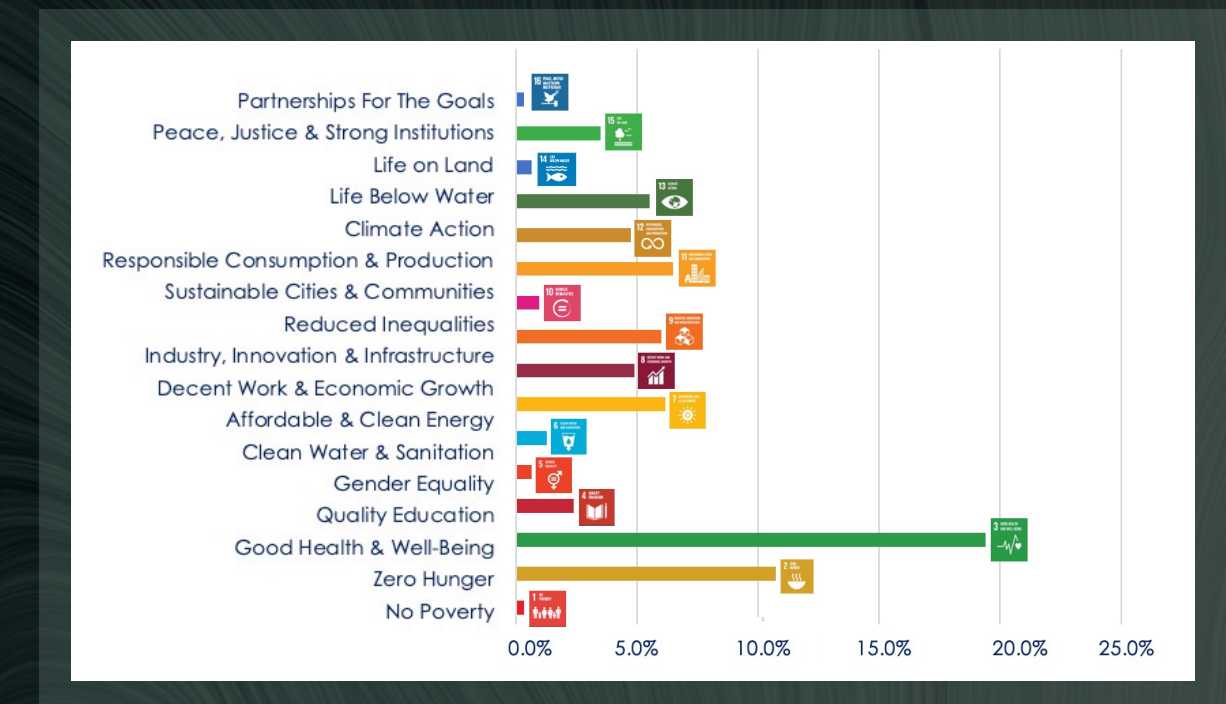
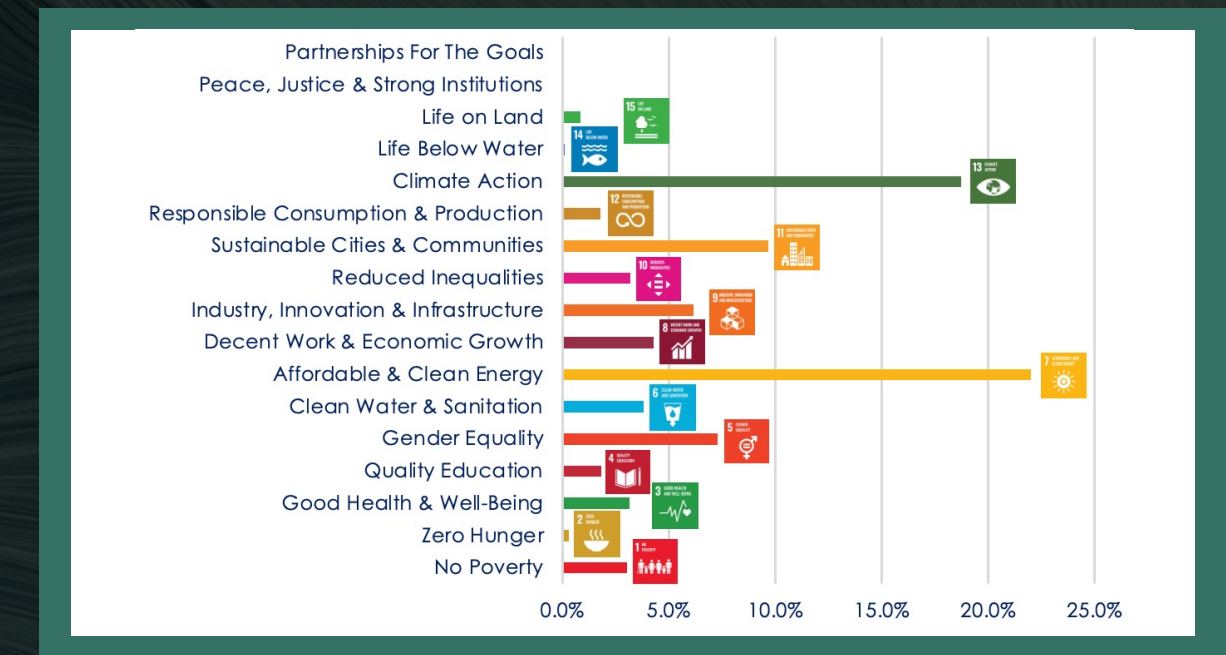
The graph to the top right represents the combined green, sustainable and social bonds held within the Artesian Green & Sustainable Bond Fund, the Artesian Corporate Bond Fund, and the Artesian High Impact Green Bond Fund, notionally weighted versus their targeted Sustainable Development Goals (SDGs), as at 31st December 2022.

In 2022, our investments in green, social & sustainable issues accounted for 65% of total fixed income public securities.



In 2022, our investments in SDG-linked startups, scaleups and solutions accounted for 73% of total VC investments.

The graph to the bottom right represents the venture capital investments held across Artesian's thematic funds, notionally weighted versus their targeted Sustainable Development Goals, as at 31st December 2022.



PORTFOLIO Impact Metrics

Level of impact achieved across Artesian's venture capital and fixed income investments:



134,157
Trips made on clean & sustainable transportation.



46,979,365
Litres of water saved.



3,001
Square metres of green energy efficient buildings financed.



16,937
People provided with access to water & sanitation.



798
People provided with access to education and materials.



25,488.30
Metric tonnes of carbon abated by Artesian green & sustainable investments.



94%
Female representation on board of fixed income fund holdings.



182
Female founded startups funded across our VC funds since inception. In 2022, our investments in companies led by at least one female founder accounted for 28% of total VC investments.



2,975,916
Hectares of agricultural land with crop efficacy/effectiveness enhanced through VC investments.

These figures are provided on a best endeavours basis and are pro-rata estimates based on issuer's use of proceeds reporting and startup impact reports.

Fixed Income

Impact Spotlight



David Gallagher
Partner, Head of
Australian Fixed Income



Kurt Tan
Managing Director, Head
of Impact Measurement
and Reporting

“Quite often the impact reports issued by the bond issuers don’t have enough granularity, so we engage with them to try and get what we need for our reports.”

– David Gallagher

The Artesian ‘Impact Calculator’ Leads the Way on Impact Data Reporting

Interview with David Gallagher and Kurt Tan

Before you can report on positive impacts, you need to measure it. While access to impact data remains challenging, the Artesian fixed income team has taken the lead in not only gathering unique impact insights, but also in presenting it to investors.

The Artesian Impact Calculator was developed in 2022 and offers investors a customised view of their portfolio and its impacts. It makes impact data accessible and gives users valuable insights to inform them what sort of projects their capital is supporting.

David Gallagher and Kurt Tan were part of the team leading the roll-out of the Impact Calculator. They explain its origins, how they gain access to data, and what it means for investors.

Origins of The Impact Calculator

The fixed income team has developed a leading skill-set in analysing and processing impact data flowing from its portfolio of green, sustainable and social bonds. These bonds are known as ‘labelled bonds’, with each targeting a unique impact outcome. This diversity extends to the use-of-proceeds objectives of each bond, meaning there’s no cookie-cutter approach to analysing the impact generated by these securities.

Fixed income lead David Gallagher explains how his team turned a gap in data access into an opportunity to lead the market.

“Even the big data providers like Bloomberg, S&P, Moody’s and others do not report impact data at a granular, bond level. So we knew if we wanted to produce detailed impact reports for our investors, we were going to have to do it internally.” David says.

Kurt Tan is Managing Director, based in New York, he explains that developing a custom calculator was a way to manage a large data set, and make it widely accessible.

“Necessity is the mother of all invention, and this calculator is no exception. As green bond issuance quickly gained in popularity and the complexity of the spreadsheets grew, we needed to get ahead of the problem and build a fault-tolerant system that can handle future volumes. In doing so, we had the opportunity to open it up to client access in ways we couldn’t do before when using spreadsheets.” Kurt explains.

Overcoming a Lack of Standardised Data

While traditional finance benefits from more than two centuries of progress in streamlining reporting norms, impact investing is still nascent. A lack of standard frameworks, combined with issuers reporting in different ways, means portfolio managers put a high value on transparent reporting.

“The biggest challenge is that there is no set standard in the market that labelled bond issuers have to report to. So each issuer takes a different approach, some are very good and some aren’t. Some are very detailed and some lack basic details. So that is why we always try to get a good understanding of the labelled bond issuer’s commitment to impact reporting.” David says.

Fixed Income

Impact Spotlight



David Gallagher

Partner, Head of
Australian Fixed Income



Kurt Tan

Managing Director, Head
of Impact Measurement
and Reporting

“Necessity is the mother of all invention, and this calculator is no exception.”

– Kurt Tan

Interview with David Gallagher and Kurt Tan Continued...

“We have screened out deals in the primary market purely because they were not willing to provide granular enough data. As you would expect though, as investors such as ourselves are starting to demand more from bond issuers with respect to impact reporting, the standards are getting better all the time.”

A lack of data is a challenge, but it’s also an opportunity for the Artesian’s fixed income team to build a bespoke database.

“It is a totally manual research process. Even the big data providers do not report on the specific data that we need. So we rely on desktop-based research, trawling through impact reports and searching for as much detail as we can get. We look for commonality in reporting, then, when we believe we have enough bond issuers using a common metric, we will then report on it across the portfolio.”

“Quite often the impact reports issued by the bond issuers don’t have enough granularity, so we engage with them to try and get what we need for our reports.” David says.

The team believe their impact reporting is unique in the local market, and they continue working to improve and provide more granular reporting where possible.

“We were fortunate enough to be recognised for this by Australian Impact Investments earlier in the year. We received their equal top rating for the 2nd year in a row and they singled us out as fixed income industry leaders in impact reporting.”

Analysing Issuer Impact

A labelled bond can direct proceeds to a whole range of positive projects, but this impact must be balanced by the operations of the company issuing the bond. Artesian’s fixed income team always considers the issuer’s outputs alongside that of the impact from the bond issuance.

“That’s the first step in our research process, to understand the ESG risk associated with the labelled bond issuer’s business. In our Green & Sustainable Bond Fund we aim to invest in issuers who display sustainable business practices, have net zero goals, and who have market leading gender policies. If the company issuing the bond does not meet our ESG standards, we would not even get into the impact reporting or the KPI’s of the bond.” David says.

“There have been bond issuers we have screened out because of ESG concerns which have been subsequently accused of greenwashing. So the analysis of the bond issuer is equally as important as the analysis of the bond itself.”

It’s a nascent sector that’s growing fast, and the team recognise both the responsibilities and the opportunities of operating at the vanguard.

“As the labelled bond market evolves to fill the needs of issuers and investors, we’ll see new structures emerge, and our analysis and reporting will have to adapt to that changing landscape. We feel it is important to own this part of our research and our investing process; and most importantly, this is something our clients should benefit from.” says Kurt Tan.

Fixed Income

Issuer Case Studies



Sustainability is embedded across all aspects of UTAS activity – learning and teaching, research, community engagement, and operations.



UoM seeks to expand and deepen the knowledge base for tackling the social, economic and environmental complexities of climate change and global sustainability.

University of Tasmania Green Bond

ISSUER	Bond Type	Issue Date	Issue Size \$m	Fixed/Floating	Maturity
UNIVERSITY OF TASMANIA	Green	15-Mar-22	280	Fixed	24-Mar-32
Issuer					
Currency	AUD				
Sector	Educational Services				
SDG Alignment					
Eligible Categories	UTAS have been a leader in sustainability and have been carbon neutral since 2016. They have a focus on four key areas, which are: • A leader in sustainability governance and implementation; • A leader in sustainability education and research; • Partnerships and engagement activities deliver sustainability outcomes; • A university committed to sustainability in its facilities and operations management.				

Use of Proceeds

The University of Tasmania (UTAS) is currently ranked #3 on Climate Action for universities internationally by the Sustainability Tracking, Assessment and Rating System (STARS). Proceeds from the issuance of green bonds will be solely used for the purpose of financing or refinancing eligible assets or projects that reduce carbon emissions (target 20% or better) embedded in building materials. The “Upfront Carbon Emissions” credit seeks to reduce carbon emissions embedded in products and materials used in construction.

Upfront carbon emissions reduction for “standard practice” buildings	Green Start Upfront carbon emissions credit achievement level
< 10%	Minimum requirements for all Green Star Projects
20%	Credit achievement
> 40%	Exceptional performance

ISSUER	Bond Type	Issue Date	Issue Size \$m	Fixed/Floating	Maturity
UNIVERSITY OF MELBOURNE	Green	12-Aug-22	200	Fixed	22-Aug-29
Issuer					
Currency	AUD				
Sector	Educational Services				
SDG Alignment					
Eligible Categories	The net proceeds from the UoM green bond will be used to finance or refinance new or existing Eligible Green Project Categories as set in the UoM Sustainability Financing Framework. New construction of buildings and/or tenant engagement initiatives, that will reduce building environmental impact in accordance with any one of the following: • NABERS 5 Star minimum or above; or • GBCA minimum 5 Green Star or above; or • Any other green building label, that is an equivalent standard of the above.				

Use of Proceeds

Australian universities have been frequent issuers in the AUD labelled bond market, so it was great to see an inaugural issue from the University of Melbourne. In addition to the green building work, we have become accustomed to with the universities, they are also focused on renewable energy projects such as;

- Development and/or operation and maintenance of:
- Renewable energy production plants, including solar PV, wind and Bioenergy (such as biomass, biogas and biofuels);
- Projects that replace the use of fossil fuels with renewable energy alternatives, for example, replacing gas-fired space and water heating with electric powered heat pumps linked to on or off-site renewable energy generation.

Fixed Income

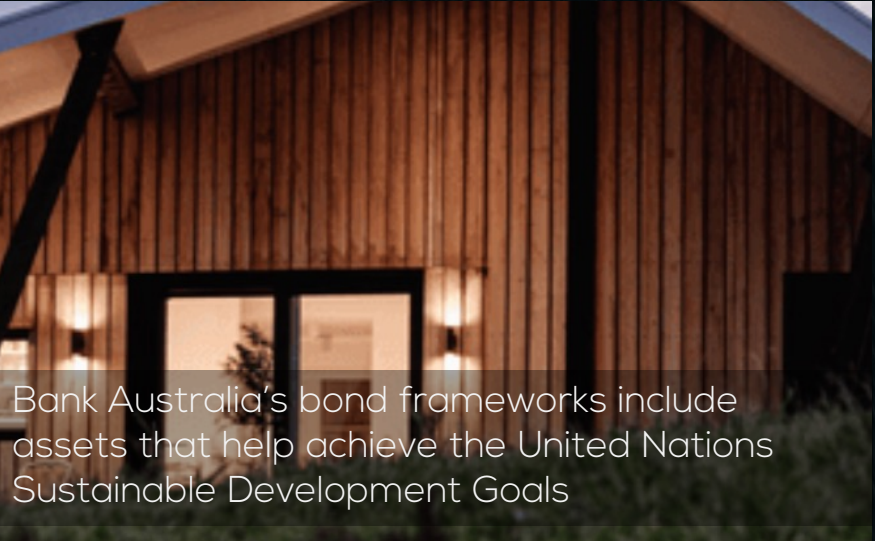
Issuer Case Studies





Vicinity commits to Net zero carbon emissions for their 100% owned retail portfolio (Scopes 1 and 2) by 2030





Bank Australia's bond frameworks include assets that help achieve the United Nations Sustainable Development Goals

Vicinity Centres Green Bond

ISSUER	Bond Type	Issue Date	Issue Size \$m	Fixed/Floating	Maturity
VICINITY CENTRES	Green	26-May-22	300	Fixed	2-Jun-28

Issuer	
Currency	AUD
Sector	Real Estate
SDG Alignment	
Eligible Categories	Green Buildings: Existing and/or planned low carbon and efficient buildings, including upgrades, which meet regional, national or internationally recognised standards or certifications. Energy Efficiency: Assets or projects that develop processes and products/technology that reduce energy consumption of the underlying asset. Renewable Energy: Renewable energy facilities such as solar photovoltaic arrays and energy storage solutions. This also includes transmission and support infrastructure for renewable energy.

Use of Proceeds

Vicinity commits to use an amount equivalent to the net proceeds from the issuance or management of the Use of Proceeds Instruments wholly or in part to finance or refinance projects, assets or activities that help achieve the Sustainability Goals and are defined below as Green Assets (Eligible Assets).

The proceeds of Vicinity's Green Bonds will finance or refinance projects, assets or activities which qualify as eligible under the Green Bond Principles with clear environmental benefits (Green Assets). In order to be Eligible Assets, Green Assets must:

- Align to the Vicinity Sustainability Strategy;
- If certified under the CBS, comply with the applicable CBS Sector Eligibility Criteria;
- Support and contribute towards meeting the SDGs; and
- Meet the Eligibility Criteria.

ISSUER	Bond Type	Issue Date	Issue Size \$m	Fixed/Floating	Maturity
BANK AUSTRALIA	Sustainable	24-Nov-22	150	Floating	24-Nov-25

Issuer									
Currency	AUD								
Sector	Financial								
SDG Alignment									
Eligible Categories	<table><tr><td>Renewable energy</td><td> - Environmental Upgrade Agreements (EUAs) </td></tr><tr><td>Socioeconomic advancement</td><td> - Charity loans - Specialist Disability loans - Indigenous Business loans </td></tr><tr><td>Affordable housing</td><td> - Community housing loan - Affordable housing loan </td></tr><tr><td>Green buildings</td><td> - Green mortgages - Commercial green loan </td></tr></table>	Renewable energy	Environmental Upgrade Agreements (EUAs)	Socioeconomic advancement	- Charity loans - Specialist Disability loans - Indigenous Business loans	Affordable housing	- Community housing loan - Affordable housing loan	Green buildings	- Green mortgages - Commercial green loan
Renewable energy	Environmental Upgrade Agreements (EUAs)								
Socioeconomic advancement	- Charity loans - Specialist Disability loans - Indigenous Business loans								
Affordable housing	- Community housing loan - Affordable housing loan								
Green buildings	- Green mortgages - Commercial green loan								

Use of Proceeds

The proceeds of the Bank Australia Limited Sustainability Bond are to be used in accordance with the Bank Australia Sustainability Bond Framework. Projects must qualify as an eligible asset, with a maximum lookback period of 24 months.

Bank Australia also excludes the use of proceeds towards any loans to:

- The fossil fuel industry.
- Intensive animal farming and the live export industry.
- The gambling industry.
- The arms industry.
- The tobacco industry.

Bank Australia will provide a semi-annual Use of Proceeds Report that includes Eligible Asset volume compared to bonds on issue, Eligible Asset type, and changes to the mix of Eligible Assets in the period.

Bank Australia Sustainable Bond

Please refer to Clause B on page 66 for disclaimers related to this section.

Venture

Capital

Impact Spotlight



Jeremy Colless

Co-Founding Partner,
Chief Executive Officer



Luke Fay

Partner, Head of
Venture Capital

Mission:

Artesian invests in remarkable startups, building transformational technology, unlocking solutions to the world's critical challenges.

We partner with sector specialists – government organisations, corporations, financial institutions, foundations and research institutes – to create collaborative, supportive, and sustainable innovation ecosystems, to optimise financial and strategic returns, and build a better future for all.

Sector Focus:

1	Climate & Sustainability		• Energy Transformation • Production & Consumption • Mobility & Manufacturing • Agrifood Sustainability
2	Dual-Use Critical Tech		• AI/ML • Robotics • Quantum • Space
3	Healthcare Transformation		• Digital Health • Devices • Bio Tech/Pharma • Healthcare SaaS
4	Emerging Managers & Opportunities		• Female Leaders • Education / STEM • Fintech • Agnostic

Venture Capital Case Studies

Food Security

Business Challenge

Modern farming practices, have evolved by advances from the Industrial Revolution (tractor replaced the horse and farming became mechanised), the Green Revolution (introduction of pesticides and synthetic fertiliser) and the Biotech Revolution (introduction of genetically modified crops). However, the best management practices of today are not going to deliver the yields and environmental stewardship that farmers and consumers around the globe are demanding (next wave of sustainability).

Solution Delivered

SwarmFarm Robotics is delivering autonomous farming robots that fundamentally change the field practices that farmers use to produce food.

Impact Created

To date, SwarmFarm robots have commercially farmed over 1 million acres of farmland through 64,000 hours of operation. SwarmFarm Robots have already reduced pesticide inputs by an estimated 780 tonnes from the environment to date.



Business Challenge

Loam Bio uses the world's smallest organisms to solve the world's biggest problems. It is tackling two prevailing sustainability challenges: 1) too much CO₂ in our atmosphere, and 2) too little carbon in our soils.

Solution Delivered

Loam's products use microbes to supercharge the ability of plants and the soil to sequester carbon and increase the amount of CO₂ that can be stored in soil for the long-term. Loam empowers farmers to capture carbon from the atmosphere on a gigatonne scale, improve the health of their soil, and trade a new commodity – carbon offsets.

Impact Created

Loam's technology has the potential to drive gigatonnes of carbon removal while improving the productivity and resilience of the world's soil.

Climate / Food Security / Life on Land

Venture Capital Case Studies

Food Security

Business Challenge

Current global agricultural practices involve growers relying on intuition and symptomatic indicators to manage diseases encountered in production. This results in spraying too much, too often and at the wrong time.

Solution Delivered

BioScout's fully autonomous units offer world-first airborne disease tracking abilities and provide a complete picture of disease risk at field-level resolution two weeks before symptoms show in the crop.

Impact Created

BioScout technology is helping to improve agricultural production sustainability practices by improving confidence in reducing industrial chemical fungicide use or switching to biological alternatives. Practically, this is being delivered by contributing to optimising spray timings for maximum efficacy and reduced preventative spray events.



Business Challenge

Soil is one of the world's largest human-managed carbon sinks, and plays a significant role in our adaptation to, and mitigation of climate change. Despite collection of millions of soil samples every year globally, there is still a lack of analysis tools and solutions to properly understand and make use of this data. This limits optimal decision making around fertiliser use, land management and ultimately carbon farming opportunities.

Solution Delivered

Farmlab is a software platform that helps agronomists, consultants and farmers better map, sample and analyse soil for agronomy and carbon projects. This helps users to make better on-farm decisions and earn trusted and verified carbon offsets.

Impact Created

To date, Farmlab is used across more than 4,000 farms over 4 countries and is involved in more than 45 registered environmental projects. In 2022, Farmlab helped to sequester 500,000t/CO2e.

Climate / Food Security

Venture Capital Case Studies

Climate / Energy / Responsible Consumption

Business Challenge

Increasing the rate of EV adoption and deployment of lithium-ion batteries for renewable energy storage. Adoption can be accelerated if the cost of batteries can be reduced, and performance enhanced. Current materials used in lithium-ion batteries limit their energy density and charge rate (performance).

Solution Delivered

Sicona has developed a new drop in silicon composite battery (anode) material which significantly increases the energy density of existing lithium-ion batteries thereby significantly reducing the cost of energy storage. Sicona's technology allows for large-scale, low-cost manufacturing of these materials, a major constraint of competing technologies.

Impact Created

Sicona is targeting the initial manufacturing of 40GWh of its silicon composite anode materials in the United States by 2026/2027 scaling to >200GWh by 2030. Sicona plans to reduce the anode materials CO2 footprint >6x and by 2030, the company plans to have their materials used in the batteries of at least 2.8 million EVs per year, delivering in excess of 140m tonnes p.a of CO2 savings.



Business Challenge

Evergen's main business challenge is to accelerate the adoption of renewable energy solutions while ensuring seamless integration and collaboration among all stakeholders across the energy landscape. They recognised the need for a comprehensive SaaS platform that could facilitate the orchestration of mixed renewable energy assets, optimise energy generation and consumption, and foster collaboration between energy producers, consumers, and grid operators.

Solution Delivered

To address the business challenge, Evergen developed a cutting-edge SaaS platform for the management and optimisation of renewable energy. The platform leverages advanced AI, machine learning, and IoT technologies to enable real-time monitoring, control, and optimisation of mixed renewable energy assets. It empowers energy stakeholders, including residential consumers, commercial enterprises, and utility companies, to efficiently manage renewable energy generation, storage, and consumption. Evergen's platform features smart algorithms that forecast energy demand and supply, allowing for intelligent energy management optimising energy storage, load balancing, and grid interactions to ensure a stable and resilient energy ecosystem.

Impact Created

Evergen is on a mission to orchestrate the deployment of 10GW of Distributed Energy Resources (DER) by 2025, and are making remarkable strides towards achieving this ambitious goal. The innovative SaaS platform has empowered all stakeholders to embrace renewable energy solutions. With every GW of DER deployed, they are fostering a greener and more sustainable energy landscape, ensuring a brighter future for our planet and future generations. To date, Evergen has supported the abatement of 186,476 tonnes of CO₂, which is the equivalent of >60,000 cars off the road!

Climate / Energy

Venture Capital Case Studies

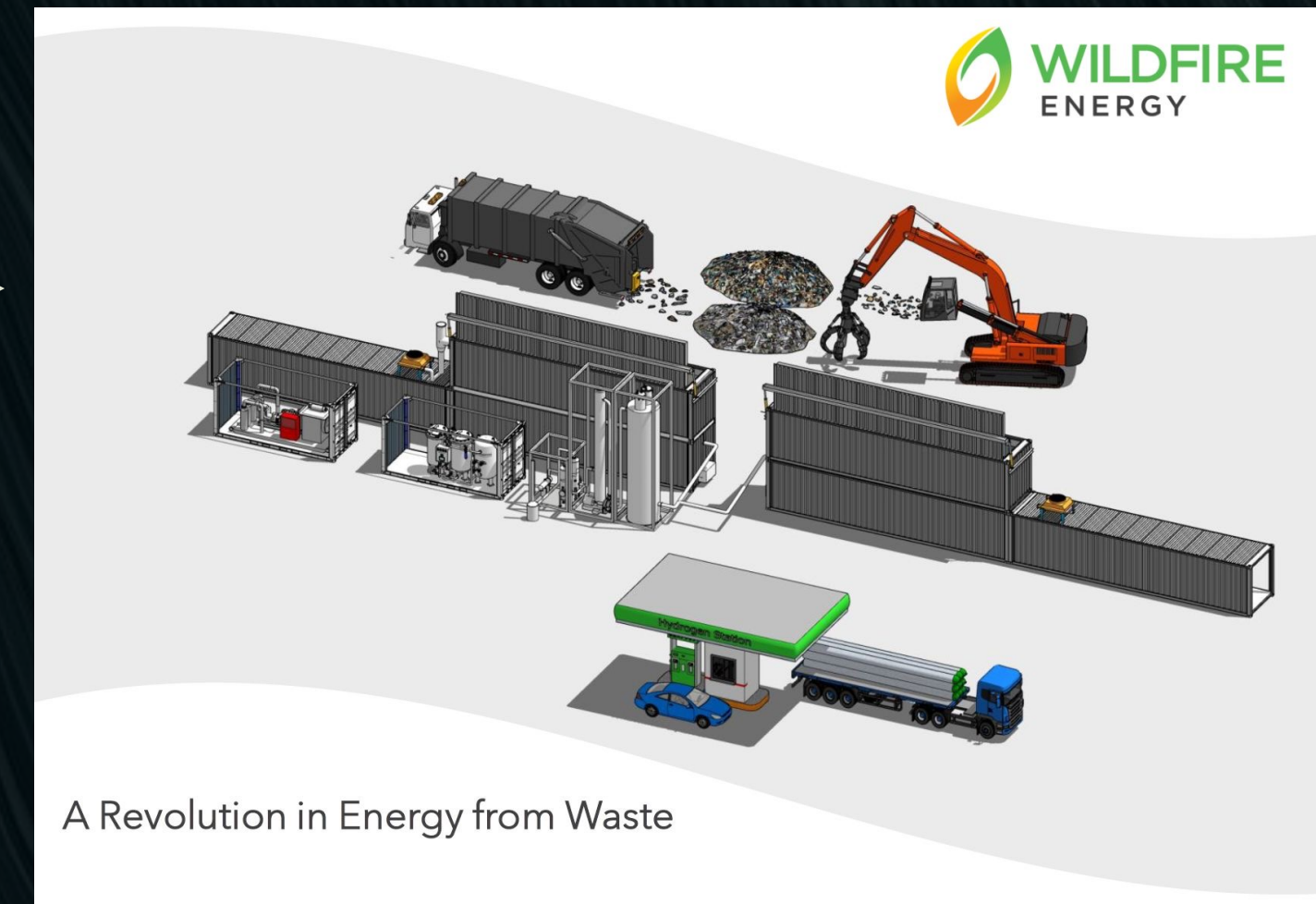
Climate / Energy / Responsible Consumption

Business Challenge

Wildfire Energy's purpose is to create a more sustainable planet by converting residual biomass and wastes destined for landfill into higher value renewable energy products such as electricity and hydrogen and biofuels, with net negative emissions. Over 2 billion tonnes of solid waste are generated annually, most of which ends up in landfill, or worse is left in open dumps, where it breaks down releasing methane directly into the atmosphere and causing pollution of soil and water. Recycling plants generate residual wastes that still go to landfill and residual biomass is generated by farming and forestry operations. At the same time, hard to abate sectors such as cement, steel, transport and aviation require low-cost renewable energy, hydrogen and biofuels to reduce their emissions.

Solution Delivered

Wildfire Energy's offering is the MIHG (Moving Injection Horizontal Gasification) technology which has been designed to process difficult solid waste residuals into energy products at distributed scale. The MIHG technology uses a patented batch process for conversion of residual biomass and wastes at high temperatures by injecting an oxidant and recovering the produced syngas. These features enable distributed waste to energy projects for the first time, as existing technologies are not viable at small scale (dis-economies of scale). The technology is carbon negative when processing MSW destined for landfill (due to the avoidance of methane emissions) and when processing residual biomass (due to carbon sequestration in biochar). The energy products are competitively priced as a large portion of the revenues are secured from disposing of the waste. For example, the levelised cost of hydrogen is between 1 and 1.5 \$/kg, today! The MIHG technology is a platform technology and in future can also be used to generate biofuels, chemicals and sustainable aviation fuels to displace emissions from many hard to abate industries.



A Revolution in Energy from Waste

Impact Created

Wildfire's MIHG technology reduces net emissions by around one tonne of CO₂eq for every tonne of residual waste processed, while also delivering renewable energy products. The first commercial project currently being developed will reduce net emissions by around 40,000 tpa of CO₂eq once fully operational and over 1 millions tonnes of CO₂eq over the life of the project and produce 4 MWt of renewable heat, 4 MWe of renewable electricity and 1,000 kg/d of hydrogen.

Within 5 years, compared with the business-as-usual case, Wildfire expects that operational MIHG plants will have reduced CO₂eq emissions by 500,000 tonnes and will be reducing CO₂eq by over 250,000 tonnes per annum. By 2050 emissions reduction due to MIHG technology could be over 1 gigatonne of CO₂eq.

Fixed Income

Impact Perspectives



John McCartney
Co-Founding Partner,
Head of ESG

Carbon Liabilities Will Drive Bond Issuers to Invest in Innovation

As pressure grows to decarbonise the global economy, carbon liabilities have become a key risk factor for corporations. Gone are the days when greenhouse gas (GHG) emissions could be ‘externalised’ – there are now expectations that pollution is both measured and managed, and incentives to decarbonise are set to be turbocharged by a suite of new policy settings, regulations and disclosure regimes.

These factors are already starting to define the topography of investment flows. Green capex is poised to boom, and bond issuers are steering funds towards Venture Capital to gain exposure to innovative ‘climate-tech’ startups that have the potential to disrupt incumbents.

We’re seeing the emergence of a new paradigm, where a company’s progress on reducing global carbon liabilities becomes a driver of enterprise value.

The Risks – Carbon Liabilities Are Corporate Risks

The models for measuring GHG emissions are now well understood, as is the spectrum across Scope 1, 2 and 3. The next stage is to categorise the risks that flow from these carbon liabilities, and work to manage them.

Physical Process Risk is both an operational risk and a transition risk. It is based on a firm’s current carbon-based operations and infrastructure, and it can represent a strategic liability. To manage it, firms will need to review their core business models, to invest in less polluting means of production, as well as diversifying into next-generation opportunities.

Market Risk relates to the potential for a company’s cost of debt and equity to increase, depending on its carbon liabilities. Investors are now integrating emissions metrics into their core analysis models, and companies with exposures exceeding their peers may find themselves out of favour.

Regulation Risk is the result of governments around the world moving to cut emissions in line with science-based targets. This is ‘The Stick’.

The Stick – Government and Accounting Policy Settings to Require Emissions Management

A range of levers are being used to influence companies, including taxation, securities laws, and bans by regulators.

It may come in the form of national caps on pollution, limits targeted at a specific set of heavy emitters (which is underway in Australia), or it could be trade sanctions by importing countries that want to even the carbon ledger.

The leading tip of this spear is to accurately define reporting requirements, publish taxonomies and enforce globally agreed accounting standards. The International Sustainability Standard Board (ISSB) is one such body that released its final sets of standards in June this year. Domestic legislation is likely to follow in a number of key jurisdictions.

The SEC is planning regulation in the US, and the EU is already leading the way, with global investors likely to have already made strategic moves.

Fixed Income

Impact Perspectives



John McCartney

Co-Founding Partner,
Head of ESG

“Corporate value will increasingly flow to those that can best apply capital to decouple growth from carbon emissions.”

The Carrot – Debt Markets Poised to Fund Both Infrastructure and Innovation

Risks are only one side of the coin, there are also opportunities for corporate bond issuers and investors in being the first mover in managing carbon liabilities.

The competitive challenge for corporations is to decarbonise at the lowest cost, and in the shortest time frame. They can innovate internally, following the traditional model of updating their business model and processes through research and development. This is leading to a boom in the issuance of green bonds, with the market set to push to US\$3 trillion in 2023.

A more disruptive approach is to reserve some use-of-proceeds to invest in venture capital – essentially outsourcing innovation to future-proof strategic assets.

For startups it’s useful to have these companies on your capital stack, rather than just financial investors, to have industrial partners that can see the potential of your solution and invest big amounts to scale fast and direct.

Climate-tech is a central pillar to this transition, and governments are supporting these early-stage rounds with initiatives such as the Inflation Reduction Act (IRA) in the US, and increased funding to the Clean Energy Finance Corporation (CEFC) in Australia.

The Impact – Cutting Carbon Liabilities Becomes Driver of Enterprise Value

Green bond issuers have the potential to mitigate all three of the key carbon liability risk factors through majority investments replacing carbon-based infrastructure, which has an immediate impact, as well as strategic allocations to innovation, which will help to safeguard the firm from regulatory and competitive shocks in the future.

Corporate value will increasingly flow to those that can best apply capital to decouple growth from carbon emissions.

Venture Capital

Impact Perspectives



Luke Fay
Partner, Head of
Venture Capital



Ali Clunies-Ross
Portfolio Manager,
Climate Tech

Responsible VC (Vol. 3)

Investing in Impact Infrastructure: Moving Beyond SaaS to Seed the Low Carbon Economy

Climate-tech investing has taken-off at the same time as broader venture capital markets have pulled-back. This dramatic bifurcation of early stage investing heralds a new era of venture allocations, one that looks beyond pure-play software startups, to once again embrace hardware. Importantly, it's forcing a new calculus that factors-in the funding capital expenditures over longer time frames.

This climate-tech boom is supported by policy packages like the Inflation Reduction Act (IRA) in the US. The imperative to dramatically cut carbon emissions is finally being recognized as an immense opportunity as work begins to fundamentally transform our economies and our industrial infrastructure.

Climate-tech is delivering solutions in the same way that Silicon Valley used to build chips; the industry is remembering how to actually build things. If we trace the history, we remember the first wave of venture was investing in the infrastructure needed to create computers and enable mass market adoption – think semi-conductors and the rise of Apple and Microsoft.

Once this was mainstream, and cheap enough for consumption, software layers were built to enable better usage of the internet. This created more efficiency, and gave rise to what we might call Venture 2.0. This is the application layer upon which Google and Facebook were able to build their empires.

But now, we're seeing a new infrastructure layer being built to enable the energy transition; cheaper solar, more energy dense storage, waste to energy, new food systems and new ways to capture carbon. It's shaping up to be the new wave, Venture 3.0.

This is where venture funds need to focus to create real impact. It is a foundational layer of infrastructure that's required to enable a transition. That doesn't mean it will be easy. Investing in hardware involves higher up-front costs, much longer commercialization timelines (it's called Deep-Tech for a reason), supply chain challenges of manufacturing and transport, as well as much higher costs of testing and iterating.

Venture Capital

Impact Perspectives



Luke Fay

Partner, Head of
Venture Capital



Ali Clunies-Ross

Portfolio Manager,
Climate Tech

“We invest in both hardware and software, with a skew towards deep-tech. And the reason is simple, we need to scale new technologies that will one day grow to become the infrastructure of the new, clean, green economy.”

At Artesian we don't shy away from a challenge, and experience has shown us that 'hard things' can often be reframed as an opportunity. These high upfront costs will create barriers to entry, offering the potential for first-movers to dominate a market. And hardware will always need to be optimized and delivered with custom software. But investors need to recognize that it will mostly exist to service the hardware enabling a new clean-energy economy. The software profit margins will grow inline with deployment of the infrastructure.

We invest in both hardware and software, with a skew towards deep-tech. And the reason is simple, we need to scale new technologies that will one day grow to become the infrastructure of the new, clean, green economy.

It's taken us many years, but we've developed a unique in-house capability for analysing and managing deep-tech investments, but we, and the industry, have a lot more work to do. London School of Economics suggests² we need: more VCs with technical backgrounds, VCs with broader operational experience, greater engagement with universities and their spin-outs, expanding commercial acumen of tech founders, and new financing instruments.

2. <https://www.lbspevc.com/post/software-is-the-tech-you-date-but-hardware-is-the-tech-you-marry>

Climate change and biodiversity loss represent existential threats, so we MUST explore these sectors, and back the companies that are innovating solutions. This is also why we view them as the next batch of trillion-dollar companies. Here's a few examples:

BlockTexx has developed a unique process to enable the recycling of blended fabrics. This has historically been impossible, but it now produces a high-quality recycled product. The company's mission is to have zero clothing go to landfill.

Sicona is improving lithium-ion batteries, to increase the range of EVs, reduce the time it takes to charge and the overall cost of the electric vehicle; this in turn will increase adoption and allow greater market penetration.

5B has created modular solar arrays that has a lower cost of energy, deploys faster, requires less labour and less land than traditional solar. This will allow for massive scale, fast.

These companies are all developing impact products. And as investors, we are helping them build systems to measure it, report on their impact and then accelerate it.

Venture Capital

Impact Perspectives



Robert Williams
Director, Portfolio
Manager

New Approaches for Industry and Government-Aligned Innovation Investment

Finding new ways to support early-stage startups has become pivotal to growing a modern economy. So much so that governments and industry bodies are moving beyond traditional R&D support models, such as R&D project funding and grants, to direct capital towards innovation investment.

They're exploring cutting-edge approaches like open-innovation sourcing and commercial forms of equity investing through partnerships with experienced third-party institutional investors. They're recognising the power of venture capital (VC) to allocate targeted investments within specific thematic boundaries.

It's now recognised as a pathway to solve specific problems, and both grow and future-proof industries that are a national priority. It aligns with the emerging role of government to support industry, grow businesses, and invest in innovation.

VC is particularly well suited given its unique ability to deliver financial returns, often targeting in the ballpark of 20% (net IRR), offering open-source and distributed R&D, ecosystem building and disruption hedges. Innovative startups have the potential to deliver exits and returns that can be used to recycle capital and expand the financial resources available for investment over time.

But it also drives impact; as these companies grow and scale through leveraged co-investment, so does their ability to deliver products and services that are filling gaps governments struggle to satisfy. By building industry capability, through new tools and strategies, it creates jobs and contributes to GDP.

"Over two decades, Artesian has developed trusted relationships with government and industry to help them achieve impact objectives at a regional or industry level, and at scale."

Venture Capital

Impact Perspectives



Robert Williams
Director, Portfolio
Manager

Artesian Bridges the Gap Between Industry and Innovation

These partnerships depend on a deep level of trust, industry or regionally-specific investment expertise, a track-record of good management, as well as relationships to link the commercial approach of VC to the outcomes focus of governments and industry bodies. And this is where Artesian has unique abilities.

Over two decades, Artesian has developed trusted relationships with government and industry to help them achieve impact objectives at a regional or industry level, and at scale. Through experimentation and iteration, a model has been developed that recognises the unique risk profile of these organisations, as well as the value-add that innovative startups can bring to a sector.

Artesian's climate-VC investment strategy spans across agrifood and energy transition verticals. It is working with various industry organisations including the likes of the Grains Research and Development Corporation (GRDC) and the Clean Energy Finance Corporation (CEFC) to facilitate the systematic deployment of investment through initial and follow-on early stage venture capital.

Increasingly, organisations have developed an appreciation for the value of startups to their industries, and they now have capacity to systematically deploy capital to nurture early stage businesses. They recognise that these businesses have the potential to grow and become leading corporates over time.

Consider **FarmLab**, a startup that's working to increase the health of soils, and improve crop yields, through digitising soil analysis and testing. Based in Armidale, it's working with global customers, and has benefited from both industry investment, but also partnerships and industry connections to assist in developing its commercial offering.

BioScout is developing world-leading, real-time air monitoring of multiple disease types. It can assess the biological load of a disease in the air, which offers valuable information to growers, advisors and input providers alike. Access to this kind of technology can offer an agricultural industry or region a significant advantage in sustainably managing crop health.



Image: Artesian's Robert Williams (right) speaking on the "Startup Capital: Local vs Global" panel at evokeAG 2023, a major Asia Pacific agri-food technology event.

03

Progress on Our Commitments

We are excited to share our impact initiatives, partnerships and activities around creating a sustainable future: emissions reductions, advancing gender equity, and taking a proactive approach to engagement.

IN THIS SECTION

Emissions Reductions

Commitment Overview
Artesian's Path to Net Zero
Selecting Carbon Offsets
Offset Project

Advancing Gender Equity

Commitment Overview
Gender Impact in Fixed Income
Gender Impact in Venture Capital
Gender Pay Gap Disclosure

Engagement, Outreach & Milestones

2022/23 Impact Timeline
History of Collaborations and Partnerships
Portfolio Engagement: Startup Survey

Emissions Reductions



Arbon-Tooligie Human-Induced Regeneration of Permanent Even-Aged Native Forest in South Australia (Artesian's 2022/23 offset project). Image: GreenCollar.

The “race to Net Zero” carbon emissions continues to shape the global response to Anthropogenic Climate Change, witnessing countries, cities, states, institutions, and corporations adopting Net-Zero emissions pledges.

For these pledges to translate into tangible results, they necessitate a drastic reduction in human-originated emissions, such as those stemming from fossil fuel consumption, as near to zero as attainable. Innovation and political will are paramount in this context.

In 2023, the urgency, complexity, and global scope of the task have never been more apparent. Yet the collective strides made in policy, technology, and social awareness inspire cautious optimism. The path to a sustainable future is being forged, and the choices made today will resonate for future generations. Commitment to Net Zero is not merely a strategy; it is a societal imperative that unites us in a common purpose to preserve our planet.

We will continue to leverage our position as an investor, financial services company, shareholder, debt provider and capital markets participant, to work towards this collective goal, and reach Net Zero by 2030 via our four-part plan:

- 1 Setting targets**
Mapping how we will achieve a balance between emissions and offsets.
- 2 Investing in solutions**
Capitalising investments in climate transition and driving climate risk management in existing investments.
- 3 Engaging with counterparties**
Discussing carbon metrics and meaningful CO2 reduction strategies, with investee companies and financial markets counterparts.
- 4 Reporting on our progress**
Accounting for our emissions and sharing our Net Zero journey with stakeholders

Emissions Reduction

Artesian's Path to Net Zero

This year we are continuing with our strategy of carbon offsets until we have a clearer view of how to fully account for our Scope 3 emissions.

To fully account for Scope 3 emissions, we are waiting on IOSCO to accept the ISSB climate reporting and recommend that every securities regulator adopt those guidelines. This should see 130,000 companies adopt the same reporting directive.

Analysis

2022/23 Carbon Footprint: 200MT

Air travel remains the greatest source of emissions for the company. Last year we recorded a bump in travel post COVID and were forecasting a retracement into this financial year. However, travel has not reduced and as such, our emissions have remained at the elevated baseline from last year.

Our Process

Artesian has taken the approach to begin to rank the emissions we can track and then look to purchase offsets once those emissions have been determined. Furthermore, given these are best endeavour estimates of our carbon footprint, we round emissions calculations up in order to ensure we are being conservative. We took the approach of estimating our carbon emissions by tracking what is most material – and for a financial services firm, that is our electricity consumption and business travel.

Artesian has attempted to triangulate our carbon emission estimation via 3 different sources:

- 1 TerraPass (<https://terrapass.com/>) – online carbon emissions calculator (USA)
- 2 CarbonFootprint (<https://www.carbonfootprint.com/>) – online carbon emissions calculator(UK)
- 3 Artesian Internal – collated the energy consumption and made extrapolations of business travel in the post covid world.

Our Net Zero Taskforce



John McCartney
Co-Founding Partner



Kurt Tan
Managing Director



Vicky Lay
Partner



Mark Bytheway
Director, ESG Research



Mei Lee
Partner



Matthew Clunies-Ross
Co-Founding Partner

Emissions From Operations

ACTIVITY	RELEVANT CATEGORY OF EMISSIONS
Emissions from transportation in vehicles owned or controlled by the reporting company.	Scope 1 (for vehicles that consume fuel) and Scope 2 (for vehicles that consume electricity)
Emissions from the business-related travel of employees in vehicles owned or operated by third parties.	Scope 3, category 6 (business travel)
Emissions from employee travel to and from work.	Scope 3, category 7 (employee commuting)
Emissions from leased vehicles operated by the reporting company not included in Scope 1 or Scope 2.	Scope 3, category 8 (upstream leased assets)

Emissions Reduction

Selecting Carbon Credits

Imperative of Choosing Carbon Credits that Generate Impact

3. Summary Results of Analysis of the Integrity Risk and Performance of Human-induced Regeneration (HIR) Projects using CEA data (21 June 2023) [Link](#)

The efficacy of carbon credits has come under scrutiny as companies have committed significant capital to offset their carbon footprint.

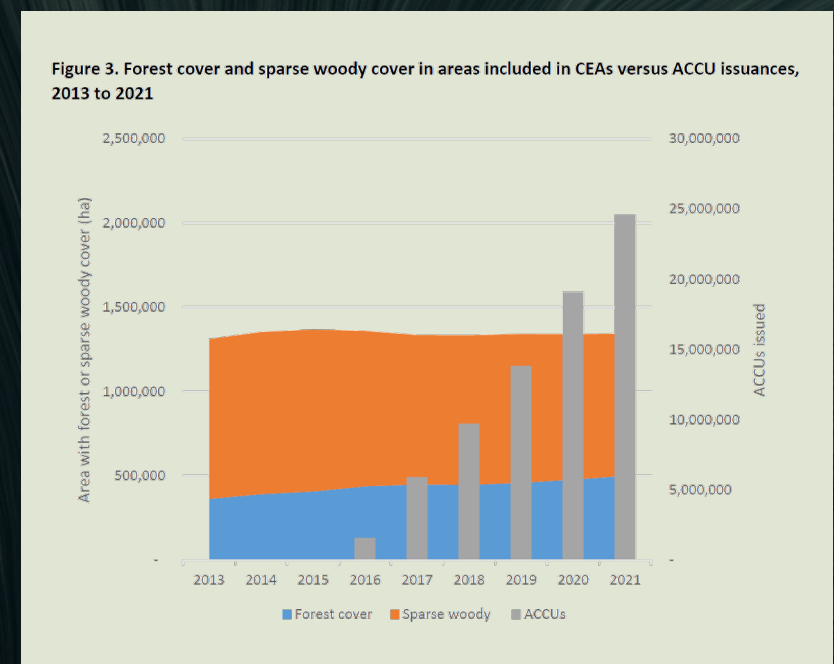
The Australian Carbon Credit Units (ACCU) undertook a substantive review in 2022/2023 after the former head of the government’s Emissions Reduction Assurance Committee critiqued the impact of the credits schemes and variously their use.

The controversy centered on the most popular project type in the Australian carbon offset scheme: **human-induced regeneration (HIR)**.

These projects involve clearing land to allow even-aged native forest to regenerate – with a measurable increase in foliage as direct evidence of carbon being captured.

Projects with the greatest impact are located in an intensive agricultural area, where a substantial proportion of the native vegetation has previously been comprehensively cleared.

A recent study³ reviewing over 100 projects located in New South Wales and Queensland shows forest cover has barely increased and tree cover has declined, despite the government granting 17.5m ACCUs to the projects.

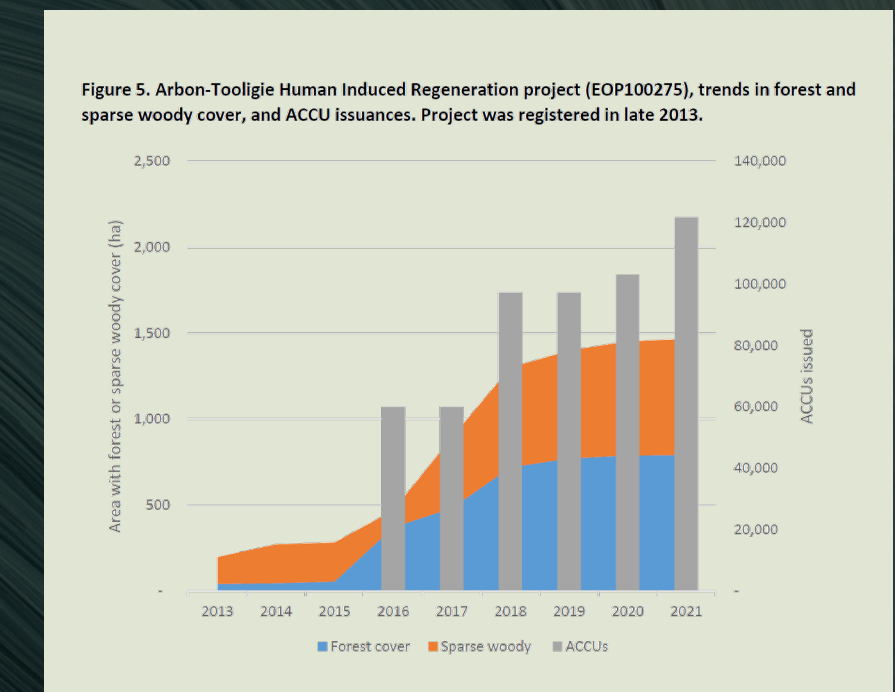


The concerns can be reduced to two points:

- These projects were in pastoral areas where farmers were paid not to graze livestock – not cleared land that was previously used for crops. Native flora remained the same even after the livestock was removed – thus no additional carbon was sequestered.
- Annual rainfall has a major impact on the ability for native flora to grow. Projects based in rainfall constrained areas cannot catalyse native flora regeneration.

In contrast, the Arbon-Tooligie HIR project was found to have tree cover that has increased by 6% to 43%, correlating with an increase in ACCU credits. Two driving factors for the effectiveness of this particular ACCU project can be distilled to:

- The project situated in agricultural areas where a substantial portion of the native vegetation has been previously cleared. In the case of Arbon-Tooligie, it is estimated to have 50% of the area cleared.
- Consistent annual rainfall, promoting native flora to grow. The project is located in an area close to Port Lincoln, South Australia which has had consistent rainfall over the last 30 years.



The Arbon-Tooligie project is based in a previously cleared intensive agricultural area that has consistent rainfall. The project was registered in 2013 and has seen a significant (37%) increase in permanent tree cover and therefore forest carbon stocks.

Emissions Reduction

Offset Project

Arbon-Tooligie Human Induced Regeneration Project

Methodology Human-Induced Regeneration of a Permanent Even-Aged Native Forest - 1.1 Methodology Determination 2013

Registered ID [EOP100275](#)

Date Registered December 2013

Project area 3,401ha

Permanence 100yrs

Location Cummins, South Australia

SDGs   

Offset Partner  valuing the environment



Impact Story

Set in rich undulating farmland near Cummins in South Australia, this project is regenerating permanent native forest across over 3,000ha of land that had previously been cleared and regeneration of native vegetation had been suppressed.

In addition to the carbon sequestration delivered by the regenerating vegetation, the project has seen a proliferation of wildflowers, and the landholders say the land now recovers quicker after dry periods due to improved water retention in the soil.

Native wildlife has also increased, and the additional income the carbon project provides has been invested back into the local economy via machinery and infrastructure investment which has gone back to local suppliers and has helped hire local contractors.

This is our second year supporting this project.

Key Benefits

- Carbon sequestration to mitigate climate change.
- Regeneration of native forest with active management and protection for 100 years.
- Supporting the local ecosystem with improvements in native flora and fauna.
- Improved drought resilience.
- Investment in the local economy and creation of jobs.

“Tree cover in the Carbon Estimation Areas of the Arbon-Tooligie Human Induced Regeneration project has increased from approximately 6% when the project was registered to 43% in 2021. Over the same period, tree cover in the buffer zone increased from 40% to 47%.”

Australian National University⁴

4. Summary Results of Analysis of the Integrity Risk and Performance of Human-induced Regeneration (HIR) Projects using CEA data (21 June 2023) [Link](#)

Advancing Gender Equity



Image: Artesian Partners and investment team at the first 'F2F' event for Australian female founders and funders at Artesian's Melbourne office.

In 2022, the world found itself grappling with a multitude of crises. Among these were rising living costs, the ongoing effects of the pandemic, the urgent climate emergency, and the turmoil of large-scale conflicts and displacement. Amidst this chaotic backdrop, progress towards achieving gender parity has stalled.

As leaders have focused efforts on addressing the barrage of economic and political shocks, there is a very real risk of a regression in gender equality progress.

Currently, countless women and girls are being deprived of opportunities and access, and this stagnation in gender parity could have disastrous consequences for our economies, societies, and communities in the long run.

To support safeguarding the well-being of our world and secure a prosperous future, it is imperative that both the public and private sectors place the acceleration of gender equality at the forefront of their agendas.

Artesian remains dedicated to improving the global economic gender gap by using our position and influence to invest with a gender lens, educate and collaborate with industry partners, publicly disclose our global gender pay gap, and actively support female founders.

Artesian has committed to effecting change in four key areas:

- 1** Backing female and non-binary founders and fund managers.
- 2** Engaging with the VC industry on integrating gender into investment decision making.
- 3** Engaging with corporations on gender equality.
- 4** Amplifying the work of women impact leaders.

Advancing Gender Equity

Gender Impact in Fixed Income



Kurt Tan
Managing Director, Head of Impact Measurement and Reporting



Mark Bytheway
Director, ESG Research



Amrutha Venugopal
Credit & ESG Analyst

Female Board Representation

94% of bonds held by Artesian have at least 1 female board member

- 94% female board representation was achieved for investments in the Artesian Green and Sustainable Bond Fund, the Artesian Corporate Bond Fund, and the Artesian High Impact Green Bond Fund.
- The 6% of issuers with no female board representation are new investments for 2022/2023. For these new investments that do not have female board representation, we will work with the issuer to find out why gender imbalance exists at the highest levels of the company. Some sovereign organisations have representation at the executive level, do not have a Board of Directors structure. We took the conservative view of discounting this.

Gender Pay Gap

38% of issuers have reported on gender pay gap

- When working on this year's gender pay gap metric, 38% of the issuers in the portfolio had reported, compared with 30% from last year.
- Similar to last year, we have seen several states/territories and supra-national issuers not reporting this metric despite their declared goals around equality for all. In addition, universities and high-education do not have publicly accessible information on their gender gap analysis. Again, we have flagged this as a priority for engagement for the next reporting period.

Advancing Gender Equity

Gender Impact in Venture Capital



Ali Clunies-Ross
Portfolio Manager



Ananya Sinha
Investment Analyst

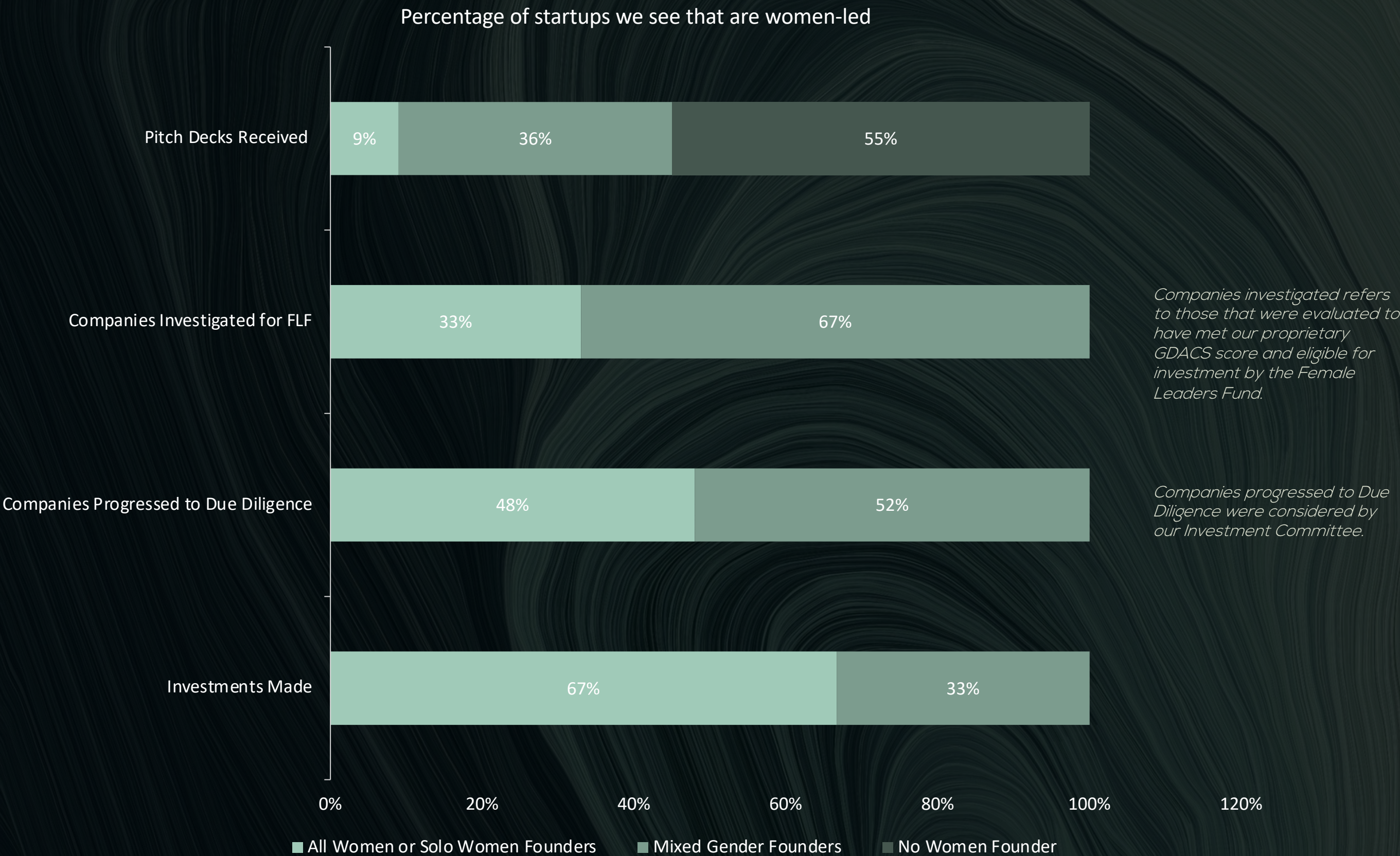


Fiona Zheng
Investment Analyst

All Gender Data is self-reported where possible.

Investments made refer to those approved and/or invested as per June 2023.

Percentage of Women-Led Startups We See & Invest In for the Female Leaders Fund



Advancing Gender Equity

Gender Impact in Venture Capital



Ali Clunies-Ross
Portfolio Manager



Ananya Sinha
Investment Analyst



Fiona Zheng
Investment Analyst

7. Reference: Regulatory Focus Theory (Florack et al., 2013; Higgins, 1998) [Link](#)

Female Leaders VC Fund: Our Evolving Processes

We learn from the founders we meet, and this is a continuous process. Our process begins with evaluating companies using our proprietary gender diversity assessment score which considers founding equity ownership, and representation of women at board and executive levels as we’re trying to increase women at senior levels because we believe this creates a flywheel effect for diverse talent.

Balancing Promotion and Prevention Questions

At Artesian, our objective is to balance promotional and preventive lines of inquiry when engaging with entrepreneurs. While we continue to address the hard questions inherent in venture capital, we’ve refined the way these queries are presented and how we evaluate a company’s financials. This evolution considers the possibility that companies may adopt a more cautious approach than what we’ve observed historically.

Research carried out by Harvard Business School has revealed that 67% of queries directed at male entrepreneurs are centered around promotion, whereas 66% of queries directed at their female counterparts lean towards prevention. Drawing from the psychological framework of regulatory focus⁷, investors have embraced a promotion-oriented approach when engaging with male entrepreneurs, focusing on aspirations, accomplishments, progress, and ideals. Conversely, when interacting with female entrepreneurs, a prevention-oriented approach is favored, emphasising safety, accountability, stability, and watchfulness.

By presenting a well-balanced spectrum of both promotion and prevention questions (as illustrated in the table below) to entrepreneurs of all genders, investors ensure an equitable opportunity for all startups.

Table 1: Examples of Promotion and Prevention Questions

TOPIC	PROMOTION	PREVENTION
Customers	How do you want to acquire customers?	How many daily and monthly users do you have?
Market	How do you plan to monetise this?	When will you breakeven?
Projections	Do you think your target market is a growing one?	Why can’t others come into this space to take market share?

Endemic gender inequality in the VC industry has resulted in asymmetrical capital distribution and a relative value pricing opportunity. The Female Leaders VC Fund seeks to address this market failure and targets strong returns, by providing financial and strategic support to the unique perspectives, unexplored business opportunities, and under-invested talent of female founders in Australia, New Zealand, and the broader Asia Pacific region.

Advancing Gender Equity

Gender Impact in Venture Capital



Ali Clunies-Ross
Portfolio Manager



Ananya Sinha
Investment Analyst



Fiona Zheng
Investment Analyst

8. The FLF fund has evaluated 415 companies. GDCAS data has been collected on 159 of those screened as they progressed through the selection process. This figures represents the average data collected.

Female Leaders VC Fund: Our Evolving Processes (cont.)

Cultivating Relationships with Early-Stage Companies

As a Series A fund, we have observed that underrepresented founders often set higher performance hurdles for themselves before feeling ready to approach investors. Despite this, we recognise the importance of engaging with founders early on to gain a deep understanding of their aspirations and to communicate the progress we expect to see from the seed to Series A transition. To achieve this, we proactively seek out companies that might at the time be too early for our fund and dedicate hundreds of hours, to support them in a relaxed and low-pressure setting. Our commitment to this endeavour is evident through various initiatives, including office hours, panel events, and casual coffee meetings, all conducted prior to initiating any formal due diligence process.

We firmly believe that the solution to endemic gender inequality challenge in VC is not for venture capitalists to simply invest in startups because they are founded by women. Instead, our approach centres on meeting founders wherever they are on their entrepreneurial journey and avoiding the pitfalls of pattern matching that might hinder us from recognising the unique potential presented to us. As investors, we acknowledge our responsibility to nurture a diverse and inclusive entrepreneurial ecosystem by actively engaging with promising founders, irrespective of background, and fostering an environment where their ideas can flourish.

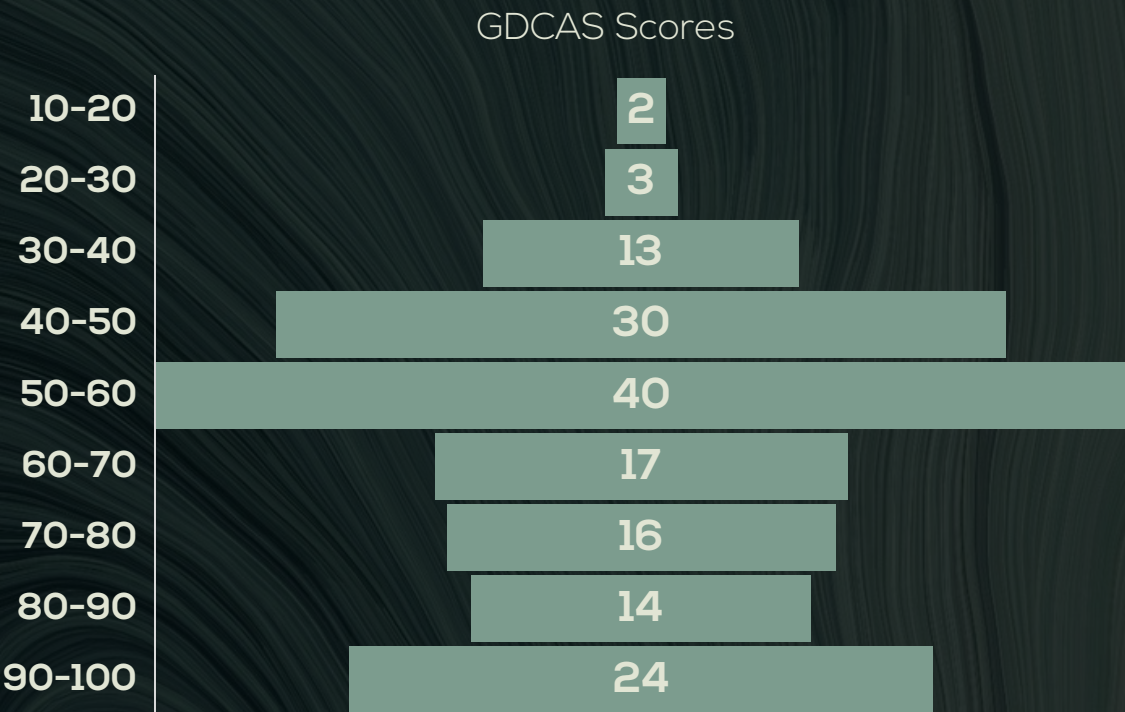
Impact Metrics – Gender Diversity Criteria Assessment Scores (GDCAS)

The **GDCAS** is a weighted score that considers equity ownership of founders who identify as women, the number of women on the executive/management team, the number of women at board levels, and the presence of transparent gender policies.

The founding equity ownership is weighted at 50%, as this ensures decision making power.

To meet the mandate of the Female Leaders Fund, a company must score above 40.

- Average GDCAS score of companies screened: 61.78⁸
- We’ve seen most of the pipeline score between 50-60. Usually this indicates that the founding team comprises of a woman founder, and one founder who does not identify as a woman.



Advancing Gender Equity

Gender Pay Gap Disclosure



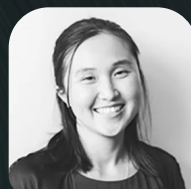
John McCartney
Co-Founding Partner



Matthew Clunies-Ross
Co-Founding Partner



Jeremy Colless
Co-Founding Partner



Mei Lee
Partner



Vicky Lay
Partner

Global Gender Pay Gap Transparency

For this year's analysis, we expanded the data collected from our Australian offices (where 60%+ of full-time employees are based) to a comprehensive global analysis of all offshore offices.

Results

While we recognise that we still have work to do, we seek to publicly and transparently disclose our gender pay gap and commit to taking the necessary steps to close it over time.

As at 31 December 2022, we observed a 2% reduction in our domestic gender pay gap compared to the previous reporting year and a 10% improvement from our baseline year (2020). With an organisational gap of 16%, we're outperforming our domestic counterparts in the financial and insurance services industry, who average a 28.6% gap. However, we still lag behind the Australian national average of 13.3%.

For this year's analysis, we are reporting the gender pay gap across all of our offshore offices for the first time. We adjusted the salaries of our offshore staff to their Australian dollar (A\$) equivalents, factored in a cost of living adjustment (COLA), and then entered the figures into the Australian government's Advancing Equality Calculator. This yielded a base salary pay equity of 70%, indicating an offshore organisational gap of 30%.

Methodology for Offshore Offices

We use a blend of two crowdsourced cost of living calculators (Numbeo and Expatistan) to compare each employee's home city's cost of living against the average of Melbourne and Sydney to arrive at an Australian COLA. This adjustment is then applied to the salary (after converting it to A\$ equivalent). Under this methodology for offshore offices, we ensure consistency and fairness in our salary adjustments.

DOMESTIC / AUSTRALIAN
BASE SALARY PAY EQUITY % :

84%

Organisational Gap of 16%

Advancing Equality Calculator



OFFSHORE
BASE SALARY PAY EQUITY % :

70%

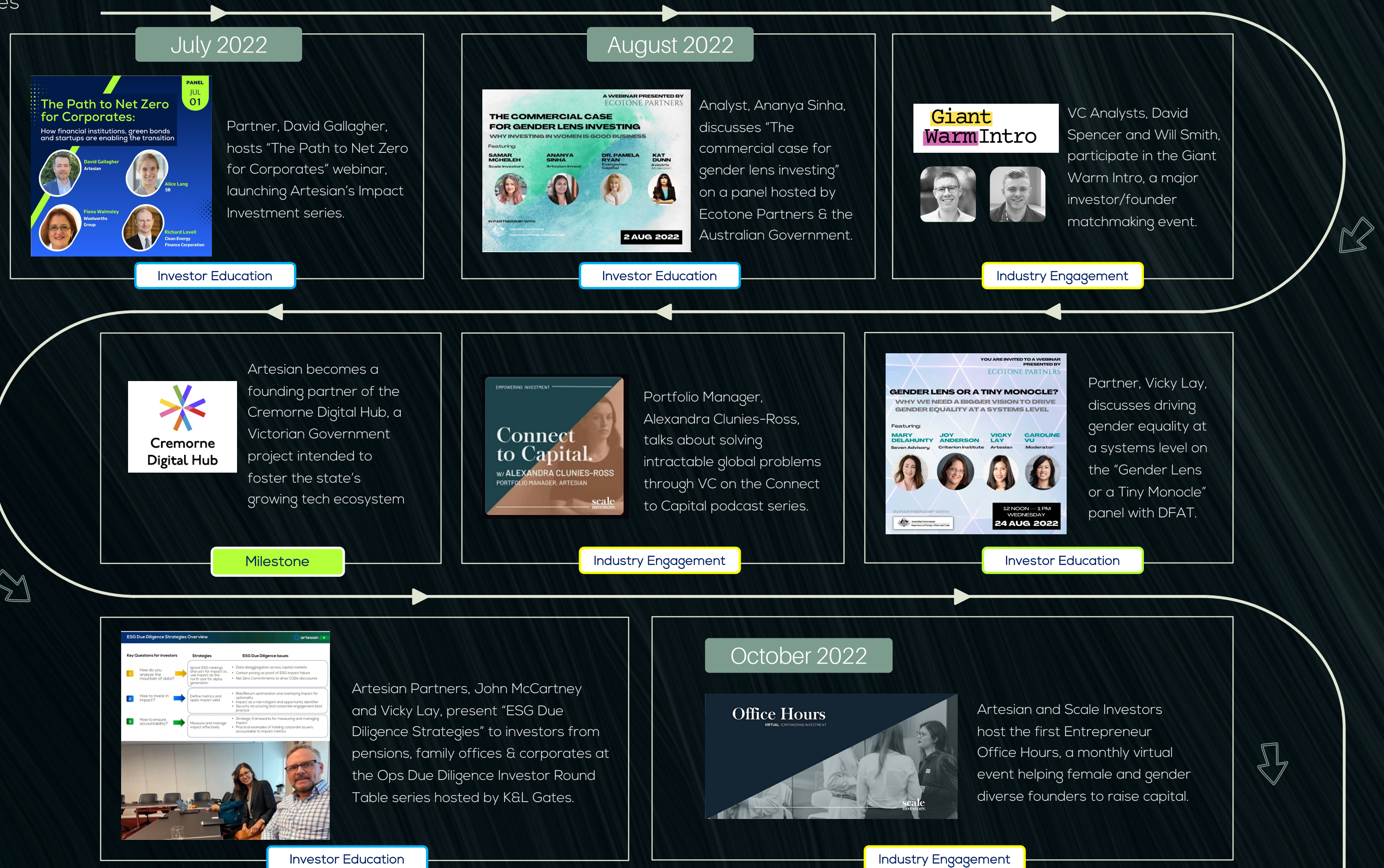
Organisational Gap of 30%

Advancing Equality Calculator



Engagement, Outreach & Milestones

2022/23 Impact Timeline



Engagement, Outreach & Milestones

2022/23 Impact Timeline



Artesian hosts the first Melbourne F2F event for Australian women founders and funders at our office in Richmond, Melbourne.



Industry Engagement

November 2022



Artesian sponsors the Ethical Advice Conference, & Partner, David Gallagher, participates in the great debate.

Investor Education



Portfolio Manager, Alexandra Clunies-Ross, appears on the "Collaboration in Action" panel at the Australia-Japan Innovation Alliance Forum in Tokyo, Japan.

Industry Engagement



The Artesian Female Leaders VC Fund Analyst, Ananya Sinha, speaks at the Rise & Shine Female Founders Breakfast panel at Sydney Startup Hub.

Industry Engagement

January 2023



Artesian is ranked as one of the Top Global Blue Economy VC Firm by Startup Genome.

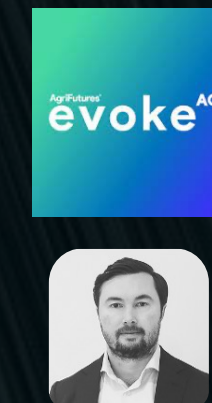
Milestone



Partner, John McCartney, participates in a discussion about the latest trends and challenges for Diversity & Inclusivity, hosted by 100 Women in Finance and Morgan Stanley.

Industry Engagement

February 2023



Director, Robert Williams, speaks on the "Startup capital: local vs global" panel at evokeAG 2023, a major Asia Pacific agrifood technology event.

Industry Engagement



Australian Impact Investments spotlights Artesian's Green & Sustainable Bond Fund in their impact report 2nd year in a row.

Milestone

March 2023



Artesian partners with Harriet to launch "The Female Founder Series," a curated forum to connect female founders with investors and mentors in the Asia Pacific region.

Industry Engagement



2 Feb 2023 - Japanese Banking Giant MUFG bank signs an alliance with Artesian, as it seeks to boost the presence of its corporate customers in the industry and align with Japan's goal to achieve a ten-fold increase in the number of start-ups over five years.

Milestone

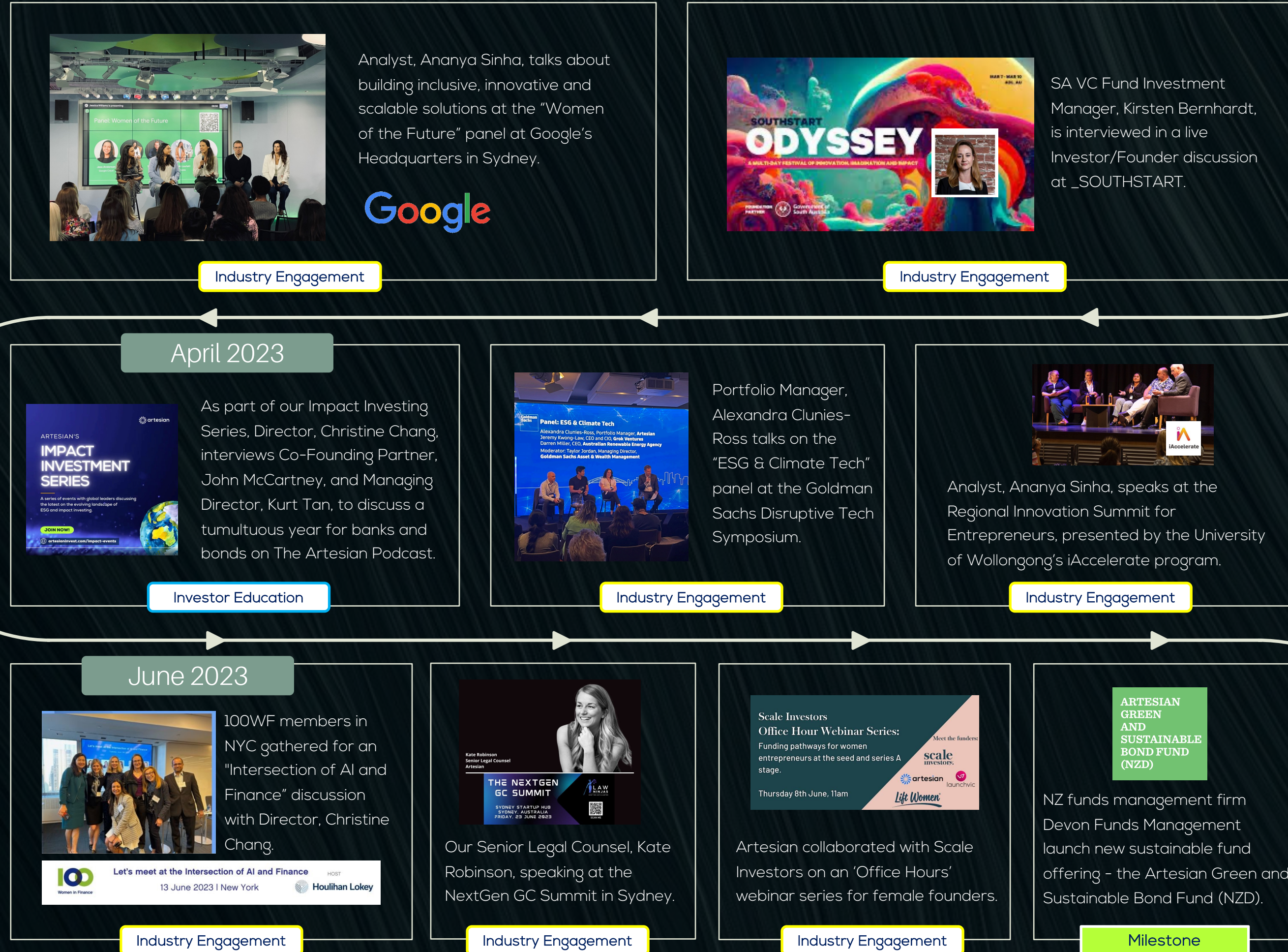


Managing Director, Shane Masters, hosts the "Green-AgTech Pitch & French Breakfast", a pitch session of French & Australian Green-AgTech startups at evokeAG 2023.

Industry Engagement

Engagement, Outreach & Milestones

2022/23 Impact Timeline



Engagement, Outreach & Milestones

History of Collaborations & Partnerships



● Scale Investors

Scale Investors is Australia's first and only network of angel investors committed to investing in and empowering exceptional women entrepreneurs.

Artesian has partnered with Scale Investors on the Female Leaders VC Fund and a series of startup and female angel investor events.



● UNCDF

The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

Artesian launched an impact partnership with UNCDF to support gender-lens investing, boost female leaders in the corporate workplace, and support women's economic empowerment in the world's 47 Least Developed Countries ('LDCs').



● Beyond The Billion

In 2018, Beyond the Billion began a pledge campaign for The Billion Dollar Fund for Women, aiming to address the gender gap in venture investing. The goal was met in under 9 months and the campaign ended successfully in 2020. Since then, Beyond the Billion has launched a second campaign that will run till 2023, supporting women-led innovation by directing capital towards funds for female-founded companies.

Artesian pledged its commitment to Beyond the Billion in March 2022, becoming the first Australian VC firm to do so.



● SheSyndicate

SheSyndicate is a 501(c)3 non-profit organisation that aims to economically empower women and girls around the world through education, research opportunities, mentorship and capital stewardship.

Artesian is the proud founding sponsor and supporter of SheSyndicate.org.



● Equileap

Equileap research and rank over 3,500 public companies around the world using a unique and comprehensive Gender Equality Scorecard™ across 19 criteria, including the gender balance of the workforce, senior management and board of directors, as well as the pay gap and policies relating to parental leave and sexual harassment.

Artesian and Equileap are impact partners on the Women's Economic Empowerment Bond Fund.



● Grains Research & Development Corporation

The Grains Research and Development Corporation (GRDC) is one of the world's leading grains research organisations, responsible for planning, investing in and overseeing RD&E to deliver improvements in production, sustainability and profitability across the Australian grains industry.

Artesian has partnered with Grains Research and Development Corporation (GRDC) to establish the \$50m GrainInnovate fund to boost innovation in the grains industry.



● BOAB AI

Boab AI, is a scaleup investment program based in Melbourne, investing in Victorian and international AI companies ready to expand globally.

Artesian spearheaded the new artificial intelligence accelerator and venture capital fund in February 2021. Boab AI secured \$1.5 million in funding from the Victorian state government via its start-up agency LaunchVic, as well as \$8 million in private capital for its launch.

Engagement, Outreach & Milestones

History of Collaborations & Partnerships



● Grain Corp

GrainCorp is a leading agribusiness and food-ingredients processor, proudly connecting with customers and rural communities to deliver value through innovation and expertise.

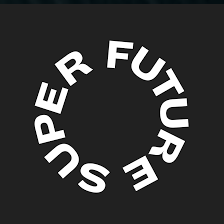
Artesian has partnered with GrainCorp on their \$30m Agtech VC fund investing in startups that help build a sustainable future for Australia.



● Clean Energy Finance Corporation

The Clean Energy Finance Corporation (CEFC) is an Australian Government-owned Green Bank that was established to facilitate increased flows of finance into the clean energy sector.

Artesian and the CEFC established the Clean Energy Seed Fund which invests in scalable, high growth potential startups, encouraging innovation and creating opportunities in the development of clean technology. The CEFC are also an investor in the Artesian Green & Sustainable Bond Fund.



● Future Super

Future Super is an Australian retail superannuation fund that offers superannuation services, focusing on zero fossil fuel investment and on holistically ethical investment with an emphasis on clean energy projects.

Future Super seeded the Artesian Green and Sustainable Bond Fund in September 2020, the fund invests in a diversified portfolio of green, sustainable and social bonds issued by companies and governments.



● HostPlus

Hostplus is the industry superannuation fund with over 1.3 million members and \$68bn in funds under management (30 June 2021).

Artesian launched its first Clean Energy Seed fund in 2016, with thought/market leaders such as CEFC, Australian Ethical, Future Super and Hostplus as investors.

In 2021, Hostplus seeded Artesian's Female Leaders VC Fund with a \$25m of cornerstone investment, alongside Legalsuper.



● Legalsuper

Founded in 1989, Legalsuper is the industry super fund dedicated to the legal community. With over 41,000 members, more than 10,000 employers and over \$5bn funds under management.

In 2021, Legalsuper seeded Artesian's Female Leaders VC Fund with a \$20m of cornerstone investment, alongside Hostplus.



● Brinc

Brinc is one of Asia's most active accelerators platforms with 15+ programs, a portfolio of 150+ startups and a global network of co-investors and corporate partners.

In 2019, Brinc and Artesian launched a Sydney-based accelerator to invest in and support clean energy and climate conscious startups in Australia.

History of Collaborations & Partnerships



Japanese Banking Giant MUFG Signs Alliance With Artesian

Article from the Australian newspaper 2 Feb 2023 by Joyce Moullakis

MUFG bank has struck an alliance with Australian firm artesian venture partners, as it seeks to boost the presence of its corporate customers in the industry and align with Japan's goal to achieve a ten-fold increase in the number of start-ups over five years.

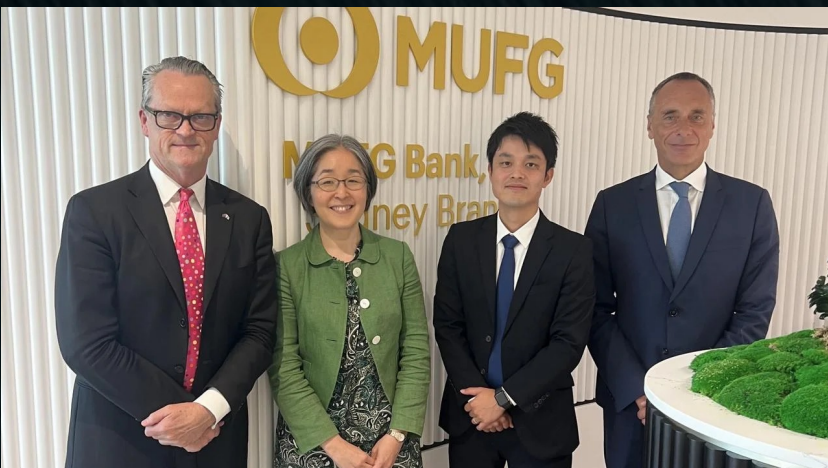


Image: Artesian Venture Partners' Japan adviser, Stephen Good, Ashurst partner Natsuko Ogawa, MUFG's Kazuki Kadera and Artesian's Gilles Planté. Picture: Dempster Jane

The open-ended memorandum of understanding, being announced on Thursday, was led by the Japanese banking giant's corporate investment banking division in Oceania. It is aimed at helping MUFG provide its corporate customers opportunities to collaborate with, and invest in, Australian start-ups.

Alternative investment manager Artesian, founded in 2004, has funds under management of more than \$1bn spanning areas such as venture capital, fixed income and impact investing, with a focus in the Asia Pacific region.

It has backed more than 500 companies including clean technology group 5B alongside investors which include bp and former Prime Minister Malcolm Turnbull.

The MOU comes, though, amid a turbulent environment for technology start-ups, digital lenders and fintechs as investors have started demanding a quicker path to profitability, fund raising has been challenged and valuations have plummeted.

Artesian partner Gilles Planté said the firm looked through peaks and troughs in the investment and valuation cycles.

"The cycle of valuation, up and down, of contraction of the number of investments being made around the world is actually quite independent of that strategy," he said.

"Those cycles in terms of innovation are very long and it's not unusual from ideation to maturation of a start-up to take 10 to 12 years.

"We feel that (Australia Japan) corridor of investment and interest in innovation is probably underrepresented and this MOU hopefully is one step in the right direction for better co-operation."

MUFG's corporate banking vice president, Kazuki Kadera, said of the MOU: "we drive to support Japanese companies with artesian to accelerate start-up corroboration with our customers."

The bank also hopes to facilitate Japanese start-ups expanding into Australia and raise capital from venture funds outside of their country.

The tie-up comes as Australia and Japan have forged a closer political and economic relationship in the past two years, which was earlier reinforced by the signing of a free-trade pact in 2015.

MUFG and Artesian are mindful of the Japanese government's edict to ramp up innovation and instill a start-up and venture capital culture there, after announcing a mega funding package and a target to boost by ten-fold the number of start-ups over five years.

"They are looking to grow the external economy of Japan. The connection between the innovation ecosystem makes a great deal of sense," said Stephen Good, Artesian's Japan adviser.

"The actual size of that investment is going to be around \$70bn and it's really the catch-up that Japan is trying to make."

Engagement, Outreach and Milestones

History of Collaborations & Partnerships



● Japanese Banking Giant MUFG Signs Alliance With Artesian *Continued*

Article from the Australian newspaper, 2 Feb 2023 by Joyce Moullakis



Image: Gilles Planté of alternative investment manager Artesian. Picture: Dempster Jane

Ashurst partner Natsuko Ogawa, who leads the firm's Japan practice in Australia, said the MOU reflected an increasing interest from Japanese investors in the local start-up industry over the past 12 months. Ashurst advised on the firms' alliance.

"The opportunities here are not well-known compared to Silicon Valley and Israel, but Australia is starting to attract interest. What is needed is better information flow to our Japanese colleagues and a willingness to learn to work together effectively in this space," she said.

"We'd obviously like to see some real transactions flowing from this MOU, as we've all said is a great step in the right direction, but it's just a starting point for growth in the actual business that is done between the two countries in this space."

Artesian – like other venture capital firms – expects some of its bets to fail both locally and through the Asia Pacific region, given the nature of the start-up space.

"Start-up and early-stage innovation (investing) is risky in nature regardless of the provenance of that innovation," Mr Planté said.

"Because we start investing in those companies in the early stage and following on throughout their life ... We are a lot less exposed to later stage, high failure with high capital involved.

"We do expect some of our companies to fail throughout their life cycle but it's mostly because of product-market fit not being appropriate."

On-demand grocery start-up Voly, of which Artesian was one of several venture backers, collapsed late last year.

MUFG – and its parent entity Mitsubishi UFJ Financial Group – have more broadly accelerated its investment in start-ups around the world in recent years.

Mitsubishi UFJ Innovation Partners, the group's corporate venture capital arm which can make equity investments, was established in 2019. MUFG and Israeli fintech liquidity capital in 2020 formed a venture to provide debt financing to Asia pacific start-ups.

The bank will, however, be keeping a close eye on how other Japanese players are faring in the market.

Softbank last year booked substantial write downs and realised losses in its venture capital-style vision funds.

MUFG's few MOUs in Australia include a 2021 tie-up with western Australia's department of jobs, tourism, science and innovation, based around facilitating engagement with Japanese companies seeking business opportunities in the state.

The bank has a longstanding presence in Australia, having established a local business in 1915.

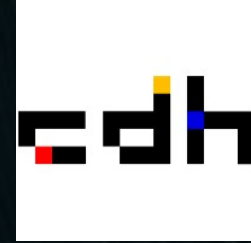
Artesian also has a Venture Capital as a Service (VCaaS) unit, with its website noting mandates for companies including GrainCorp and Invocare.

In 2020, it was appointed by the South Australian government as the venture capital fund manager to oversee the \$50m SA Venture Capital fund.

Artificial intelligence is among the investment areas Artesian has been interested in. "We've been investing in AI for the past three years, so we are expecting this to accelerate," Mr Planté said.

Engagement, Outreach & Milestones

History of Collaborations & Partnerships



- **The Victorian Government has awarded fund management company Artesian a \$10 million contract to establish and operate the Cremorne Digital Hub to accelerate the state's tech sector and ecosystem.**

Article from IT Newswire 8 September 2022 by Kenn Anthony Mendoza



Image: Partner, Tim Heasley (right), at the Cremorne Digital Hub launch.

The Victorian Government has awarded fund management company Artesian a \$10 million contract to establish and operate the Cremorne Digital Hub to accelerate the state's tech sector and ecosystem.

The Cremorne Digital Hub is Victoria's new centre for collaboration between all the players in the early-stage ecosystem, said Artesian partner Cremorne Digital Hub chief operating officer Tim Heasley.

"We have some of the world's best talent in Victoria - yet there is a significant challenge bringing that talent and industry together to accelerate commercialisation and translation of digital research. The Hub addresses that gap and brings together government, corporations, universities, investors, entrepreneurs, and startups in one place to work together," Heasley said.

The Hub borrows a similar concept to a trade centre, hosting hundreds of events and programs each year.

These will include educational programs and workshops run by Boab AI, La Trobe University, The University of Melbourne, and RMIT University.

The Hub's business model will also be underpinned by the Cremorne venture capital fund to stimulate investment.

Artesian is targeting a \$50 million to \$100 million fundraising to help fuel Victorian commercialisation and startup companies.

"Artesian sees the Cremorne venture capital fund as a critical feature to the Hub's long-term success, giving the entire digital sector an opportunity to generate compelling strategic and financial returns. This is a unique collaborative approach, and we see this as building on what exists currently in Cremorne and creating a range of incredible new outcome," Heasley added.

Cremorne contributes \$4 billion to the Victorian economy each year and is home to four of Victoria's billion-dollar valuation tech companies (MYOB, REA Group, Carsales, and Seek).

Heasley believes that Cremorne Digital Hub will also play an important role in addressing the widening digital skills shortage.

"With unemployment the lowest in 48 years, we expect the Hub will provide the startup and corporate sector with a protected pipeline of talent coming in from around the state to address their digital skills hiring needs," he said.

Founded in 2004, Artesian is a global alternative investment management firm specialising in venture capital and impact investment strategies

Engagement, Outreach & Milestones

Portfolio Engagement Early-Stage Startup Survey

Artesian’s Startup Survey is distributed annually to 625 portfolio companies across Asia Pacific to assess the level of ESG awareness, implementation, practice, and proficiency among Artesian’s portfolio companies.

Participation in the survey was voluntary, and as of 31 December 2022, garnered a 34% respondent rate.

Environmental

- 42% encourage employees to engage in environmental stewardship initiatives
- 14% have a Net-Zero carbon operation goal
- 13% have a documented Environmental policy
- 16% track their energy use
- 16% purchased carbon offsets to offset flights
- 8% actively track and measure the source of energy being used [i.e., the share of renewable vs fossil fuel sources]

Social

- 90% view themselves as an Equal Opportunity Employer
- 29% have females in C-Suite roles
- 27% have a public commitment for gender equality
- 26% have a documented parental leave policy
- 21% have a documented Social policy
- 21% have female board members
- 6% are a signatory to the UN WEP (United Nations Women's Empowerment Principles)

Governance

- 25% have a public commitment for corporate transparency
- 25% have a documented Governance policy
- 23% screen significant supplier for ESG risk
- 7% publicly share information on their ESG performance
- 14% have a written policy that includes commitment to respect human rights and prevent modern slavery in their operations
- 8% have a written policy that includes commitment to respect human rights and prevent modern slavery in their supply chain

Startup Sentiment

85% of respondents have SDG alignment with one or more global goals

22% view ESG as an opportunity

10% currently use ESG to identify risks

7.83/10 Artesian’s Portfolio Net Promotor Score

04 Appendices

More about Artesian and how we seek to deliver financial and strategic returns through the lens of ESG and impact.

IN THIS SECTION

Methodology & Approach

Driving Impact Results

Strategic Framework: Measuring and Managing Impact
Artesian's Theory of Change

Informing Investment Outcomes

Responsible Investment Commitment
Artesian's Sustainable and Impact Investing Focus
Exclusionary Screens List
Integrating ESG Considerations into Investments

Impact Processes

Measuring Impact: Methodology and Data Collection
Managing Impact: Frameworks and Guidelines

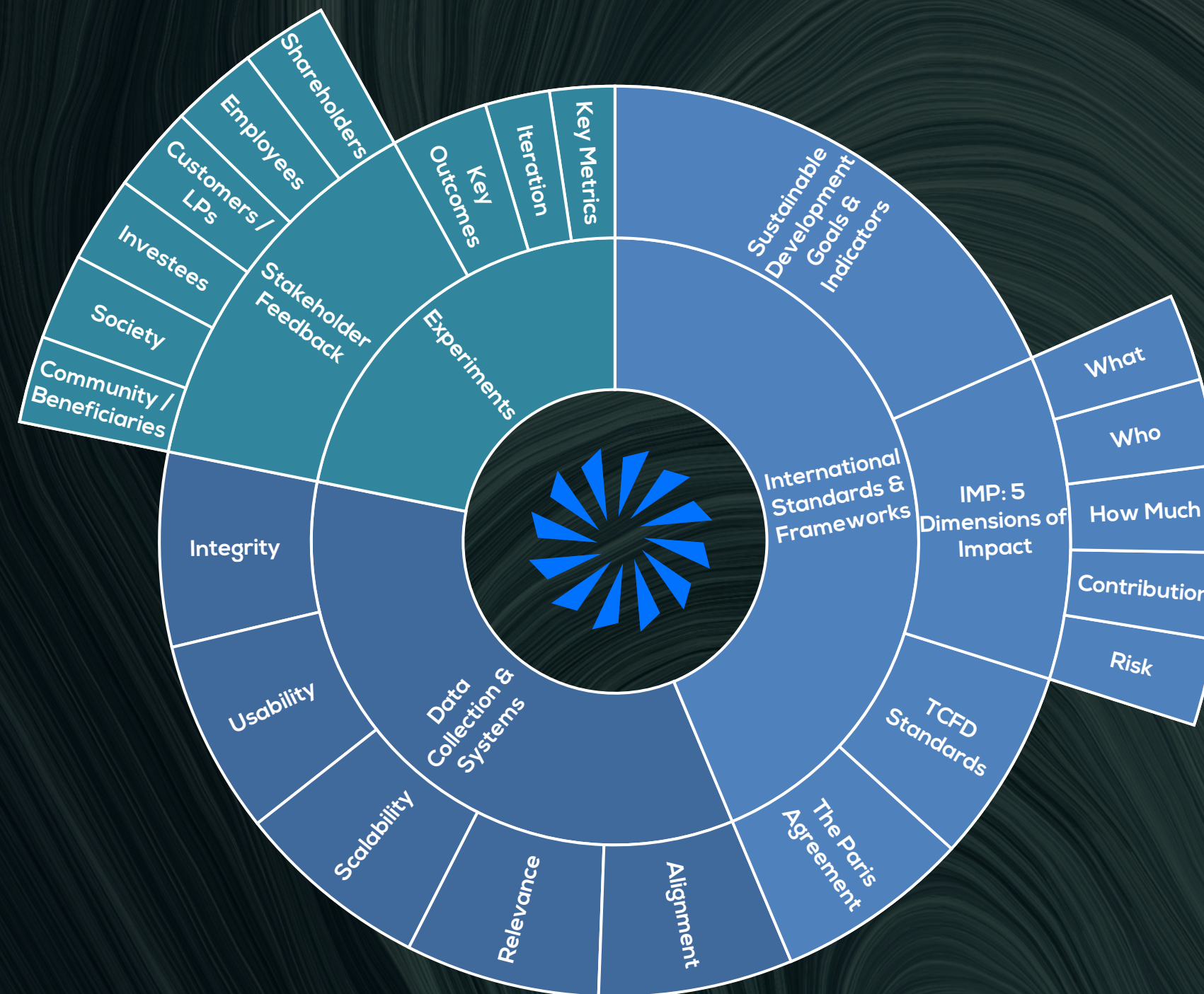
More About Artesian

Certified B-Corp
Materiality
Oversight
Disclaimers

Driving Impact Results

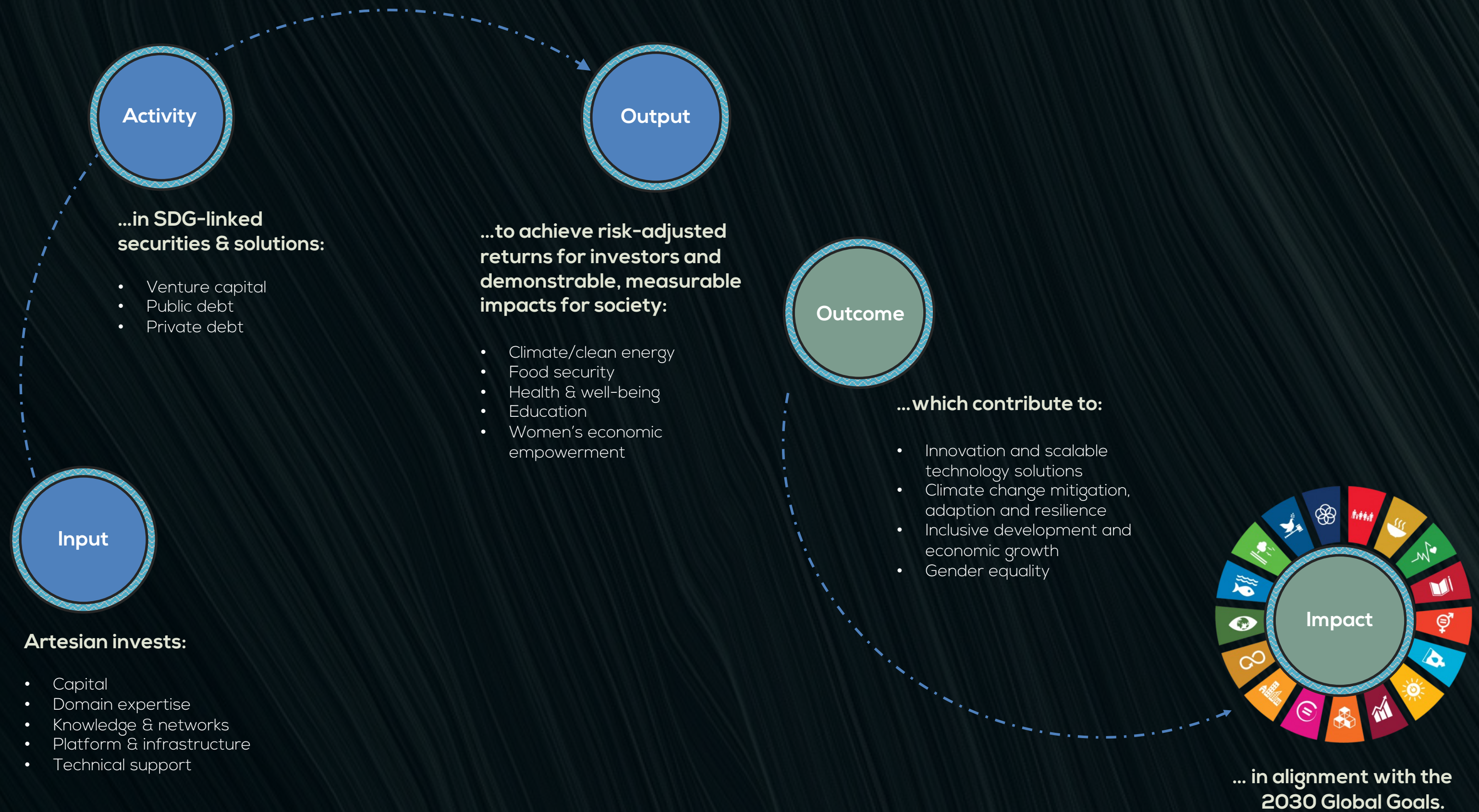
Strategic Framework: Measuring & Managing Impact

Artesian's Impact Measurement and Management Framework



Driving Impact Results

Artesian's Theory of Change



Informing Investment Outcomes

Responsible Investment Commitment

Signatory of:



For Artesian, responsible investing means incorporating into our investment process consideration of the actions and impacts on stakeholders from our investments.

A fundamental cornerstone of Artesian's strategy is to build a sustainable investment platform delivering long-term performance.

Artesian believes that a proactive approach to responsible investment issues and drivers provides advantages to our business, investment performance, customers and employees. The benefits include risk mitigation, greater long-term performance and a sustainable and responsible business.

Artesian has committed to adopting and implementing the UN's six Principles for Responsible Investment across its business and for each investment strategy.

The Principles are not a set of prescriptive rules and are to be applied as appropriate within each asset class and investment approach. They provide a robust and widely endorsed framework through which investors can incorporate ESG issues into their decision-making and ownership practices, and as such, they inform Artesian's investment processes.

Artesian commits to adopting and implementing the six Principles for Responsible Investment:

Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5

We will work together to enhance our effectiveness in implementing the Principles.

Principle 6

We will each report on our activities and progress towards implementing the Principles.

Informing Investment Outcomes

Integrating ESG Considerations into our Investments

At Artesian, we believe that consideration of ESG issues is critical the success of a company, enhancing their ability to identify potential growth areas and manage risks.

We evaluate and incorporate risks and opportunities from potentially material ESG factors, including climate change and gender representation, into our investment processes and engagement approach.

These inherent ESG considerations can substantially affect our assessment of a company's value and risk profile, and thus, are vital in influencing decision making pre- and post-investment.

Venture Capital

Screening

Where relevant and mandated, we identify excluded activities and ESG-related 'fatal flaws' during early investment reviews that cannot be resolved through engagement.

Due Diligence

Assess potential material ESG risks and opportunities.

Ownership & Monitoring

Encourage investee companies to consider ESG issues as their business grows.

Follow-On Investments

Where relevant and mandated, we assess ESG risks / opportunities during follow-on rounds through to exit scenarios.

Fixed Income

Screening

Mandate-driven screening based on sectors deemed as generating negative externalities for society and the environment. Positive bias towards green, sustainable, social and sustainability linked securities.

Due Diligence

Consult materiality mapping to assess potential ESG risks and opportunities for the given sector. Engage with the company where possible and write up an ESG company profile. Appraise and weigh impact estimates / KPIs of any green, sustainable, social and sustainability linked securities.

Ownership & Monitoring

Engage with investee companies and other investors to debate ESG issues and measurement. Consult with wider market, syndicate desks and industry groups to forward impact goals embedded in investment mandates.

Impact Processes

Measuring Impact: Methodology & Data Collection

Public Markets

Data collection on the impact of deployed capital relies on corporate disclosure. We draw on the quality of information provided in public markets to direct our efforts in private markets. To this end we focus on climate and gender – probing our investee companies to give us metrics that can be compared across the public and private markets spectrum.

Corporate disclosures allow management to communicate the firm’s performance and value to outside investors, other stakeholders, and the public.

The demand for detailed information on corporate sustainability has grown as ESG risk and opportunities have proven to impact financial performance. In public markets this is of key interest given regulatory scrutiny around reporting false or misleading statements. Company reporting can be a puzzle with reports issued under a variety of ESG topics such as governance, social responsibility, climate change, strategic vision and more.

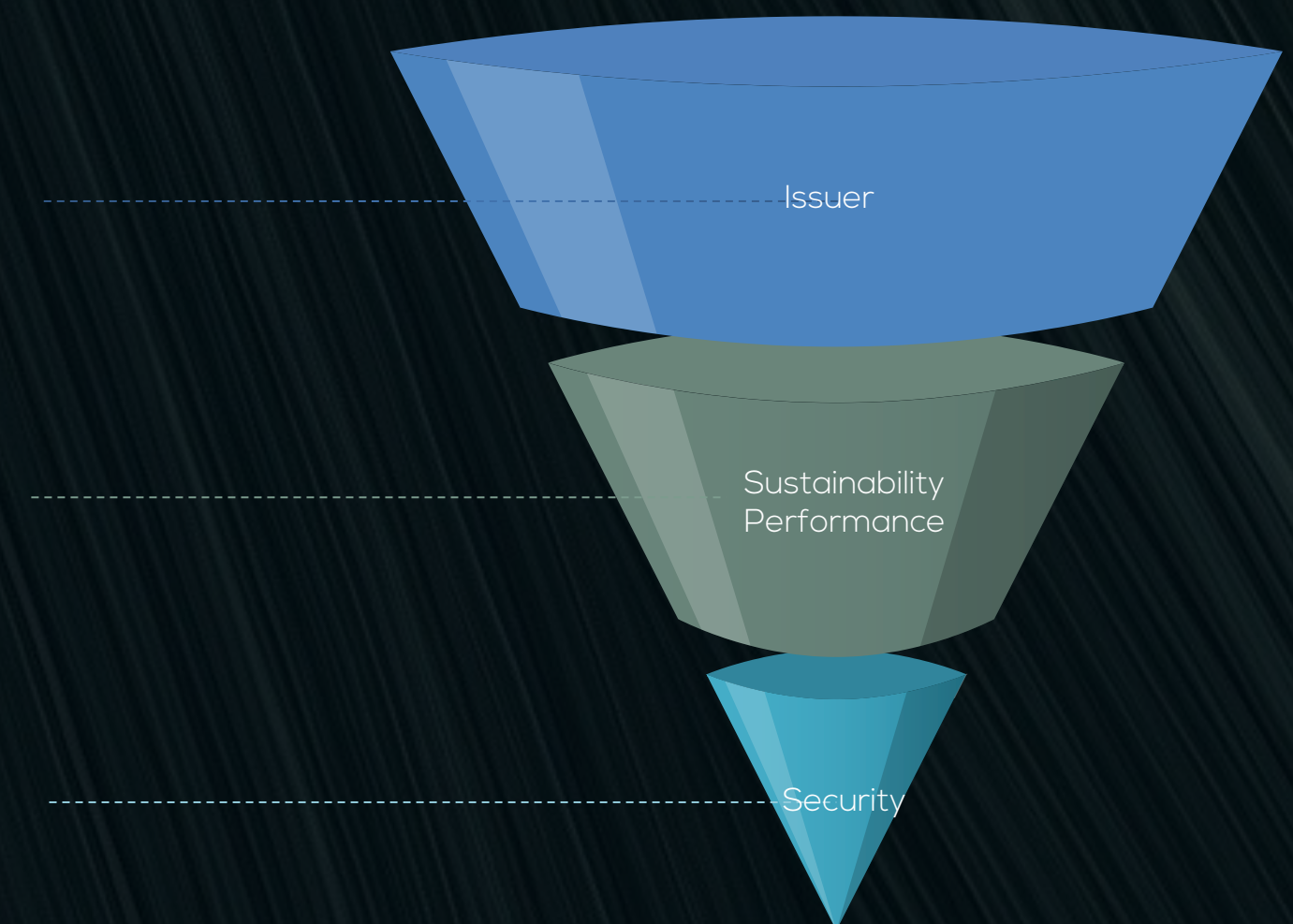
Artesian’s approach to corporate disclosures looks at 3 levels:

1. **Issuer** – annually reported data from public companies gives us guidance on all the activities a company is engaged in. Using industry templates, we can seek similar disclosures from private companies in our portfolios on a more regular (say quarterly) basis. Impact metrics and narrative may be opaque and require scrutiny.

2. **Sustainability Performance Targets** – monitor KPIs that companies set around sustainability goals. This can come in the form of project factsheets or be combined into issuer or security level disclosures. Data provides clarity for engagement with the company.

3. **Security** – gives a direct line of sight to what impact our investor’s capital is making. We require annual use of proceeds reports from bond issuers, so we can analyse and report back to our investors on the impact their capital is making. Impact metrics and methodologies have normally also been scrutinised by consultants which adds another layer of oversight.

Our corporate bond exposures are the result of negative screening (where mandated) combined with a positive ESG overlay and a preference for green, sustainable and social securities. This preference for labelled bonds means we derive most of the impact data at the security level.



Impact Processes

Measuring Impact: Methodology & Data Collection

Private Markets

In venture capital, we rely more on issuer level disclosures. Accessing impact data for early-stage companies are more challenging than for those with higher market capitalisation. The quality of the data provided improves as the company scales. We are constructing internal reporting architecture to facilitate the flow of this information in a more standardised and verifiable format and will update stakeholders on our journey as it progresses.

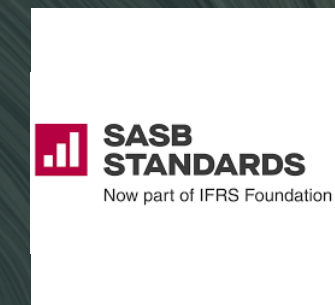


Impact Processes

Managing Impact: Standards & Frameworks

In framing and developing our ESG policies and impact processes, Artesian is informed by and supports:

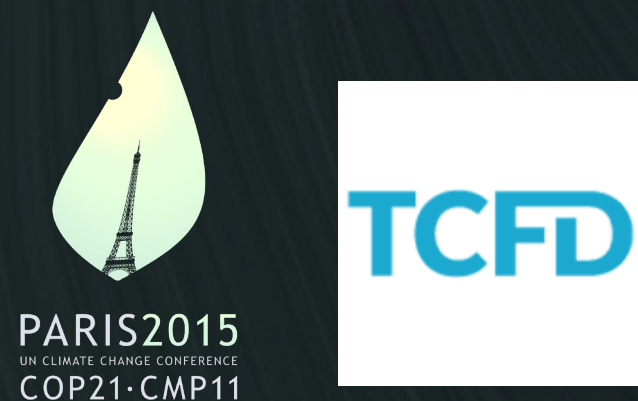
1. The Paris Agreement
2. The Taskforce on Climate Related Financial Disclosure (TCFD)
3. SASB Materiality Mapping
4. Impact Management Platform (IMP Framework)
5. Iris+ Framework
6. The SDG Goals and Targets



Impact Processes

Managing Impact: Standards & Frameworks

About the Paris Agreement and the TCFD



This section offers a concise overview of specific standards and frameworks that inform and guide Artesian in shaping and advancing our ESG policies and impact procedures.

We are committed to the principles of the Paris Agreement as it provides a durable framework across 197 countries to reduce greenhouse gas emissions and to work together to adapt to the impacts of climate change. The Agreement created a framework (TCFD) for monitoring and reporting on climate goals and marked the beginning of a shift towards a Net Zero world.

Implementation of the Paris Agreement is essential for the achievement of the UN Sustainable Development Goals.

We build upon the TCFD's core elements of recommended climate-related financial disclosures into our analysis and framework, including:

- **Governance:** The organisation's governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's business strategy.
- **Risk Management:** The processes used by the organisation to identify and manage climate-related risks.
- **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate related risks and opportunities.

Importance of the Metrics and Targets Recommendation

Disclosing information in line with the Metrics and Targets recommendation allows investors and other stakeholders to better assess the organisation's potential risk-adjusted returns, general exposure to climate-related issues, and progress in managing or adapting to those issues.

Six of the top ten most "decision useful" types of information companies can disclose fall under the Metrics and Targets recommendation.

Recommended Disclosure	Disclosure Element ²	Rank
Strategy b)	How climate-related issues have affected business and strategy	1
Metrics and Targets a)	Key metrics on climate-related issues for most recent period and historical periods	2
Strategy a)	The material climate-related issues identified for each sector and geography	3
Metrics and Targets b)	Scope 1 GHG emissions for the most recent period and historical periods	4
Metrics and Targets c)	Climate-related targets related to GHG emissions	5
Strategy a)	The material climate-related issues identified	6
Metrics and Targets b)	Scope 2 GHG emissions for the most recent period and historical periods	7
Metrics and Targets c)	The timeframes over which climate-related targets apply	8
Metrics and Targets c)	Key performance indicators used to assess progress against climate-related targets	9
Governance a)	Board consideration of climate-related issues for major capital expenditures, acquisitions, and divestitures	10

²These disclosure elements are segments of the guidance under each recommended disclosure. They do not encompass all the information conveyed in each recommended disclosure.

Impact Processes

Managing Impact: Standards & Frameworks

About SASB Materiality Mapping



This section offers a concise overview of specific standards and frameworks that inform and guide Artesian in shaping and advancing our ESG policies and impact procedures.

The SASB Materiality Map is a tool developed by the Sustainability Accounting Standards Board (SASB), which is designed to identify and compare the material environmental, social, and governance (ESG) issues that are likely to affect the financial condition or operating performance of companies within an industry.

Materiality, in this context, refers to the impact that specific ESG factors can have on a company's financial performance, risk profile, or stakeholder relations. The map helps us recognise which sustainability topics are most relevant to our stakeholders, primarily investors and investees, across various industries, promoting more transparent and comparable reporting.

In August 2022, the IFRS Foundation assumed responsibility for SASB Standards when it merged with the Value Reporting Foundation (VRF), the global nonprofit that previously maintained these Standards.

References:
5. Sustainability Accounting Standards Board (SASB), Exploring Materiality, Materiality Finder [Link](#)

SASB Materiality Map

SASB's Materiality Map is structured across 11 sectors, comprising 77 industries, reflecting a wide spectrum of economic activities. For each industry, the map identifies the ESG issues that are likely to be material, providing evidence of financial impact, risk, or opportunities. The map utilises a combination of empirical evidence and market input, guided by governance bodies like the IFRS Foundation (International Financial Reporting Standards), to highlight key sustainability areas. The resulting mapping encourages companies to align their sustainability reporting with what is most relevant to their industry and facilitates more meaningful engagement with investors.⁵

We find the SASB's Materiality Map is useful for companies and investors as it attempts to create a standardised approach to ESG reporting. By aligning the information with what is financially material to a particular industry, the map provides valuable insights for decision-making and risk management. Investors can use this information to evaluate how companies are managing their material ESG risks and opportunities, while companies can leverage the map to guide their sustainability strategy, reporting, and disclosure. As a result, the SASB Materiality Map contributes to more transparent, consistent, and comparable information about the performance of companies on sustainability matters.

Impact Processes

Managing Impact: Standards & Frameworks

About the IMP



From 2016 to 2018, the Impact Management Platform (IMP) convened a Practitioner Community of over 3,000 enterprises and investors to build global consensus on how we measure, improve and disclose our positive and negative impacts (also known as "impact management").

The resulting consensus (or "norms") provide a common logic to help enterprises and investors understand their impacts on people and the planet, so that they can reduce the negative and increase the positive. These resources migrated to Impact Frontiers following the IMP's conclusion in 2021.

This section offers a concise overview of specific standards and frameworks that inform and guide Artesian in shaping and advancing our ESG policies and impact procedures.

What is impact?

Impact is a change in an outcome caused by an organisation. An impact can be positive or negative, intended or unintended. An outcome is the level of well-being experienced by a group of people, or the condition of the natural environment, as a result of an event or action.

Impact management is the process of identifying the positive and negative impacts that an enterprise has on people and the planet, and then reducing the negative and increasing the positive.

ABC of Enterprise Impact

Any enterprise – whether a large multinational, a small business or a non-profit – can manage its impact. The ABC of Enterprise Impact helps enterprises connect their impact goals to the five dimensions of impact.

- A** act to avoid harm
- B** benefit to stakeholders
- C** contribute to solutions

Investor Contribution

Investors consider whether their efforts resulted in outcomes that were likely better than what would have occurred otherwise, which is related to but distinct from the contribution of the enterprises in which they invest. Investor contribution becomes a 'sixth dimension' of impact for investors.

The 5 Dimensions of Impact

Impacts of enterprises on people and the planet can be understood across five dimensions.

	What	What tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.
	Who	Who tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.
	How Much	How Much tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome.
	Contribution	Contribution tells us whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise.
	Risk	Risk tells us the likelihood that impact will be different than expected.

Impact Processes

Managing Impact: Standards & Frameworks

About IRIS+



This section offers a concise overview of specific standards and frameworks that inform and guide Artesian in shaping and advancing our ESG policies and impact procedures.

Introduction to Iris+

The GIIN (Global Impact Investing Network) Iris+ framework is a comprehensive system designed to measure, manage, and optimise impact investing. Iris+ provides a common language for defining, measuring, and comparing impact by offering core metrics sets, which are aligned with widely accepted global standards. It's developed to increase the effectiveness of impact investing by offering standardised methods to express strategies and measure investment effects on social and environmental goals.

This comprehensive system provides a shared language and set of metrics to assess and amplify our impact on social and environmental fronts. Aligned with universal standards, including the United Nations Sustainable Development Goals (SDGs), Iris+ equips us to articulate strategies and evaluate the effects of our investments.

References:
Global Impact Investing Network [Link](#)

Navigating the Framework

Iris+ is structured around themes, objectives, and metrics, allowing investors to navigate through different levels of specificity based on their needs. It includes different investment themes like education, health, financial inclusion, and more, enabling investors to align their investment strategies with specific goals. Objectives within the framework guide investors towards the intended impact, while metrics provide clear ways to measure that impact. By offering this structure, Iris+ helps investors align their portfolios with desired social and environmental outcomes and benchmark their performance against industry norms.

These themes guide us in aligning our investment strategies with specific societal goals. Objectives within the framework assist us in defining the intended impact, and the corresponding metrics offer clear pathways to measure and track that impact.

The GIIN Iris+ framework plays a crucial role in the growth of impact investing, addressing a need for standardisation and clarity in the field. By providing transparent guidelines, definitions, and metrics, it empowers investors to make more informed decisions and communicate their impact more effectively.

Impact Processes

Managing Impact: Standards & Frameworks

About the SDGs



The UN Sustainable Development Goals are a call for action by all countries to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs (such as education, health, social protection, and job opportunities) while tackling climate change and environmental protection.

This section offers a concise overview of specific standards and frameworks that inform and guide Artesian in shaping and advancing our ESG policies and impact procedures.



- 1. No Poverty**
End poverty in all its forms everywhere.



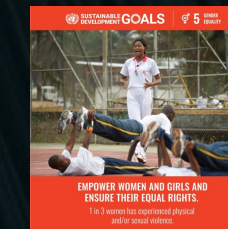
- 2. Zero Hunger**
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



- 3. Good Health & Wellbeing**
Ensure healthy lives and promote well-being for all at all ages.



- 4. Quality Education**
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



- 5. Gender Equality**
Achieve gender equality and empower all women and girls.



- 6. Clean Water & Sanitation**
Ensure availability and sustainable management of water and sanitation for all.



- 7. Affordable & Clean Energy**
Ensure access to affordable, reliable, sustainable and modern energy for all.



- 8. Decent Work & Economic Growth**
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



- 9. Industry, Innovation & Infrastructure**
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



- 10. Reduced Inequalities**
Reduce inequality within and among countries.



- 11. Sustainable Cities & Communities**
Make cities and human settlements inclusive, safe, resilient and sustainable.



- 12. Responsible Production & Consumption**
Ensure sustainable consumption and production patterns.



- 13. Climate Action**
Take urgent action to combat climate change and its impacts.



- 14. Life Below Water**
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



- 15. Life on Land**
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



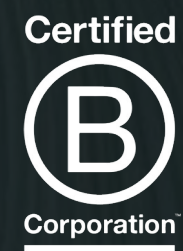
- 16. Peace, Justice & Strong Institutions**
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



- 17. Partnerships for the Goals**
Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

More About Artesian

Certified B-Corp



Highest standards of social and environmental performance

Artesian is proud to be a certified B Corporation, part of a global community of progressive companies that share a dedication to social and environmental sustainability.

As a B Corp, Artesian has undergone a rigorous assessment process to verify that we meet the highest standards of social and environmental performance.

We are committed to being both transparent and accountable, using our resources and influence to create a positive impact.

Since formalising our responsible investment philosophy in 2019, Artesian has consistently integrated impact considerations across all aspects of our business, including our venture capital and fixed income strategies.

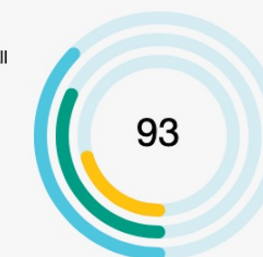
Our journey towards B Corp certification also began in 2019, prompting us to meticulously re-evaluate and refine our processes to improve our impact. In 2022, Artesian achieved B Corp certification with an exceptional B Impact Score of 93.0, surpassing both the median score of 50.9 for ordinary businesses, and the qualification score of 80.0 required for certification.

As a B Corp, our corporate operations are aligned with the principles we apply to our investments. We continue to prioritise the well-being of all our stakeholders, driving positive change through both our operations and our investments.

At Artesian, we take great pride in our achievements as a B Corp and as a business built on the foundations of responsible investing. We are excited to continue our impact journey, striving for a more sustainable economy and working to make a meaningful difference for both people and our planet.

Overall B Impact Score

Based on the B Impact assessment, Artesian Capital Management LP earned an overall score of 93.0. The median score for ordinary businesses who complete the assessment is currently 50.9.



- 93 Overall B Impact Score
- 80 Qualifies for B Corp Certification
- 50.9 Median Score for Ordinary Businesses

More About Artesian

Materiality

SASB has identified the issues that are considered material in capacity to effect enterprise value. 4 out of 26 are identified for the asset management industry – looking inward at our exposures:

Selling Practices and Product Labeling: Our products contain robust disclosures that meet all regulatory requirements. We ensure clients understand our product offerings through multiple engagements with our deep bench of the senior investment professionals who manage those products. Indeed, part of our product suite is the result of direct collaboration with investors and institutions to design financial and strategic solutions to meet their needs. Artesian appreciates the importance of aligning long-term interests across all our major stakeholders to secure success.

Employee Engagement / Diversity and Inclusion: Financial markets (both public and private) has a historical narrative of being piloted by white men – a process we have been trying to turn away from at our firm for several years. Our gender and ethnic mix is improving with 45% of our staff identifying as non-white and 34% of the firm is female.

Product Design and Lifecycle Management: Artesian acknowledges the self-evident importance of incorporating ESG analysis as part of our investment process. As part of this process, management infrastructure is in place to share information across the firm and beyond, into the market and wider community, to advance understanding on the topic. Furthermore, we have dedicated investment products that focus on specific impact verticals that lean in on one or several ESG factors.

Business Ethics: While our business is global in nature, we choose to operate in only a handful of countries. These jurisdictions are chosen for the rule of law, respect for capital, and regulatory frameworks which are well established to ensure we can operate with the high standards that our clients expect. In addition, Artesian’s high internal standards have been B-Corp certified, and we are signatories to the UNPRI.

SASB Materiality Mapping for Asset Managers				
Environment	Social Capital	Human Capital	Business Model & Innovation	Leadership & Governance
Greenhouse Gases (GHGs)	Human Rights & Community Relations	Labor Practices	Product Design & Lifecycle Management	Business Ethics
Air Quality	Customer Privacy	Employee Health & Safety	Business Model Resilience	Competitive Behavior
Energy Management	Data Security	Employee Engagement, Diversity & Inclusion	Supply Chain Management	Management of the Legal & Regulatory Environment
Water & Wastewater Management	Access & Affordability		Materials Sourcing & Efficiency	Critical Incident Risk Management
Waste & Hazardous Materials Management	Product Quality & Safety		Physical Impacts of Climate Change	Systemic Risk Management
Ecological Impacts	Customer Welfare			
	Selling Practices & Product Labeling			

Beyond the materiality relevant to Artesian as an asset manager – there are material impacts that our investments have on the environment and society. For Artesian, we are seeking to generate positive impact with the capital we deploy – thus environmental, social and governance issues are material opportunities for our portfolios. Artesian looks to map our positive impact investment thesis to their relevant impact thematic and report to investors on our progress on an annual basis.

Venture Capital					Fixed Income		
	MedTech	AgTech	CleanTech	AI & Agnostic	ESG Corporate Bond Fund	Green & Sustainable Bond Fund	High Impact Green Bond Fund
Climate		✓	✓		✓	✓	✓
Gender	✓	✓	✓	✓	✓	✓	✓
Food Security	✓	✓					
Biodiversity		✓			✓	✓	✓
Animal Welfare	✓	✓					
Human Rights (Modern Slavery)	✓	✓	✓	✓	✓	✓	✓
DE&I	✓	✓	✓	✓	✓	✓	✓
Resource Usage		✓	✓			✓	✓

More About Artesian

Oversight

At Artesian, the 5Ps that drive our actions are:

Purpose



By investing with purpose, we are accountable for both the financial and impact outcomes of our investment decisions. It is critical that both the financial and impact outcomes are measurable and that we report them transparently.

Planet



When the long-term health of the planet is prioritised, everyone benefits. Artesian believes that innovation and technology have a deflationary effect on the cost of infrastructure required to address critical global issues like climate change. Innovation and technology can also ensure a rapid and scalable delivery of solutions, given the existing time constraints, to mitigate climate crisis.

Profit



Profit is a downstream result of successfully addressing critical global challenges. While profit alone is a hollow outcome, when combined with renewability, equality and scalability, it ensures sustainability. Artesian believes that sustainable outcomes deliver profits that can be re-invested to ensure the continuation of virtuous cycles.

People

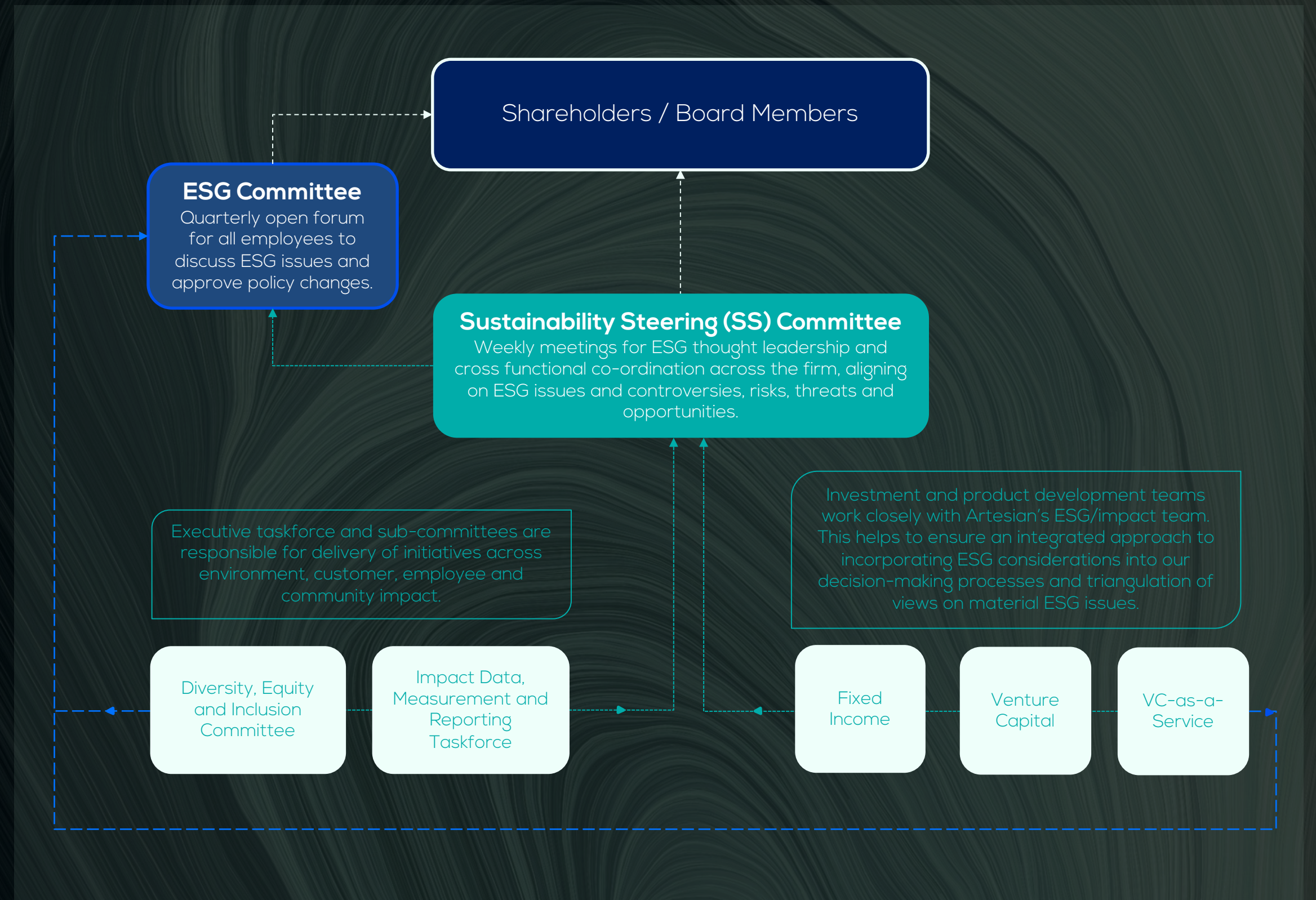


Artesian is only as good as its people, and our success depends on an ability to attract and retain a diverse team that aligns their unique talents to a shared vision. Externally, our approach is reflected in the selection of founders, teams and companies in which we invest. Diversity, social equality, governance and economic empowerment are our key areas of focus.

Product



Artesian's products are developed through building a deep understanding of market failures and the investors motivated to address them. As financial market experts, we design products that address the challenges and opportunities presented by these market failures, generating impact and optimising financial returns.



Artesian believes that a cross-asset class approach to impact investment, informed by a deep understanding of cutting-edge innovation and technology, creates superior and sustainable strategic and financial returns.

Disclaimers

CLAUSE A) This publication has been prepared by Artesian Capital Management (Delaware) LP (Artesian), to provide you with general information only. In preparing this publication, we did not take into account any person's specific investment objectives, financial situations or needs. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Artesian nor any of its related parties, associates or affiliates, including Artesian's employees, general partners and directors, provide any warranty regarding accuracy or reliability in respect of such information. To the extent permitted by law, Artesian disclaims all liability to any person relying on the information in respect of any loss or damage (including consequential loss or damage) however caused, which may be suffered or arise directly or indirectly in respect of such information. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the relevant product disclosure statement before making a decision about whether to invest in any Artesian product. Copies of the product disclosure statements can be obtained by visiting www.artesianinvest.com.

CLAUSE B) Equity Trustees Limited (Equity Trustees) ABN 46 004 031 298 AFSL 240975, is the responsible entity for the Artesian Green & Sustainable Bond Fund (Fund). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). This publication has been prepared by Artesian Corporate Bond Pty Ltd ACN 618 342 895 (Artesian), the investment manager for the Fund and an authorised representative of Artesian Venture Partners Pty Ltd ABN 58 112 089 488 AFSL 284492 (Artesian VP), to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Artesian, Artesian VP, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. Copies of the product disclosure statement can be obtained by visiting www.eqt.com.au/insto or request a copy by emailing Artesian at greenbondoperations@artesianinvest.com, visiting www.artesianinvest.com or calling +61 3 9028 7392.

CLAUSE C) The content, data, and information contained within the startup case studies have been prepared, submitted, and represented by the respective portfolio companies. No independent verification or audit of the data, statistics, or other content within the case studies has been conducted or commissioned by Artesian. Consequently, we do not provide any warranties, either express or implied, as to the accuracy, completeness, or reliability of the information contained therein.