

IMPACT STATEMENT

2020

Released February 2021



PERENNIAL

BETTER FUTURE STRATEGIES

Perennial Better Future Trust

*elInvest Future Impact Small Caps Fund (Managed Fund)
(ASX: IMPQ)*

Perennial Smaller Companies Responsible Portfolio (HUB24)



Damian Cottier
Portfolio Manager



Emilie O'Neill
ESG & Equities Analyst

ABOUT THE BETTER FUTURE STRATEGIES

The Perennial Better Future Strategies aim to deliver strong, consistent returns while contributing to a better future.

We seek companies that have a positive impact on the environment and society, with a focus on investing in companies that derive a majority of their revenues from:



Healthcare or health outcomes



Education



Renewable energy, improving energy efficiency or seeking to reduce greenhouse gas emissions



Water treatment or remediation



Environmental services or otherwise focused on environmental outcomes



Improving social outcomes



We also have a negative screen with a zero-revenue threshold. We do not invest in companies that to our knowledge receive any revenue from:



The manufacture, distribution or sale of tobacco or alcohol products



Operations or transportation associated with the live exportation of animals offshore



The manufacture, distribution or sale of weapons or armaments



Extraction or sale of thermal coal, uranium, oil or gas (other than recycled oil)



Old growth forest logging



Gambling or betting operations



The production, sale or distribution of pornography



The manufacture or distribution of toxic pesticides



UNITED NATIONS 17 SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are “the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice”. (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>)

We have partnered with Sustainable Platform to determine the SDG contribution of our portfolio.

72.8% of the Better Future Trust is contributing to the United Nations Sustainable Development Goals, which compares to our benchmark of 60.1%.



16.9% of the portfolio contributes to SDG 3: Good Health and Well-Being. This goal seeks to promote healthy lives & wellbeing for all people. Under half of the global population is covered by essential health services.

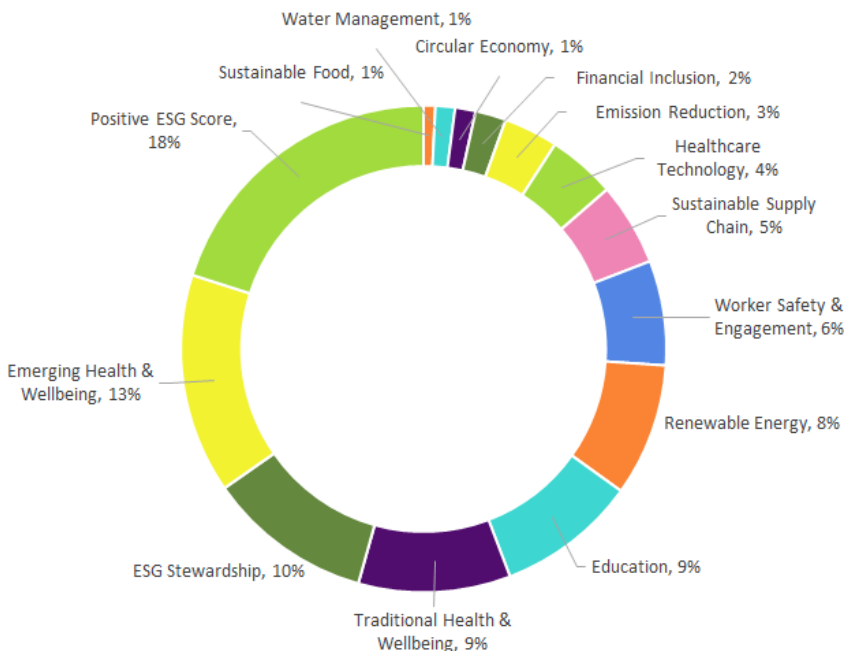
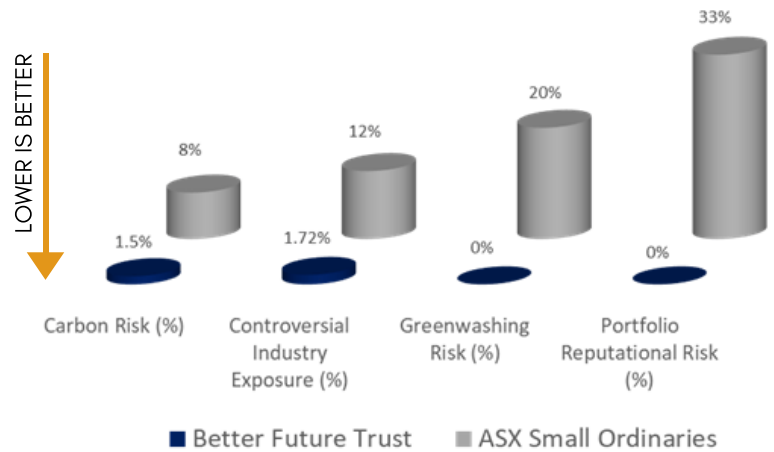
6.1% contributes to SDG 7: Affordable and Clean Energy to provide modern and sustainable energy for all. 789 million people lack electricity.



7.0% contributes to SDG 11: Sustainable cities and communities. This goal is to make communities inclusive, safe, resilient, and sustainable. In 2016, air pollution caused 4.2 million premature deaths and >90% of COVID-19 cases are in urban areas.

Note: Analysis and portfolio as at 30 September 2020

Sustainable Platform also analysed how our portfolio compares to our benchmark, the ASX Small Ordinaries, on a number of other metrics such as carbon risk, controversial industry exposure and greenwashing risk.



Note: Portfolio as at 31 January 2021

The Better Future Trust is focused on finding innovative smaller Australian companies that are making a positive contribution towards a better future. This chart is our holding companies as at 31 January 2021 divided into Better Future themes, like water management, education, healthcare and renewable energy.

Note: Categories are based on Perennial's internal definition

POSITIVE IMPACT ON THE ENVIRONMENT

The Perennial Better Future Strategies aim to deliver strong, consistent returns while contributing to a better future. Our portfolio companies:



Over 1 million²
trees planted

Avoid an estimated
~19,800,000
CO2e

associated with alternative high emitting energy generation¹



Over 23.2 million MWh³
Renewable energy generated



8.6 million tonnes
of materials recycled⁴



121 billion litres
of drinking water produced⁵



3 Portfolio companies with a net zero emissions target⁶

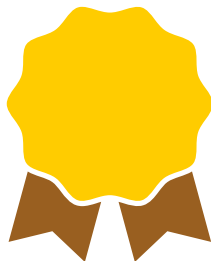
1. Estimated using the Irena renewable energy agency avoided emissions calculator for Australia (<https://www.irena.org/climatechange/Avoided-Emissions-Calculator>)
2. KMD, SM1, SIQ
3. MCY, MEZ, SGM, NEW
4. SGM, KMD, BKL
5. FLC
6. SGM, BKL, AEF

POSITIVE IMPACT ON THE SOCIETY

Companies in the Better Future Strategies have a positive impact on society.



3 years
of volunteer days⁹



3 portfolio companies are certified B Corporations⁸



7. IDX, NHF, PPT, SM1, RMD, IRE, ERD, AEF, BEN, SDF, AUB, GEM
8. SM1, KMD, AEF
9. IRE, EQT, SPK, SDF, AUB, VOC

OUR COMPANIES CONTRIBUTING TO A BETTER FUTURE

We set out below a description of the positive contribution that companies that we held in 2020 are making to a better future.

ENVIRONMENT



Meridian generates 100% renewable energy, primarily hydro energy in NZ. The company has 3,047 MW renewable energy capacity, which is enough to power 914,100 homes.¹⁰



Mercury generates 100% renewable energy, primarily hydro and geothermal energy in NZ. The company has 1,545 MW renewable energy capacity, which is enough to power 463,500 homes.¹⁰



Calix has developed technology that is being piloted by European cement companies to separate carbon dioxide from the cement production process to be used or stored. It is also developing next generation Lithium battery technology. The lime & cement industry is responsible for about 8% of global emissions and the Calix solution could help to reduce the emissions as we move towards net zero.



Infigen is a renewable focused energy producer with 916 MW of wind generation capacity in Australia and a 25 MW battery located in South Australia.



Kathmandu is a B Corp and is focused on using renewable materials in its outdoor products. Its brand Oboz, plants a tree for every sale with 700,000 trees planted in 2020. Kathmandu's brand Rip Curl recycled 10.3 tonnes of polyester in 2020 and Kathmandu used 8.2 million old plastic bottles in their materials in 2020.

¹⁰. based on the Climate Council report that 1MW of capacity can power ~300 homes



Fluence designs and manufactures decentralised water treatment plants, with a focus on developing countries. Fluence products treat wastewater and desalinate water in a manner that is up to 90% more efficient than traditional processes. The company is also developing a water treatment plant in Abidjan, Cote d'Ivoire which will provide sufficient capacity to meet the fresh water needs of over one million people. It provides 121 billion liters in drinking water and recycles 8.7 billion liters of water each year. It has provided 1,200,000 people with freshwater in total.



New Energy Solar generates 100% renewable energy and operates solar power plants in Australia and the US. The company has 167 MW of capacity in New South Wales, Australia and 606 MW of capacity in the US.



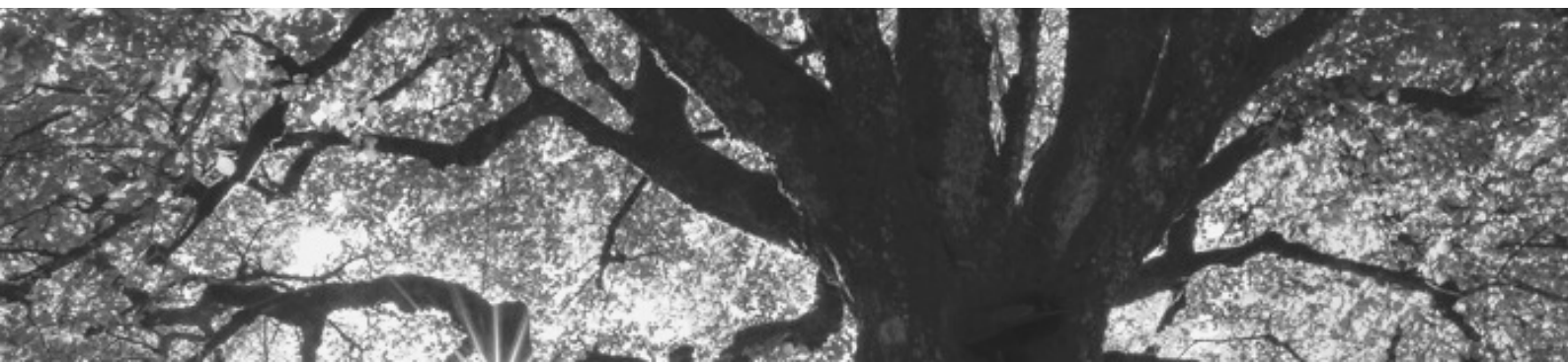
Synlait is a B Corp and is targeting a reduction in on-farm GHG per kilogram of milk solids by 35% by 2028 and reduce off-farm GHG emissions per kilogram of product by 50% by 2028.



Genex Power operates the 50 MW Kidston Solar Project in Queensland and the 50 MW Jemalong Solar Project in NSW. It is also developing the 250 MW Kidston Pumped Storage Hydro Project and the 50 MW Como Battery Project, both in Queensland.



Sims Ltd is a global leader in metal and electronic recycling with more than 200 facilities and operations in 15 countries. In FY2020 Sims recycled 8.2m tonnes of scrap metal.



SOCIAL

CleanSpace CleanSpace designs, manufactures and sells technologically advanced, reusable respirators. CleanSpace products are used to protect the respiratory health of workers in both industrial and healthcare settings. CleanSpace products have been used during the COVID-19 epidemic to provide more sustainable and comfortable protection to healthcare workers than traditional surgical face masks. CleanSpace has an installed base of over 70,000 respirator units.



Genetic Signatures is a molecular diagnostics company that uses its 3base technology to detect a wide array of infectious diseases, including COVID-19. The rapid 3base technology generates results within one day and allows labs to have higher throughput. The company's product is being used in Australia and Europe for COVID-19 testing.



Telix has developed a procedure for imaging and treating cancer, in particular prostate cancer, in a manner which is more effective and generates less radiation than traditional techniques.



4D Medical has developed four-dimensional lung imaging technology. 4D's software couples traditional X-ray imaging with airflow analysis to identify respiratory deficiencies earlier and with greater sensitivity in comparison to existing technologies.



Imricor has developed an instrument which allows certain heart procedures to be carried out in an MRI environment rather than an X-ray environment. This makes the procedure both more accurate and safer for both the patient and healthcare workers.



Janison's online examination platform is used by organisations globally to deliver exams. This is more efficient than traditional "pen and paper" exams and the platform can be used to improve educational outcomes by adjusting exams to student ability during the course of the exam. Janison is expected to deliver more than 10 million exams online globally in 2021.



Immutep is developing immunotherapies for the treatment of cancer and autoimmune diseases with its lead product designed to improve the effectiveness of existing cancer treatments. Early trial results in patients with breast cancer are encouraging.

NEXT SCIENCE Next Science has developed non toxic products which eliminate biofilm bacteria and better sterilise wounds and hospital environments.



Doctor Care Anywhere is a telehealth provider in the UK and Europe. The company facilitates the provision of both primary care and secondary care remotely through its technology platform and clinicians. The company provides services to more than 1,500 corporates and SME clients through a relationship with health insurers such as AXA and HCA Healthcare. The company's business model is designed to provide benefits for patients, clinicians and health insurers through the use of technology which makes services more accessible and reduces cost. It is expected that the company will conduct over 250,000 remote consultations during 2021.

limeade Limeade has developed a software platform that promotes employee well-being and measures employee satisfaction and engagement. Key aspects that Limeade products address include mental health and diversity and inclusion. Limeade is expected to have over 2.5m active users globally in 2021.



Control Bionics has developed products that enable people with disabilities to communicate with and control electronic devices using their own neuroelectric signals even when the relevant muscle is not fully functional. It is expected that the company's products will assist over 150 new clients in 2021.



EROAD has developed an in-vehicle telematics system. The system allows owners of vehicle fleets to improve driver safety and increase the efficiency of vehicles. EROAD has over 120,000 units in operation across New Zealand, the US and Australia.



Bendigo Bank is a key partner to 324 Bendigo Community Bank branches. Profits from these branches are reinvested into the community with \$250m having been donated to local communities since 1998. Often these branches are in communities that would not otherwise have access to local banking services.

DIVERSITY



Meridian has significant female representation on the board with an equal number of male and female directors.



Integral Diagnostics has significant female representation in senior leadership roles with a female Chair and female Chief Financial Officer.



CleanSpace has significant female representation in senior management roles with a female Managing Director and female Chief Financial Officer.



Spark NZ has significant female representation in senior leadership roles with a female Chair, a female Managing Director and 4 out of 7 directors being female.



Bendigo has significant female representation in senior leadership roles with a female Chair and female Managing Director.

INVEST IN A BETTER FUTURE

Perennial Better Future Trust

e-Invest Future Impact Small Caps Fund (Managed Fund)
(ASX: IMPO)

Perennial Smaller Companies Responsible Portfolio (HUB 24)

Delivering strong, consistent returns while contributing to a better future.

Issued by: The Investment Manager, Perennial Value Management Limited, ABN 22 090 879 904, AFSL: 247293. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This report is provided for information purposes only. Accordingly, reliance should not be placed on this information as the basis for making an investment, financial or other decision. This information does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this report is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trusts must be accompanied by an application form. The current relevant product disclosure statements, additional information booklet and application forms can be found on our website www.perennial.net.au. Use of the information on our website is governed by Australian law and is subject to the terms of use.