

This statement sets out how Anglican Funds Management (AFM) incorporates ethical and ESG considerations in portfolio construction and ongoing monitoring. It applies to all new investments and to existing holdings as they are reviewed.

Exclusions (all portfolios)

AFM does not invest in companies involved in the manufacture of controversial weapons*, nuclear weapons, or tobacco products.

Australian equities – ESG screening

The Australian equities portfolio seeks to avoid material exposure to the following activities:

- Weapons or armaments (manufacture, sale, or distribution)
- Gambling products or services (manufacture, sale, or supply)
- Tobacco products (manufacture, sale, or supply)
- Significant environmental harm, excessive pollution, or serious breaches of environmental law
- Unfair, unsafe, or exploitative treatment of employees (including serious WHS failings)
- Exploitation of disadvantaged or vulnerable people
- Support for, or facilitation of, repressive regimes**

International equities – ESG monitoring

The international equities portfolio seeks to avoid companies assessed as having severe negative controversies within a five-year lookback period in relation to:

- Pollution, emissions, and waste
- Energy use and greenhouse gas emissions
- Human rights and labour practices
- Workplace relations and responsible supply chains
- Workplace health and safety
- Community impacts***

Other asset classes

The following asset classes are currently considered lower risk for ethical issues and are not subject to regular ESG screening under this Statement:

- Property and infrastructure
- Government and corporate bonds
- Fixed interest securities and cash

Review

AFM will review this Statement periodically to ensure it remains aligned with investor expectations, regulatory requirements, and evolving ESG standards.

Governance and exceptions

The Investment Committee will seek to apply these criteria to all new investments. Where a holding does not meet, or no longer meets, these guidelines, AFM is not required to divest immediately but will exit the position as soon as reasonably practicable, having regard to liquidity, fiduciary duties, and market conditions.

Definitions

***Controversial weapons** refer to weapons that are prohibited or restricted under international conventions or are widely regarded as unacceptable because they cause indiscriminate, disproportionate, or long-term harm to civilians. This commonly includes cluster munitions, anti-personnel landmines, chemical and biological weapons, nuclear weapons, blinding laser weapons, incendiary weapons, and depleted uranium weapons.

****Support for, or facilitation of, repressive regimes** refers to providing material, financial, technological, logistical, security, surveillance, governance, or other operational assistance to a government, state agency, military, police force, or state-controlled entity that is credibly associated with systematic human rights abuses, suppression of civil liberties, unlawful detention, censorship, persecution, forced labour, violent repression, or other serious abuses of power.

*****Community impacts** refers to severe negative controversies credibly associated with serious adverse effects on local communities, including displacement, loss of livelihoods, inadequate consultation, harm to Indigenous peoples or cultural heritage, public health or safety impacts, community conflict, misuse of security forces, or failure to prevent or remedy material harm.

Important Information - Disclosure

AFM operates under the Australian Securities and Investments Commission's (ASIC) regulatory framework as a Charitable Investment Fundraiser (CIF) and under the Australian Prudential Regulation Authority's (APRA) framework as a Religious Charitable Development Fund (RCDF). These designations enable us to provide both lending and investment services to eligible investors. Our investment products are exclusively available to Christian institutional investors, including Christian schools, registered Christian charities, and incorporated Christian religious institutions. We are not open to retail investors and are not required to hold an Australian Financial Services License. However, we operate under specific exemptions, such as ASIC Instrument 2016/813, that allow us to assist the sector in managing capital effectively. The ASIC Instrument that AFM operates under is specific to Religious, Educational, Community and other Charitable Organisations. Due to these exemption documents, Product Disclosure Statements (PDS's) and Prospectus Disclosures are not issued. It is important that all investors into AFM must understand these differences before proceeding.