

USU CONFIRMS SIGNIFICANT CHANGE TO INVESTMENT PORTFOLIO

June 30, 2023

Over the past year, the USU Board has committed to a vision to have more diversified, ethical, and fit-for-purpose investments. We did this to institutionalise the ethical standards our members expect and improve our financial governance. As part of this, USU has reviewed and enhanced its Investment Policy. This confirms a dual mandate of maximising returns on investment within USU's risk appetite and meeting responsible investment parameters. In particular, USU now formally recognises the significant impacts of climate change and seeks to steer USU's investments into ESG and responsible investment sectors.

As a result, it was identified that the long-held investment (a \$2.7m position) in Australian Foundation Investment Company (AFIC) did not meet the Board's vision according to USU's Investment Policy. In light of this, as of June 7, 2023, USU has divested in AFIC and reinvested the funds into a diversified portfolio of investments that better aligns with organisational values of diversity, inclusiveness, equality and sustainability. This means USU has no investments in fossil fuels, alcohol, gaming, armaments, munitions, or tobacco.

USU intends to reinvest the proceeds in a diversified portfolio of responsibly aligned investments with a focus on high ESG standards, negative industry screens, and a move towards additional impact over time. Further to this change, a full review of USU's investment portfolio (approximately \$12m in total) and advisory services has been undertaken.

While this change has taken time, it has been out of abundance of caution to safeguard our members' money while working diligently to realise our responsible investment objectives. The year-long process included diligent work from USU's management team, the expert assistance provided by USU's new investment manager, and oversight from USU's Finance Committee. The result is a more ethical investment portfolio with a balance of asset classes and clear strategy. Ultimately, we're delighted by this positive, significant step to improve USU's investments.

A handwritten signature in black ink that reads "Cole Scott-Curwood".

Cole Scott-Curwood
USU President