

Our Planet, Our Health – Our Future

This year, World Health Day is highlighting the strong connection between the **health of humans** and the **health of the planet**.

The World Health Organisation is aiming to foster economies focused on health and well-being. The Future of Healthcare Fund (the Fund) is aligned to this mission.

World Health Organisation (WHO) Top 10 Threats to Global Health ¹			
1	Air pollution & climate change	6	Ebola & other high-threat pathogens
2	Non-communicable diseases	7	Weak primary health care
3	Global influenza pandemic	8	Vaccine hesitancy
4	Fragile & vulnerable settings	9	Dengue
5	Antimicrobial resistance	10	HIV

The Fund's perspective

We believe that health and wellbeing benefits drive sustainable returns for the Fund. With the symbiotic relationship between the environment and healthcare, environmental sustainability can bring about better health outcomes and economic co-benefits. Good health contributes to reducing poverty, attaining quality education and reducing inequalities.

The Fund draws upon the UN Sustainable Development Goals (SDGs), WHO Top 10 Threats to Global Health and Australian Unity's Community and Social Value Outcomes during the investment process. Through an ESG assessment, to establish a proprietary ESG Risk Rating the Fund considers the ecological footprint of prospective investments.

The global push for ESG investing provides strong motivation for companies to reduce their environmental impact and mitigate the damage to human health.



As a Healthcare fund the impact targets for **Goal 3 Good Health and Wellbeing** have particular relevance and are all valid targets for the fund



13 million

deaths each year are attributable to avoidable **environmental** causes²

A cause for concern

With the natural environment being degraded at an unprecedented rate, climate change threatens to destabilise health systems and erode the environmental determinants of health.

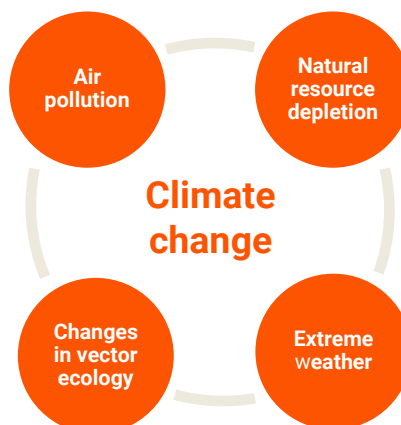
Asthma, respiratory allergies & cardiovascular diseases. Indoor and outdoor air pollution kills an estimated 8 million people per year.



USD 2.9 trillion

health & economic cost of **air pollution** in 2018⁴

Zoonoses, vector-borne diseases



Malnutrition, diarrhoea and water-borne diseases, harmful algal blooms



2.2 million

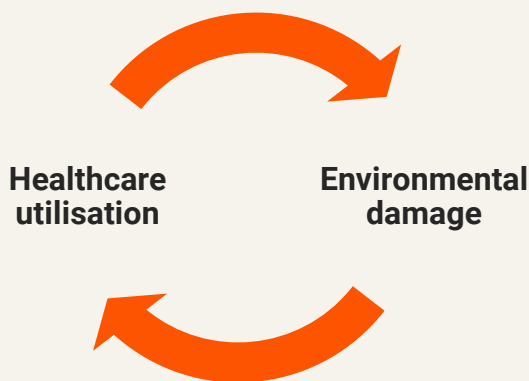
deaths per year from **diarrhoea**³

Mental health illnesses, heat-related illnesses, injuries

The vicious cycle of healthcare

Despite aiming to improve health, the delivery of healthcare itself has a significant ecological footprint (for example, chemical, biological and other waste from health interventions impact the environment and ultimately human health).

This in turn requires increased healthcare utilisation which leads to added emissions, waste and degradation, creating a vicious cycle.



Healthcare's environmental impact

1. Emissions

The healthcare sector generates significant greenhouse gas emissions, predominantly in the supply chain and manufacturing processes. As a whole, the sector accounts for:



4.4%
of **global**
emissions⁷



7%
of **Australia's**
total emissions⁸

2. Natural resource depletion

Through the delivery of care, development of drugs and biomedical research, the healthcare sector depletes **natural resources** of water, plants and animals.

3. Waste

Hospital generation of waste is attributable to the need for rigorous infection control. This waste spans single-use clinical equipment, patient-contaminated materials and plastics.

Clinical waste is even more problematic, requiring incineration, autoclaving or chemical disinfection prior to landfill. These processes increase the **cost of disposal by 10X** and can lead to **harmful emissions**⁵.



3.58kg

equivalent waste produced **per patient**
in Victorian public health facilities⁶

The future of healthcare

Australia's ageing population, growing burden of chronic disease and increased incidence of climate-associated extreme weather events place significant pressure on the healthcare system.

The destruction of the natural ecosystem creates physical risks and hazards, like droughts and bushfires, with the potential of a negative impact on the country's GDP.

The future of high-quality healthcare will rely on it being both environmentally and financially sustainable.

Financial co-benefits

Fortunately, evidence suggests the economic costs of mitigation measures will largely be covered by the associated improvements in health.

Better environmental, financial and patient outcomes can be achieved from measures which:

- promote **waste efficiency**
- manage **resources efficiently**
- focus on **value and cost-effectiveness**
- encourage **preventative care**

“ *The climate crisis is the single biggest health threat facing humanity* ”

World Health Organisation

Single-use clinical equipment

Single-use, disposable devices are ubiquitous within healthcare settings today. Their use is driven by infection control, financial pressures and medical device regulations.

Single-use items accumulate in landfills and can release toxic emissions during degradation. However, the hazardous sterilisation processes and materials associated with reusable clinical equipment means some single-use items have a comparatively reduced environmental impact.

In light of the contamination prevention and cost-effectiveness of single-use equipment, the Fund holds investments in two single-use endoscopy leaders:



As the largest single-use endoscopy company by volume of sales, the Fund sees **Ambu** as well-positioned to lead the single-use market, which is projected to reach USD \$2.5bn in 2025. Committing to environmentally sustainable product development, Ambu have initiated three key 2025 targets⁹:

- 95% of new products will be PVC-free, since PVC releases toxic chemicals upon incineration
- 100% recyclable, reusable or compostable packaging (where suitable/available)
- 50% reduction in carbon emissions compared to 2019¹⁰



IQ Endoscopes are tackling the affordability, cross-contamination and capacity constraints associated with traditional endoscopy (reusable equipment).

IQ Endoscopes single-use technology reduces water consumption and release of hazardous cleaning chemicals, since they eliminate the cleaning processes required for reusable scopes.

While currently progressing to regulatory approval for their gastroscope, IQ Endoscopes are also working towards a fully recyclable product.

Sustainability leader

With the growing focus on ESG investing, the Fund has stakes in several highly-regarded sustainability leaders.



Dow Jones
Sustainability Index
Healthcare Industry
Leader
2013–2019

Abbott is a global healthcare company with products spanning the diabetes, diagnostics, cardiovascular and neuromodulation spaces. A recognised leader in sustainability, Abbott has instituted targets to reduce their impact across the entire value chain. Between 2010–2020, Abbott:

- Reduced carbon emissions by 50%
- Targeted goals to reduce scope 1 and 2 emissions by 30% from baseline 2018 by 2030
- Reduced water usage by 33%
- Reduced waste by 47%

Vindicating financial co-benefit of sustainability, Abbott saved over \$100 million in packaging over the decade.

Will work with key carbon-intensive suppliers to implement sustainable programs to reduce Scope 3 carbon emissions^{11, 12, 13}.

Respiratory treatments

Air pollution poses a significant threat to the health of Australians, contributing to and aggravating respiratory diseases like chronic obstructive pulmonary disease (COPD), asthma and lung cancer. Extreme weather events, like Australia's 2019–20 bushfires saw increased hospital admissions for respiratory conditions. There is a significant market demand for interventions to help diagnose and treat respiratory illnesses.



AstraZeneca, one of our holdings, has a portfolio of treatments for asthma and COPD. These treatments are delivered in pressurized inhalers, whose fluorinated propellants contribute to greenhouse gas emissions. AstraZeneca is committing to develop near-zero emission inhalers (99.9% reduction) by 2025. Following Phase 1 clinical trials using **Honeywell's** propellant technology, the two have entered a partnership to produce these inhalers – pairing patient therapy with environmental sustainability¹⁴.

Through their flagship \$1 billion Ambition Zero Carbon programme they aim to achieve net zero greenhouse gas emissions by maximising energy efficiency, shifting to renewable energy sources, and investing in nature-based removals to compensate for any residual GHG footprint^{15, 16, 17}.

Vector-borne diseases

Vector-borne diseases are bacterial, viral or parasitic infections that are transmitted by vectors such as mosquitoes and ticks. Each year, diseases like malaria, dengue, Japanese encephalitis and yellow fever cause more than 700,000 deaths. Altered weather patterns induced by climate change influence the survival, geographical distribution and reproduction rates of vectors¹⁸.



With the higher burden of disease in tropical and subtropical areas like Australia, the WHO has urgently prioritised vector control programs which can contribute to the achievement of the SDGs.

While the Fund has invested in **ContraFect**, a biotechnology company developing therapies for antimicrobial resistant infections, we continue to explore opportunities in the prevention and treatment of vector-borne diseases.



SDG 3.3.5

Number of people requiring interventions against **neglected tropical diseases**

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Important Information

The Australian Unity Future of Healthcare Fund comprises a stapled security of ordinary units in two managed investment schemes; Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2. Units in Australian Unity Future of Healthcare Fund No. 1 and Australian Unity Future of Healthcare Fund No. 2 are issued by Australian Unity Funds Management Limited, ABN 60 071 497 115, AFS Licence No. 234454 (AUFM). Information provided here is general information only and current at the time of publication and does not take into account your objectives, financial situation or needs. In deciding whether to acquire, hold or dispose of the product you should obtain a copy of the Information Memorandum and seek professional financial and taxation advice. For more information, please visit australianunity.com.au or call our team on 1300 407 698. This information is intended for recipients in Australia only. This document is confidential and must not be distributed by the recipient in whole or in part to any other person without obtaining the prior written consent of AUFM. Past performance is not a reliable indicator of future performance.