

Australian Ethical – Various Super Options

Ethical Survey, as voted by members of the Ethical Advisers Co-Op on 30 June 2023



Poor | Disappointing | Average | Appealing | Excellent

As voted by Ethical Adviser Co-op members. Find a specialised ethical adviser near you: www.ethicaladviserscoop.org/find-an-adviser.html

Fund Overview

The Australian Ethical Superannuation investment strategies and process are underpinned by its Ethical Charter ('the Charter') which consists of 23 principles and has remained unchanged since 1986. The Charter aims to guide investment decisions toward ethical and responsible investment initiatives that have a positive impact on people, the planet and animals (such as renewable energy, healthcare and responsible financial services, and away from harmful activities (such as fossil fuel extraction, gambling and human rights abuses).

Ethical Concerns

Investments

- ✗ Some investments in the Fund may be problematic for ethical investors, such as:
 - Fossil Fuels: Veolia Environmental (4.3% coal, 2% gas), Verbund (1.7% coal, 5% gas), Eaton (5.2% oil), Mercury (4.3% gas/coal), Contact energy (13% gas/coal). While these companies are predominately focused on positive solutions, they have some small exposures to fossil fuels.
 - Other holdings with ethical concerns: Westpac, NAB, Macquarie

Other concerns

- ✗ Materiality/exposure limits on negative screens can potentially result/results in unwanted exposures within the portfolio.

Good Points

- ✓ The fund preferences ethical leaders, selecting companies from several positive industries including renewables.
- ✓ Provides a [Charter](#) detailing the ethical screening process.
- ✓ Commitment to transparency by being UNPRI signatory and RIAA certified.
- ✓ Australian Ethical is a certified B Corporation.
- ✓ Good transparency of holdings and voting history, both easily accessed via the public website, see links overleaf.
- ✓ Strong record of voting for climate change and social resolutions, see link overleaf.
- ✓ Provides a detailed annual sustainability report.
- ✓ Australian Ethical specialise in ethical investment and are highly engaged in the ethical investing community.
- ✓ 10% of yearly profits (after tax and before bonuses) are donated to charitable organisations and social impact initiatives.
- ✓ Australian Ethical release detailed explanations of their positions on issues such as mining and fossil fuels.

Fund Overview

UNPRI Signatory	Yes
Full Holdings Disclosure	Yes: Portfolio Holdings Disclosure (australianethical.com.au)
RIAA Certification	Yes: RIAA Certification
Disclosure of Voting	Yes: Voting History
Ethical Screening Process	<p>Ethics https://www.australianethical.com.au/why-ae/ethics/</p> <p>Ethical Charter https://www.australianethical.com.au/why-ae/ethical-charter/</p> <p>Our ethical criteria https://www.australianethical.com.au/why-ae/ethics/ethical-criteria/</p> <p>PDS: Product Disclosure Statement</p>
Exclusions	<p>Climate change screens</p> <ul style="list-style-type: none"> × Coal × Oil and gas × Fossil Fuel Mining, generation × High Emission transport (airline, traditional auto manufacturers) <p>Ethical screens</p> <ul style="list-style-type: none"> × Tobacco × Gambling × Alcohol × Pornography × Uranium × Nuclear power × Weapons × Animal testing (cosmetics only) × Unsustainable food <p>Conventions and controversies-based screens</p> <ul style="list-style-type: none"> × Human rights abuses, worker mistreatment & discrimination <p>Exclusions policy link: https://www.australianethical.com.au/why-ae/ethics/ethical-criteria/</p>
Materiality/Exposure Limits	<p>Above screens are at 0% of revenue except:</p> <ol style="list-style-type: none"> 1. Direct tobacco manufacturers and/or producers with 0% or more revenue from the manufacture and/or production of tobacco products. 2. Companies that have 5% or 10% (or more) of their revenues generated directly from coal, 10 or 33% from oil, 10 or 33% from gas. 3. Companies that have 5% or 10% (or more) of their revenues generated directly from alcohol or gambling. 4. Companies that have 5% or more of their revenues generated directly from pornography. 5. Weapons materiality limits are 0% for whole weapons, but 1% or 5% for components used in weapon manufacture. <p>https://www.australianethical.com.au/why-ae/ethics/ethical-criteria/</p>

About the 'Ethical Survey'

About the Ethical Advisers Co-Op

The Ethical Advisers Co-op is a group of 35 financial advisers who are passionate about ethics and finance. The Co-op was established as a not-for-profit over 10 years ago to enable likeminded financial advisers to work together to represent the voice of the consumer. We work to shift the super and investment industry into being more ethically aligned with their clients' objectives. The Co-op's nationwide membership of ethical financial advisers help over 3,300 Australians make financial decisions and invest in line with their ethical values.

How the Leaf-System Works

The ethical rating is voted by Australian financial advisers who specialise in ethical investments (Co-op members). The advisers assess if fund ethics suit their average ethical client, and if it matches with the average client's expectations and objectives. The advisers consider how successful the fund is at; 1) removing industries and stocks harmful to the environment and society 2) including companies with environmental or social benefits, and 3) providing evidence of actions from the fund which benefit society and/or the environment. The quality of information the fund provides on its ethical policies, companies invested in, and proxy voting is important in assessing if a fund is as ethical as claimed. The final rating is an average of these votes.

Financial advisers are voluntarily participating to help ethical consumers gain a quick understanding of how the clients of a group of industry professionals view the ethics of each fund. The Co-op and the advisers do not receive any form of remuneration or reward for participating.

Further Research

Does your fund walk the talk?

The Australasian Centre for Corporate Responsibility (ACCR) – a not-for-profit shareholder advocacy organisation – pushes for transparency around whether your super fund 'walks the talk' on issues such as climate and human rights. You can find details on your super fund [here](#).

Is your fund investing in fossil fuels?

Market Forces is a not-for-profit delivering transparency on fossil fuel lending, insuring and investing within super funds, banks and insurance companies. You can see how exposed your super fund, bank or insurance company is to the fossil fuel industry [here](#).

If the fund is certified by the Responsible Investment Association Australasia (RIAA)

You can find more ethical and investment information for certified funds [here](#).

More information on this fund

For exact details of the fund's claimed ethics, costs and legal details see the fund's Product Disclosure Statement - available on their website.

Vote based on information last updated 30 June 2023