

# Pendal – Horizon Sustainable Australian Share Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op on 2 September 2024



**Disappointing**

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](http://www.ethicaladviserscoop.org/find-an-adviser.html)

## Fund Overview

This is an actively managed Australian Shares investment option and has negative and positive screening. The fund's sustainability objective is to advance the transition to a sustainable future economy. It has a strong focus on company engagement with a goal of influencing change towards more sustainable and ethical business practices and investment in companies that are contributing towards the creation of a sustainable future.

## Ethical Concerns

### Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
  - Fossil-fuel intensive industries: Downer EDI, Qantas Airways
  - Mineral resources mining: Rio Tinto, Fortescue, Evolution Mining
  - Big 4 Banks: Commonwealth Bank, National Australia Bank, Westpac Banking Corporation
  - Large scale farming: A2 Milk
  - Carbon intensive industries: James Hardie
  - AUB Group is a holding, which has been called into question for having the Adani/Bravus Carmichael coal project as a client.

### Other concerns

- ✘ Materiality/exposure limits on negative screens can potentially result/results in unwanted exposures within the portfolio.
- ✘ Pendal do not specialise in ethical investments.
- ✘ While voting transparency is strong, several voting decisions have been notably weak on climate resolutions.

## Good Points

- ✓ The fund preferences companies that demonstrate, or offer or enable more sustainable practices, business models or products and services, as well as companies that advance or participate in the transition of the Australian economy to one that is more sustainable.
- ✓ Pendal details its active engagement with companies within its [Stewardship Annual Report](#).
- ✓ Provides a [Policy](#) detailing the ethical screening process.
- ✓ Some Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ Also member of the following bodies:
  - Investor Group on Climate Change (IGCC), member, represented on management committee
  - Climate Action 100+, signatory, investor participant
  - Australian Sustainable Finance Initiative (ASFI), represented on steering committee
  - Australian Advisory Board on Impact Investing, represented on board
  - CDP, investor signatory
- ✓ Good transparency of holdings and voting history, both easily accessed via the public website, see links overleaf.
- ✓ The Fund's investment choices typically demonstrate a clear connection to at least one of the UN Sustainable Development Goals.

## Fund Overview

<b>UNPRI Signatory</b>	Yes: <a href="https://www.unpri.org/signatory-directory/pendal/981.article">https://www.unpri.org/signatory-directory/pendal/981.article</a>
<b>Full Holdings Disclosure</b>	Yes: <a href="https://www.pendalgroup.com/wp-content/uploads/docs/factsheets/FundHoldings/Pendal%20Horizon%20Sustainable%20Australian%20Share%20Fund%20-%20Fund%20Holdings.pdf?v=2023-11-181700322547">https://www.pendalgroup.com/wp-content/uploads/docs/factsheets/FundHoldings/Pendal%20Horizon%20Sustainable%20Australian%20Share%20Fund%20-%20Fund%20Holdings.pdf?v=2023-11-181700322547</a>
<b>RIAA Certification</b>	Yes: <a href="https://www.responsiblereturns.com.au/products/4021">https://www.responsiblereturns.com.au/products/4021</a>
<b>Disclosure of Voting</b>	Yes: <a href="https://www.pendalgroup.com/about/corporate-governance/proxy-voting">https://www.pendalgroup.com/about/corporate-governance/proxy-voting</a>
<b>Ethical Screening Process</b>	Refer Pental's <a href="#">Responsible Investment Policy</a> , <a href="#">website</a> and <a href="#">PDS</a>
<b>Exclusions</b>	<p><b>Climate change screens</b></p> <ul style="list-style-type: none"> <li>× Fossil fuel exploration or extraction (coal, oil and gas)</li> <li>× Fossil fuel-based power generation, refinement and distribution (coal, oil and gas)</li> <li>× Fossil fuel supply chain and services (coal, oil and gas)</li> <li>× Logging</li> <li>× Nuclear power</li> <li>× Uranium mining for weapons or power generation</li> </ul> <p><b>Ethical screens</b></p> <ul style="list-style-type: none"> <li>× Breaches/misconducts</li> <li>× Alcohol</li> <li>× Animal testing</li> <li>× Civilian firearms</li> <li>× Gambling</li> <li>× Non-controversial weapons</li> <li>× Nuclear weapons</li> <li>× Pornography</li> <li>× Predatory lending practises</li> <li>× Tobacco</li> </ul> <p><b>Conventions and controversies-based screens</b></p> <ul style="list-style-type: none"> <li>× Controversial weapons</li> </ul> <p><b>Discretionary exclusions</b></p> <ul style="list-style-type: none"> <li>× N/A</li> </ul>
<b>Materiality/ Exposure Limits</b>	Total exclusions generally apply to production, or when 10% or more of revenue comes from excluded activities. Refer to pages 4 and 5 of the <a href="#">PDS</a> for more details on each screen.

## About the 'Ethical Survey'

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### 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 2 September 2024.*