

# Affirmative – Global Bond Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



Appealing

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 global fixed income fund. They have negative and positive screening. The Affirmative Global Bond Fund invests in bonds whose proceeds are committed to green, social, or sustainability projects. The fund is managed by Affirmative Investment Management (AIM), and distributed in Australia by Colonial First State.

## Ethical Concerns

### Investments

- We are unaware of any investments in the Fund that may be problematic for ethical investors.
- We note that the fund invests in bonds issued by ethically contentious companies such as Westpac Bank. However, the investments are only in green, social or sustainable bonds, the proceeds of which are being used for a specific positive purpose, such as for renewable energy projects or social housing, for example.
- Issuers with exposure to fossil fuel business activities, or financial lending to such issuers, may be considered only if the green bond is part of a meaningful strategy to transition to a low carbon business model.

## Good Points

- ✓ Fund avoids investing in issuers that have significant and direct involvement in tobacco, weapons, firearms/ammunition and gambling operations, as well as coal mining, production and coal-fired power generation.
- ✓ Positive criteria preclude issuers that exhibit a pattern and practice of human rights violations and animal cruelty.
- ✓ Fund actively seeks impact investments providing funding to areas such as education, green property, healthcare, renewable energy, climate change solutions and sustainable agriculture.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ Trust holdings are only disclosed publicly on the RIAA [website](#).
- ✓ Supports the UN Sustainable Development Goals and Paris Agreement on Climate Change.
- ✓ Positive environmental and/or social externality associated with their investments in impact bonds. Criteria include: social and environmental sectors, geographical and socio-economic context, policy and strategy context.
- ✓ Clear and transparent investment policies and processes on reporting and disclosure. Criteria include: disclosure of project portfolio, project assessment disclosure, commitment to output reporting.
- ✓ Responsible issuers with strong integrity and standards, as well as a clear commitment to a sustainable business model. Criteria include: business practice, motivation, action and affirmation.
- ✓ Ability to determine use of proceeds to assure funded activities meet the AIM criteria. Criteria include: separate accounting for impact bond proceeds, external review, project alignment.
- ✓ All securities must provide reporting on the material & measurable environmental and social impacts. Criteria include: impact KPIs, baseline and target disclosures, impact reports to stakeholders.
- ✓ AIM produces an annual [Impact Report](#) which details an independent assessment of greenhouse gas reduction, alignment with UN Sustainable Development Goals and details of projects funded across the portfolio.
- ✓ To be included in the Fund, bond issuers must demonstrate strong integrity and compliance with AIM's verification and reporting criteria, with clearly identifiable goals and an ongoing commitment to achieve social and sustainable outcomes.
- ✓ AIM specialise in impact investments.

This survey, and the information contained in this document, consider **ethics only** and do not include ANY analysis of fees, performance of financial suitability. It is **general advice only**. The ethical score is subjective and benchmarked to each adviser's average ethical client. Your ethics may differ. We recommend you speak to an experienced ethical financial adviser for personalised advice before making any decisions.

## 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 19<sup>th</sup> August 2019*