

Ausbil – Active Sustainable Equity Fund

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



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

This is an actively managed Australian shares fund. The investment manager seeks to invest in companies that meet Ausbil's sustainability approach to investing, which favours companies with a positive sustainability profile and that are not subject to long term earnings sustainability risk. The fund employs negative screening (with materiality thresholds) informed by a Controversial Activity Exclusion policy and uses a stock ranking tool which effectively works like a positive screen.

Ethical Concerns

Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
 - Fossil-fuel intensive industries: Transurban Ltd and Qantas
 - Mining exposures (transition metals): Lynas, Allkem, IGO
 - Other holdings with ethical concerns: Big four banks, Macquarie, Woolworths

Other concerns

- ✘ Materiality/exposure limits on negative screens can potentially result/results in unwanted exposures within the portfolio.
- ✘ Invests in companies named by [Market Forces](#) as undermining efforts to meet the Paris Agreement on Climate Change.
- ✘ Mining exposures within the portfolio can be problematic for some ethical investors.

Good Points

- ✓ Good transparency of [holdings](#) and [voting](#) history, both easily accessed via the public website. However, voting history is an overview only and lacks transparency around which shareholder resolutions were voted for/against.
- ✓ The fund manager has provided a full listing of their [portfolio holdings](#) on their website.
- ✓ The manager provides several policies and reports [here](#), highlighting their processes and beliefs around ESG, modern slavery, climate, human rights & supply chain issues.
- ✓ The fund has clear [negative screens](#) (with materiality/exposure limits) for fossil fuel production, alcohol/tobacco, gambling, pornography, weapons, old growth logging, predatory lending, tobacco, human rights, animal cruelty and uranium/nuclear.
- ✓ The fund preferences companies with strong ESG metrics, and takes an active ownership approach ([detailed here](#)), both with companies directly and with other investors/policy makers where appropriate.
- ✓ The manager expects, and actively encourages, companies to measure, mitigate and manage climate change risk (with examples of this behaviour detailed in the most recent [ESG Advocacy and Engagement report](#)).
- ✓ The manager is a [UNPRI](#) signatory.
- ✓ The Active Sustainable Equity Fund is [RIAA](#) certified and key Ausbil staff sit on the board of RIAA plus chair the RIAA Human Rights working group.

Fund Overview

UNPRI Signatory	Yes (https://www.unpri.org/signatory-directory/ausbil-investment-management/899.article)
Full Holdings Disclosure	Yes (https://www.ausbil.com.au/CMSPages/GetFile.aspx?guid=76c0b8c5-cc8b-4b96-9410-8598dc1e6e71)
RIAA Certification	Yes (https://www.responsiblereturns.com.au/investment-options/ausbil-active-sustainable-equity-fund/profile)
Disclosure of Voting	Yes (overview only) (https://www.ausbil.com.au/CMSPages/GetFile.aspx?guid=e7b1afaf-27b2-4763-b16a-b77830109586) and; ESG, Advocacy and Engagement Annual Report (https://www.ausbil.com.au/Ausbil/media/Documents/Research%20and%20Insights/2102-Ausbil-ESG-Engagement-Report-General-Distribution-Report-and-Web.pdf)
Ethical Screening Process	Refer ESG policy (https://www.ausbil.com.au/Ausbil/media/Documents/Research%20and%20Insights/2019-Ausbil-Environmental,-Social-and-Governance-(ESG)-Policy.pdf) and; Controversial Activity Exclusion Policy (https://www.ausbil.com.au/CMSPages/GetFile.aspx?guid=4812089e-16c7-42a2-ad83-edb08e5867cf)
Exclusions	Climate change screens <ul style="list-style-type: none"> × Fossil fuel exploration, mining (coal, oil, gas) × Fossil fuel transportation × Fossil fuel supply chain and services Ethical screens <ul style="list-style-type: none"> × Tobacco × Gambling × Alcohol × Pornography × Uranium, nuclear power × Weapons, armaments production/distribution × Animal cruelty × Predatory lending × Old growth forest logging Conventions and controversies-based screens <ul style="list-style-type: none"> × Human rights breaches
Materiality/Exposure Limits	<ol style="list-style-type: none"> 1. Direct tobacco and weapons manufacturers have 0% earnings exposure limit 2. Fossil Fuel exploration/mining > 10% materiality/exposure limit 3. Alcohol, gambling & pornography distribution/services > 10% materiality/exposure limit 4. Animal cruelty (live exports, excessive animal testing > 10% materiality/exposure limit 5. Uranium & old growth logging extraction/activity > 10% materiality/exposure limit 6. Predatory lending (payday lenders) > 10% materiality/exposure limit 6. Human rights abuses (material breaches reflected in Ausbil ESG Scoring) > 10% materiality/exposure limit

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 5 April 2023