

AustralianSuper – Socially Aware Option

Ethical Survey, as voted by members of the Ethical Advisers Co-Op 21 September 2022



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 a multi-asset investment option within the AustralianSuper superannuation fund.

Ethical Concerns

Investments

- ✗ Many investments in the fund may be problematic for ethical investors, such as:
 - Fossil-fuel intensive industries: Auckland International Airport, Sydney Airport, Transurban
 - Fossil Fuel Distribution and Supporting Industries: AMPOL, Atmos Energy Corporation, APA Group
 - Precious Metals & Rare Earth Mining: Alumina Ltd, Fortescue Metals, Newcrest Mining, Northern Star Resources, Pilbara Minerals
 - Gambling: Tabcorp, Aristocrat Leisure
 - Alcohol Distribution: Metcash, Wesfarmers, Endeavour Group
 - Animal Testing: L'Oréal SA, Proctor & Gamble
 - Other holdings with ethical concerns: Big four banks, Amazon, Nike, Meta Platforms, Electronic Arts

Other concerns

- ✗ Investment screens are marginal. Definitions of harmful activities are narrow, which results in investments in environmentally harmful mining activities being acceptable due to not being involved in the extraction of fossil fuels, for example.
- ✗ Invests in companies named by [Market Forces](#) as undermining efforts to meet the Paris Agreement on Climate Change.
- ✗ Mixed voting record re climate change and social resolutions, see [link](#) overleaf for Australian Share Voting record. E.g. Voted for shareholder proposals re Paris aligned targets for BHP, AGL and Origin Energy in 2021 but against Incitec Pivot, Danske Bank, Honeywell etc.
- ✗ May utilise derivatives to manage cash flows and to keep the investment option within target asset allocation. This can result in small economic exposure to companies that are normally excluded by investment screens (up to a total of 5% of the total assets at any one time).
- ✗ Within the Socially aware option, exclusions listed overleaf apply only to “Australian and international shares and fixed interest asset class” this was 61.5% of the option as of Sept 2022 but may vary. This means that screens do not apply to alternative assets, infrastructure, private equity, credit or property asset classes.
- ✗ AustralianSuper does not specialise in ethical investments.

Good Points

- ✓ Some Commitment to transparency by being UNPRI signatory, however not RIAA certified. – Links overleaf.
- ✓ Good transparency of holdings (updated twice a year). There's a filtering tool on website to see what is held within the Socially Aware option across asset classes including listed, unlisted which makes it easy to identify holdings of concern.
- ✓ Good transparency on voting history via the public website for both Australian and International Shares. See links overleaf.
- ✓ The option has some screens that exclude coal reserves, oil reserves, gas reserves, uranium reserves, tobacco production, cluster munitions and land mines, single gender boards i.e. exclusively male or female boards (ASX200 only), companies flagged as having human rights, labour, environmental or governance controversies.

*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.*

- ✓ This option provides carbon intensity disclosure on investments every two years. The last one, [completed in 2019](#), indicates a 17% reduction in carbon emissions from Australian equities and 44% when compared to International equity indices.
- ✓ While Australian Super does not specialise in ethical investment, it was listed as a responsible investment leader in both the RIAA 2022 Responsible investment Benchmark Report Australia & the [RIAA 2021 Responsible Investment Super Study](#)
- ✓ Australian Super has made a public commitment to reach net zero carbon emissions by 2050 across all its investment options with [continual reporting](#) and [action plans](#) to reach this goal.

Fund Overview

UNPRI Signatory	Yes - LINK
Full Holdings Disclosure	Yes - LINK
RIAA Certification	No
Disclosure of Voting	Yes - Australian and International on this page under Stewardship/Share Voting
Ethical Screening Process	<p>Refer to 'What's Excluded' under the Socially Aware Option here</p> <p>The Socially Aware option applies screening to the Australian shares, international shares and fixed interest asset classes, which covers around 61.5% of the option†, to remove securities or companies that:</p> <ul style="list-style-type: none"> • directly own fossil fuel or uranium reserves* • produce tobacco, cluster munitions or land mines • have single gender boards i.e. exclusively male or female boards (for ASX200 companies) • have received a red flag rating on labour rights, human rights, environmental or governance controversies by our external ESG research provider. <p>*Reserves, in this context, are thermal coal, oil, gas or uranium that can be extracted from known fields at an economical cost.</p> <p>† The percentage of the option covered by the screens is based on the target strategic asset allocation. During the year we can move towards or away from this percentage based on our outlook for the economy and investment markets.</p> <p>ESG and Stewardship Policy – LINK & Active Owner Program in Practice - LINK</p>
Exclusions	<p>Climate change screens</p> <ul style="list-style-type: none"> × Directly own reserves of thermal Coal, Oil, Gas & uranium <p>Ethical screens</p> <ul style="list-style-type: none"> × Production of Tobacco × Single Gender Boards for ASX 200 Companies <p>Conventions and controversies-based screens</p> <ul style="list-style-type: none"> × Producers of Cluster Munitions and Land Mines <p>Discretionary exclusions</p> <ul style="list-style-type: none"> × Companies flagged as having Human Rights, Labour, Environmental or Governance Controversies
Materiality/Exposure Limits	N/A

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.

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 21 September 2022