

BetaShares – Climate Change Innovation ETF (ERTH)

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

ERTH aims to track the performance of the Solactive Climate Change and Environmental Opportunities Index (before fees and expenses) that comprises a portfolio of up to 100 leading global companies that derive at least 50% of their revenues from products and services that help to address climate change and other environmental problems through the reduction or avoidance of CO2 emissions.

This covers clean energy providers, along with leading companies tackling green transport, waste management, sustainable product development, and improved energy efficiency and storage.

Ethical Concerns

Investments

- ✘ Some investments in the fund may be problematic for ethical investors, such as:
 - Fines / Controversies: Covanta (US waste to energy)

Other concerns

- ✘ Materiality/exposure limits on negative screens could potentially result in unwanted exposures within the portfolio.
- ✘ BetaShares do not specialise in ethical investments, however they have 8 'Ethical' or screened ETFs as part of their range of 70 ETFs.

Good Points

- ✓ The underlying index targets CO2 avoidance across green energy, green transportation, water & waste improvements, enabling solutions and sustainable products.
- ✓ Provides a clear ethical screening process.
- ✓ Commitment to transparency by being UNPRI signatory and RIAA certified.
- ✓ Good transparency of holdings and voting history, both easily accessed via the public website.
- ✓ The Fund's/Trust's carbon emissions are 36% lower than benchmark MSCI ACWI Index.
- ✓ The Trust's investment choices typically demonstrate a clear connection with one of the UN Sustainable Development Goals (ISS ESG report available)
- ✓ Stewardship report [here](#).

Fund Overview

UNPRI Signatory	Yes Link
Full Holdings Disclosure	Yes Holdings
RIAA Certification	Yes RIAA Certification
Disclosure of Voting	Yes Voting Record
Ethical Screening Process	Fund Information Responsible Investment Policy PDS
Exclusions	<p>Climate change screens</p> <ul style="list-style-type: none"> × Coal (exploration & processing) × Coal-fired power generation × Oil (exploration, processing and petrol distribution) × Natural Gas (generation & distribution) × Fossil fuel supply chain and services <p>Ethical screens</p> <ul style="list-style-type: none"> × Tobacco × Gambling × Alcohol × Pornography × Nuclear power × Conventional & Unconventional Weapons <p>Detail of Exclusions</p>
Materiality/Exposure Limits	<p>Conventional weapons 5% (Unconventional weapons 0%)</p> <p>Fossil fuel services exclusions have a 20% revenue threshold. However this does not apply to companies designed to reduce carbon intensity (pollution control, alternative fuels and fuel cells, energy efficiency, energy storage, measurement instruments)</p> <p>Companies producing EV's can be included if up to 40% of revenues are from ICE (run on fossil fuels) vehicles.</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 9 June 2022