

Hesta – Eco Pool option

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 a multi-asset investment option within the Hesta super fund. It has negative and positive filters.

Ethical Concerns

Investments

- ✗ From the visible investments in the Fund, some can be problematic for ethical investors:
 - Ethical concerns: big four banks, Unilever, JD.com
- ✗ Only a partial disclosure of fund holdings is publicly available.

Other concerns

- ✗ Recent voting history for Whitehaven and Origin proposals indicate 'for' votes for increased reporting, but 'against' votes for creating targets and changes to company strategy. This seems in line with their current voting policy (*transparency on environmental and social issues*) but highlights a gap in the voting policy – action on environmental and social issues.
- ✗ Abstained from voting on Qantas and Woolworths resolutions regarding human rights.
- ✗ Human rights voting issues on international holdings seem to be weak – one example was Hesta's voting partner being against a proposal by the 'Investors Against Genocide' group to "institute procedures to prevent investments in companies that contribute to genocide or crimes against humanity" for JP Morgan in Jan 2018.
- ✗ Hesta do not specialise in ethical investments.

Good Points

- ✓ Fund claims to exclude uranium, fossil fuels, tobacco, and controversial weapons.
- ✓ This fund excludes investments in any company that derives any revenue from the mining of thermal coal, or the extraction, production or refining of conventional and unconventional oil and gas.
- ✓ Some commitment to transparency by being [UNPRI](#) signatory, but not [RIAA](#) certified.
- ✓ Average transparency with [voting history](#) via public website.
- ✓ A range of shareholder votes have been in support of ACCR resolutions.
- ✓ Carbon footprint reporting is available [online](#). It indicates room for improvement with justifications as to why.
- ✓ Hesta seems to value engagement, having a clear policy and a range of 'engagement providers' to do this on Hesta's behalf.

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 1st March 2019