

# Perpetual Ethical SRI Fund

Ethical Survey, as voted by members of the Ethical Advisers Co-Op on 28 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](http://www.ethicaladviserscoop.org/find-an-adviser.html)

## Fund Overview

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This is an actively managed Australian shares managed investment fund. They have negative and positive screening.

## Ethical Concerns

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### Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
  - Fossil-fuel intensive industries: BlueScope Steel and Wesfarmers.
  - Potential supply chain sourcing issues - Premier Investments.
  - Other holdings with ethical concerns: exposure to three of the “big” four banks – NAB, ANZ, CBA. Also, IAG.
  - Perpetual have voted against a number of Shareholder resolutions relating to environmental issues, for example, they recently voted against a Mirvac shareholder proposal regarding reducing their exposure to fossil fuel assets.

### Other concerns

- ✘ Materiality/exposure limits on negative screens, albeit low, could potentially result/results in unwanted exposures within the portfolio.
- ✘ There are no exclusion screens for Coal and Oil and Gas generation or production.
- ✘ Perpetual do not specialise in ethical investments.

## Good Points

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- ✓ Provides a [Charter](#) detailing the ethical screening process, see link overleaf.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified, see links overleaf.
- ✓ Transparency of holdings and voting history (note that Perpetual’s shareholder voting history document contains voting history for stocks across all their funds, not just their SRI fund and therefore it is difficult to locate voting history on specific stocks in the said fund), both easily accessed via the public website, see link overleaf.
- ✓ The Fund investment choices typically demonstrate a clear connection with one of the UN Sustainable Development Goals.

## Fund Overview

<b>UNPRI Signatory</b>	Yes <a href="https://www.unpri.org/signatory-directory/perpetual-asset-management-australia/1644.article">https://www.unpri.org/signatory-directory/perpetual-asset-management-australia/1644.article</a>
<b>Full Holdings Disclosure</b>	Yes <a href="https://www.perpetual.com.au/~media/perpetual/pdf/resources/investor-forms-page-pdfs/perpetual-wholesale-funds/ethical_sri_201702.ashx?la=en">https://www.perpetual.com.au/~media/perpetual/pdf/resources/investor-forms-page-pdfs/perpetual-wholesale-funds/ethical_sri_201702.ashx?la=en</a>
<b>RIAA Certification</b>	Yes <a href="https://www.responsiblereturns.com.au/investment-options/perpetual-wholesale-ethical-sri-fund/profile">https://www.responsiblereturns.com.au/investment-options/perpetual-wholesale-ethical-sri-fund/profile</a>
<b>Disclosure of Voting</b>	Yes <a href="https://www.perpetual.com.au/investments/institutional-investors/responsible-investing">https://www.perpetual.com.au/investments/institutional-investors/responsible-investing</a>
<b>Ethical Screening Process</b>	Refer RI policy <a href="https://www.perpetual.com.au/~media/perpetual/pdf/shareholders/responsible-investing-policy.ashx?la=en">https://www.perpetual.com.au/~media/perpetual/pdf/shareholders/responsible-investing-policy.ashx?la=en</a> and PDS <a href="https://www.perpetual.com.au/~media/perpetual/pdf/resources/investor-forms-page-pdfs/perpetual-wholesale-funds/perpetual-wholesale-funds-pds.ashx">https://www.perpetual.com.au/~media/perpetual/pdf/resources/investor-forms-page-pdfs/perpetual-wholesale-funds/perpetual-wholesale-funds-pds.ashx</a>
<b>Exclusions</b>	<p><b>Climate change screens</b></p> <ul style="list-style-type: none"> <li>× Fossil fuel (upstream)</li> </ul> <p><b>Ethical screens</b></p> <ul style="list-style-type: none"> <li>× Tobacco</li> <li>× Gambling</li> <li>× Alcohol</li> <li>× Pornography</li> <li>× Uranium</li> <li>× Nuclear power</li> <li>× Animal cruelty (cosmetic testing)</li> </ul> <p><b>Conventions and controversies-based screens</b></p> <ul style="list-style-type: none"> <li>× Controversial weapons</li> </ul> <p><b>Discretionary exclusions</b></p> <ul style="list-style-type: none"> <li>× n/a</li> </ul>
<b>Materiality/Exposure Limits</b>	<p>The Fund will not invest in companies that derive a material proportion (5% or more) of their revenue from the manufacture or sale of generally ethically unacceptable products and services such as the following:</p> <ul style="list-style-type: none"> <li>- Alcohol</li> <li>- Gambling</li> <li>- tobacco*</li> <li>- uranium and nuclear</li> <li>- armaments (including weapons) *</li> <li>- fossil fuels (upstream)</li> <li>- genetic engineering</li> <li>- pornography</li> <li>- Animal cruelty (cosmetic testing)</li> </ul> <p>*For involvement in highly controversial activities (production of tobacco, tobacco-based products and the development and production of controversial weapons) a 0% revenue threshold is applied.</p>

## 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 28 September 2022*