

# U Ethical International Equities Trust

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](http://www.ethicaladviserscoop.org/find-an-adviser.html)

## Fund Overview

U Ethical funds were first established in 1985, they are one of the largest ethical investment managers in Australia with over \$1billion funds under management. U Ethical are a social enterprise of the Uniting Church with an independent board. The investment business is certified as a B-Corporation. They specialise in ethical investments. This is an actively managed fund investing in International companies with negative and positive filters.

## Ethical Concerns

### Investments

Investments: Some investments in the Fund can be problematic for ethical investors, such as:

- Alphabet: Social Media, Digital platform company - Privacy concerns
- Apple: Human rights, supply chain issues and promotes consumerist behaviour
- Novo Nordisk : Animal welfare and testing.
- Unilever: Environmental concerns regarding palm oil policy and traceability of supply chains. Company sources ingredients from suppliers in Countries where animal testing is used. U Ethical is currently engaging.

### Other concerns

- ✘ The Trust's Ethical Investment policy has both positive and negative screens, however, it states in the policy that "we recognise that there are occasions when chosen companies inadvertently violate these principles and make genuine efforts to rectify this. Furthermore, we generally do not exclude a company where a contravention of the principles constitutes less than 5% of the company's revenue or earnings. In such instances, the contravention may be outweighed by significantly positive factors." This may lead to the inclusion of some companies that are problematic for some ethical investors.

## Good Points

- ✓ Disclosure of their shareholders voting records which are available on their website under "Voting Register".
- ✓ The company has obtained B-Corporation certification.
- ✓ Not for Profit social enterprise the majority of the funds profits go to community programs. Since 1995 more than \$59 million dollars have been directed to different social programs. See Website.
- ✓ Fund performs positive and negative screening when picking companies within the portfolio.
- ✓ U-ethical seeks active engagement and advocacy with companies held within the portfolio that have been identified to be involved in unacceptable activities or practices. If changes are not satisfactory U-Ethical will divest from their portfolio.
- ✓ Fund excludes fossil fuel extraction and lending, weapons, tobacco, gambling, animal cruelty, uranium, predatory lending, pornography and adult entertainment, alcohol production.
- ✓ The fund preferences sustainability leaders, selecting companies from several positive industries including renewables.
- ✓ Provides their ethical screening policy process on their website.
- ✓ Commitment to transparency by being [UNPRI](#) partner and [RIAA](#) certified as of Dec 2020 yet to be updated on the website.
- ✓ Fund Partnered with Banking Finance Oath, Climate Action 100+, Social Traders Certified.
- ✓ Full disclosure of holdings on website.

*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.*

## 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. They published a detailed report looking at the voting records of major Super funds in June 2020. You may find information relating to your super fund [here](#) (see page 18 & 19).

#### *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 8<sup>th</sup> February 2021*