

Vanguard – Ethically Conscious Australian Shares ETF (VETH)

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 passively managed Australian equity ETF which tracks the return of the FTSE Australian 300 Choice Index. This FTSE Choice index includes simple negative screening filters.

Ethical Concerns

Investments

- ✘ Some investments in the Fund may be problematic for ethical investors, such as:
 - Tailing intensive miners: Newcrest, Northern Star, Alumina, OzMinerals
 - Big four banks, Macquarie Group
 - Buy now pay later companies

Other concerns

- ✘ Invests in companies named by Market Forces as undermining efforts to meet the Paris Agreement on Climate Change (e.g. Aurizon, Mineral Resources).
- ✘ There is no public disclosure of voting so difficult to gauge Vanguard's engagement on climate change and human rights issues.
- ✘ While other Vanguard 'ethically conscious' ETF strategies (i.e. international shares & international bonds) are RIAA certified products, this Australian shares ETF is not.

Good Points

- ✓ The FTSE Choice Index Series features a clear framework of values based exclusions applied across broad market indices (ASX300 in this case). The negative screens for non-renewable energy, vice products and weapons manufacturing are strong with a 0% tolerance.
- ✓ Fund excludes fossil fuels, nuclear power, alcohol, gambling, weapons, adult entertainment and companies with a record of severe controversies.
- ✓ The FTSE Choice Index Series exclusions also consider conduct related screens for controversies (based on UN Global Compact Principles) and diversity practices.
- ✓ Some Commitment to transparency by being UNPRI signatory.
- ✓ Good transparency of holdings easily accessed via the public website.
- ✓ The VETH management fee (0.17%pa) is materially cheaper than other comparable (screened) Australian equity ETF's.

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. 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 1st March 2019