

# LGIAsuper – SR Australian Shares

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

This fund is an Australian share super investment option. The fund does not mention the use of screens in publicly available information. The offering uses two fund managers (AMP Sustainable Shares and Pental SRI Australian Equities) to execute the socially responsible mandate; these fund managers use negative filters and active positive stock selection.

## Ethical Concerns

### Investments

- ✘ No public disclosure of fund holdings; knowledge of underlying fund managers indicates these holdings;
  - AMP has significant exposure to minerals, fossil fuel mining and energy production, including coal (BHP, Caltex, Woodside, Wesfarmers, Beach Energy), big banks (ANZ, NAB, Westpac and Macquarie but no Commonwealth Bank), Santos, PepsiCo, Coca-Cola, Wells Fargo.
  - Pental's top 10 [holdings](#) include BHP, Transurban and Qantas.
- ✘ LGIASuper "...do not consider that the potential benefit will justify the additional cost and complexity of including ESG considerations ...into ...our investment strategies" ([LGIAsuper 2018 Annual Report](#)).

### Other concerns

- ✘ Poor commitment to transparency as LGIASuper is not a UNPRI signatory or RIAA certified. AMP and Pental are.
- ✘ No transparency of holdings.
- ✘ No disclosure of the fund's voting history.
- ✘ Very little information on filters, strategy, and why LGIASuper feel this is a socially responsible investment.
- ✘ LGIASuper does not specialise in ethical investments.

## Good Points

- ✓ Strives to appoint a well rated fund manager base on ESG rating.
- ✓ [LGIAsuper](#) states that many of its individual managers consider ESG factors in determining investment allocations.

## 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 25<sup>th</sup> August 2019*