

## MEDIA RELEASE

### Super industry failing to meet members' ethical demands

*Super funds are performing poorly when it comes to providing high-quality, ethical and sustainability investment options.*

This was the principal finding from a survey of advisers, to be launched on a new ratings site by the Ethical Adviser's Cooperative (EAC) this Wednesday, 5 June.

The group's members, who represent over 3,300 clients with funds of over \$1.5 billion invested in ethical areas, compared a collection of the most commonly used ethical investment funds and found that many fall short of what is being demanded by the average ethical investor, with some household names, such as AMP and Russell, receiving 'poor' ratings.

Speaking in advance of the launch of the ratings website, the Ethical Advisers' Co-operative Chair, Mr Terry Pinnell said, "With over \$2.6 trillion of retirement capital invested in superannuation, our super funds are Australia's most significant shareholders and have the potential to shape the society in which we live. Where they invest their members' funds, and how they act, as large shareholders of our corporations, can be either negative - in supporting unsustainable industries, or positive - in supporting companies that provide solutions to the world's problems."

While many funds have responded to the growing demand for ethical products by introducing a range of ethical and sustainable investment options in recent years, the lack of enforceable standards around disclosure means that some funds claim to be ethical without the necessity to provide substantial proof of the claim, so-called 'greenwashing'.

At present there are currently no industry requirements for funds to disclose to members those underlying companies in which their money is invested. Like the 'free-range' eggs controversies of recent years, this has created a situation ripe for exploitation by businesses which claim to meet consumer demands yet are not required to provide consumers with the means of verifying their claims.

"This is why we have developed the green-leaf ethical ratings system," said Mr Pinnell. "It helps investors evaluate and compare the different approaches to ethical and sustainable selection that are being applied within different investments."

The Ethical Advisers' Co-op rated the funds which claim to be ethical, by comparing these to the expectations of their 'average ethical investor'. Two key indicators were used to judge whether a fund was particularly 'ethical': – the fund's actual portfolio of investments, and its track record of voting on climate and human rights issues at shareholder meetings. Where a fund holds companies considered largely unacceptable by the average ethical client, and/or where it has consistently voted against engagement on environmental or social issues, ethical advisers tended to penalise the fund in their rating.

Mr Pinnell pointed out, "This is not about naming or shaming, it is simply a means of encouraging greater transparency, so that investors are able to make well-informed choices."

The ratings will be freely available to all interested consumers and interested parties, and the initial results can be found at [www.ethicalfundratings.com](http://www.ethicalfundratings.com).

**Contact: 07 3278 2279 or [dei@dei.com.au](mailto:dei@dei.com.au)**