

# BetaShares – Sustainability Leaders Diversified Bond ETF – Currency Hedged

Ethical Survey, as voted by members of the Ethical Advisers Co-Op



**Appealing**

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 a passively managed Australian and global bond Exchange Traded Fund (ETF). The ETF invests in government and corporate bonds and has negative screening. Additionally, at least 50% of the fund is invested in 'Green Bonds' which are specifically issued to finance environmentally positive projects and are certified by the Climate Bonds Institute. The ETF excludes issuers with material exposure to fossil fuels or engaged in activities deemed inconsistent with responsible investment considerations.

## Ethical Concerns

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### Investments

- ✘ A small number of investments in the Fund may be problematic for some ethical investors, such as:
  - Ausgrid and Brisbane Airport which have indirect exposure to fossil-fuel intensive industries – though these issuers make up well under 1% of the fund holdings. Brisbane Airports – is however a member of the Australian Infrastructure Carbon Reduction Initiative and is recognised as one of the world most sustainable airports.

### Other concerns

- ✘ Materiality/exposure limits on negative screens can potentially result in unwanted exposures within the portfolio (see above)
- ✘ BetaShares do not specialise in ethical investments, however they have 8 'Ethical' or screened ETFs as part of their range of 70 ETFs.

## Good Points

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- ✓ The fund preferences sustainability leaders with at least 50% of the portfolio made up of green bonds issued to fund projects with positive environmental or climate benefits, such as reducing pollution or transitioning to non-fossil fuel based technologies.
- ✓ All ESG-related investment screening recommendations are prepared by the ESG Team at Future Super, Australia's first fossil-fuel free superannuation fund, and approved by an independent Responsible Investment Committee at BetaShares.
- ✓ BetaShares provides detailed Exposure Limit Guidelines and Ethical Screening Process on their public website – see links overleaf.
- ✓ Commitment to transparency by being [UNPRI](#) signatory and [RIAA](#) certified.
- ✓ Good transparency of holdings easily accessed via the public website, see links overleaf.

## Fund Overview

<b>UNPRI Signatory</b>	<u>Yes</u> (since April 2021)
<b>Full Holdings Disclosure</b>	<u>Yes</u>
<b>RIAA Certification</b>	<u>Yes</u>
<b>Disclosure of Voting</b>	Not applicable (debt fund so voting is not possible)
<b>Ethical Screening Process</b>	Refer <a href="#">Ethical Screening Process</a> and <a href="#">Website</a>
<b>Exclusions</b>	<p><b>Climate change screens</b></p> <ul style="list-style-type: none"> <li>× Fossil fuel producers and extractors</li> <li>× Top corporate funders of fossil fuels</li> <li>× Companies that have fossil fuel reserves</li> <li>× In general 'Direct or indirect involvement in fossil fuel industry and those with particularly high use of fossil fuels'</li> </ul> <p><b>Ethical screens</b></p> <ul style="list-style-type: none"> <li>× Alcohol</li> <li>× Animal cruelty including controversial animal products, factory farming, animal testing for cosmetic purposes, live animal exports</li> <li>× Armaments</li> <li>× Chemicals of concern</li> <li>× Destruction of valuable environments</li> <li>× Gambling</li> <li>× Human rights or supply chain issues</li> <li>× Junk Foods</li> <li>× Lack of gender diversity at board level</li> <li>× Pornography</li> <li>× Tobacco</li> <li>× Uranium and nuclear energy</li> </ul>
<b>Materiality/Exposure Limits</b>	Exposure Limit Guidelines are based on % of total revenue. These are explained in detail for each screen here <a href="#">Exposure Limit Guidelines</a>

## 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 26 May 2022*