



MEDIA RELEASE

MARCH 2009

Super funds go green – investment performance not hindered

Australian super funds continue to improve their procedures with regard to addressing environmental, social, governance, ethical and climate related issues. In its second annual review of the superannuation sector in respect of the above issues, covering some 76 funds representing over 15 million members and approximately \$370 billion in assets, SuperRatings has identified the following key findings from our research:

Key Findings:

- The percentage of funds that now provide access to an SRI option has jumped from 37% in 2008 to 62% in 2009, possibly reflecting a perceived shift in consumer demand for an ethical investment alternative
- The investment performance of super funds running sustainable Australian share options has not been materially different to standard Australian share options (6.91%pa against 7.01% pa) over the last 5 years (to 31 December 2008)
- 22% of funds now monitor and report on their carbon footprint
- 28% of the funds surveyed now have a written Sustainability Policy in place outlining their approach to sustainability. More funds also indicated they were looking to establish a Policy in the coming year
- 60% of funds are now able to provide members with the option of receiving electronic communication, thereby reducing paper wastage and overall cost to the fund. For the first time last year, funds could opt-out of sending paper copies of their Annual Report to members, instead making them available online and notifying members when reports were available.
- However, just 1 in 3 funds report greater than 50% of members taking advantage of this electronic communication suggesting that an opt-out approach to electronic communication may be more beneficial for the environment, rather than the current opt-in
- 41% of funds are now a signatory to the United Nations Principles for Responsible Investment (UNPRI); an increase of 10 percentage points over last year
- Just 10% of funds utilise carbon offsetting, which is however a 4% rise over last year
- As few as 26% of funds actively educate their members with regard to sustainability and only 36% encourage sustainable business practices beyond the office environment
- Just over a third of funds surveyed (average 36%) take environmental or social issues, labour standards or human rights into consideration when making investment decisions



- However, around 40% of funds responded negatively to investment in gambling, tobacco, uranium mining and processing or weaponry
- The percentage of funds that openly communicated how they define an SRI option was as low as 31%; suggesting this is still an uncertain area for many

So, whilst the economic downturn experienced in 2008 has stolen some thunder from the sustainable debate, the movement is definitely not at a standstill. The era of the 'sustainable super fund' is rapidly emerging and the funds that recognise the shifting environment in which they operate in, and react early by employing resources into research in the area, will be best positioned to benefit from any increasing consumer demand for sustainable behaviour by funds.

SuperRatings' research incorporated two key assessment areas; internal fund operations and investment processes. The methodology is intended to recognise funds that are leading the field in terms of sustainable operational processes through measuring areas such as carbon reduction mechanisms, carbon reporting and sustainable education. The research also seeks to identify funds that are addressing the sustainable investment side, by providing members with access to true-to-name Socially Responsible Investment (SRI) strategies.

The results of the SuperRatings 2009 Fund Sustainability Review have highlighted some interesting trends among Australian superannuation funds. The results indicate that during the 2008/09 year, an increasing number of funds have jumped on the 'green bandwagon' as they realise the long-term economic implications of failure to do so. The number of participants and quality of information received in 2009 increased substantially; demonstrating a more transparent approach from funds.

Only 10 Funds Qualify for "Infinity Rating"

"Quite clearly more and more funds are moving up the 'green' scale. With the increasing focus on our environment and society, SuperRatings has moved to assist consumers by identifying the group of superannuation funds that have genuinely embraced sustainable changes. By doing this, SuperRatings intends to provide a mechanism for people to cut through marketing rhetoric and identify funds that truly align with their own personal values and beliefs" says Mr Bresnahan.

Just 10 funds out of the 76 surveyed have been awarded with an "Infinity Rating" (see logo top right of page) meaning that many funds still have a way to go with their actions. Those funds have been named as:

- AMP Superannuation Trust
- **Australian Ethical Retail Superannuation Fund***
- BT Super for Life
- Christian Super
- Health Super Fund
- HESTA Super Fund
- Hunter Hall Ethical Superannuation Fund
- UniSuper Fund
- VicSuper Fund
- Vision Superannuation Fund

*Named as best sustainable super fund (Infinity Award Winner) for 2009



Comparative Investment Performance of Sustainable Investment Options

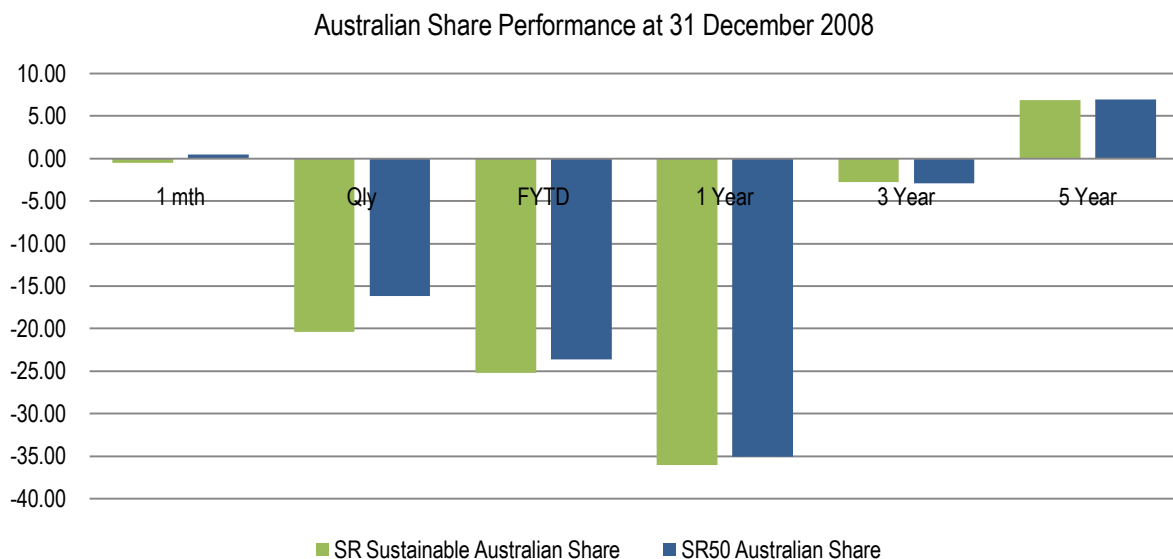
To further assist consumers, SuperRatings is now measuring the ongoing performance of socially responsible and sustainable superannuation investment options through the introduction of the “SR Sustainable Australian Shares” and “SR Sustainable Balanced” Indices. The SR Sustainable Indices will be released in full on a quarterly basis in conjunction with the SuperRatings Fund Crediting Rate Survey and will provide a reliable measure of both sustainable Balanced and Australian Share investment options offered by Australian superannuation funds.

As demonstrated in the following tables, the consideration of social or environmental issues, labour standards or human rights when making investment decisions does not appear to have had a significant impact on historical performance.

SR Sustainable Australian Shares Index

	1 mth	Qty	FYTD	1 Year	3 Year	5 Year
SR Sustainable Australian Shares	-0.50	-20.33	-25.14	-36.02	-2.74	6.91
SR50 Australian Shares Index	0.54	-16.10	-23.60	-35.00	-2.84	7.01

Figures as to 31 December 2008

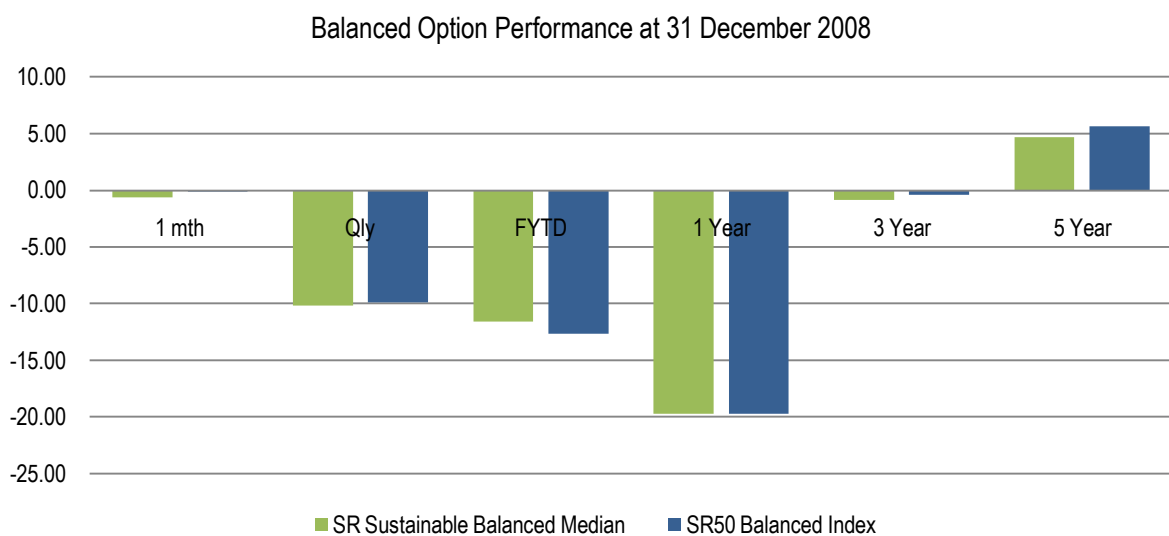




SR Sustainable Balanced Index

	1 mth	Qty	FYTD	1 Year	3 Year	5 Year
SR Sustainable Balanced	-0.60	-10.15	-11.55	-19.69	-0.82	4.70
SR50 Balanced Index	-0.12	-9.87	-12.65	-19.67	-0.36	5.66

Figures as to 31 December 2008



The economic landscape in Australia is undergoing massive changes at the current time with the scheduled introduction of carbon reduction initiatives such as the Emissions Trading Scheme (ETS) scheduled for July 2010 as well as other Government initiatives being brought in. According to SuperRatings' Managing Director Jeff Bresnahan "Australian superannuation funds are well positioned to take a leadership role in mitigating climate change because of their sheer size and influence within investment markets and with their access to millions of Australians."

2009 Fund Sustainability Report

If you're interested in obtaining more information on industry trends of Australian superannuation funds with regard to their response to climate change contact Jeff Bresnahan for more information. The SuperRatings 2009 Fund Sustainability Report covers in depth analysis of the initiatives being undertaken by the industry and highlights trends, slumps and key areas differentiating the deep green, from the not-so-green funds.

RELEASE ENDS



SUPERRATINGS

To encourage and where necessary create disclosure within the Superannuation industry.



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A handwritten signature in black ink, appearing to read "Jeff Bresnahan".

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