Investment purpose and beliefs

Supporting positive change in the world
The AMP Capital Ethical Leaders Fund range has a very clear mission - to invest for the long term while making the world a better place. Our portfolios are designed to deliver positive outcomes - both for investors and for Environmental, Social and Governance (ESG) impact. We offer far more than a basic ESG filter and invest ethically across all asset classes – not just shares.

Our approach
To align our investment choices with this mission, we seek to include companies, assets and investment managers we believe demonstrate a positive impact on ESG issues. We also rule out companies making significant gains – more than 10% of revenue – from industries we believe have a negative impact.

But most importantly, we choose to work with investment managers who engage with companies to influence reform in ESG policies and practices. By securing a ‘seat at the table’ we advocate for change in businesses that have the power to progress the social and environmental agenda, here in Australia, and around the globe.

Slowing the progress of climate change
We recognise that carbon emissions from extraction and combustion of fossil fuels are a major contributor to climate change. For Ethical Leaders Fund investments, we apply a 10% exposure threshold for companies involved in the most carbon-intensive fossil fuels, including:

• Mining thermal coal
• Exploration and development of oil sands
• Brown-coal (or lignite) coal-fired power generation
• Transportation of oil from oil sands
• Conversion of coal to liquid fuels/ feedstock
Investment choices

What we do invest in

Companies we include
We invest in companies we believe are making a positive contribution in areas such as:

- Human Rights
- Animal Welfare
- Treatment of workforce/child labour
- Gender Diversity
- Environment
- Governance
- Pollution
- Executive Pay
- Responsible Banking

What we don't invest in

Industries we avoid
We avoid investing in industries that negatively impact our world such as:

- Tobacco
- Armaments
- Nuclear Power (including uranium)
- Gambling
- Alcohol
- Pornography
- Fossil Fuels
- Live animal exports

We rule out companies making significant gains – more than 10% of revenue – from these industries. For companies active in tobacco, controversial weapons and civilian firearms we do not tolerate any involvement.

What about Green Bonds?

A Green Bond can be included in the Ethical Leaders Funds - except the share funds - if we believe the capital raised will not be used to invest in the industries listed above. Even if the issuing company has material exposure to these industries, we will still consider a Green Bond as a potential investment if we believe it can deliver a net positive impact for ESG outcomes.
Our Investment process

Choosing investment managers for the Ethical Leaders Fund range

As well as supporting positive ESG impacts, we build portfolios with the aim of securing competitive returns for investors. In selecting investment managers for the Ethical Leaders Fund range, we use a three-step process to ensure our choices are guided by both ESG and investment objectives.

1. Investment/positive ESG criteria

We choose managers we believe have credentials and processes aligned with the investment objectives of the Ethical Leaders Funds.

We also look at their ability to seek out companies having a positive impact in the areas listed on page two of this Charter.

We take a particular interest in managers actively engaging with companies on improving their ESG policies, practices and impact.

2. Negative ESG criteria

We will only consider managers with a robust process for eliminating companies with material exposure to industries listed on page two of this Charter.

3. The right ‘fit’

We look at the investment style of each manager and the potential impact of their risk and diversification choices on the Ethical Leaders Funds portfolios.

In comparing a manager’s investment profile with others in the fund range, we seek to build a portfolio that draws on complementary investing styles.

Investing across asset classes

We believe diversification is key to meeting investment return objectives for the Ethical Leaders Funds. This is why we apply our Ethical Investment Charter to both shares and fixed income investments in our Ethical Leaders portfolios. We also take ESG considerations into account for investments in direct property and alternative assets, and we will for any other asset classes we may consider for the range in the future.
Investing for positive change for everyone

In 2015 the United Nations introduced 17 Sustainable Development Goals (SDGs) as the practical objectives for their 2030 Agenda for Sustainable Development. They are a call to action for governments and businesses to improve the lives of all people in the world while protecting the planet.

The Ethical Leaders Funds seek to support the UN SDGs in our investment choices and by advocating for ESG reform among the companies we invest with.

Visit www.un.org/sustainabledevelopment for more information about the UN SDGs.

Find out more

Learn more about investing for positive social and environmental change at: www.ampcapital.com/responsibleinvestment

Partner with the leaders in ESG investing

AMP Capital has been managing ethical investments for more than 16 years. Today, we are one of Australia’s largest ethical investment managers with more than $2.5 billion of funds invested across ten ethical and ESG strategies. Our experienced, well-established team of investment professionals are shaping the future of ESG investment in this country.

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