



Key ethical investment principles

August 2021

Our Vision

To improve our world through the power of purposeful investing.

Our Values

- **Authenticity:** we do the right thing, not the easy thing.
- **Progress:** we are open-minded, innovative and future-focused.
- **Impact:** we strive for better investments and a better world.

At U Ethical, we believe in *better investment for a better world*. Humanity has achieved astounding progress and wealth but these have come at the cost of social responsibility, social justice and ecological stewardship. We have now reached a point in history in which the need to embrace a broader concept of prosperity is critical for peaceful and sustainable communities.

We therefore strive to contribute to more resilient, regenerative and inclusive capital markets through investments that safeguard and enhance life. We actively target investments that *promote human welfare, dignity and respect, and the general good*. We negatively screen out investments in enterprises whose products or practices cause or *perpetuate injustice and suffering, infringe fundamental human rights or cause unacceptable damage to the natural environment*.

Notably, we believe that climate change is the most defining and complex systemic risk of our time and that climate risks are now posing an existential threat to human beings and life-supporting ecosystems. In our view, care for human life, the natural world and its species extends to care for future generations. We uphold the belief of inter-generational equity and the right of future generations to inherit a world in which they can meet their own needs and thrive.

The investment process will ensure that all investment decisions are made with regard to the above principles and our statutory obligations to exercise financial stewardship. Our processes which seek a balance of appropriate risk-adjusted returns, and real-world outcomes in alignment with the United Nations' Sustainable Development Goals and the United Nations Principles for Responsible Investment (UNPRI). Our commitment to the UNPRI is demonstrated by our integration of ESG considerations, continuous active engagement with portfolio companies, support to industry collaborations and advocacy initiatives.

U Ethical believes in peace and justice and will carefully weight up 'the greater good' or the 'lesser of evils' in all investment decision-making processes. We recognise that there will be occasions when companies inadvertently breach some of the principles and will subsequently look for where genuine efforts are made to rectify the breaches.

We will not prohibit investment in a company where a breach of the principles, in relation to its products or services, is immaterial; the breach may also be balanced by other positive actions. The materiality of the breach is determined by reference to its proportion of the company's activities, the proportion of the industry in which the excluded activity operates and/or whether the activity is clearly of an egregious and structural nature regardless of this proportion.

We acknowledge that decisions may be complex involving a balance between positive and negative factors.

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Please remember past performance is not a reliable indicator of future performance. Investments are subject to risk and may result in the loss of capital.

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