

6 May 2024

ASX Corporate Governance Council
Exchange Centre
20 Bridge St, Sydney, NSW, 2000



Dear Council,

ASX Corporate Governance Principles and Recommendations 5th Edition

As an interested party, thank you for the opportunity to provide a submission to the consultation process relating to the fifth edition of the Corporate Governance Principles and Recommendations (“Principles and Recommendations”).

As an over-arching matter, we wish to convey our endorsement of the recommendations made by Animal Welfare Lawyers in their submission dated 1 May 2024 – in particular the recommended amendment to the definition of “social risks” within the Glossary, as follows (proposed amendments underlined):

“**social risks**: the potential consequences (including systemic risks and the risk of regulatory responses) to a listed entity if its activities affect human society or its activities are affected by changes in human society. This includes the risks associated with the entity, and (as applicable) its investments, or its customers or its suppliers engaging in modern slavery, aiding human conflict, facilitating crime or corruption, mistreating employees, customers or suppliers, or harming the local community (including from failing to protect data, or the inappropriate application of artificial intelligence) or harming animals. It also includes risks for the entity associated with large scale mass migration, pandemics or shortages of food, water or shelter”.

As a more specific matter, we would take this opportunity to elaborate on the views of Australian retail investors as they relate to social issues of concern – as evidenced by the findings of the Responsible Investment Association Australasia (“RIAA”) in their ongoing consumer research.

worldanimalprotection.org.au

2/120 Christie Street, St Leonards NSW 2065

2014 World Animal Protection Limited (formerly WSPA Australia Limited)
ABN 19 083 297 027 CM 164 00124. Registered Charity Number: CFN 16458.



As you would appreciate, retail investors make up the majority of the shareholders of all ASX-listed entities – either directly (as individuals or via private investment structures) or indirectly (as members of retail, industry or self-managed superannuation funds, or as clients of asset managers).

Their views on social issues should therefore carry significant weight as far as the provisions of the Corporate Governance Principles and Recommendations are concerned.

RIAA have just released their most recent consumer research report entitled [“From Values to Riches 2024: Charting consumer demand for responsible investing in Australia”](#).

This is the sixth biennial consumer research report published by RIAA which has found that animal welfare / animal cruelty remains a top-three issue of concern for retail investors across the entirety of their 12 years of research on this issue and has been the number one issue of concern for the three most recent of the research reports.

In fact, the 2024 research report found that concern about animal cruelty had increased by a further 8% from their 2022 findings.

Below are some of the more material findings from RIAA’s 2024 research:

“Animal welfare is at the top of Australians’ minds: 74% of Australians want to avoid animal related issues when investing, including 66% wanting to avoid animal cruelty”.

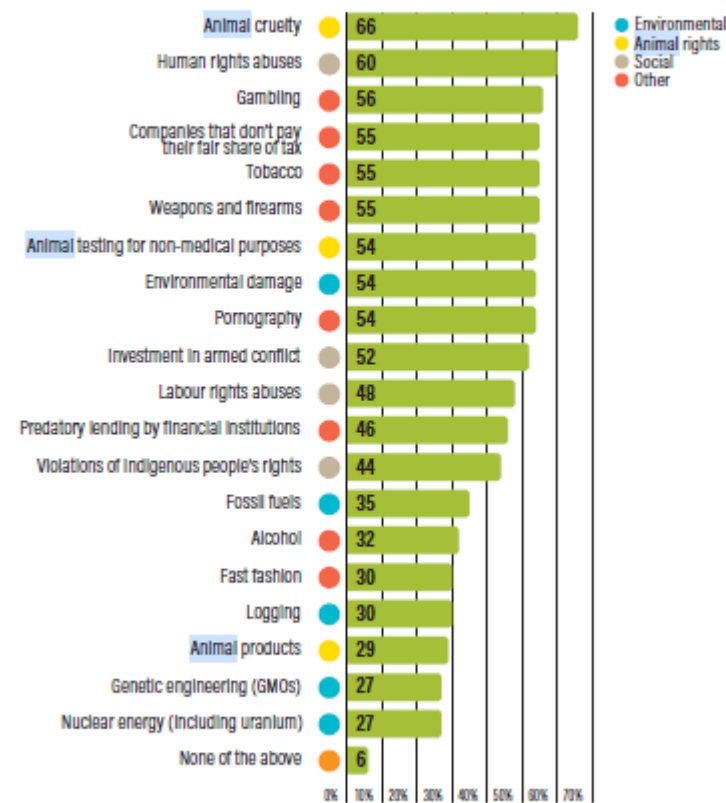
“Australians stand firm on animal-related issues. Seventy-four percent of Australians cite various themes within this category as areas to avoid when investing. Specifically, animal cruelty is the top individual issue Australians want to avoid with their investments (66%). While it also took top place in 2022, it has still seen an 8% increase from 58%. Additionally, 54% prefer to avoid animal testing for non-medical purposes which is up from 50% in 2022”.

“There remains a striking difference between consumer sentiment and the investment products available to the market. Animal rights is a case in point. Animal cruelty was a top concern amongst Australians in 2022 and has



grown in the past two years – 66% of Australians now list animal cruelty as important to avoid when investing their money, while 54% want to avoid animal testing for non-medical purposes. However, only 11% of Assets Under Management is negatively screened for animal testing (for non-medical purposes).”

FIGURE 14 Top environmental and social issues Australians want to avoid in their investments



QUESTION: Which of the following are important issues to avoid when investing your money (including superannuation, banking and other investments)?

Given that the Council’s stated intention in undertaking the consultation and review of the prevailing Principles and Recommendations is to “consider evolving investor and community expectations” around relevant governance issues (to quote the ASX Background Paper and consultation questions document) it will be important for the Council to apply appropriate weight to



the views of the retail investors cohort as they relate to issues of concern – in particular those which retail investors deem to be the most significant, of which animal welfare is the number one issue.

As the updated edition of the Principles and Recommendations is likely to be in place from 2025 to 2030 (if current revision periods still apply) it will be important for the Council to futureproof the provisions to the extent possible – which means it will be important to acknowledge, update and incorporate the provisions to reflect the prevailing views of this very important stakeholder cohort.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ben Pearson".

Ben Pearson
Country Director
World Animal Protection Australia

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Attachments:

- A. RIAA consumer research report “From Values to Riches 2024: Charting consumer demand for responsible investing in Australia”.
- B. Animal Welfare Lawyers submission to the ASX Corporate Governance Council Principles and Recommendations consultation dated 1 May 2024.

FROM VALUES TO RICHES 2024:

Charting consumer demand for responsible investing in Australia



Australian
Ethical



INDUSTRY
PARTNERS

**TEACHERS MUTUAL
BANK LIMITED**

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Disclaimer

The information in this report is general in nature and does not constitute financial advice. Past performance does not guarantee future results, and no responsibility can be accepted for those who act on the contents of this report without obtaining specific advice from a financial adviser. RIAA does not endorse or recommend any particular firm, fund manager or super fund to the public.

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THANK YOU

Australian
Ethical



While we believe a small group of people can change the world, we know the opportunity is far bigger.

With more than \$3tn of superannuation assets there's potential for more significant positive change - imagine if everyone invested for good.

Australian Ethical enables Australians to take control of their financial wellbeing as well-as the wellbeing of people, planet, and animals. When they prosper, we all thrive.

Ethical investing is all we do. We've evolved in many ways since starting in 1986, but this has always been our North Star. We now manage \$9.67bn for more than 130,000 investors and members (31 December 2023).

TEACHERS MUTUAL BANK LIMITED

Teachers Mutual Bank Limited is a force for good where social responsibility drives everything they do – people, practises and products. The Bank is one of Australia's largest mutual banks in its 58th year of operation with over 230,000 members and more than \$10 billion in assets.

Teachers Mutual Bank Limited is passionate about providing banking for good and has a long history of giving back to the education and essential worker communities. The Bank is a Certified B Corporation and 98% of all products sold by Teachers Mutual Bank Limited, including retail deposits, mortgages, and wholesale funding products, are Certified by Responsible Investment Association Australasia.

EXECUTIVE SUMMARY

Since our last report, *“From Values to Riches 2022: Charting consumer demand for responsible investing in Australia”* two years ago, the landscape of responsible and ethical investing in Australia has continued to gain prominence. This growth underscores Australians' increasing recognition of the power of their savings to drive positive change and their evolving expectations. With a growing sense of urgency, Australians are demanding a more responsible and ethical approach from financial institutions.

Nearly 90% of Australians expect their super or other investments, and the money in their bank accounts to be invested responsibly. Four in five say it's important to them to have a super fund, bank or other investment that delivers a positive impact in the world. In fact, three quarters of Australians would consider changing providers if their current fund didn't align with their values.

But the national conversation around greenwashing appears to have had an impact on Australians' views of responsible investing. Seventy-eight percent of Australians are increasingly wary of greenwashing, this has increased from 72% in 2022. This study suggests that third party verification may help alleviate these concerns: 79% of Australians would be more likely to invest in funds or products that have been labelled as responsible or ethical by an independent source.

There remains a striking difference between consumer sentiment and the investment products available to the market. Animal rights is a case in point. Animal cruelty was a top concern amongst Australians in 2022 and has grown in the past two years – 66% of Australians now list animal cruelty as important to avoid when investing their money, while 54% want to avoid animal testing for non-medical purposes. However, only 11% of Assets Under Management is negatively screened for animal testing (for non-medical purposes).¹

Climate change remains another top concern for Australians when thinking about their investments. Seventy-six percent of Australians want their funds and banks to make formal commitments to reach net zero emissions by 2050. Social issues like labour rights abuse also saw an increase in the number of people saying they are important to avoid when investing their money (48%, up from 40% in 2022).

Controversies and headlines make a difference. Almost half of Australians say recent events have prompted them to think about whether their investments are contributing to human rights abuses (48%) or climate change (48%). Likely driven by recent and ongoing global conflict, this study also highlights the protection of human rights as a main concern among Australians more generally, with 89% saying it is important for their super fund or bank to commit to their protection.

This study shows that, as Australians become more familiar with responsible investment, negative views of responsible investing have dropped. Just 5% now say they would never consider it as an option, down from 9% in 2022.

While many results show remarkable consistency over the years in relation to how Australians view responsible investment, results show differences in generations and gender in some areas. Notably, women are much more likely to cite a low super balance (55%, compared to 44% for men) as a reason to not switch to an ethical alternative, and are more likely to face issues of being time poor (67%, compared to 59% for men).

As Australians become more informed and engaged with responsible investment, this is a compelling opportunity for the financial industry to embrace this growing demand. In doing so, the industry would do well to consider whether the products on offer align with consumer expectations. The interest in responsible, sustainable and ethical investment is only likely to grow.

¹ Banhalmi-Zakar, Z., Herd, E., Goodwin, M., Pilawskas, P., Srivastava, P., Maniktala, M., Ghainder, S., Khoo, N., Polidori, M. 2023. *Responsible Investment Benchmark Report 2023 Australia*, Responsible Investment Association Australasia, Melbourne, p30.

KEY FINDINGS



88% of Australians expect their super or other investments to be **invested responsibly and ethically** (up from 83% in 2022). In fact, **65% would invest more** if their investments made a positive impact in the world (up from 61%).



Concerns about greenwashing have increased to 78%, from 72% in 2022.



Third-party verification could alleviate concerns about greenwashing, as **79%** of Australians would be more inclined to invest in products labelled as responsible or ethical by an independent source.



Most Australians (89%) say it is important for their super fund or bank to commit to **protecting human rights**.



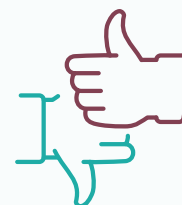
Animal welfare is at the top of Australians' minds: **74%** of Australians want to **avoid animal related issues** when investing, including 66% wanting to avoid animal cruelty.



52% of Australians want to avoid investment in **armed conflict**.



Almost half of Australians (48%) say recent events have prompted them to think about whether their investments are contributing to **climate change or human rights abuse**.



As Australians become more familiar with responsible investment, **their negative views have decreased**, with just **5%** now saying they would never consider it, down from 9% in 2022.

SAMPLE BREAKDOWN

FIGURE 1 Gender breakdown of respondents

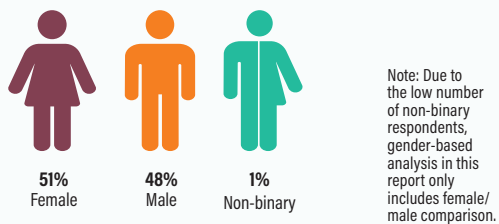


FIGURE 2 Age breakdown of respondents

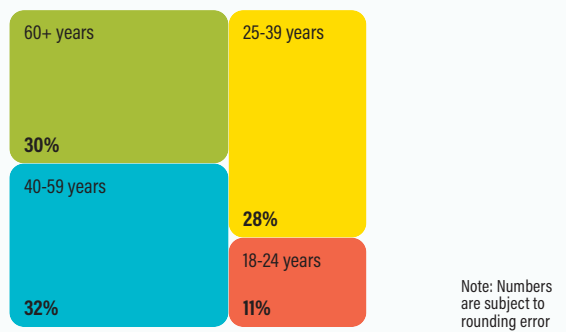


FIGURE 3 Residence of respondents

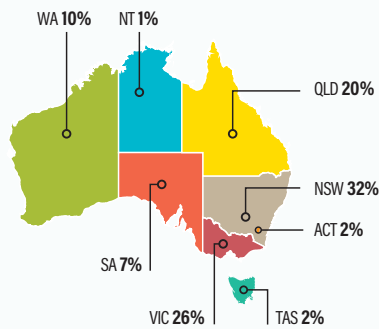
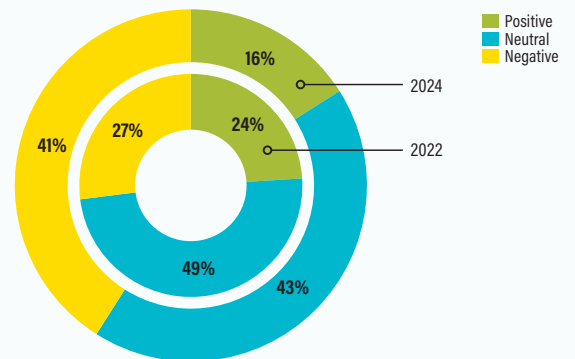


FIGURE 4 Perception of Australia's 12-month economic outlook



CONSUMER ATTITUDE TOWARDS RESPONSIBLE INVESTMENT

Awareness of responsible investment

Australians are more aware of responsible investing than ever before. Over three quarters of Australians are currently familiar with responsible investing (78%). Awareness has increased from 67% in 2022 and from just 50% in 2020.

Younger Australians lead the way with responsible investment awareness, increasing to 87% of those aged under 40-years, compared to 77% among 40-59-year-olds and 69% of those 60-years and above.

Men are also more likely to be aware of responsible investing than women (85% compared to 72%). However, this increase over the last two years is bigger for women (14% increase compared to 9%).

Who is taking up the call for responsible investing?

With awareness comes intent. Openness to investing ethically has skyrocketed, with the highest openness to ethical investment on record at 95%, only one in twenty Australians saying they would not consider investing in an ethical company, fund or super fund (5%). This has dropped notably over the past four years, reaching its lowest level ever (2022: 9%, 2020: 29%).

Encouragingly, over half of Australians are considering investing ethically within the next five years (55%), with 30% considering investing ethically within the next 12 months.

Looking into who is already investing responsibly: 18% of Australians are already investing in ethical companies, funds or superannuation funds that aim to create positive social and environmental impacts. One in five Australians aged under 25-years (22%) and between 25-39-years old (21%) are already investing responsibly. This ratio drops to 16% and 15% among those aged 40-59-years and 60-years old or more, respectively.

It looks like younger Australians are making good on their claims from 2022; the 2024 report sees an overall shift among younger investors from considering responsible investing to actively engaging in it. The proportion of those currently investing responsibly increased by 10% (from 12% in 2022 to 22% in 2024).

Men are also currently more likely to be investing responsibly than women (20%, compared to 15% for women), however a similar proportion of both are considering responsible investments in the next five years (56% for men, compared to 54% for women).

FIGURE 5 Awareness of responsible investment

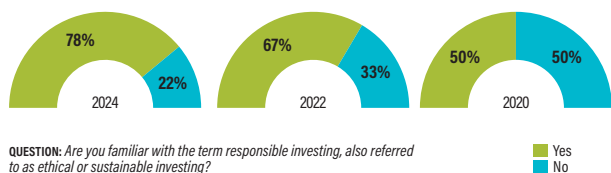
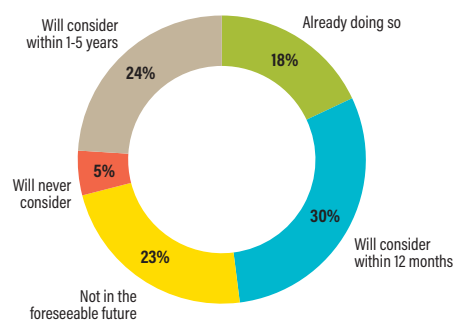
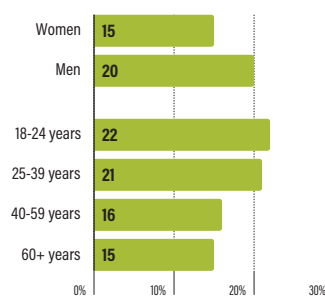


FIGURE 6 Australians' responsible investment consideration



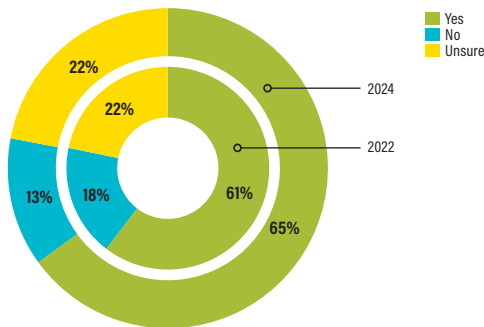
QUESTION: When, if ever, would you consider investing in ethical companies, funds or superannuation funds that aim to create positive social and environmental impacts?

FIGURE 7 Proportion of Australians currently investing responsibly, by gender and age



Percentage of respondents who already invest responsibly in each gender and age category.

FIGURE 8 Proportion of Australians who would be motivated to invest more if their investments made a positive impact in the world



QUESTION: If you knew your savings and investments made a positive difference in the world, would you be motivated to try to save and invest more money?

Motivation for responsible investing: making a difference & influencing change

Two thirds of Australians already believe their investment decisions can influence the health and wellbeing of Australians society (67%), and 54% believe their investment decisions can influence climate change.

Knowing their savings can make a difference through responsible investing could lead to a change in behaviour. Sixty-five percent of Australians would be motivated to invest more if they knew their savings would make a positive difference in the world. This has seen a steady increase over the last four years, reaching 65% in 2024 (from 61% in 2022 and 53% in 2020).

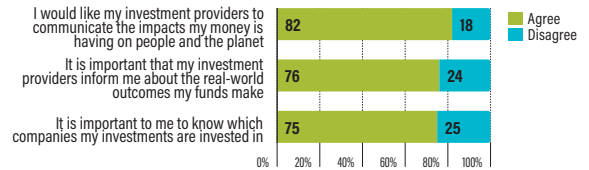
Demand for transparency and information

Australians want to know more about what they are investing in. Three quarters of Australians say it is important for them to know which companies their super fund, banking and other investments are invested in, and to know the real-world outcomes of their funds (76%).

However, there is a disconnect between *want* and *action* among Australians, with 74% never having sought any information about the underlying holdings of their super or investment fund. Despite this, 45% say they would like to know.

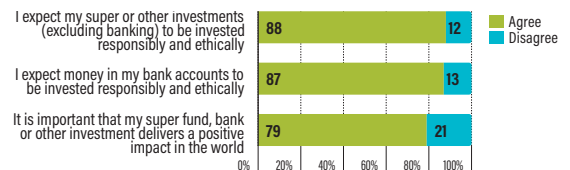
The disconnect may arise from where consumers assign the responsibility for seeking and providing information. While 82% of Australians want their investment providers to communicate the impact their money is having on people and the planet, satisfaction levels are lower: 63% are happy with the ethical/responsible investment information they receive from their funds, and 65% are happy with the information available on their fund/bank's website.

FIGURE 9 Transparency of financial service providers



QUESTION: To what extent do you agree with the following statements?

FIGURE 10 Expectations from financial service providers



QUESTION: To what extent do you agree with the following statements?

Women expect more communication regarding the impact of their investments (85%, compared to 78% for men). Women are also less likely to be happy with the information received from their investment providers (59%, compared to 67% for men) and the information available on their websites (62%, compared to 67% for men).

In line with consumer demand for transparency, majority of Australians believe it is important for their investment provider to provide information not only how they voted on environmental and social issues at company board meetings (74%), but also how they intend to vote on those issues (72%).

Expectations

Eighty-eight percent of Australians expect their super or other investments to be invested responsibly and ethically, this is the highest it has been since 2020 (86%) and is 5% higher than in 2022 (83%). Similarly, 87% of Australians expect the money in their bank account/s to be invested responsibly and ethically. This has also seen a 4% increase since 2022 (83%).

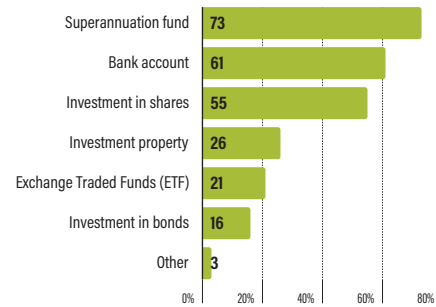
Australians have high expectations from their fund and investment providers. Having a super fund, bank or other investment that delivers positive impact in the world is important to four in five Australians (79%) (for expectations of financial advisors see p23).

Australians want financial products to support good causes

Australians desire for their investments to be invested responsibly and support environmental and social goals is growing. Seventy-three percent of Australians want to see their superannuation funds support environmental and social goals (increasing by 3% since 2022, 70%). Sixty-one percent have similar desires for their bank account and more than half say the same about their shares (55%). Both have also increased since 2022 (by 7% and 5%, respectively).

Younger Australians display the biggest increase when it comes to their bank accounts supporting good causes. Seventy-five percent of those aged 18-24-years-old want to see their bank account doing more good, up by 21% from 54% in 2022.

FIGURE 11 Financial products most wanted to support environmental and social goals



QUESTION: Which of your savings or investments would you most want to see support environmental, social goals like climate change?

TOP RESPONSIBLE INVESTMENT PRIORITIES FOR CONSUMERS

Amid growing expectations for ethical investing, Australians continue to deliver a significant message: 76% of Australians would consider moving their super or other investments to another provider if their current fund didn't align with their own values. Women, and those under 60-years of age are more likely to change their investment providers if there is a value misalignment. Furthermore, 88% of those looking to enter the responsible investing market in the next 12-months cite that they would consider changing their investment providers if they did not share the same values.

It is clear that Australians aspire to align their investments with their values and are prepared to switch providers if there is a mismatch. But which issues are important to them?

Top issues to avoid when investing

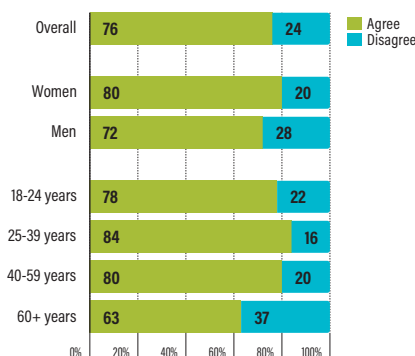
In 2024, the main issues Australians want to avoid when investing revolve around human rights violations, with 76% of respondents expressing desire to avoid various human rights-related issues. This is up by 13% since 2022 (63%).

When examining sub-categories comprising human rights-related issues:

- forty-eight percent of respondents say it is important to avoid labour rights abuses in their investments, which has increased by eight points since 2022 (40%);
- the importance of avoiding human rights abuses in investment options has seen a similar increase from 52% to 60% in 2024. Those already investing responsibly, and those motivated to save and invest for making a positive difference, are more likely to place importance in avoiding human rights abuses (both 66%);
- newly added question in the survey reveals that 'investment in armed conflict' is an area more than half of Australians (52%) prefer to avoid in 2024; and
- forty-four percent want to avoid violations of indigenous people's rights when investing, increasing by 2% from 2022 (42%).

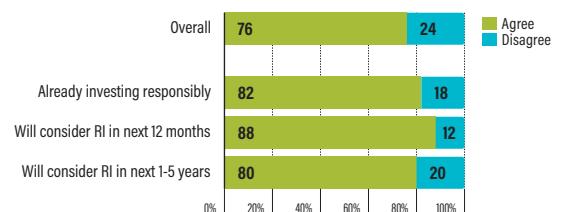
Australians stand firm on animal-related issues. Seventy-four percent of Australians cite various themes within this category as areas to avoid when investing. Specifically, animal cruelty is the top individual issue Australians want to avoid with their investments (66%). While it also took top place in 2022, it has still seen an 8% increase from 58%. Additionally, 54% prefer to avoid animal testing for non-medical purposes which is up from 50% in 2022.

FIGURE 12 Proportion of Australians who would consider changing their investment provider if there was a value misalignment, by gender and age



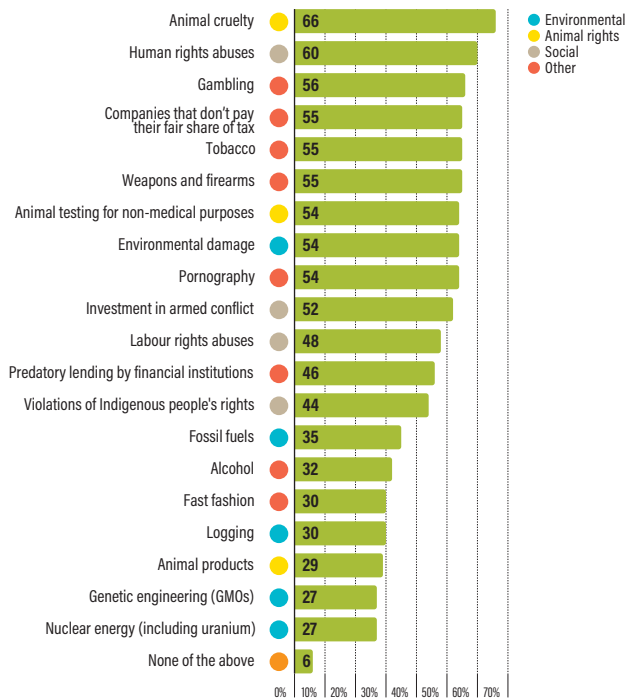
STATEMENT: I would consider moving my super or other investments to another provider if I found out my current fund was investing in companies that engaged in activities that are not consistent with my values.

FIGURE 13 Proportion of Australians who would consider changing their investment provider if there was a value misalignment, by responsible investment consideration



STATEMENT: I would consider moving my super or other investments to another provider if I found out my current fund was investing in companies that engaged in activities that are not consistent with my values.

FIGURE 14 Top environmental and social issues Australians want to avoid in their investments



QUESTION: Which of the following are important issues to avoid when investing your money (including superannuation, banking and other investments)?

Avoidance of environmental issues takes a backseat to human rights-related issues and animal-related issues in 2024. However, the industry should note that various environmental issues remain significant for 71% of the overall population, and 76% of those who intend to invest responsibly in the next 12 months. Environmental damage (54%) and fossil fuel avoidance (35%) are the top sub-categories among environmental issues.

Tobacco avoidance is important to 55% of Australians when investing their money. While there is a slight difference between genders regarding tobacco avoidance (57% for women, 54% for men), women are eight points more likely to cite avoiding alcohol is important to them when investing (36%, compared to 28% for men).

Protecting human rights: 89% expect commitment from providers

Likely driven by recent global events and ongoing international conflicts, human rights are a top concern among Australians in 2024. An overwhelming 89% of Australians believe it is important their super fund or bank commits to protecting human rights, including a quarter who say this is extremely important to them (24%).

FIGURE 15 Perceptions of human rights when investing



QUESTIONS: Commit to protecting human rights: How important is it for the super fund or bank that you invest in to... Which of the following are important issues to avoid when investing your money (including superannuation, banking and other investments)?

Recent global events (e.g., war/conflict) have prompted me to think about whether my investments are contributing to human rights abuses: To what extent do you agree or disagree with each of the following statements?

Forty-eight percent of Australians say recent events, such as war and conflicts, have prompted them to think about whether their investments are contributing to human rights abuses. This increases to 61% among those who currently have responsible investments and 64% for those intending to invest responsibly in the next 12 months.

Closer to home, 73% of Australians cite that it is important for their super funds or banks to commit to protecting indigenous cultural heritage, with younger generations and women more likely to cite the importance of this commitment. Specifically, 77% of women and 81% of those younger than 40 years old consider it important for financial service providers to commit to protecting indigenous cultural heritage. Moreover, among those considering responsible investment in the next 12 months, 83% believe it is important for their financial service providers to make this commitment, as do 83% of those who would save and invest more if their investments positively impacted society.

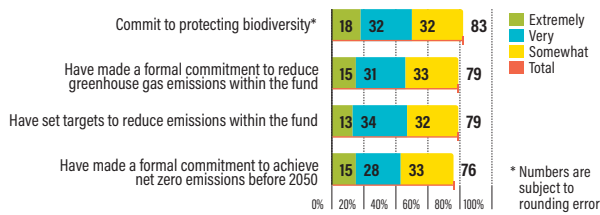
Climate change: Investment providers should commit

The increase in importance Australians place on human rights in 2024 does nothing to dilute the importance they continue to give to climate change. With more than two-thirds of Australians thinking that their investment in super funds, banks and other investments can impact climate change (68%), Australians expect their financial service providers to make commitments.

Protecting biodiversity is the most agreed-upon commitment that Australians expect, as 83% believe it is important for their super fund or bank to commit to this cause. Additionally, four out of five Australians believe it is important for their investment providers to make a formal commitment to reduce greenhouse gas emissions within the fund (79%) and to set targets to reduce emission within the fund (79%).

Furthermore, three quarters say it is important that their bank or super fund has made a formal commitment to achieve net zero emissions before 2050 (76%).

FIGURE 16 Importance of environmental commitments in super funds and banks



QUESTION: How important is it for the super fund or bank that you invest in to...

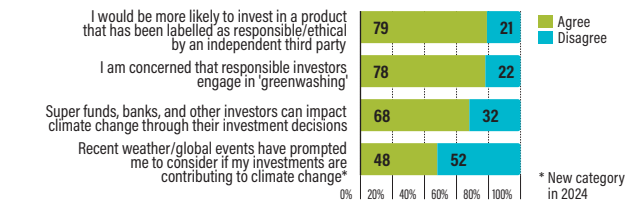
Among those intending to invest responsibly within the next 12 months, the commitments become even more important. Specifically, 92% cite the importance of making a formal commitment and setting targets to reduce emissions within the fund, while 88% cite the importance of making a formal commitment to achieve net-zero by 2050.

Moreover, recent global climate-related events have influenced almost half of Australians, with 48% saying these events have prompted them to think if their investments are contributing to climate change. This ratio increases notably among those who already invest responsibly, as well as among those planning to invest responsibly within the next 12 months (both 64%).

Greenwashing: an increasing concern among Australians

Concerns about greenwashing among Australians have increased to 78%, which is 6% higher than in 2022 (72%). Furthermore, greenwashing poses an even greater concern among individuals who would potentially start investing responsibly in future. Eighty percent of those who would consider investing ethically within the next five years are concerned about greenwashing. This concern is also shared by those who are motivated to increase their investments and savings if it would make a positive difference in the world (81%).

FIGURE 17 Perceptions on climate-conscious investing



QUESTION: To what extent do you agree with the following statements?

Third-party verification can help knock down barriers

As a possible solution to the industry, third party verification of funds could help alleviate these concerns. Seventy-nine percent of Australians would be more likely to invest in funds or products that have been labelled as responsible/ethical by an independent source.

Top targets for responsible investments

Environmental and social themes are important considerations for Australians when they are making investments. Eighty-one percent of Australians think environmental issues are important when investing in superannuation, banking and other investments.

These themes gain even more significance among those who are already investing responsibly, plan to do so within the next 12 months, or have a positive-impact-driven motivation. Specifically, 91% of those already engaged in responsible investing and 93% of those considering responsible investment in the next 12 months cite environmental issues as important factors when investing. Similarly, 91% of Australians who are motivated to invest more if their investments make a positive difference find these factors important.

When examining sub-categories, the top environmental themes Australians consider important when investing are:

1. renewable energy and energy efficiency (55%);
2. healthy river and ocean ecosystems (47%); and
3. sustainable water management and use (45%).

In 2024, 75% of Australians think various aspects of social themes are important when investing.

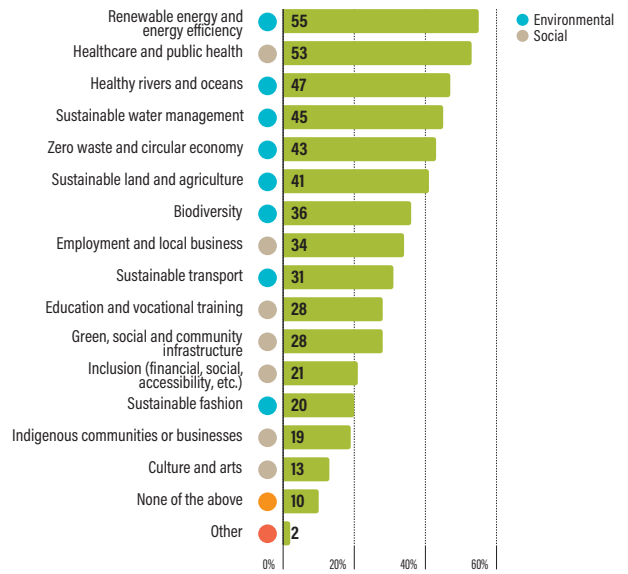
The importance of social issues is even more pronounced among those already investing responsibly (82%), those considering responsible investing within the next 12-months (81%), and those who would be motivated to invest more if it would make a positive change (83%).

The top social themes Australians consider important when investing are:

1. healthcare, public health and medical products (53%);
2. employment and local business (34%); and
3. education and vocational training (28%).

Consumers are clear about their preferences and what they want to avoid when investing. As concerns about greenwashing rise, making explicit commitments on social and environmental issues and seeking independent third-party verification could help engage consumers in responsible investing and allay greenwashing concerns.

FIGURE 18 Top environmental and social themes Australians care about when investing



QUESTION: Which of the following are important issues when you think about investing your money (including superannuation, banking and other investments)?

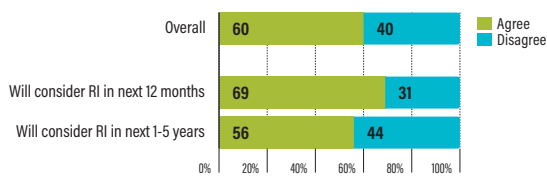
PUBLIC OPINION ON THE PRACTICES OF BANKS, SUPERANNUATION FUNDS, FINANCIAL ADVISORS AND OTHER FINANCIAL SERVICE PROVIDERS

Perceptions of performance and impact in responsible investing

Sixty percent of Australians believe that responsible or ethical investments perform better in the long term. This increases to 75% among Australians who are already investing responsibly. Seventy percent of Australians think ethical or responsible super funds look at options which standard funds don't consider.

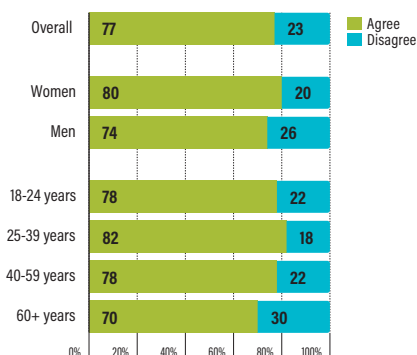
Seventy-seven percent of Australians believe ethical or responsible super funds have a positive impact, while 69% trust super fund's claims about having a positive social and environmental impact.

FIGURE 19 Belief that responsible investments perform better in the long term, by intentions towards responsible investing



STATEMENT: Responsible and ethical super funds and other investments perform better in the long term.

FIGURE 20 Australians believe responsible super funds have a positive impact, by gender and age



STATEMENT: I believe ethical or responsible super funds do have a positive impact.

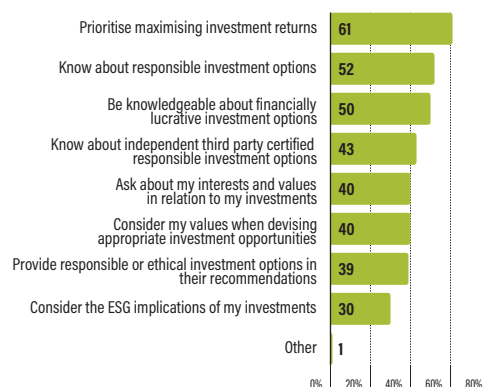
Expectations of financial advisors

In 2024, Australians' number one expectation from financial advisors is to prioritise return maximisation (61%); in 2022, the top spot was taken by advisors' knowledge about responsible investment options (64%). This shift in priorities could be influenced by the more pessimistic economic outlook in 2024, which rose to 41% from 27% in 2022. Consumers with a negative economic outlook are much more likely to prioritise return maximisation: 66% of those with a negative outlook prioritise maximising returns, compared to 57% for those with positive or neutral outlook.

Despite the change in their top priority, over half of Australians still expect their financial advisors to be knowledgeable about responsible investment options (52%), with those looking to invest in the next 12 months being more likely to have such expectations (57%). The importance of ethical considerations in financial advisory services persists during the times of increased uncertainty.

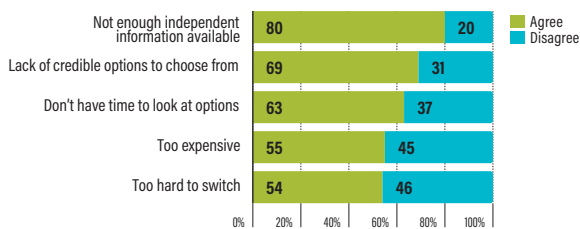
The research suggests that the balance between ethical considerations and financial outcomes gains more significance as consumers navigate a more challenging economic environment.

FIGURE 21 Expectations when working with financial advisors



QUESTION: When working with a financial advisor, which of the following, if any, would you expect of them?

FIGURE 22 Top barriers to switching to an ethical super fund



QUESTION: To what extent do you agree with the following statements regarding ethical or responsible superannuation funds, or option within a fund?

Barriers to ethical investing

Many Australians want to invest ethically, and the industry could do more to inform and educate future investors about what is available to them.

Eighty percent of Australians believe there is not enough independent information available regarding ethical or responsible super funds or options within funds. Additionally, 69% think there is a lack of credible options to choose from, while 63% cite that they lack the time to look at all the super fund options.

'Cost' serves as another barrier, with more than half of Australians saying ethical or responsible funds are too expensive (55%). However, results from this survey suggest this is an area that the industry may be able to address through education initiatives. Perceptions around costs are driven by those unfamiliar with the industry (63%), and those not considering responsible investing in the next five years (67%).

More than half believe it is too hard to switch funds (54%) and a quarter is indifferent about where their super is invested (24%). However, there is a promising trend for the future: the percentage of Australians expressing indifference decreased by 7% from 31% to 24%.

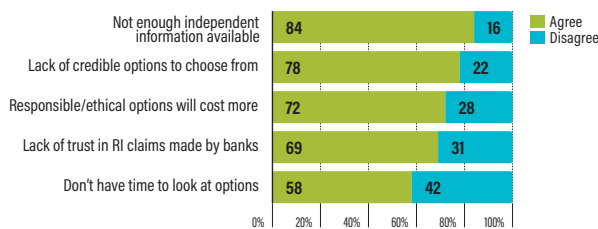
Barriers to switching banks

Top barriers to switching to a responsible or ethical bank haven't changed since 2022. When asked about the factors preventing consumers from switching to a responsible or ethical bank, 84% claim not having enough independent information available to them, with women being more likely to believe so (88%, compared to 81% for men). The second most common barrier to switching banks is the perception that there is a lack of credible options to choose from (78%).

Seventy-two percent of Australians think ethical alternatives are more expensive, making 'cost' the third barrier between consumers and ethical banks.

Fifty-eight percent cite a lack of time to look at options, while 54% believe they don't have enough money in their bank so it is not worth changing.

FIGURE 23 Top barriers to switching to an ethical bank



QUESTION: What prevents you from switching your existing bank to a responsible or ethical bank?

A new category for 2024 reveals that 40% believe ethical/responsible banks perform worse in the long term. Similarly, 39% consider ethical or responsible banks as too risky (down 4% from 43% in 2022). On the other hand, those not caring about where their bank invests their money have decreased to 26%, down 4% from 30% in 2022.

Gender differences in barriers to switching

Findings indicate barriers to switching and investigating ethical super funds, investment options and banks are perceived differently by women and men. Although women have a more positive attitude towards ethical investment providers compared to men, they find it harder to switch, citing:

- a lack of time to look at options for ethical banks (62% compared to 54% for men);
- a lack of time to look at super funds (67% compared to 59% for men); and
- finding it generally too hard to switch banks (55%, compared to 45% for men) and funds (58%, compared to 50% for men).

Women's perception about transparency and credibility of ethical options is also different:

- women are more likely to perceive a lack of independent information about banks (88%, compared to 81% for men) and funds (83% compared to 77% for men);
- they note a lack of credible bank options (80%) and fund options (71%) to choose from, compared to men (76% and 67%, respectively); and
- women cite that they would be more likely to invest in financial products that have been labelled as responsible or ethical by an independent third party (82%), compared to men (75%).

Most significantly, women are more likely to cite they don't have enough money in their super, so it is not worth changing (55% compared to 44% for men).

There is a clear call to action here for the financial services sector: tailor information for the demographic who is receiving it, recognising that there are broader systemic issues which impact different cohorts, and their ability to engage with that information, in different ways (see [above](#)).

2024 RESPONDENTS IN CONTEXT

Population snapshot

Respondents in the 2024 survey were sought to reflect the Australian population. Nearly two-thirds (64%) live in capital cities and 36% live throughout the rest of Australia.

Thirty percent of Australians are aged 60-years or above, with nearly a third (32%) being between 40-59-years, 28% being between 25-39-years, and 11% being between 18-24-years of age.

Superannuation throughout Australia

Two-fifths (41%) of Australians have \$100,000 or less in their superannuation, not including nearly one in ten (8%) who don't have anything.

The rate of people with no superannuation is similar across men (7%) and women (9%), however women are more likely to have a value of \$100,000 or less (44%, compared to 38% for men), while men are more likely to have a super value of more than \$100,000 (46%, compared to 35% for women).

Australians in the NT and TAS are most likely to have no superannuation (17%), while Queenslanders are a little more likely than the average to put their superannuation value at over \$100,000 (43%).

Savings and investments throughout Australia

More than three-fifths (62%) of Australians estimate the value of their savings and investments, other than superannuation, at less than \$100,000. A third (33%) of men value their savings and investments as \$100,000 or more compared to 22% of women.

Australians living in capital cities are more likely to have savings and investments worth at least \$100,000 than those living throughout the rest of Australia (30%, compared to 23%).

Economic outlook

Two-fifths (41%) of Australians have an overall negative economic outlook for the next 12-months. Women are more likely than men to feel negative towards the economy (45%, compared to 38%), while men are more likely to feel positive (20%, compared to 12% for women).

There is little difference across age groups, however older Australians are more likely to have a negative (44%) and a positive (19%) outlook, compared to the average Australian.

ABOUT THIS REPORT

From Value to Riches 2024 is the sixth consumer research report published by the Responsible Investment Association Australasia (RIAA). This report gauges general Australian awareness, practices and attitudes towards ethical and responsible investing in Australia.

The research for this report was commissioned by RIAA and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveyed 2,003 Australians 18+ years of age. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The survey was sampled according to the population based on gender, age, and location. The survey was conducted online amongst members of a permission-based panel, between 8 January and 16 January 2024. The data was then weighted to reflect the latest population estimates sourced from the Australian Bureau of Statistics.

This report was crafted with valuable contributions from Estelle Parker and Dean Hegarty, with peer review conducted by Kate Turner, to whom we extend our thanks.

The report was designed by Loupe Studio.

About the Responsible Investment Association Australasia

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 500 members representing US\$29 trillion in assets under management, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. RIAA membership includes super funds, KiwiSaver providers, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

RIAA achieves its mission through:

- providing a strong voice for responsible investors in the region, including influencing policy and regulation to support long-term responsible investment and sustainable capital markets;
- delivering tools for investors and consumers to better understand and navigate towards responsible investment products and advice, including running the world's first and longest running fund Certification Program, and the online consumer tool Responsible Returns;
- supporting continuous improvement in responsible investment practice among members and the broader industry through education, benchmarking and promotion of best practice and innovation;
- acting as a hub for our members, the broader industry and stakeholders to build capacity, knowledge and collective impact; and
- being a trusted source of information about responsible investment.

About Lonergan Research

Lonergan Research is an independent strategic research consultancy, founded in 2009, that combines a wide range of disciplines and approaches to solve complex business challenges.

Lonergan Research is methodologically neutral, offering the best tools to meet specific research needs.

Lonergan interprets data holistically, believing that the value of research lies in insights. Its work encompasses qualitative, quantitative, big data/data science, fieldwork and mystery shopping.





1 May 2024

Corporate Governance Council

By upload

Dear Council

ASX Corporate Governance Principles – 5th edition

Thank you for the opportunity to comment on the draft 5th edition of the ASX Corporate Governance Principles (the **Code**). We note that you envisage releasing the final version of the Code in calendar 2025 and will be undertaking a roadshow to inform and seek feedback.

About us

As our name suggests, we are a group of lawyers¹ with an interest in the welfare of animals and expertise across a range of legal areas. Our purposes are:

- (a) to provide advocacy on animal welfare issues; and
- (b) to promote community awareness of animal welfare; and
- (c) to promote changes to the law that will benefit animals and/or advocacy by animal welfare advocates.

We take a practical approach to animal welfare issues that is not driven by any ideological position. While we are a special interest group, the change we are seeking is not a special interest issue. It represents current investor and community concerns and expectations about the welfare of animals.

Overview of submission

We appreciate that the consultation draft is an incremental revision, rather than a complete rewrite, and that it “*gives consideration to evolving investor and community expectations on issues including corporate conduct, culture, risk management, stakeholder relationships, reporting, and remuneration*”.²

In our submission, therefore, the Code should also represent community and investor expectations for the welfare of animals, which are substantial already and will only increase. We propose that the 5th edition of the Code should include reference to animal welfare. As discussed below, it could do this, for example, as part of the ‘social risks’ addressed under Principle 7.

¹ Our members include barristers, solicitors, corporate counsel and academic practitioners.

² Communique 27/2/24



A nation and its moral progress can be judged by the way its animals are treated: Mahatma Gandhi

Appendices

For ease of reading this submission we have provided the detailed proofs to support the statements in this letter by way of attachments. They are:

Attachment A	Banks and financial institutions – animal welfare.
Attachment B	Reports on animal welfare
Attachment C	International Standards.

Detailed submission

Background

The expression “environmental, social, governance” or ESG can be traced back to the UN’s 2004 Global Compact titled “Who Cares Wins”.³ The understandable focus on climate change and hence the “E” in this acronym has overshadowed more detailed consideration of social factors. However, social factors have gained greater traction more recently and it has been said that “...more businesses are realising that social issues should be an integral component of their sustainability strategy.”⁴

Thus, modern discussions of “S” have expanded to refer to issues such as diversity, equity and inclusion, data security,⁵ and modern slavery.⁶ A number of listed companies also identify animal welfare as a potential source of reputational and financial harm⁷ if ignored.⁸ As the fallout from banking services provided to Jeffrey Epstein proved, the damage can be significant even when the cause of it is indirect.⁹ Moreover, accurate information is critical to the growing demand for ESG screening.¹⁰

³ Elizabeth Pollman, “The making and meaning of ESG”, European Corporate Governance Institute Law Working Paper No 659/2022 at p 10.

⁴ PWC UK, “What does the S of ESG mean to your organisation?” July 2022: See <https://www.pwc.co.uk/industries/financial-services/understanding-regulatory-developments/what-does-the-s-of-esg-mean-to-your-organisation.html>

⁵ Jason Saul, “Fixing the S in ESG”, Stanford Social Innovation Review, 22 February 2022: https://ssir.org/articles/entry/fixing_the_s_in_esg#.

⁶ S&P Global, <https://www.spglobal.com/en/research-insights/articles/what-is-the-s-in-esg> visited 25 July 2023

⁷ This realisation is increasingly being reflected by the inclusion of reputational hurdles in companies’ remuneration structures: See, eg Clancy Yeates, “Using the carrot and the stick to drive better corporate behaviour” *Australian Financial Review* 23 September 2023.

⁸ See, eg, the 2023 annual reports of Australian Agricultural Company Ltd, Elders Ltd, Ingham’s Group Ltd, Schaffer Corporation Ltd, Tabcorp Ltd, the a2 Milk Company Ltd and Woolworths Group Ltd.

⁹ See eg Edward Helmore and others, “JP Morgan settles Jeffrey Epstein lawsuits with US Virgin Islands for \$75m” *The Guardian* 27 September 2023 and Karen Maley, “Epstein payout changes how all banks must act” *Australian Financial Review* 19 June 2023.

¹⁰ As demonstrated by the recent decision in *ASIC v Vanguard Investments Australia Ltd* [2024] FCA 308. See also the discussion in the section outlining our second point below.



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ASX listed companies – relevance of animal welfare and affected industries

Our first point is that animal welfare is relevant in various ways for a significant number of listed companies and industries. The level of materiality is a matter for each company to assess.

For the purposes of this submission King and Wood Mallesons (**KWM**) undertook a review of a sample of ASX listed companies – reviewing the S&P/ASX50. The impact of each company’s operations on animal welfare was divided into the following categories:

- Direct impact – products and services where animals are the input or output. *Example: retail.*
- Indirect impact – animals are affected in the supply chain or transportation of goods and services. *Example: the impact on the environment of mining on animals’ habitats.*
- Product development – animals are used or affected in the design, development and testing of products or services. *Example: pharmaceuticals.*
- Funding & financial support – financial support or assistance is provided to other organisations that have a direct or indirect impact on animal welfare. *Example: banks.*

KWM’s review concluded that the activities of almost all companies comprising the S&P/ASX50 impact animal welfare, either directly, indirectly, through the development of their products and services, or by providing financial support to other companies that directly or indirectly impact animal welfare.

In addition to the industry in which a company operates, other activities of the company, such as sponsorship, may have animal welfare relevance. To quote one example, Myer ended its sponsorship of the Melbourne Cup because of animal welfare concerns.¹¹

In relation to disclosures, KWM’s review rated publicly available corporate governance policies and practices of each company in respect of animal welfare. KWM concluded that, generally, companies that have a ‘direct’ impact on animal welfare have a separate animal welfare policy, and most companies discuss “biodiversity” more broadly as part of their sustainability reporting or corporate governance policies. Companies that have an ‘indirect’, ‘product development’ or ‘funding & financial support’ impact on animal welfare tend not to have a separate animal welfare policy in place and tend not to make specific disclosures around animal welfare (only discussing biodiversity). The review is available on request.

Moreover, disclosure is important in the context of superannuation funds and banks, as [Attachment A](#) shows.

¹¹ Melissa Singer, “Out of fashion: Myer scratches Cup sponsorship” *The Age*, 1 July 2023.



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Supplementing this, separate research by us of the 2023 annual reports of ASX-listed companies found that a growing number of companies are reporting on their animal welfare-related activities.¹² In addition:

- several companies listed charitable or other community-based activities directed towards animal welfare¹³
- investment companies referred to their animal-welfare related screening¹⁴
- some companies are responding to community expectations by undertaking businesses that by-pass the need for animals and hence the risk of animal harm¹⁵ and
- many companies are reporting on sustainability activities to protect native plant and animal species.¹⁶

Investor and community expectations

Our second point is that investor and community expectations in relation to animal welfare are directly relevant to the Code, reflecting the observation in the consultation draft about considering *evolving investor and community expectations*.

Reports by well-respected independent research bodies clearly demonstrate that animal welfare is an important concern in the community and for investors and comes within the “S” in ESG. A sample from such reports is in [Attachment B](#).

Moreover, there is often insufficient transparency about animal welfare for consumers and investors to make informed choices. In the context of ASX investors, there is the added overlay of the information needed by fund and asset managers and others to offer products that meet the demand of investors for investment products where the underlying product or service is consistent with community animal welfare standards.

The University of Melbourne’s Professor Christine Parker and her colleagues¹⁷ reviewed animal welfare in the context of responsible investment and concluded that the two main barriers to consideration of animal welfare issues in Responsible Investment, as raised by the interviewees, are:

First, there is a common belief that Australian investors are not exposed to animal welfare issues; however, there is significant exposure through direct investment in animal-use industries (mainly animal agriculture) and supply chains to justify urgent

¹² See, eg, Adairs Ltd, Apiam Animal Health Ltd, Australian Agricultural Company Ltd, Bega Cheese Ltd, Bendigo and Adelaide Bank Ltd, Capricorn Metals Ltd, Challenger Ltd, Cochlear Ltd, Coles Group Ltd, Elders Ltd, Fisher & Paykel Healthcare Corporation Ltd, Inghams Group Ltd, Opthea Ltd, Pilbara Minerals Ltd, Polynono Ltd Premier Investments Ltd, PYC Therapeutics Ltd, Schaeffer Corporation Ltd, Tabcorp Holdings Ltd, The a2 Milk Company Ltd and Woolworths Group Ltd.

¹³ Atlas Arteria Ltd, AUB Group Ltd, Ebos Group Ltd, Pepper Money Ltd, Premier Investments Ltd.

¹⁴ Australian Ethical Ltd, NAOS Small Cap Opportunities Company Ltd, Pengan International Equities Ltd.

¹⁵ ASF Group Ltd (lab-grown meat and animal skin for leather), Dominos Pizza Enterprises Ltd, (plant-based beef).

¹⁶ Aeris Resources Ltd, Alkane Resources Ltd, Alligator Energy Ltd, Aussie Broadband Ltd, Australian Strategic Materials Ltd, Boral Ltd, Experience Co Ltd, Michael Hill International Ltd, National Australia Bank Ltd.

¹⁷ Parker, C, Cornish A and Boehm A “The Environmental Social Governance of Animal Welfare: A Review of Current Practice in Responsible Investment in Australia” (2022) 50 ABLR 91



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attention to animal welfare in RI. Secondly, there is low expertise and awareness of animal welfare in the RI community – this can be addressed by the explicit inclusion of animal welfare in ESG metrics and official corporate governance principles.

Community expectations have evolved, and this has been recognised by regulators, as witnessed by the inclusion of animal sentience in various animal welfare Acts and States' intended re-enactments of their animal welfare laws.¹⁸

The strength of community attitudes has been reflected in growing shareholder activism, addressing issues such as:

- cage-free eggs;
- confinement of pregnant pigs to gestation crates; and
- animal testing.¹⁹

Indeed, as long ago as 2016 proxy adviser Glass Lewis supported a proposal on pigs' gestation crates by Green Century Capital Management in relation to Tyson Foods, stating: *Given the attention paid to the use of gestation crates and that 60 major restaurant chains have committed to sourcing pork from suppliers who have phased or will phase out the use of gestation crates, we believe that the Company could be placed at a financial disadvantage with respect to its ability to compete for contracts or supply certain pork customers and that **increased disclosure of these risks would better allow shareholders to assess how the Company is addressing this issue.*** (our emphasis).²⁰

A review of shareholder proposals from the 2022 proxy season in the United States reported an increase in both the number and level of support for animal welfare proposals by comparison with the previous year.²¹

In our submission these trends are being, or will be, replicated in Australia and the Code should be on the front foot by including animal welfare. Major brands and companies are actively and voluntarily adopting animal welfare positions, for example, in relation to cage-free eggs.²² Community expectations regarding animal welfare will increase further over time and investors will demand to see disclosure in relation to it.

¹⁸ For example: in Victoria *Animal Care and Protection Bill*, in NSW *Animal Welfare Bill 2022*, in ACT *Animal Welfare Act 1992* (Republication No 33, effective: 22 February 2023).

¹⁹ Freshfields analysis of ISS data as of June 15, 2023 p 54. Amelia Lucas, "McDonald's shareholders to vote on proxy fight with Carl Icahn over animal welfare practices" CNBC, 25 May 2022. See for example, Volvo, Global announcement, 21 September 2023; Beth Wright, "Peta buys shares to sway sourcing at Levi Strauss, Boohoo," *Just Style* 28 March 2019; Phoebe Wall Howard, "Ford shareholders reject PETA request for annual report on animal testing process" *Detroit Free Press*, 11 May 2023; Phoebe Wall Howard, "PETA declares victory with animal ban for crash test research; Ford updates policy" *Detroit Free Press*, 11 July 2023; Jake Lingeman, "Ford Spells Out Bans on Animal Testing for Suppliers, Scientific Studies" *Newsweek*, 12 July 2023.

²⁰ See https://www.greencentury.com/wp-content/uploads/2018/06/Glass-Lewis_Tyson-Report.pdf

²¹ Tom P Skulski and Glenn O'Brien, Morrow Sodali "2022 Proxy Season – Shareholder proposal Review" *Harvard Law School Forum on Corporate Governance*, 3 October 2022.

²² www.rspca.org.au/campaigns/layer-hen-welfare/cage-free-proud.



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Consistency with international ESG developments

Our third point is that animal welfare already has evolving recognition as part of the “S” in ESG internationally and amending the Australian Code to recognise animal welfare would be consistent with this evolution. Examples of international developments are detailed in [Attachment C](#), and include the following:

- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023)
- IFRS 2 Sustainability Disclosure Standards (2023)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022)
- GRI G4 Food Processing Sector Disclosures (2014) and
- UN SDGs (2019).

The role of the board

Lastly, it is central to the role of the board that it is in a position to guide and monitor management.²³ A common feature of the governance failures in relation to social risks that have been exposed in recent Royal Commissions and inquiries has been an information gap where management has failed to escalate a matter to the board or directors who are charged with monitoring management have failed to ask the right questions.

More explicit guidance (in this case, regarding animal welfare) on disclosure of social risks would alert boards and entities to the potential for this kind of information gap.

Submission Conclusion

The factors we have identified above and the role of the board, the growing community demand for ethical investments, and the obstacles to effective screening posed by inadequate disclosure all point to the need for additional guidance on social risk disclosure to be included in the Code. We submit that this must include reference to animal welfare because of:

- the growing awareness by companies of the dangers of consumer backlash if they do not treat animals, especially sentient animals, humanely, and
- the increasingly significant concern of investors and consumers that animals are treated humanely by the companies they support.

As set out above, recent research supports that view. And as Parker et al have observed: *Animal welfare concerns raised by the use of animals for food and textiles, in health, beauty and veterinary products, and so on, represent a real and inescapable investment risk.... Specific mention of animal welfare in Principle 7 of the ASX CGPR – the leading statement of ESG in Australia – would assist in raising awareness and signalling the need for upskilling in this area. Animal welfare is a real concern for*

²³ *Daniels v Anderson* (1995) 37 NSWLR 438 at 501.



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*institutional investors that have a diverse stockholding and are focused on the long-term sustainability of their investment future.*²⁴

The 5th edition in Recommendation 7.4 states “*A listed entity should disclose (a) any material risks (including its material environmental, social and governance risks) and (b) how it manages or intends to manage those risks.*” The definition of “social risks” in the Glossary addresses human society.

We recommend amending the definition of “social risks” in the manner outlined below. We note the following in relation to our revised formulation of the definition:

1. It includes the amendments proposed by the Council (underlining and strike through).
2. Our proposed amendments are underlined and marked in red.
3. We have added reference to investments and customers to address a potential limitation that, we submit, was probably unintended. This amendment is intended to capture (for example) fund exposure to investments and bank exposure to customers.

Our formulation is -

*“social risks: the potential ~~negative~~ consequences (including systemic risks and the risk of ~~consequential~~ regulatory responses) to a listed entity if its activities ~~adversely~~ affect human society or its activities are ~~adversely~~ affected by changes in human society. This includes the risks associated with the entity, and (as applicable) its investments, or its customers or its suppliers engaging in modern slavery, aiding human conflict, facilitating crime or corruption, mistreating employees, customers or suppliers, or harming the local community (including from failing to protect data, or the inappropriate application of artificial intelligence) or harming animals. It also includes risks for the entity associated with large scale mass migration, pandemics or shortages of food, water or shelter”.*²⁵

Our proposed change to capture reference to harm done to animals would be an important reform helping to future-proof the 5th edition of the Code.

²⁴ Parker C, Cornish A and Boehm L ‘The Environmental Social Governance of Animal Welfare: A Review of Current Practice in Responsible Investment in Australia’ (2022) 50 *ABLR* 91, at p 105.

²⁵ An example of this approach being taken is Challenger Ltd in its 2023 Governance and Sustainability Report: Under the heading Social - “*Human capital, workplace health and safety, labour relations and standards, human rights, modern slavery, demographic changes, supply chain, responsible lending, data privacy, Indigenous cultural heritage, **animal welfare** and community impacts.*” (p8, our emphasis)



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Conclusion

Thank you again for considering our submission. We would be pleased to discuss any aspect of this submission and to participate in the roadshow.

Please contact Alan Shaw at alanjshaw@outlook.com, in the first instance if you would like to discuss any aspect of this submission.

Yours sincerely

A handwritten signature in blue ink that reads "Ashaw".

ALAN SHAW on behalf of Animal Welfare Lawyers



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Attachment A - Banks and financial institutions – animal welfare

World Animal Protection

<https://www.worldanimalprotection.org.au/our-work/factory-farming/finance/super-funds/>

Here are the super funds (as of 2022) with animal welfare options for their members:

	No live animal export	No intensive animal farming	No animal testing - cosmetics	Published animal welfare policy or position statement	Published antibiotic use policy - animal agriculture	Proactive animal welfare advocacy
Australian Ethical	Meets	Meets	Meets	Meets	Meets	Meets
Cruelty Free Super	Meets	Meets	Meets	Meets	Meets	It's a start
Future Super	Meets	Meets	Meets	Meets	Meets	It's a start
Verve Super	Meets	Meets	Meets	Meets	Meets	It's a start
CareSuper	Meets	Meets	Meets	Meets	Meets	Doesn't meet
Christian Super	Meets	Meets	Meets	Meets	It's a start	It's a start
Australian Catholic Super Retirement Fund (ACSRF)	Meets	Meets	Meets	It's a start	Meets	Doesn't meet
Rest Super	Meets	Meets	Meets	It's a start	Meets	Doesn't meet
Mercy Super	Meets	It's a start	Meets	It's a start	Meets	Doesn't meet
NGS Super	Meets	Doesn't meet	Meets	It's a start	Doesn't meet	Doesn't meet
Aware Super	Meets	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet
HESTA	Meets	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet
Hostplus	Meets	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet
Perpetual WealthFocus Super	Doesn't meet	Doesn't meet	Meets	It's a start	Doesn't meet	Doesn't meet
Sunsuper	Meets	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet
VicSuper	Meets	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet
Media Super	It's a start	It's a start	It's a start	It's a start	Doesn't meet	Doesn't meet
All Other Super Funds	Doesn't meet	Doesn't meet	Doesn't meet	It's a start	Doesn't meet	Doesn't meet

Meets the criteria
 It's a start
 Doesn't meet the criteria

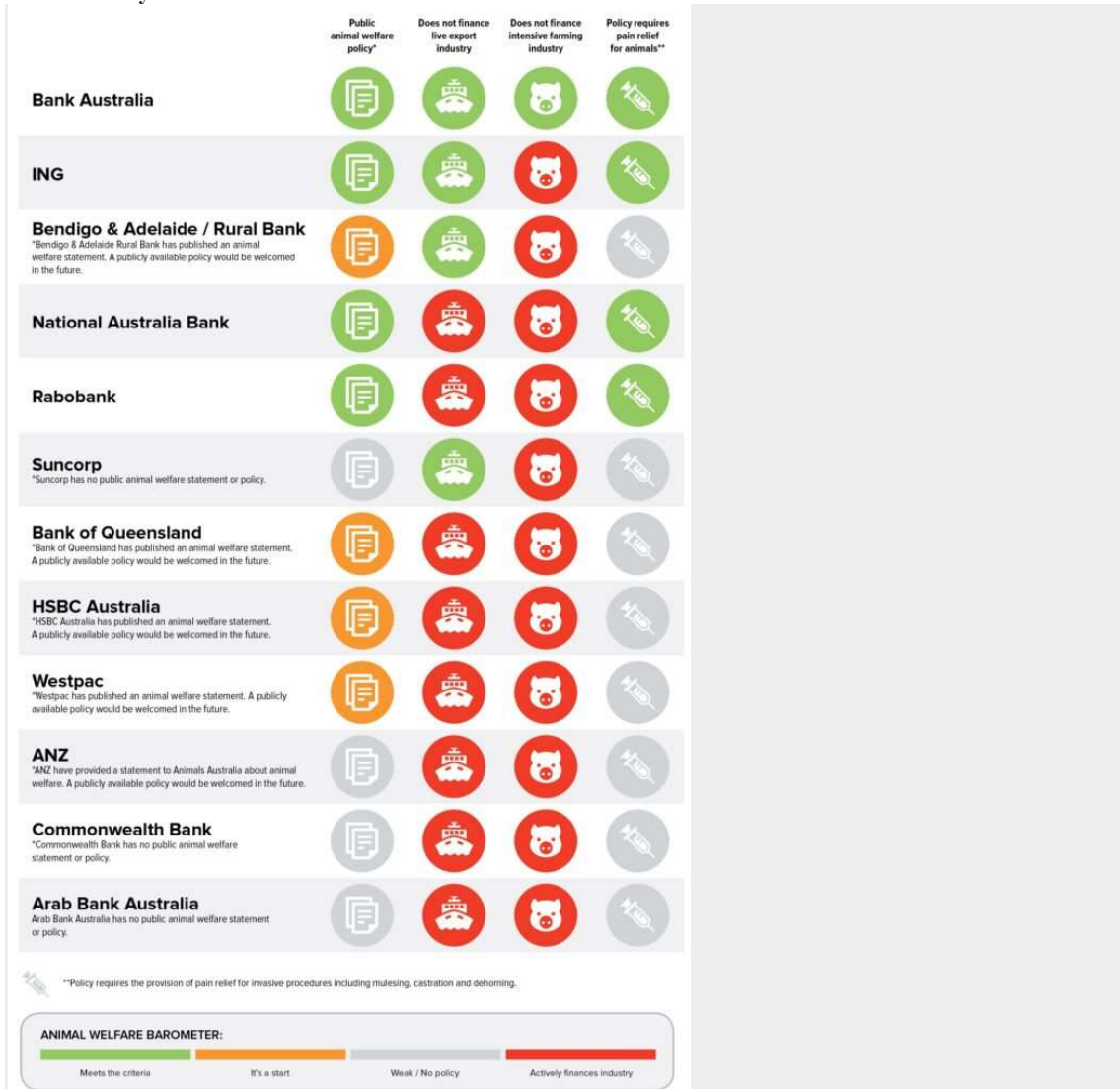


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Animals Australia

<https://animalsaustralia.org/our-work/compassionate-living/bank-measure-up-animal-welfare/>

See where your bank falls on the animal welfare scale in the table below:





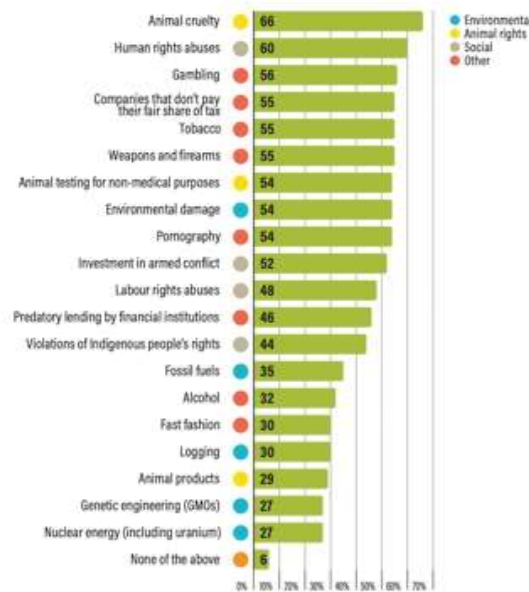
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Attachment B – Reports on animal welfare

Responsible Investment Association Australasia (RIAA): “From Values to Riches 2024 Charting consumer demand for responsible investing in Australia”: RIAA commissioned Lonergan Research to conduct the research. The outcome of the top environmental and social issues Australians want to avoid in their investments is somewhat striking – the table is reproduced in full below. Animal cruelty is at the top of the list at 66%, above human rights and environmental damage. If other animal welfare concerns such as animal testing for non-medical purposes is added, then it is 74%. RIAA observes:

“There remains a striking difference between consumer sentiment and the investment products available to the market. Animal rights is a case in point. Animal cruelty was a top concern amongst Australians in 2022 and has grown in the past two years – 66% of Australians now list animal cruelty as important to avoid when investing their money, while 54% want to avoid animal testing for non-medical purposes. However, only 11% of Assets Under Management is negatively screened for animal testing (for non-medical purposes).”

FIGURE 14 Top environmental and social issues Australians want to avoid in their investments



QUESTION: Which of the following are important issues to avoid when investing your money (including superannuation, banking and other investments)?

Behaviorworks Australia, Monash University, “Australian Animal Welfare Survey 2023”: The Australian Alliance for Animals commissioned BehaviourWorks Australia to understand Australian public beliefs, expectations and behaviours regarding systemic change for animals. Almost 9 out of 10 Australians affirmed that the law should require that all sentient animals



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are provided with good animal welfare and that animal welfare should be protected by the government through legislation. This indicates that the vast majority of the community regard animal welfare as important and to be protected.

Futureye, “*Australia’s Shifting Mindset on Farm Animal Welfare*” 2018: The Department of Agriculture and Water Resources requested Futureye to identify expectations of farm animal welfare to understand whether the current regulations are perceived to be sufficient. By way of summary:

“Futureye’s findings clearly show that the Australian public’s view on how farm animals should be treated has advanced to the point where they expect to see more effective regulation. In Australia today, 95% of people view farm animal welfare to be a concern and 91% want at least some reform to address this.”

In the current context, the following observation is particularly pertinent, emphasising the importance of transparency:

“The research also indicates that there is distrust of the industry and government when it comes to the welfare of farm animals. This distrust seems to be fuelled by the perception that there is a lack of transparency and that certain information may be kept hidden intentionally, or deliberately obscured.”

Productivity Commission Inquiry Report No 79, “*Regulation of Agriculture*” (28 March 2017) devoted a complete chapter to animal welfare. The report noted that there were heightened community concerns about environmental and animal welfare impacts of farming practices and explicitly recognised that the objectives of regulation include reflecting evolving community attitudes saying:

“Farm animal welfare is a policy area that is expected to evolve over time as community attitudes evolve and as new scientific evidence becomes available. The policy challenge is to have arrangements in place that can transparently weigh up the costs of improved animal welfare against the benefits (the value of animal welfare to the community).”



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Attachment C – International Standards

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023): Clause 85 say that Enterprises should respect animal welfare standards that are aligned with the World Organisation for Animal Health (WOAH) Terrestrial Code and expands on this point.

IFRS 2 Sustainability Disclosure Standards (2023) IFRS recognises animal welfare as a social risk, for example in Volume 1 Apparel, Accessories & Footwear and in Volume 22 Food Retailers and Distributors. In the latter, IFRS says:

“...suppliers face a myriad of sustainability-related challenges that include resource conservation, water scarcity, animal welfare, fair labour practices and climate change....consumers are increasingly concerned with the production methods, origins and externalities associated with the foods they purchase, which may affect an entity’s reputation.”

FB-FR-430a.3 set out the matters an entity is to discuss to manage environmental and social risks within the supply chain, including animal welfare – this includes animal welfare standards, any targets, certifications etc.

GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022): Topic 13.11 is animal health and welfare. It says:

‘Animal health and welfare is crucial because it concerns productivity, the safety of animal-derived products, and the humane treatment of animals.’ And sets out additional recommendations and disclosures.

GRI G4 Food Processing Sector Disclosures (2014) includes a section on disclosures and indicators for animal welfare. It says:

“Consumers have become increasingly concerned about the way in which animals reared for food are managed and cared for. Their perception of food quality is determined not only by the taste and pricing of the product, but also by ethical issues such as the welfare of the animals from which the product was produced.”

UN SDGs (2019): The UN Global Sustainable Development Report identified animal welfare as one of several key missing issues in the 2030 Agenda for Sustainable Development and its SDGs. It said:

“The clear links between human health and well-being and animal welfare is increasingly being recognized in ethics- and rights-based frameworks. Strong governance should safeguard the well-being of both wildlife and domesticated animals with rules on animal welfare embedded in transnational trade.”