

Ethical Investing - Divestment

Andrew Gaston

Adv.Dip. FS (FP); FIPA; SA.Fin

Director and Authorised Representative 229292 of
Accord Financial Solutions Pty Ltd
Australian Financial Services Licence no. 323379

October 2018

Disclaimer

Please be aware that this presentation provides general information only, and is specifically for the purposes of providing information on ethical investment and divestment for Australian Investors. Any reference to strategies, products or investments should not be considered a recommendation to use or invest in that product or investment.

You should talk to an Authorised Representative, licenced by ASIC before using any of the information presented. Before you consider investing ensure the information is suitable for your particular situation.

Positive changes over the past 17 years for retail Investor.

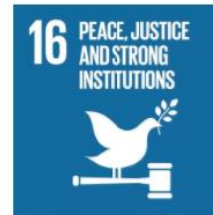
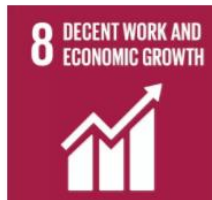
- Over the past 17 and more importantly over past 3 years there has been many positive changes in the Ethical investment sector.
- In the early 2000's we had Australian Ethical and Hunter Hall as the 2 investment options for our clients.
- This has now grown to over 20 options today.
- New investment options with stronger screening
- We now have a mix of strategies and processes available:
 - Negative screens
 - Positive screens
 - Impact or theme

Positive Characteristics of Funds today

- New Investment Houses are a result of key investment people leaving the big institutions.
- Since leaving they have been able to become stricter in their screening process.
- Many have their own money invested alongside investors.
- They are not owned by big corporations.



SUSTAINABLE DEVELOPMENT GOALS



On September 25th 2015, countries adopted a set of goals to **end poverty**, **protect the planet** and **ensure prosperity for all** as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.

For the goals to be reached, everyone needs to do their part: governments, the private sector, civil society and people like you.

Investment returns

Source Responsible Investment Association of Australasia 2018 report - Returns to 31/12/17

Australian share funds	1 Year	3 Years	5 Years	10 Years
Average responsible investment fund (between 8-14 funds sampled depending on time period)	11.3%	9.8%	11.7%	5.4%
Large-cap Australian share fund average	12.2%	8.0%	9.7%	3.5%
S&P/ASX300 accumulation index	11.9%	8.8%	10.2%	4.0%

International share funds	1 Year	3 Years	5 Years	10 Years
Average responsible investment fund (between 8-27 funds sampled depending on time period)	15.2%	10.6%	16.1%	5.4%
Large-cap international share fund average	14.7%	10.3%	16.9%	5.4%
MSCI World ex-Australia Index	13.4%	11.0%	18.4%	6.3%

Multi-sector growth funds	1 Year	3 Years	5 Years	10 Years
Average responsible investment fund (between 9-13 funds sampled depending on time period)	9.6%	7.0%	9.5%	4.5%
Multi-sector growth fund average	9.6%	6.5%	8.9%	4.1%

Additional Evidence

Australian shares

1YR	3YR	5YR	10YR
9.28	9.95	9.86	12.03
12.92	8.72	6.87	7.13
9.73	7.30	7.73	8.69

Now Morphing

- Seek to invest in companies that provide solutions to issues such as water management and renewables.
- Investing in social impact such as housing and healthcare.
- Investing in unethical companies to raise resolutions at Company meetings.
- Taking an active role in educating companies on how they can increase their ESG ratings.

What can you do to divest?

- Document your ethical concerns
- If you have an adviser ask them what ESG funds they have available on their approved product list, it should be in excess of 15 and preferably over 20.
- Ask your investment and super funds what is their screening process and what are the underlying investments.
- Check out the “Find an RI Product” screening tool on the RIAA website.
- Contact an adviser who is a member of the Ethical Advisers’ Cooperative.

Response	Definition
Support	Indicates that you would like to actively support companies which are making a positive contribution in this area, possibly including them in your portfolio .
Avoid	Indicates that you would like to screen out companies which are involved in these activities.
Maximum Exposure %	Indicates an issue that you would like to avoid but are willing to support only if revenue from the issue does not exceed this level (as a percentage of a company's total revenue).

Area of Concern	Response		
	Support	Avoid	Maximum Exposure
Environmental Issues			
Positive			
Internal management of climate change risks	☐	☐	%
Internal management of water	☐	☐	%
Internal management of energy	☐	☐	%
Recycling and waste management strategies	☐	☐	%
Strategies to manage peak oil	☐	☐	%
Use of sustainable buildings and urban planning	☐	☐	%
Renewable energy -- production, infrastructure	☐	☐	%
Agriculture -- environmental certification	☐	☐	%
Negative			
Production of excessive greenhouse gas emissions	☐	☐	%
Production of other pollution	☐	☐	%
Native, old-growth and native forest logging	☐	☐	%
Destruction of heritage and wilderness areas	☐	☐	%
Fossil fuels -- direct (reserves, infrastructure, mining)	☐	☐	%
Fossil fuels -- indirect (products, services, high-use, financing)	☐	☐	%
Uranium mining	☐	☐	%
Other mining	☐	☐	%
Nuclear power	☐	☐	%
Plastic -- excessive use or manufacture	☐	☐	%
Animal cruelty -- harmful testing, fur, poor farming or export conditions	☐	☐	%

Impact & Share Voting

We now have organisations that specialize in raising resolutions at corporate AGMs:

- 350.org
- ACCR (Australasian Centre for Corporate Responsibility)
- Glass Lewis
- Individual Investment Houses

Throughout the year we put forward resolutions on multiple environmental, social and governance issues at listed companies. We encourage you to find out more about our current campaigns [here](#). Use the drop down menu to select which resolution you would like to encourage your super fund to vote on - [Qantas](#) or [Origin](#).

Origin Energy 

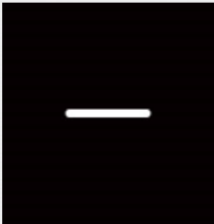
Firstly, Origin has plans to develop gasfields in the Northern Territory. Though Origin scored well in our Human Rights report last year (see our [Human Rights Report](#)) we are proposing the Origin board commission and provide to shareholders a review of whether the company has genuinely obtained free, prior and informed consent from traditional owners for this planned gas field development. Secondly, we propose Origin Energy set and publish greenhouse gas emission targets for the next decade consistent with the goal of the Paris Climate Agreement to limit global warming to well below 2 degrees celcius. Thirdly, too often we see companies fund industry groups which lobby against adequate public policy response to climate change and so damage shareholder interests (see our [politics page](#)).We propose Origin conduct a review evaluating the alignment between our company's pledge of support for the Paris Agreement as a global framework for reducing emissions and the actions of the industry associations our company belongs to. Find out more [here](#).



For



Against




Abstain

Full name *

E-mail address *

Select Fund * ?

UniSuper 

Last 3 Digits of Membership no. (if known)

Your pension number isn't saved on our database

Useful Resources

- Accord Financial Strategies
www.AccordFS.com.au
- Ethical Adviser's Cooperative
www.ethicaladviserscoop.org
- Responsible Investment Association Australasia (RIAA)
www.responsibleinvestment.org

RIAA

Super Fund Responsible Investment Benchmark Report 2018

<https://responsibleinvestment.org/superfund-benchmark-report/>

Super Fund Responsible Investment Benchmark Report 2018

<https://responsibleinvestment.org/superfund-benchmark-report/>

Investment Options

- The following are not recommendations.
- They will not be suitable for all investors as they have very soft screening.
- Some may not screen out your personal ethical concern.

Investment Houses with at least one ESG investment option

- 8IP
- Adelaide Bank
- Alphinity Socially Responsible Trust
- Altius (Australian Unity)
- AMP
- Aoris
- Australian Ethical
- Bank Australia

Investment Houses with at least one ESG investment option

- BetaShares
- Beyond Bank
- BNP Paribas
- BT
- Candriam
- Dalton Nicol Reid
- Ethical Partners
- Future Super

Investment Houses with at least one ESG investment option

- Generation
- Legg Mason Martin Currie
- Morphic
- Nanuk
- Perennial
- Perpetual
- Pimco
- Stewart Investors
- Van Eyk
- Walsh & Co
- WHEB