



Council for Socially Responsible Investment
www.csri.org.nz

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NEWS RELEASE

Investment strategies for a turbulent future

The Council for Socially Responsible Investment told delegates at a seminar on Investment Strategies for a Turbulent Future that increases in the trend to Socially Responsible Investment (SRI) are currently too small to provide a solution to ecological degradation. Unless this trend is significantly and quickly changed, then the risk of New Zealanders losing their investments will significantly increase. This applies to all sectors including government, commercial and civil society.

Dr Robert Howell, CEO said that New Zealand's response to SRI has been too little too late: "While the introduction of Kiwisaver has been a major success, the SRI option via KiwiSaver has been a spectacular flop. Our estimate is that 0.2% of Kiwisaver funds have a SRI factor. This means that there is a greater risk of people losing their retirement nest-egg and investor confidence will continue to remain low. This defeats the very purpose of introducing Kiwisaver in the beginning." When other funds are considered, the overwhelming majority of investment in New Zealand is not socially responsible or environmentally sustainable.

"The situation is better globally but not by much. Many SRI funds have a dubious claim to be ethical or sustainable. Around 5% or less of funds are socially responsible and environmentally sustainable and this would be less than 1% if a strong sustainability definition is used."

"Ordinary investors no longer trust fund managers with managing their savings and their pensions. If the financial sector is going to regain the confidence of ordinary investors then it needs to address the medium to long term issues which it has largely ignored.

This means moving investment away from those companies that harm the environment and society to those that are part of the solution. When there are businesses that are addressing climate change and resource depletion, helping produce food that is safe, protecting our water, providing houses that are ecologically sound; developing energy efficient products, why are we still investing in those who choose to ignore their responsibilities?"

Research on SRI shows that funds over a 3 year and 5 year term are outperforming "general" funds in terms of their returns. Socially responsible investment can be good investment."

The Council for Socially Responsible Investment advocates the following measures.

- ❑ Investment in adaptation measures (as well as mitigation efforts) is necessary. Adaptation requires a much more regional and local focus.
- ❑ Investors should plan for considerable disruption to climate and weather, leading to increased floods, droughts, loss of physical infrastructure and productive agricultural land.
- ❑ If the scenarios about ecological disaster are only conservatively accurate, then major changes are coming, similar to the introduction of electricity, and the manufacture of metal and steel at the beginning of the industrial revolution.
- ❑ Markets and business as we know them, will be different, and will affect the risk of investments such as pension funds.

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<http://www.csri.org.nz/events.htm>

The Council for Socially Responsible Investment was formed in response to a growing demand from ordinary people and investment institutions for help in making ethical investment choices.

The Council is a charitable trust which:

- promotes ethical, sustainable investment
- helps people and organisations to develop guidelines, investments and methods for socially responsible investment
- researches, educates, promotes and advocates.