



You don't have to possess a profit-at-all-costs mentality to nurture your nest egg. When done consciously, investment and consumption can both be ethical and fulfilling.

WORDS / KYLIE TERRALUNA

Dharmic dollars



Would you like to be more conscious with your consumerism and feel good knowing your money is invested ethically? Ethical investments are a sustainable way forward and provide inner fulfilment, uniting your money with your values and making a positive contribution in the world. With a few simple steps, you can pressure the finance industry towards urgent sustainable action, making a world of difference for a liveable future on this planet. Consider it the *dharma* (righteous action) of the moment.

Let's catch up with some leading experts to discover how to get your money talking integrity.

WHAT'S FOR BREAKFAST?

Farm-fresh, locally bought, organic free-range eggs for breakfast, any way you like, served nicely with your favourite cup of certified organic, Fairtrade coffee that helps end poverty. Life is good. So who wants to think about superannuation? It makes your eyes glaze over, doesn't it? Yet how long can you sit there when you realise all your efforts to reduce your carbon footprint and live a life of non-harm are outweighed by your super fund and bank of choice if they invest in fossil fuels?

Belinda White, founder of Fierce Girls' Guide to Finance, says superannuation is a "sleepier issue" for most people. "People make sound conscious decisions for home and work life, but it doesn't occur to them that their super is not aligned with their ethics ... [As a society] we find it really hard to think about our future selves; people don't understand investments and no one talks about it."

Yet as Simon O'Connor, CEO of Responsible Investment Association Australasia (RIAA), says, "The rise of the conscious consumer can be seen in footwear and clothing, and this same concept is possible in finance. Everyday people will start realising that their life savings can have a positive impact. Investments can build a cleaner economy and the onus is on the financial side."

After the Paris climate talks in December 2015, the world agreed to limit global warming to less than 2°C above preindustrial levels. Climate campaigners are urging the world to leave fossil fuels in the ground. But, in Australia and New Zealand, banks and superannuation funds continue to invest in coal seam gas, coal and oil.

Research by Market Forces highlights the enormous contributions many Australian banks are making to exacerbate climate change. In February 2016, in their report *Fuelling the Fire*, Market Forces cites these contributions to fossil fuel investments from January 2008 to December 2014:

- ANZ AU\$12,593m
- Commonwealth Bank AU\$9905m
- National Australia Bank AU\$8278m
- Westpac AU\$5924m
- HSBC AU\$1809m
- Citi AU\$1091m
- Macquarie Bank AU\$949m
- ING AU\$330m

This means the big four banks combined (ANZ, Commonwealth, NAB and Westpac) provided AU\$36.7 million to the Australian fossil fuel sector during that period. Banks such as St George, RAMS, Bank of Melbourne and BankSA are owned by Westpac, and Bankwest by Commonwealth, and therefore contribute to fossil fuel investment as well. Keeping global warming below 2°C is unachievable if such investment continues; and that's just the banks — super funds are major investors as well.

Without encouraging the shift, your carbon footprint, thanks to your bank and superannuation fund, could be far heavier than you ever thought possible.

It is important to know that you have a choice and that there are banks like Bank Australia, Bendigo Bank, Bank of Queensland, Teachers Mutual Bank and others that don't invest in fossil fuels at all. However, the figures from the other banks are startling. Why are so many financial institutions ignoring reality?

FINANCIAL ASSUMPTIONS

According to independent think tank The Australia Institute, the finance industry interprets your apathy about and disengagement from investment conversations to mean you don't care about ethics. Simon O'Connor of RIAA asserts that it's your responsibility to change that. "Superannuation funds need to better understand their members and we as the public need to tell them what it is we want," he says.

"When people engage [with] their super funds, it shifts their super fund to take more actions around the issues that are important." Likewise for the banks. Without encouraging the shift, your carbon footprint, thanks to your bank and superannuation fund, could be far heavier than you ever thought possible.

In 2012, The Australia Institute asked, "Would you be prepared to move your superannuation to another company if it was found to be investing in coal or coal seam gas extraction, based on their negative environmental impacts?" Of the 565 men surveyed, 25 per cent said yes; of the 560 women, 26 per cent said yes. This equated to a pool of funds of AU\$247 billion at the time that had the potential for ethical investment. If respondents were aware that investing ethically would make them better returns, perhaps they would be more likely to make the switch.

ETHICAL RETURNS

Assets in ethical investments are sizeable in Australia and New Zealand, and make good returns. The Responsible Investment Association Australasia is the peak industry body representing responsible and ethical investors across Australia and NZ. The RIAA website states, "As at the end of 2014, the total responsible investment industry accounted for \$629.5 billion in assets under management." That's a significant interest in ethics, don't you think?

Andrew Gaston, director of Accord Financial Solutions, is an Adelaide-based ethical advisor. He says many of his clients include ethical investments in their portfolio, mainly because ethical investments are giving them the best results. Other indicators suggest the same. Simon O'Connor points out in the RIAA Benchmark Report that in the past two years \$32 billion has flowed into ethical, socially responsible and impact investment products. Australian Ethical's super fund, comprising solely investments in ethical and responsible companies, has outperformed mainstream funds. In the financial year ending June 2015, its balanced option returned 10.1 per cent compared to 8.8 per cent for the median default investment option across all funds.

According to O'Connor, a company's ethics are a key part of whether that business will do well or fail. "Look at BHP and the environmental mismanagement. AGL pulled out of coal seam gas due in part to community backlash. This has a



heavy financial impact on their share price.” He continues, “Investors are now looking at which businesses are good at managing their environmental and social factors, and this has been reinforced by these textbook companies that are doing damage.”

HUMAN RIGHTS ABUSE

In August 2015, the company Transfield Services, now renamed Broadspectrum, was under fire for human rights abuses at the asylum seeker detention centres it services on Nauru and Papua New Guinea’s Manus Island. Following public outcry and campaigns like Get Up!’s *No Business in Abuse* report, industry super fund HESTA sold off AU\$23 million worth of investment in Transfield on moral grounds. NGS Super, the Non-Government Schools fund, also divested from Transfield.

Who would ever have thought that companies like HESTA and NGS were involved in supporting the operations at these detention centres in the first place? Simon O’Connor explains, “Polling shows the vast majority of

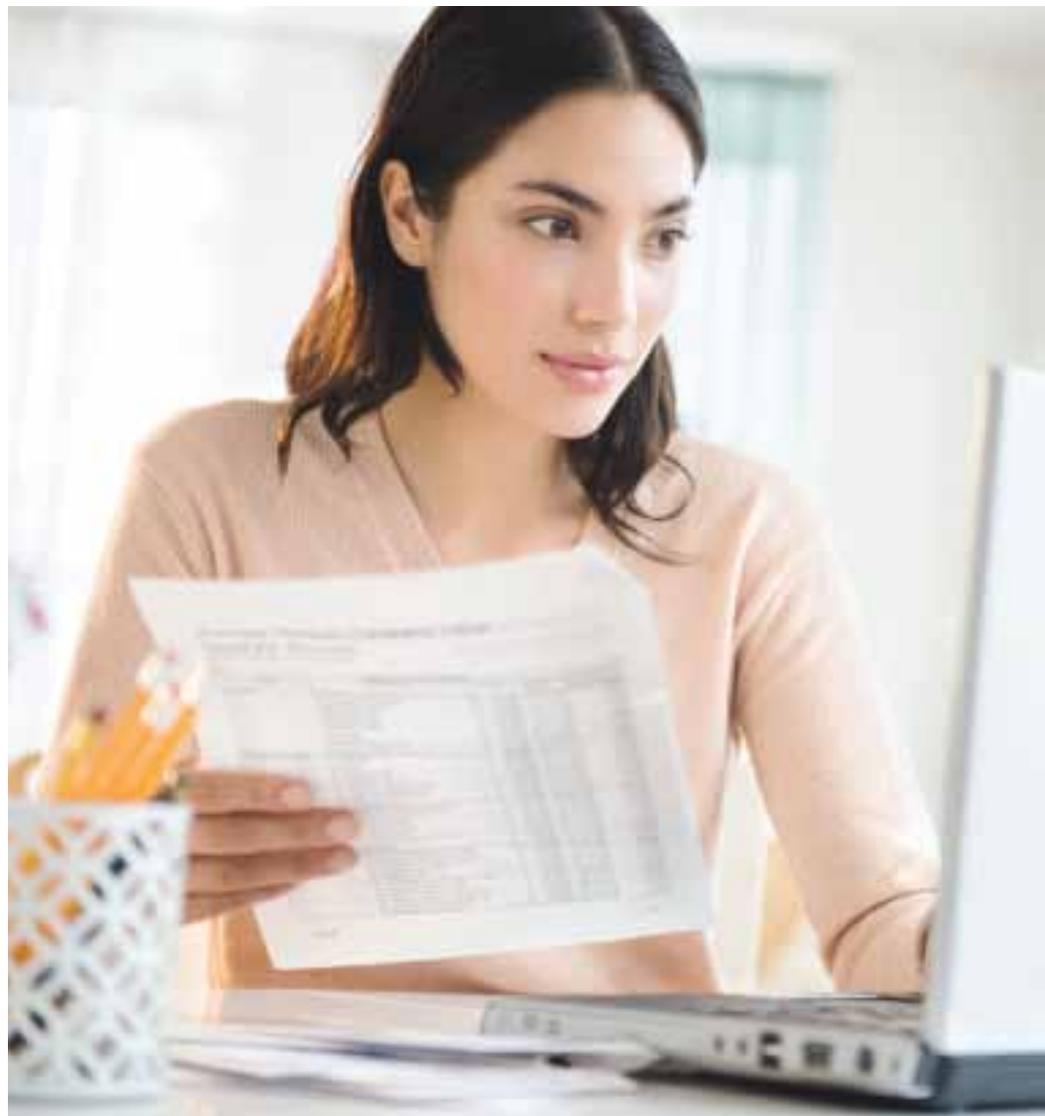
“We want people to use their power as customers and provide a real threat to the bank that, if they continue to invest in dirty fossil fuels, they will lose a customer publicly and vocally.”

Australians expect that their super does no harm.” He adds, “What’s pleasing is that around 35 super funds have sold off tobacco. In the past, they wouldn’t have made values-based decisions, but now they do.”

WHAT’S ETHICAL, ANYWAY?

Conscious consumers cannot be complacent. Many companies won’t divulge how they are investing your money and, as Belinda White points out, the definition of “ethical” varies. “A lot of super funds will screen out tobacco and will have an ethical or green option, but there is no hard-and-fast meaning as to what is ethical,” she says. “It might be that your super fund invests in mining companies that have good sustainability ratings.”

Andrew Gaston expands. “Just because something is ethical or sustainable doesn’t mean it is 100



per cent. The advisor needs to drill down further and speak to the person at the top of the managed funds ... In the majority of times, an advisor won’t mention ethical considerations at all — it gets glossed over. Which is why we developed a questionnaire to ask if you want ethical considerations taken into account. That means considering screening for things like corporate governance, environment, armaments, nuclear power, recycling, sweat shops, weapons, tobacco and human stem cell research.”

The Ethical Advisers’ Cooperative writes to corporations to make them more accountable. Gaston is a board member of the Cooperative and explains how it works. “We have advisers who specialise in activism,” he says. “The client says, ‘I’m investing in this sustainable option,’ and we will ask the super fund helpdesk to list the holdings and how you include and exclude investments in the portfolio. We then ask who the investment managers are. When we hear it is someone who doesn’t have a SRI [socially responsible investment] or ethical option in their portfolio of managed funds, we know there is still a long way to go.”

MAKING IT SIMPLE

Tara Hunt from Australian climate group 1MillionWomen wants to make it simple. She says, “Money is an important aspect of sustainability because banking and investing your super ethically is a huge savings in carbon, and it’s only one decision.” According to Hunt, 1MillionWomen recommends just two institutions.

“We recommend Australian Ethical Investment because we want people to stop investing in fossil fuels,” she says. “Australian Ethical’s standards across the board are really high. They are squeaky clean and won’t invest in any fossil fuels, logging or weapons, and they have a true ethical standard for human rights.

“We [also] promote Bank Australia because it is a community-owned bank and we were blown away by their ethical standards. We really want to promote them as it means less carbon in the environment.” Hunt declares, “Why would you invest in anything that is damaging the planet, its people and animals when there are great alternatives to invest ethically? At Bank Australia, you are an owner in the bank, but you’re powerless in one of the big



LOTS OF MONEY, LITTLE TIME?

If you have more money than you know what to do with, which can happen suddenly through a recent inheritance, Belinda White suggests that you find an ethical financial advisor at responsibleinvestment.org. An ethical advisor will teach you how to get started with philanthropic giving and get the best returns for charitable means.

considerations into all aspects of the Fund's investment activities.

THE BANK IS ON NOTICE

Want to switch to an ethical alternative? Julien Vincent from Market Forces urges you to put your bank on notice. "The biggest risk is that people will switch banks without doing anything, without telling their bank why they are leaving," he says. "We want people to use their power as customers and provide a real threat to the bank that, if they continue to invest in dirty fossil fuels, they will lose a customer publicly and vocally ... Our job is to add the social impact onto an individual's actions, so we run campaigns that give people as much power as possible."

If you tell your bank you will leave and they don't change, that's when you switch. Market Forces runs Divestment Days, where you are asked to join hundreds of people to close your bank account all at once on the same day for a bigger public impact.

When it comes to superannuation, Simon O'Connor adds, "It's really important that people ask the question of their super fund and put on record that you feel strongly about the message. You might be surprised by the response. They will listen. Over the last year, about five super funds have strengthened products directly off the back of membership engagement."

WHERE TO FROM HERE?

What financial, sustainable actions you can take right now? We asked two NGOs for their advice. Tara Hunt from 1MillionWomen advises to:

- Switch your superannuation to Australian Ethical.
- Cut your general consumption by 50 per cent.
- Consider changing to a bank that doesn't invest in fossil fuels.
- Get your electricity down by 20 per cent and save money.

- Join the 1MillionWomen Facebook community. According to Hunt, as soon as you start reading the Facebook stream, you'll get it.

Julien Vincent from Market Forces urges you to:

- Put your bank on notice.
- Visit marketforces.org.au and look at what campaigns are currently running.
- Find your super fund at superswitch.org.au and see what they are doing.
- Be part of a Divestment Day. Market Forces is currently looking for people with home loans to speak up.
- Tell your bank and super fund that you want disclosure.

THE WAY FORWARD

So, back to that freshly ground, organic, Fairtrade coffee that's accompanying your locally bought, organic free-range eggs for breakfast. You can align your money with these same conscious, ethical daily decisions — and you can do it with the click of a few buttons right now.

Visit the websites suggested and put your bank and super fund on notice; Market Forces has drawn up the emails on their website, ready to go. Consider making the switch and eat well knowing you are about to make the quickest, most effective, ethical and sustainable action you could possibly make, because we don't have an extra four planets to live on.

Change the face of the financial services industry and make a difference in sustainable living. It's the dharma of the moment. *Om Shanti* (peace) and may all beings everywhere be happy and free. 🍀

RESOURCES

- 1MillionWomen, Accord Financial Solutions**, accordfs.com.au
- Australian Ethical**, australianethical.com.au
- Bank Australia**, bankaust.com.au
- Market Forces**, marketforces.org.au
- New Zealand Superannuation Fund**, nzsuperfund.co.nz
- Responsible Investment Association Australasia**, responsibleinvestment.org

Kylie Terraluna is a conscious living expert, yoga author, speaker, mentor, coach and mum. Kylie runs empowering conscious-living coaching programs online, at live events and through her beautiful, sustainable, healing retreats. To receive your free PDF and register for a free webinar, text "Conscious Living" to Kylie at +61 416 162 755. Visit kyliterraluna.com.au.

banks. Why wouldn't you own the bank instead and then you can do so much more for social wellbeing?"

Australian Ethical is committed to a full disclosure and has a supply chain that doesn't exploit people. It has 18 ethical screens that apply to every investment. Australian Ethical avoids all companies involved in coal, coal seam gas, oil, weapons, tobacco, logging, exploitation, gambling, human rights abuses and harmful products, and invests in clean energy, sustainable products, medical solutions, innovative technology, responsible banking, healthcare, recycling, energy efficiency, education and aged care. It also has one of the highest percentages of corporate giving in Australia, donating 10 per cent of annual profits through its grants programs.

The New Zealand equivalent fund is the NZ\$30 billion New Zealand Superannuation Fund, managed by an Auckland-based Crown entity, the Guardians of New Zealand Superannuation. The Guardians believe that environmental, social and governance (ESG) factors are material to long-term investment returns and are committed to integrating ESG