

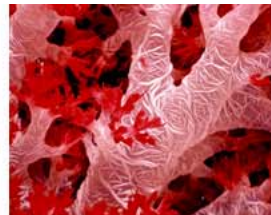
# WWF's Responsible Investment Journey

## Walk the talk

**Peter Kingston**

**WWF Australia Treasurer**

**RIAA Conference – Thursday 25<sup>th</sup> September 2008**

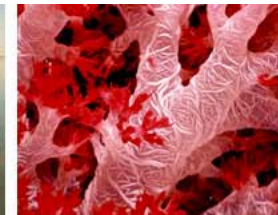




# WWF's Investment Journey

## Walk the talk

- Developed and implemented investment policy
  - Journey of learning
  - Met all traditional measures of a good investment strategy
  - Aligned with our mission

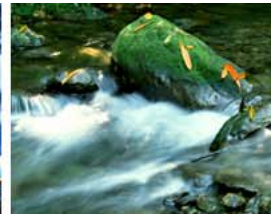
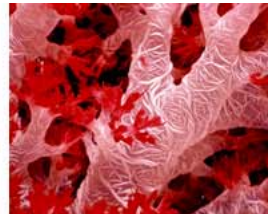




# WWF's Investment Journey

## Our responsibilities

- Fiduciary responsibility
  - Use supporter's funds to fulfil our mission
  - Invest surplus funds securely
  - Obtain an acceptable return
  - Protect reputation
- Mission is relevant to investment philosophy

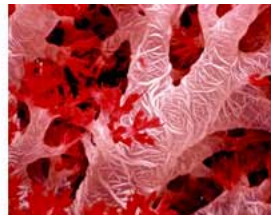




# WWF's Investment Journey

## WWF's Mission

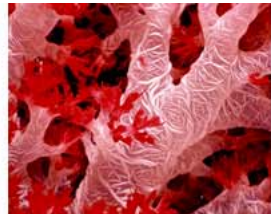
- Stop degradation of planet's environment and build a future in which humans live in harmony with nature
- Aims to
  - Conserve the world's biological diversity
  - Ensure the use of renewable natural reserves is sustainable
  - Promote reduction of pollution and wasteful consumption





# WWF's Investment Journey

- Our initial aim
  - Security – maintain capital base
  - Improve our return > cash rate
- No thought to aligning investments with our mission
  - Too ambitious
  - Risk capital base
  - Volatile returns

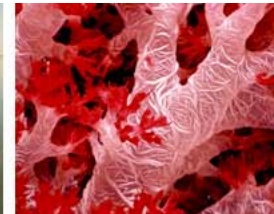




# WWF's Investment Journey

## Our process

- Presentation from large investment manager – Philanthropic Services
- Initial investment proposal and pro forma model investment policy
- Debate - define objectives/ identify organisational risks
  - Protection of capital base
  - Stability of income
  - Investment risk profile
  - Liquidity vs long term investments

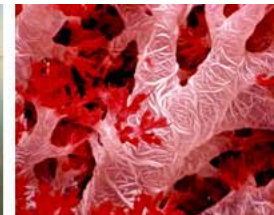




# WWF's Investment Journey

## Our process

- Board debate
  - Asset diversity
  - Delegated authority
  - Quality of investment management
  - Measurement of investment manager performance
  - Quality of investment manager reporting
  - **REPUTATIONAL RISK!!!**

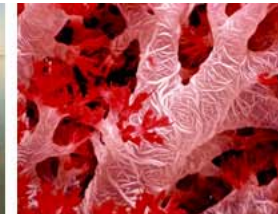




# WWF's Investment Journey

## Reputational risk

- Initial focus on reputational risk not responsible investment
- Negative screening
  - Rejected “black listed company” approach
  - Rejected “no go industries” approach
    - Mining/oil
    - Extraction of renewable resources, including fishing
    - Large scale agriculture
    - Wood/paper
    - Energy production
    - Waste dumping

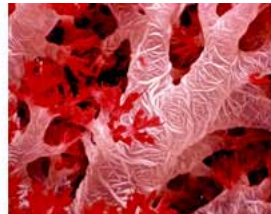




# WWF's Investment Journey

## Our dilemma

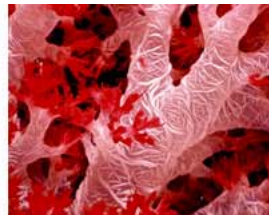
- How to achieve effective negative screening – reliant on investment manager
- 4 investment proposals
- Board uncomfortable





# WWF's Investment Journey Revelation

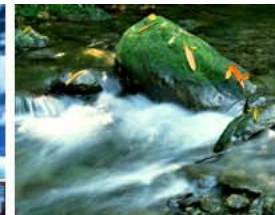
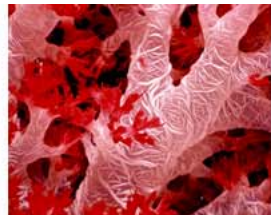
- RIAA presentation
  - Preservation of capital
  - Comparative returns and fees
  - Asset diversification
  - Good reporting
  - Alignment with our mission
- Scepticism





# WWF's Investment Journey Revelation

- Specialist SRI manager
  - ESG/SRI philosophy
  - Preservation of capital
  - Asset diversification
  - Financial performance track record
  - Good reporting
  - Comparable fees
- Board comfortable
  - IM performance record
  - IM understands our concerns/sympathetic to our mission

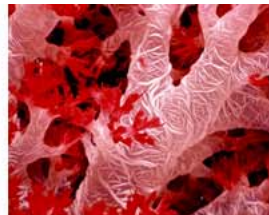




# WWF's Investment Journey

## Specialist SRI manager

- SRI screening
  - Negative
  - Positive ('best of breed' and thematic)
- System
  - Companies that do good – 50% - 100%
  - Companies that do no harm – 0% - 50%
  - Companies that damage people/environment – 0%
- Regular reviews
- RIAA certification

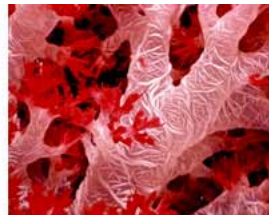




# WWF's Investment Journey

## Our key learnings

- Clearly define investment policy
- Align investment objectives with mission
- Do your homework
- Communicate with your supporter base
- Comfortable that appointed investment manager
  - Understands your concerns
  - Sympathetic to your mission
  - Cares about your organisation





# WWF's Investment Journey

## Presenter's contact details

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