

# RIAA WINDOW

Issue 17, March 2011

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## > **INDUSTRY NEWS**

### **Redefining fiduciary obligation - a Fair Pensions Report**

FairPensions has recently called for existing corporate legislation in the UK covering directors' responsibilities to be the model for clarifying institutional investors' fiduciary duty when incorporating responsible investment. The report, [Protecting Our Best Interests: Rediscovering Fiduciary Obligation](#), argues that a fresh look at fiduciary obligation is a vital part of the solution to post-financial crisis debates about short-termism and agency problems in the investment sphere. FairPensions is a UK based charity that promotes responsible investment by pension funds and fund managers. Their aim is to catalyse a shift at each level of the investment chain, so that responsible investment becomes the norm.

### **Leading pension funds join forces to promote sustainable real estate investments**

11 of the world's largest pension asset managers, representing \$1.4 trillion in assets under management, and some of the leading real estate industry associations, have joined forces to create the [Global Real Estate Sustainability Benchmark \(GRESB\)](#). GRESB has recently launched their 2011 survey covering both the global property market and the entire universe of private and listed entities. A large group of leading, international pension asset owners and managers, including Local Government Superannuation and Victoria Fund Management Corporation, have joined the initiative.

By using information collected by GRESB, institutional investors will be able to compare the environmental performance of individual property investments with their environmental real estate targets. The intention is that this benchmark will serve as a catalyst for environmental engagement in real estate investments. The results of the survey will be released in September 2011.

Australian real estate investment companies outperformed their peers around the world in the last edition of this benchmark with GPT and Stockland in the top five ranked companies. Also, nine of the twenty-one "green stars" were awarded to Australian groups.

### **Investors representing \$1.6 trillion call for sustainability disclosure from listed companies**

Twenty-four institutional investors [led by Aviva Investors](#) have written to 30 of the world's largest stock exchanges asking that they address inadequate sustainability reporting by companies. The letter is part of a broader collaborative engagement initiative that was launched by Aviva Investors and facilitated by the UN-backed Principles for Responsible

Investment (PRI) in 2008. It aims to encourage stock exchanges to consider how to improve the quality of sustainability reporting by the companies that list on their exchange. Developed using Bloomberg data, the letter also ranks individual listing authorities on a sustainability league table that assesses the current level of environmental, social and governance (ESG) disclosure among listed companies.

### **ESG Research Australia 2011 winners announced**

ESG Research Australia ([ESGRA](#)) aims to increase the volume and quality of sell-side research in Australia that includes the consideration of ESG issues. Earlier this month they held their second annual awards luncheon to recognise the following high calibre pieces of research or research houses:

- Best piece of ESG research by an individual analyst or team awarded to Hamish Taddell and Jien Goh of Goldman Sachs for their research, Equity Strategy: Introducing the GS&PA Structural Leaders Framework,
- Best ESG broking firm as voted by investment managers went to Citi in recognition of work by analyst Elaine Prior,
- Highly commended was the work by Alva Devoy, Elliot Crane, Mark Williams and Michael Newbold of RBS, for their research, Australian Strategy: RBS ESG – Qantas.

### **Hunter Hall Launches Ethical Asian Fund**

Hunter Hall has launched Australia's only ethically screened Asian fund, [The Hunter Hall Asian Value Trust \(ASV\)](#). Launched in response to investor appetite for the Asian growth story, the ASV will follow a value investment strategy with a portfolio focussed on undervalued small to medium-sized companies operating in fast-growing Asian economies.

The ASV is backed by Hunter Hall's 8-year track record in Asia and will pay particular attention to the vagaries of the region's corporate governance culture. Hunter Hall's Head of Strategy and Development Michael Walsh says, "The ethical screens in this fund have been bolstered to cater for Asia-specific issues. Businesses with operations in human rights hotspot like Burma, Tibet or the Yigur region of China are excluded."

To learn more about Hunter Hall's Asian Value Trust [click here](#) or call 1800 651 674

### **Impax Asset Management wins Global Pensions Specialist Equity award**

Impax Asset Management, a specialist investment manager dedicated to the environmental sector, won the '[Specialist Equity Manager of the Year](#)' award at the Global Pensions Awards 2011 ceremony held earlier this month. The award highlights increasing interest from institutional investors in the environmental sector and follows a significant expansion of Impax's business of managing capital on behalf of pension funds around the world.

### **Perpetual release responsible investment report on progress**

Perpetual Investments became a signatory to the UN Principles for Responsible Investment (PRI) in October 2009 and has since been working towards implementing their responsible investment framework. In March 2011 [Perpetual released its first responsible investment report on progress](#). This makes Perpetual one of very few investment managers to provide public disclosure of its PRI benchmark results and to provide a detailed report on their progress towards implementing the six principles.

### **Innovative water management plan from the Fodder King**

Wastewater volumes in Australia are growing and could exceed two Sydney Harbours full per annum within a decade. Fodder King Limited (FK) (supporting member of RIAA since 2001) has an innovative plan to convert wastewater into useful products that can benefit local communities. FK has devised a conceptual water management plan to use treated wastewater for the production of high yielding fodder crops – principally lucerne. FK harvests these crops using energy efficient Fodder King proprietary technology. FK's solution provides a sustainable beneficial use for treated wastewater, whether from municipal, industrial, mining or energy production industry sources.

[Request more information](#)

### **UN guiding principles for business & human rights published**

The United Nations recently released a much-anticipated set of [Guiding Principles for Business and Human Rights](#). The Guiding Principles seek to provide for the first time an authoritative global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity. The UN Human Rights Council will consider formal endorsement of the text at its June 2011 session.

### **New UN PRI signatories in Australia & New Zealand**

Organisations in the region who have recently signed the [UN backed Principles for Responsible Investment](#), which now has 880 signatories representing over \$25 trillion USD in assets, include:

- Allegro Private Equity Pty Limited, Australia
- NovaPort Capital Pty Ltd, Australia

### **Radio New Zealand discusses responsible investment**

Radio New Zealand's Chris Laidlaw [looked at the notion and practice of ethical investment](#) when he recently spoke with the New Zealand executive chairman of the social lender Prometheus Finance and director of the Sustainable Business Network, Glen Saunders; the chair for the Council for Socially Responsible Investment, Dr Robert Howell and the Executive Director of the New Zealand Centre for Business Ethics and Sustainable Development, Dr Rodger Spiller.

### **Corporate Responsibility Reporting Site for Australasia Launched**

Net Balance and CorporateRegister.com have recently launched [AustraliaReporting.com](#) featuring corporate responsibility (CR) news, research, report statistics and the latest trends in CR and sustainability reporting in Australia and New Zealand.

## **> NEWS FROM RIAA**

### **A warm welcome to our new RIAA members**

RIAA welcomes the organisations and individuals who have joined since our last newsletter. Read more about RIAA's programs or the benefits of membership or to receive more information please email us at [info@responsibleinvestment.org](mailto:info@responsibleinvestment.org).

**Lend Lease Investment Management**, asset manager

**Pathfinder Asset Management**, asset manager

**Sustainalytics**, researcher

**Citi Investment Research & Analysis**, researcher

**Community Sector Banking**, community bank

**Michelle Segart**, individual supporting member

**Sam Morse**, individual supporting member

### **RI Academy – Enrolments from across the globe**

Louise O'Halloran is winding up an RI Academy roadshow which took her through Vancouver, New York, London, Zurich, Amsterdam, and Hong Kong. We are excited to see such strong interest in RI Essentials, with enrolments from a variety of organisations worldwide. Most recently, these include a major pension fund in the US, one of the largest credit unions in North America, a leading global asset manager, a top tier asset consultant and one of India's largest materials manufacturing companies.

We are pleased to have financial services and private wealth management expert Greg Chipman working with the RI Academy in a strategic and operations role. Greg has been a member of the RIAA board and RI Academy advisory council for a number of years and co-chairs the Network for Sustainable Financial Markets global wealth management group. He is an industry thought leader, particularly in relation to the policy, operational and financial implications of responsible investment both in retail and wholesale markets. Neb Jovicic's one year contract on the Academy development concludes at the end of March 2011. We would like to thank Neb for all the contributions he has made in bringing the Academy to where it is now. He will continue to work with the Academy in a consulting capacity.

[Click here to see our e-brochure](#)

[Download the syllabus](#)

<http://e-brochures.com.au/riacademy/>

<http://www.riacademy.org/resources/RI%20Academy%20Syllabus%20Feb2011.pdf>

### **Global Sustainable Investment Organizations Hold First International Strategic Meeting**

The leaders of sustainable and responsible investment associations around the world recently gathered for an unprecedented two-day strategic summit meeting in New York City. The seven representatives of major financial hubs and regions included the Social Investment Organization (Canada), Social Investment Forum (USA), UKSIF (United Kingdom), in addition to ASrIA (Asia), RIAA (Australia and NZ), Eurosif (Europe), and AfricaSIF.

While the organisations have worked together informally and virtually for years, this summit was the first time they gathered in the same room to look at raising their global profile together and advancing a more sustainable economy at all levels.

With a near universal increase in assets invested through sustainable and responsible investment strategies, the strategic meeting was seen as an opportunity to build on the significantly increased interest in responsible and sustainable investment.

The discussion focused on potential research collaboration, global policy initiatives, professional education for the socially responsible and sustainable investing industry and the sharing of best practices among organisations.

## **> RI JOBS**

### **Client Services Associate Green Equity Management**

Sydney-based responsible advice firm, Green Equity Management, is looking for a Client Services Associate with at least 2 years Financial Planning administration experience. The

firm offers autonomy, mastery and purpose to each role with many benefits; including 20% creative time, 5 year long service leave, extra annual leave days, bike fleet and a new open-air green office space. Please apply [here](#).

## > RI LIBRARY

### **Mercer's climate change report is a call to action for asset owners**

Mercer's Responsible Investment team recently released [Climate Change Scenarios - Implications for Strategic Asset Allocation](#), which analyses the potential financial impacts of climate change on investors' portfolios. This free report is available for download on the [Mercer Climate Change webpage](#).

### **Guide for disclosing climate risks from Ceres**

Amid growing evidence that climate change is impacting the global environment and the global economy, the North American Ceres investor coalition recently released a new report aimed at improving corporate disclosure of climate-related risks and opportunities they face.

[The Ceres report: Disclosing Climate Risks & Opportunities in SEC Filings: A Guide for Corporate Executives, Attorneys & Directors](#), developed with input from its 90-plus member Investor Network on Climate Risk, outlines steps for companies to improve disclosure. The 11-point checklist in the report for identifying, disclosing and addressing climate risks and opportunities can be used by investors as part of ongoing engagement activities with companies.

### **Garnaut's report on carbon pricing and reducing Australia's emissions**

Ross Garnaut recently released a paper on [Carbon Pricing and Reducing Australia's Emissions](#). Some of the key points include:

- It is in Australia's national interest to encourage the international community to take strong mitigation action.
- Australia should play its proportionate part in global emissions reductions.
- Economy-wide pricing of carbon is the centre piece of any policy designed to reduce emissions at the lowest possible costs.
- On balance, taking into account the history of policy discussion in Australia and internationally, and the desire for deep trade in entitlements, an emissions trading scheme, initially with a fixed (and rising) price, is the best instrument for long-term emissions reductions.
- Assistance should be provided to emissions intensive, trade exposed industries to the extent that they are disadvantaged in sales prices by other countries not having comparable carbon constraints.
- Wise use of revenue from a carbon price can reduce the cost to the economy, and promote productivity above what it otherwise would be.
- The scheme should be administered by an independent authority, taking important decisions on advice from independent expert bodies.

### **Sustainalytics report shows sustainability is key competitive driver in natural resources sector**

A new study by Sustainalytics highlights links between sustainability performance and shareholder value. The report, [Sustainability and Materiality in the Natural Resources](#)

[Sector](#) looks at environmental and social practices in the forestry, mining and oil and sectors and finds positive correlation to competitiveness in each sector. The first of three reports, which focuses on the mining sector, will be released on March 31.

[Learn more about the report](#) or contact Sustainalytics at [communications@sustainalytics.com](mailto:communications@sustainalytics.com).

### **GMI examine gender diversity on boards**

The third edition of [GovernanceMetrics' Women on Boards report](#) is released amidst the increasingly vigorous debate on gender diversity and its importance in the boardroom. Thus far, the issue has received the strongest voice in Europe, where quotas in Norway have been established since 2006. France has recently signed quotas into law while Spain and the Netherlands are on track to enact such requirements.

In Australia, [Women on Boards](#), the leading advocate for improving gender diversity on boards, used the occasion of the 100th anniversary of International Women's Day to remind people that women occupy fewer than 25 per cent of board roles on all but Government boards, and this is not trending upwards.

### **Novethic releases study on shareholder engagement practices**

A recent Novethic study surveyed shareholder engagement practices across mainly European countries and explains why investors implement them. Long-term value creation, reputational risk and ESG reporting requirements are investors' three main motivations. From "Say on Pay" resolutions, asking for transparency on executives' remuneration packages, to objective alliances between investors and NGOs to promote human rights in India, to requests for explanations on tar sands projects in the oil sector, engagement is transforming the relations established between shareholders and company executives.

How and why are these practices, estimated at EUR 1,500 billion in Europe, developing? Find the answer in the study "[Shareholder engagement: A promising SRI practice](#)".

### **2% of GDP to achieve sustainable development and poverty eradication?**

Investing two per cent of global gross domestic product (GDP) into ten key sectors could kick-start a transition towards a low carbon, resource-efficient sustainable economy. This is the conclusion of the report [Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication](#) published by the United Nations Environment Programme (UNEP).

### **Eurosif Infrastructure Report Published**

The European Sustainable Investment Forum recently released their [Infrastructure Report](#). The report discusses the major ESG issues affecting the infrastructure sector which include a growing population, under financing, security and climate change.

### **Cool Brands versus Hot Brands? Big names lack leadership on climate change**

EIRIS' releases its third annual [Climate Change Tracker report](#) tracking the performance of the world's biggest 300 companies in tackling climate change. The study finds that 69% of those with a high climate change impact lack adequate policies, management systems and reporting on climate change.

### **Valuing Corporate Responsibility: How Do Investors Really Use Corporate Responsibility Information?**

Dr Rory Sullivan, a Senior Research Fellow in the School of Earth and Environment at the University of Leeds and a Strategic Advisor to Ethix SRI Advisors, has recently published [Valuing Corporate Responsibility](#) with an aim to address the 'dialogue of the deaf' that characterises many of the discussions between companies and their investors on corporate responsibility issues.

**And some food for thought...**

"Anything else you're interested in is not going to happen if you can't breathe the air and drink the water. Don't sit this one out. Do something. You are by accident of fate alive at an absolutely critical moment in the history of our planet" - Carl Sagan

## > UPCOMING EVENTS

**5 - 6 April 2011, Melbourne, Australia**

[Sustainable Food Summit 2011](#)

The Sustainable Food Summit 2011 brings together some of food and agriculture's biggest players and leading experts in a two-day exchange of knowledge and ideas. This event focuses on recent policy developments, with emphasis on food security and resilience and how these relate to the National Food Plan.

**7 April 2011, Sydney, Australia**

[Sydney Cleantech Network – Pitching and Networking event](#)

**10 April 2011, Perth, Australia**

[Perth Sun Fair 2011](#)

The Sun Fair is aimed at introducing the people of Perth to sustainable living concepts, technology and lifestyles. RIAA member and certified financial adviser Paul Elkington will provide seminars on Responsible Investment. Other major themes of the fair include renewable energy, energy efficiency, environment conservation and natural living.

**12 April 2011, Hong Kong**

**14 April 2011, Singapore**

Responsible Research is holding its quarterly investor roundtable on April 12 (Hong Kong) and 14 (Singapore). Analysts will present their findings from recent reports, including A Nuclear Asia, Automotives in Asia, Mining in Asia and Impact Investment. By invitation only. Please email [michelle@responsibleresearch.com](mailto:michelle@responsibleresearch.com) to register.

**27 April 2011, Sydney, Australia**

[UTSpeaks: Ethical Vanities, Are our demands for socially responsible companies and governments unreasonable?](#)

**9 – 11 May 2011, Amsterdam, The Netherlands**

[Cleantech Forum – Amsterdam](#)

**11 May 2011, Hamilton, New Zealand**

[Shareholder Engagement: A forum for institutional investors](#)

**26 May 2011, Sydney, Australian**

[Eco Innovation Forum 2011](#)

**8 – 10 June 2011, Washington DC**

Responsible Investing: Impact and Innovation. The first annual Social Investment Forum (SIF) Conference

**9 – 10 June 2011, New York, NY**

National Summit on the Future of Fiduciary Responsibility

**20 – 22 June 2011, Victoria, BC, Canada**

Canadian Responsible Investment Conference 2011 – Creating Value, Making a Difference

**11 - 14 July 2011, Singapore**

Clean Technology Investment World Asia

**15 – 16 September 2011, Tokyo, Japan**

TBLI Conference Asia

**26 - 28 September 2011, Stockholm, Sweden**

UN PRI Academic Conference

The Principles for Responsible Investment and the French Responsible Investment Forum are pleased to announce that the competition for the FIR-PRI award and the PRI-Mistra/SIRP Academic Conference are now open.

**28 - 29 September 2011, Hong Kong**

ASrIA 10th Anniversary Conference

**19 – 20 October 2011, Washington DC, USA**

UNEP FI Global Roundtable: "Sustained Stability in the Next Economy"

**10 – 11 November 2011, London, UK**

TBLI Conference Europe 2011

**> PLEASE FEED THE NEWSLETTER**

We want RIAA Window to be useful and relevant to you as an RI practitioner, so we welcome any suggestions and feedback (or jokes!) you might have. Please don't hesitate to contact us at [info@responsibleinvestment.org](mailto:info@responsibleinvestment.org).

Kindest regards,  
Sarah

Sarah Clawson | Membership & Marketing Director  
Responsible Investment Association Australasia (RIAA)

Leadership in Responsible Investment  
Training | Certification | Professional Development | Policy and Research

Level 2, 60 Castlereagh Street, Sydney NSW 2000  
P 61 2 9025 5711 (Main) | 61 2 9025 5718 (Direct)  
F 61 2 80780299

E [sarahc@responsibleinvestment.org](mailto:sarahc@responsibleinvestment.org)  
W [www.responsibleinvestment.org](http://www.responsibleinvestment.org)