

# Ethical investing:

## Not if but how

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*"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."*

# The Spectrum of Investment Impact

## Traditional Funds

Ignore the impact on the environment and society

## Engage

Exclude the worst companies and engage with others as an active shareholder to improve their ESG performance

## Impact Investing

Investing to directly create a measurable, positive impact, while still making a financial return

## Avoid Harm

Screen out the sectors or practices that cause social or environmental harm, like fossil fuel companies or companies that violate human rights

## Better Standards

Target some investments into businesses with higher ESG or sustainability standards like All Good Organics or Kathmandu

# 1. Avoid issues that do not align with your values

Mindful Money and RIAA annual surveys of the NZ public:

- A high degree of agreement amongst the public
- Consistency over 5 years
- Strong level of concern

# What New Zealanders Want to Avoid

Human rights violations

**90%**

Animal Cruelty

**85%**

Fossil fuel production

**75%**

Environmental Damage

**88%**

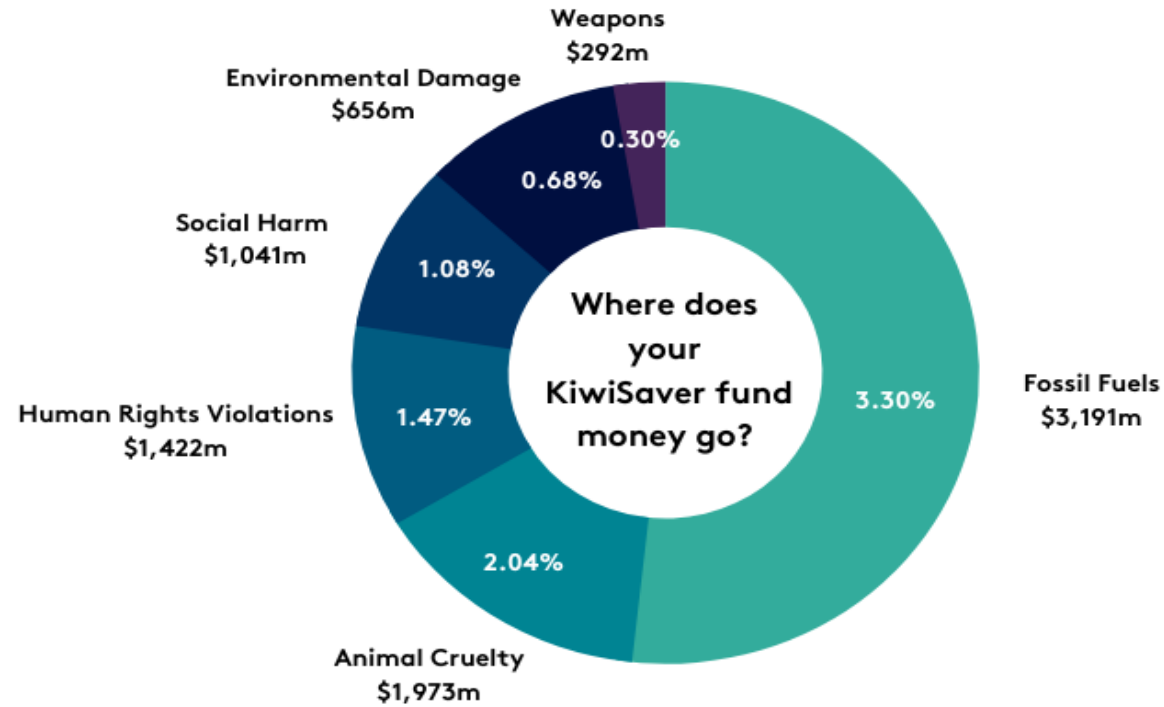
Weapons and firearms

**80%**

Tobacco and social harm

**74%**

## Total KiwiSaver Funds Investments in Issues of Concern to the Public March 2023



These issues account for 8.87% of the total KiwiSaver fund  
Social harm category comprises tobacco, gambling, alcohol and pornography

Source: Mindful Money analysis of reported portfolio holdings for 350 funds





## 2. Be a responsible owner of shares

Being a responsible owner means advocating to change company practices:

- Avoiding harm caused by the company
- Improving standards
- Where possible, creating positive benefits

Fund managers undertaking stewardship need to be able to show they are making a difference.





**EXXON**

### 3. Invest to create a positive impact

Impact investing means investments “*that generate measurable social or environmental impact returns as well as a financial return.*”

There has been a huge rise in demand, but:

- Few NZ-oriented funds are dedicated to impact
- Mindful Money is working with KiwiSaver and investment funds to ‘mainstream’ impact

We want to live in a world where **money** is used for what *people* want.



Social Housing



Renewable Energy



Communities





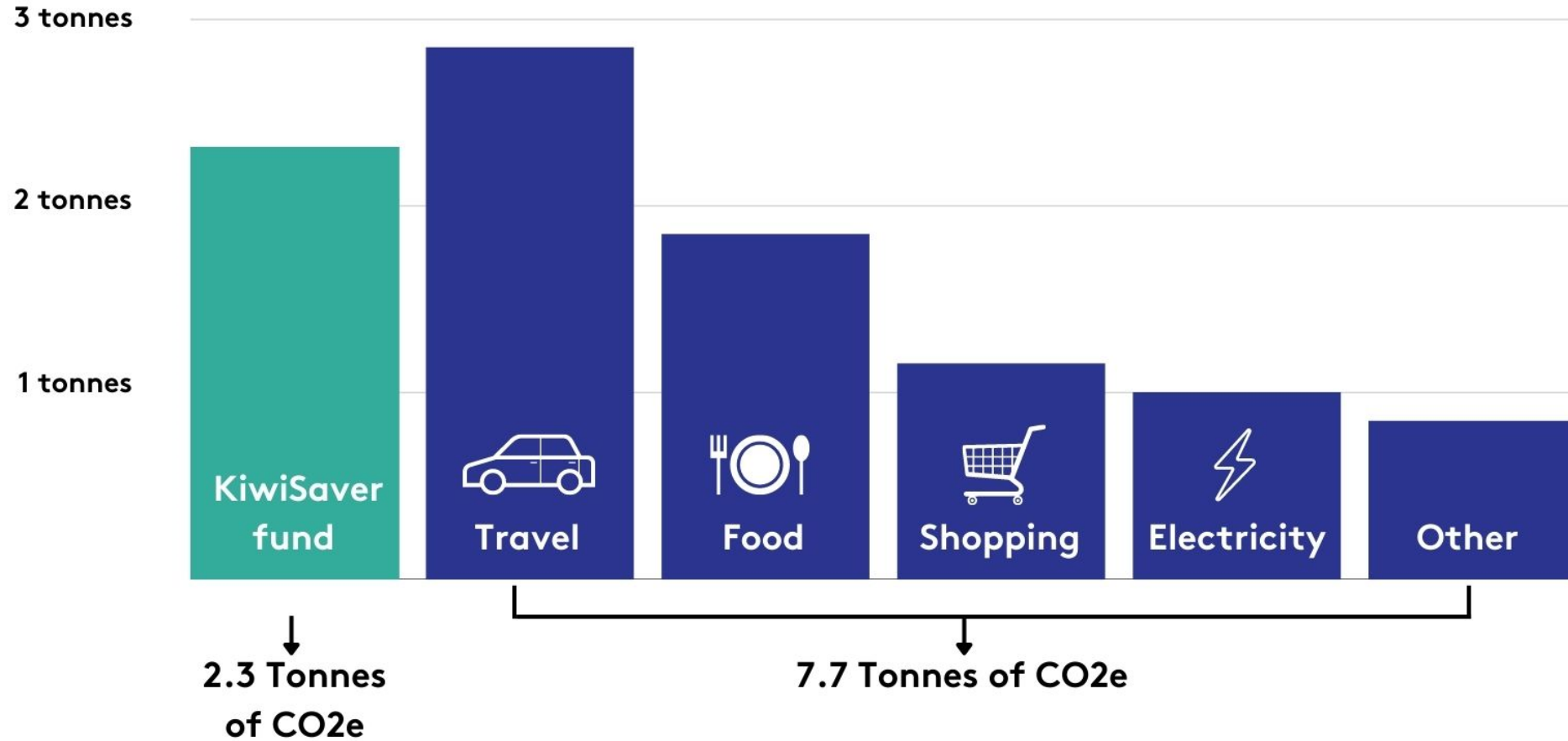
# Investing can be a powerful tool for climate action

When you invest in a KiwiSaver or investment fund, most of your money goes into companies

Your financed emissions are your share of emissions of each of those companies

You can choose to lower your financed emissions

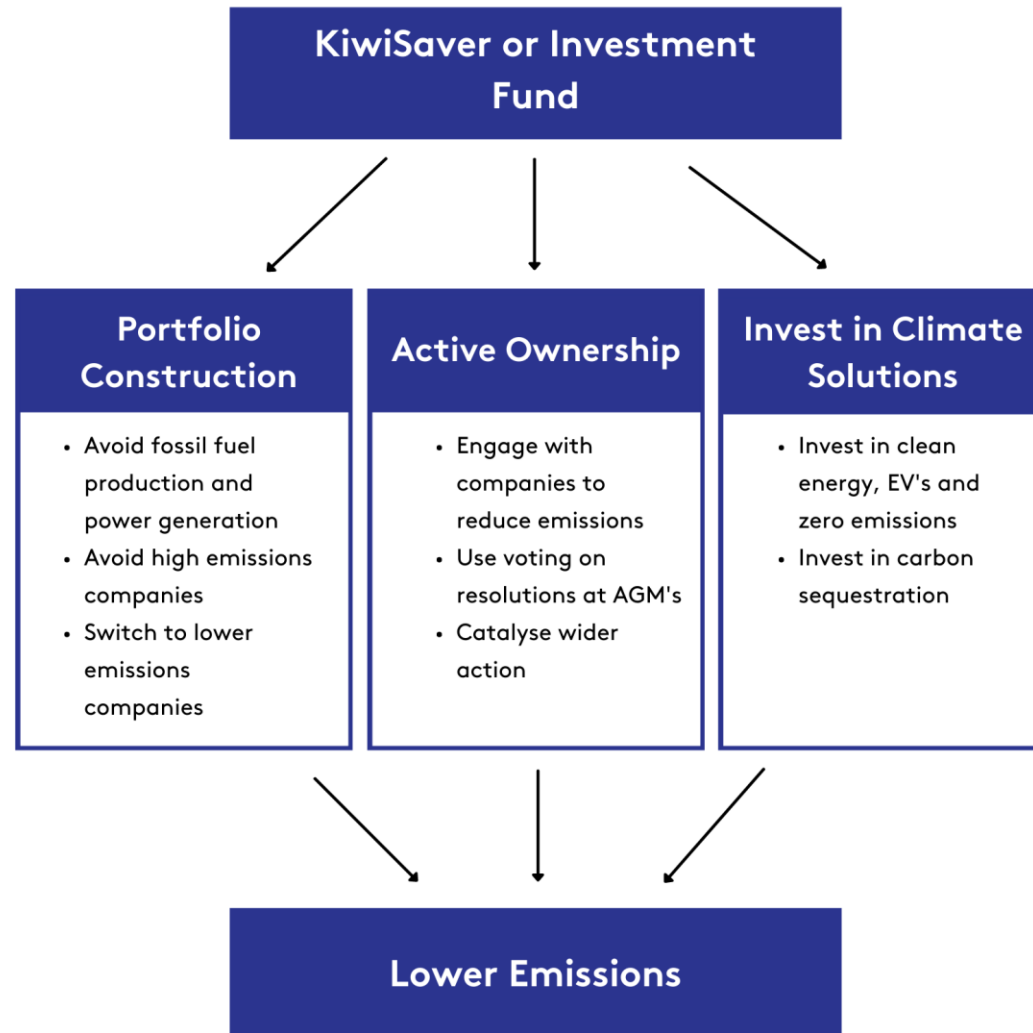
## Carbon Footprint of the Average New Zealander



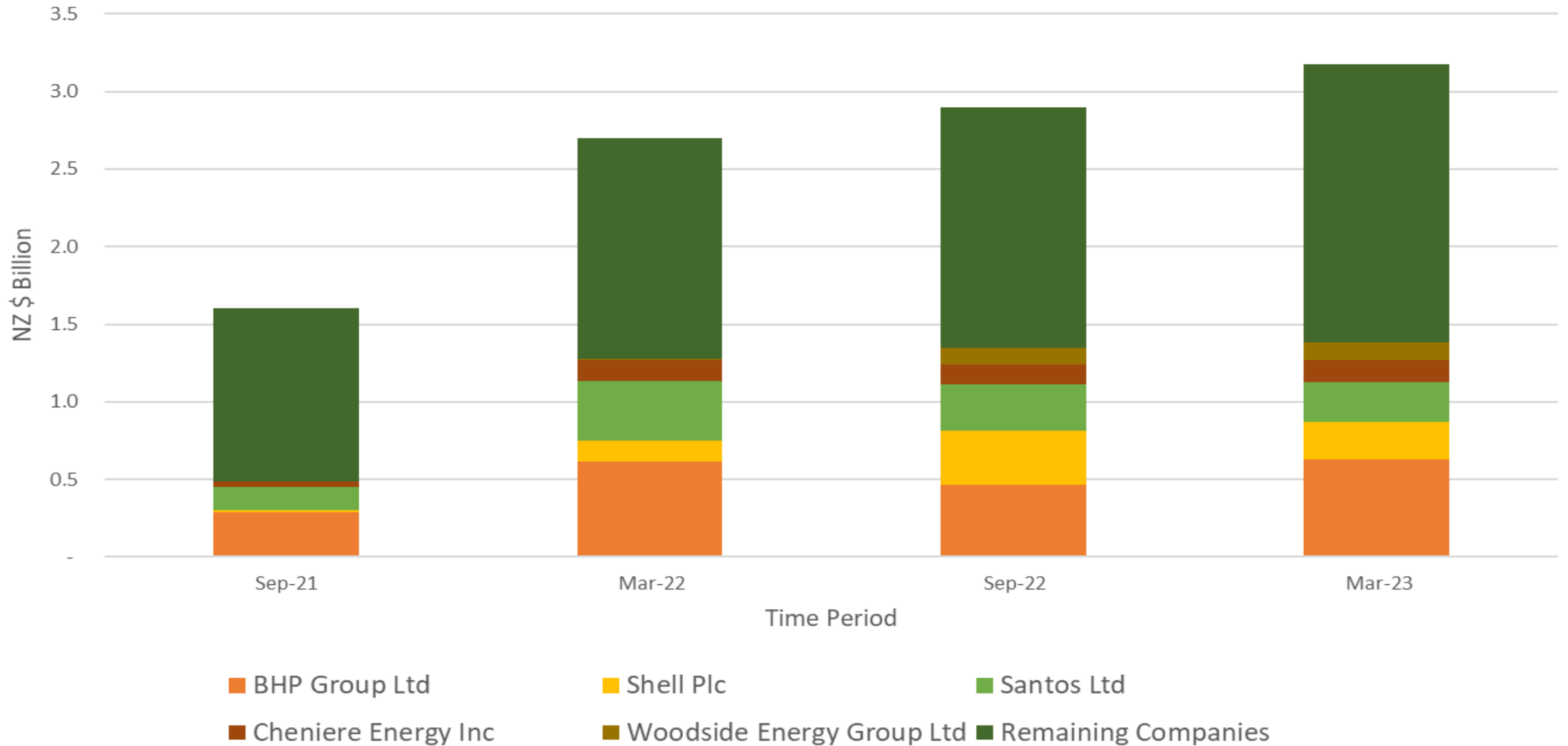
Source: KiwiSaver fund data from Mindful Money analysis. Other carbon footprint data from FutureFit.



# Using Your Investment To Take Climate Action



# New Zealand Investment in Fossil Fuel Companies Expanding Operations



NO BUSINESS

ON A DEAD PLANET

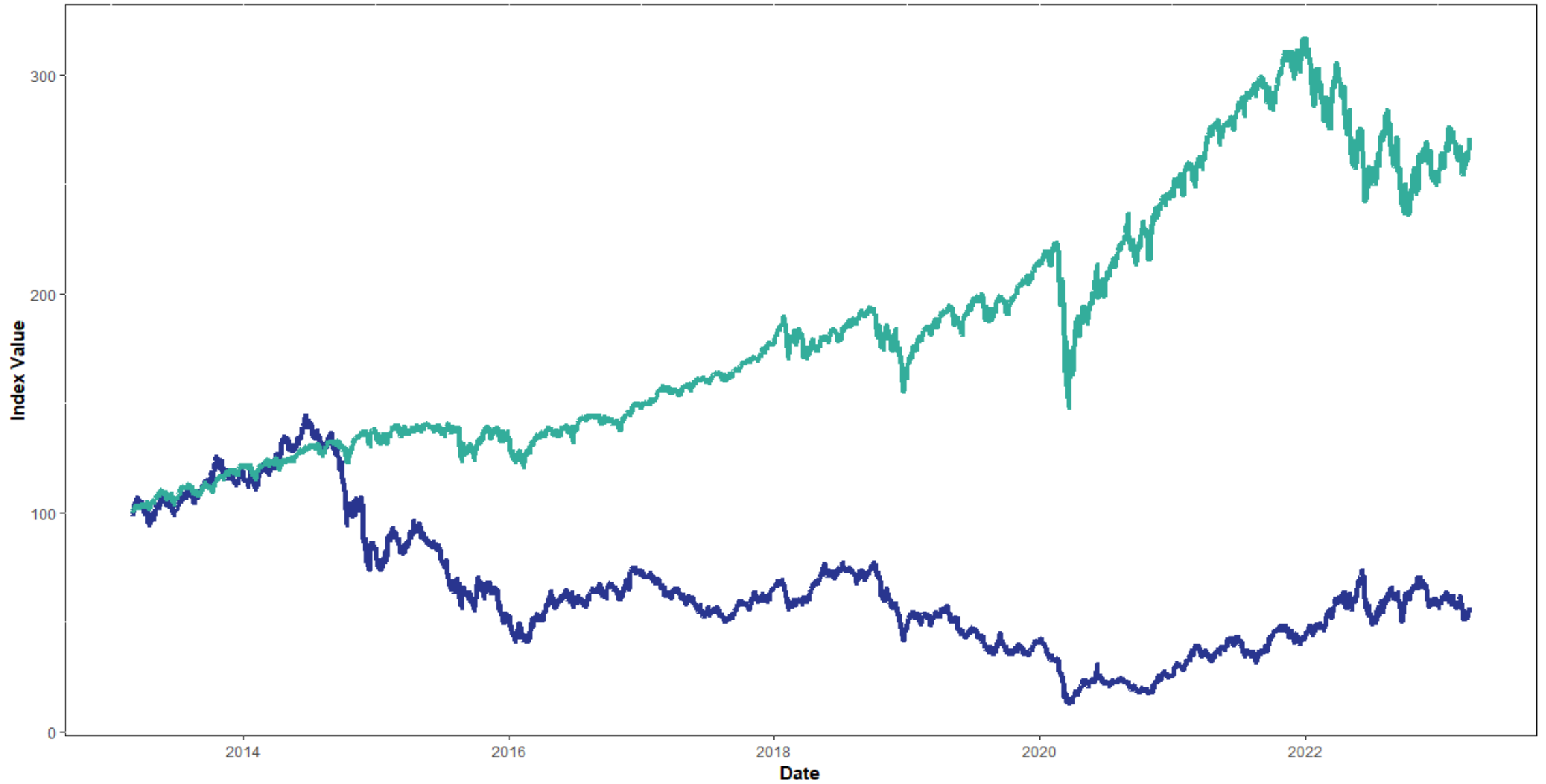
# Do well as well as doing good

Consumers increasingly want to buy from good companies

Good companies are trusted, have strong brands, motivated employees and fewer risks

Evidence shows that investing ethically produces returns that are at least as high or higher than conventional investing.

Comparison of S&P Oil and Gas Index and S&P 500 Index for 10-Year Period Ending 31 March 2023



Legend — S&P Oil and Gas Index — S&P 500

# Mindful Money

Charity launched in 2019 to shift finance towards social and environmental benefit

Reached over 500,000 Kiwis last year on social media; 80,000 unique website visits; 30,000 people viewing seminars and 98 media articles on key issues

Analysed portfolios of all KiwiSaver and retail investment funds each 6 months

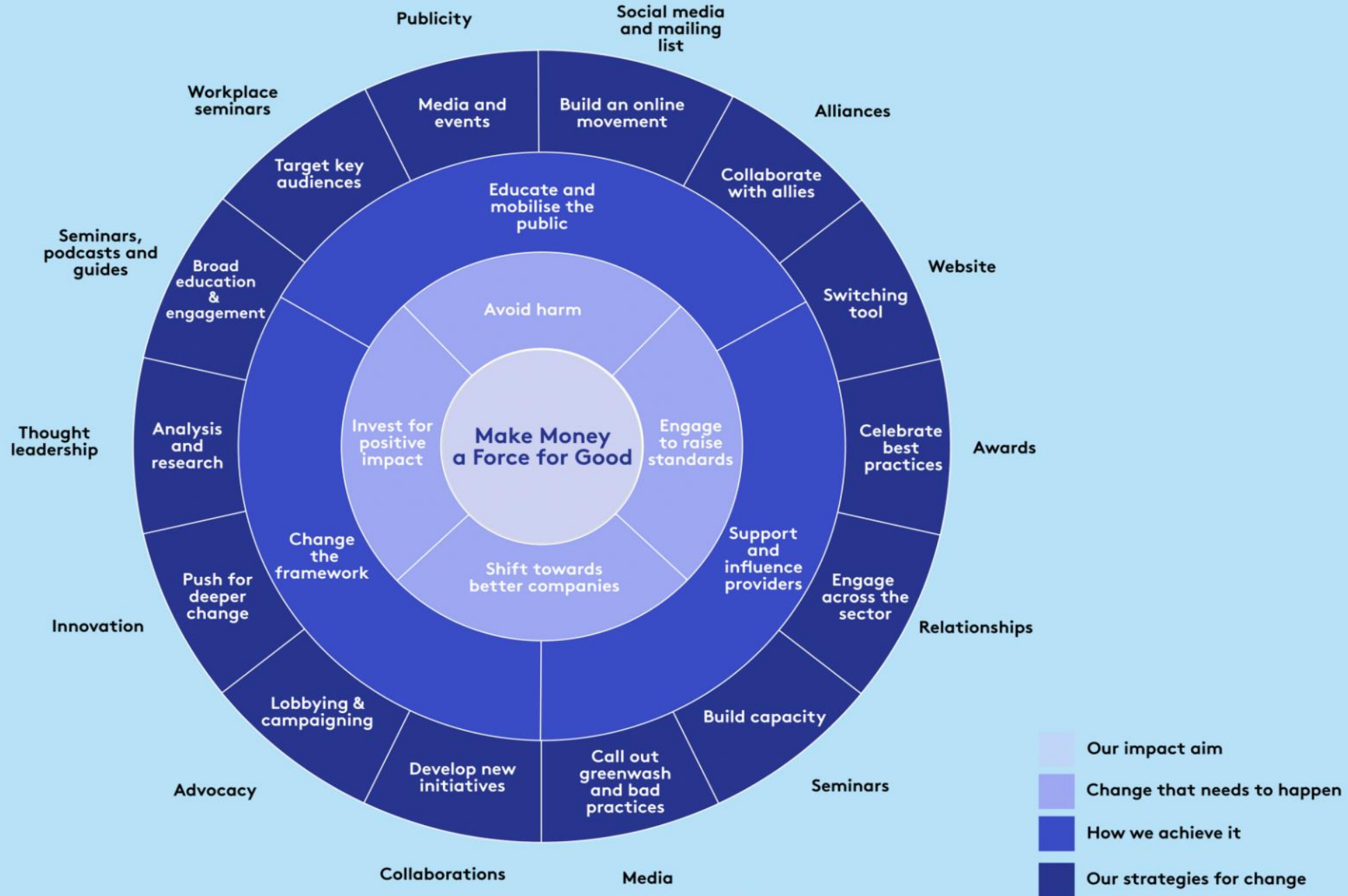
Fund Checker to check your holdings as a free service

Fund Finder to find a fund that fits your values

Research on fossil fuels, deforestation, companies linked to the Putin regime, companies collaborating with Myanmar military, climate action by NZ investors, and mainstreaming impact investment



# Our strategy Making Money a Force for Good



# Working with Financial Advisers

Free use of data on NZ KiwiSaver and retail funds

Provide value added services for financial advisers on:

- Analysing portfolios of DIMS, model portfolios and AUTs
- Undertaking research and data analysis into specific funds and companies
- Providing evidence to support ethical dimensions of financial advice
- Enabling financial advisers to see through greenwashing
- Building capability of financial advice teams in ethical issues

Supported through donations from financial advisers and fees for services

# Make your money a force for good

Mindful Money is a charity that makes it quick and easy for you to invest your money ethically.

Check my fund

Find a fund



# Thank you

**Barry Coates**

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