

A climate for changing super

HOW TO CUT THROUGH THE GREENWASH TO FIND A FUND WITH A CONSCIENCE

MONEY

ANTHONY KEANE

MIXING morals with your money can be tricky, especially when it comes to climate and your largest financial asset.

Australians' superannuation balances have passed a combined \$3 trillion just as the world embraces a climate-friendly, zero-carbon future, and the proportion of super funds with ethical investment options is rising rapidly.

But savers are being urged to beware of greenwashing, where companies and funds spend more money on marketing to appear environmentally friendly than they do on helping the environment.

So what is the best way to invest with a conscience?

HOW TO IDENTIFY YOUR CLIMATE VALUES

Australian Ethical chief customer officer Maria Loyez says cash is the most powerful tool people have for producing positive climate action.

"Due to the large volumes of money flowing into sustainable funds recently, we've seen more marketers rebadging super funds as green or

sustainable without making any difference to their underlying investment philosophy, or despite still investing in companies with high carbon emissions," Loyez says.

"Australia doesn't currently have any legal standards on what makes a super fund sustainable, so many funds are cherry-picking what to highlight and what to ignore when defining how green the fund is."

Loyez says independent agencies such as responsibleinvestments.com.au can help people do a quick online search to find super fund products that match their climate values.

"The first step in aligning your money with your morals is to decide what you're comfortable with when it comes to your super ... a good place to start is to look for a fund that has either mostly or completely divested from fossil fuels."

Australian Ethical's sustainable funds grew 56 per cent last year to \$2bn as savers seek a greener place to put their money.

HOW TO WORK OUT THE GREEN FACTOR

Together Trustees CEO Scott Cameron says good ways to check if your current super fund is climate-friendly include exploring its website or contacting it directly.

"Many have an open channel where members can discuss investment options that have the



Maria Loyez

Climate-friendly super switch

- Define your own climate boundaries and whether you want your money invested in fossil fuels.
- Check if your current super fund follows an ethical investment approach or if it's just one or two of its investment options?
- Is your fund making misleading or exaggerated claims about its climate-friendly credentials? Look for vague buzzwords and a lack of transparency in its marketing material.
- If your research shows you should switch to a more climate-friendly fund, contact the new fund so they can guide you through the process. **Some will do it for you.**

Source: Australian Ethical

environment's interests at the forefront," he says.

More funds now publish ethical investment policies and reports.

"These kinds of resources are clear indicators for members that their investments are with a climate-friendly fund," Cameron says.

"As an example, Equipsuper and

Adam Hall wants a fund that is authentically ethical and climate-friendly.

Catholic Super both have responsible investment policies, climate change position statements and annual responsible investment reports available for public viewing."

Adam Hall, 36, helps the environment through recycling, offsetting his carbon footprint and choosing green energy, but recently discovered his super did not reflect his feelings.

"I've been using one of the bigger industry funds for a while, as they have low fees and come recommended by budget-conscious experts," he says.

"However, when I actually looked at where my money was going, I realised they have no option that is

authentically ethical and climate-friendly. I'm definitely looking to change funds as soon as possible.

"It doesn't make sense to be putting so much effort into ensuring my actions are as environmentally friendly as possible on a daily basis, then having my money achieving the exact opposite."

Financial strategist Theo Marinis has noticed a surge in clients asking whether their super is invested ethically. "We're being freaked out - we are being told the planet's going to end so people are trying to do the right thing," Marinis says.

"This ethical stuff can be so opaque so you have to be really careful."

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