

Grosvenor KiwiSaver Scheme's Socially Responsible Investment Funds remove fossil fuel stocks

Wellington, 29 January 2015 – New Zealand-owned financial services provider Grosvenor Financial Services Group announced today that it has removed exposure to all directly-held fossil fuel-related companies within the two Socially Responsible Investment (SRI) fund options in the Grosvenor KiwiSaver Scheme.

Chief Investment Officer, David Beattie, said the changes reflected both developing trends in the SRI investment world and feedback from members of its SRI funds. "The global investment industry has had an increased focus on both responsible and ethical investing, and many of our SRI members have told us that fossil fuel investment is among their primary concerns," Beattie said.

However, Beattie wanted to distinguish between *responsible investing* – considered analysis of a company's approach and policies relating to their Environmental, Social and Governance (ESG) responsibilities – and *ethical investing*, which centres on acknowledging and accommodating specific investor choices related to values-based criteria.

"The changes we have made to our SRI funds reflect the latter – we have added to the list of excluded stocks, in order to more closely match the expressed values of our SRI investors. For the other 13 funds in the Grosvenor KiwiSaver Scheme, we continue to apply ESG principles, which do not necessarily exclude stocks that don't satisfy our SRI criteria."

Whilst the application of the new fossil fuels exclusion resulted in the removal last year of 17 companies from the SRI funds (e.g. BHP and NZ Oil and Gas), these companies have been retained in other multi-sector funds in the Grosvenor KiwiSaver Scheme. The filter, which restricts those companies who earn more than 5% from fossil fuels, caught a few surprising companies, most notably Woolworths. "Many people may not realise that Woolworths and Caltex have a 50:50 joint venture in petrol retailing in Australia, which now accounts for a significant proportion of Woolworths' sales revenue."

At the same time as enhancing the negative screening filters applied to the two SRI funds, Grosvenor has removed negative filters on the other 13 funds, preferring instead to maintain an ESG focus, which will continue to be enhanced and integrated further into the investment research decision-making process. "This will provide a clearer distinction between the criteria used for the two SRI funds and that used for the other funds," Beattie said.

Grosvenor Investment Management Limited is the manager of the Grosvenor KiwiSaver Scheme. The investment statement for the scheme is available from www.grosvenorkiwisaver.co.nz or by calling Grosvenor on 0800 336 338.

For further information, please contact:

David Beattie
Chief Investment Officer
04 894 4300