

The Interface between Sustainable Corporate Governance and the Investment Industry

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We operate in a profoundly different business environment today compared to even a decade ago, when notions of social or environmental responsibility were either receiving strong resistance from the business community or simply did not 'register' on the corporate radar.

The rumblings of escalating economic, social and environmental stresses have been intensifying for decades, like a distant thunderstorm; the understanding that we could not continue on this trajectory of unrestrained economic growth indefinitely. People in all professions, positions, and walks of life recognise a shared sense of global fragility and the stepping up in the tempo of change.

The convergence of these pressures has brought markets to the point of transformation. There has not been one specific point in time - a loud thunder clap - rather, it has been more of a quiet accelerating shift towards sustainability. We have reached a 'tipping point' where the global economy is not delivering the unfettered economic growth without costs. Costs are mounting and resources are getting thinner. The present situation has been described as the economy entering into a period of metamorphosis at a time of growing global interdependence¹. A dramatic transformation of corporate and investment markets is emerging, forged by a convergence of economic, social, and environmental pressures.

This paper will briefly synthesise the causes and effects of the transformation. The hypothesis presented is that in a globalised economy, the interface between legislative changes in the financial markets around the world and informed retail and institutional investors (e.g. pension funds) provide one of the most effective control mechanisms of civil society.

In Australia, the latest financial services reform to the Corporations Act demands disclosure of environmental, social, ethical and labour considerations in all investment products, similar, but more far reaching than the UK Pension Act.

There is a gradual awakening of the mainstream financial markets to the value of integrating non-financial reporting into risk assessment, as the competitive advantages of such behaviour are being empirically verified. For companies, it may be time to not only look at profit maximisation but the value in loss minimisation and risk management.

If investors – retail and institutional – show no interest in a company's sustainability improvements, if there is no encouragement by the finance industry to reward

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companies over their competitors for leading the way on transparency and working with them to mitigate these risks, **one** of the dangers of such a disconnect in the feedback loop to companies is a stagnation in the progress companies make towards corporate sustainability.

¹ John Elkington is a co-founder of SustainAbility is one of Europe's leading authorities on sustainable development and on 'triple bottom line' business strategy.

Curriculum Vitae

Trained in environmental sciences, finance, and business, Eva's specialisation is as consultant, educator and speaker in SRI and corporate sustainability.

Apart from relevant finance qualifications, Eva holds a Master of Business Administration (MBA - Strategic Marketing and International Business), has a first degree in Science and completed Certificate IV in Assessment and Workplace Training.

CONSULTANT: As consultant Eva has assisted Australian finance industry participants such as fund managers and venture capital firms with implementing SRI principles. The most recent consultancy has been with a group of eight ethical fund managers to facilitate top level communication with the environmental and social NGO community.

FINANCIAL ADVISOR: Eva's training and experience also encompasses all facets of financial advice; she has worked as financial planner (specialised in SRI) for four years until September 2002 and her accreditations are up to date.

TRAINING COURSES: In recognition of the crucial link between financial planner understanding and servicing of public demand, Eva has written two industry courses for financial advisor proficiency on ethical investment principles.

The first is a half day facilitated training course which was established under the auspices of an Industry Advisory Committee consisting of ten fund managers and chaired by the financial industry pioneer Gwen Fletcher.

The second course is a two day distance education programme for finance professionals on the principles and issues of SRI written for a national finance education provider. This training course is to be published in June 2004 and will be also be available in dealer-specific facilitation format.

WRITER: Eva has been contracted by the international publisher Wiley & Sons Australia to write a book on corporate sustainability in investing. The book is in its final editing stage and will be on the market late in 2004, published through Wiley's Premium Finance List.

SPEAKER: Eva's most recent speaking engagement was at the Women Wealth & Success Conference in Sydney together with author & futurist Dr Peter Ellyard on 'Preferred Futures & Investments'.

Before entering the finance industry, Eva was engaged for many years in environmental services and eco-tourism. This included consulting to the Australian

Federal Government on ecotourism and developing marine based and Aboriginal ecotourism products through her own company. Eva was a founder member of the Ecotourism Association and founder and Chairman of Cetacea Australia, a national marine ecotourism industry based association providing a communication base for industry and government for the development of ecotourism benchmarks.

Her professional experience also embraces Australian federal politics (research assistant to a Federal Minister) and working for a number of years for the UN in Geneva.

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