

# ETHICAL INVESTMENT



ENVIRONMENT AND HERITAGE  
ETHICAL INVESTMENT  
AUSTRALIAN DEMOCRATS ISSUE SHEET

*The Democrats are strongly committed to economically, socially and environmentally responsible investment – the triple bottom line.*



The rise of the modern multinational corporation has created a concentration of economic power which can compete on equal terms with some modern countries. This power and influence around the world has grown enormously and the interests of shareholders often override the consideration of the social impact of corporations.

The business sector is important to our financial and social well-being but it is the role of government to ensure that corporations are also socially and environmentally responsible. This principle of 'corporate social responsibility' is founded on a recognition of the significant influence of corporations, particularly multinational corporations, in today's globalised world.

## Australians Want Corporate Social Responsibility

A St James Ethics Centre poll, co-sponsored by PricewaterhouseCoopers, found that 92% of Australians believe that large companies should go beyond the minimum definition of their role in society, which is to employ people and make profits. Respondents said companies should also have higher ethical standards and help to build a better society.

The same study showed that one in five respondents, globally, will avoid a particular product if they perceive that the manufacturing company is not socially responsible. Six out of ten consumers form their impression based upon labour practices, business ethics, environmental impact and responsibility to society at large.

## What is an Ethical Investment?

An ethical investment essentially promotes corporate social and environmental responsibility. For the Australian Democrats that means the investment is in line with our 23 party objectives.

We would not regard tobacco, gambling, uranium mining, rainforest logging or armaments manufacturing corporations as appropriate for ethical investment.

Ethical investment should promote environmental sustainability, favouring renew-

# ETHICAL INVESTMENT



able and clean energy, best practice in waste minimisation, recycling and energy efficiency for instance. It should favour good occupational health & safety practice, industrial relations, gender equity and family-friendly conditions including maternity leave.

## Superannuation Choice

Australia's superannuation industry could be a key player in the promotion of ethical investment however of the \$566 billion accumulated in superannuation funds at 30 December 2003 (\$261 billion of which is invested in shares) just \$2 billion is invested in 'ethical funds'. This is one of the key reasons why the Democrats supported legislation that will, from 1 July 2005, enable employees to choose their superannuation fund and to choose ethical investment.

## Corporate Code of Conduct

Generally, despite some United Nations initiatives, the international regulatory environment has failed to adequately ad-

dress the issue of the rapid globalisation of business. Some countries have legal systems that allow companies to get away with environmental and workplace behaviour that would be illegal in Australia.

The Democrats have introduced into Parliament the Corporate Code of Conduct Bill. This Bill represents the next step in the Australian Democrats' efforts to ensure that Australian corporations become global leaders in the areas of corporate responsibility, respect for human rights and protection of the environment.

The Bill requires Australian companies that operate in other countries to at least comply with the same standards covering environmental, labour, workplace, human rights, public health, trade practices and safety laws that apply in Australia (See Corporate Code of Conduct issue sheet).

## Other Democrat Achievements

The Democrats have been strong advocates for socially responsible behaviour. We have achieved:

- legislation that requires companies to disclose their

impact on the environment;

- legislation that requires fund managers to validly substantiate when they say they are 'ethical';
- better standards of corporate governance and company disclosures;
- improved tax concessions for charities and the not-for profit sector; and,
- the promotion of family friendly work practices, maternity leave and a fair workplace.

## The Way Forward

The Australian Democrats believe that democracy and capitalism can co-exist if we ensure that corporations are properly regulated. This will require more changes including:

- Australian companies to develop their own code of ethics;
- Investment and tax incentives for socially responsible investments; and,
- Better disclosure of investments so that super fund members can tell if there money is being invested ethically.

In all aspects of our parliamentary and political work, the Australian Democrats will continue to promote ethical investment and corporate social responsibility.



Other issue sheets are available online or can be requested via e-mail or telephone:

[www.democrats.org.au](http://www.democrats.org.au) [inquiries@democrats.org.au](mailto:inquiries@democrats.org.au) 02 6273 1059

Printed and authorised by Marianne Dickie, 16 National Circuit, Barton, ACT 2600.