Kōrero Haumitanga

IWIinvestor
Pou Tiaki i Ngā Rawa
New Zealand's wealth advisers

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Clear, simple, jargon-free investment information from IWIinvestor

INSIDE



# Climate Change – how can we help?

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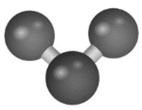
Throughout winter, Aotearoa experienced extreme weather events. In Europe and the USA, extreme heat caused temperatures never recorded before. It is now accepted that human activity has caused the earth's climate to change[1].

We are often asked – how does IWIinvestor invest to help climate change? In this issue we summarise climate change, its causes, and explain how the investments in our portfolios are chosen to help minimise harm on us and the planet.

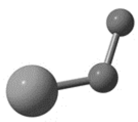
## A brief summary….


Climate change refers to long term shifts in temperatures and weather patterns. The earth has a natural **'greenhouse effect'** where the sun's heat is trapped within our atmosphere. Modern society and human activity release gases that act like a blanket around earth, amplifying this greenhouse effect. Gases are released into the atmosphere by driving cars, burning coal, clearing land and landfills. Energy, industry, transport, buildings, agriculture and land use are among the main emitters[2].
The most common heat trapping gases which are being released into the atmosphere are carbon dioxide, methane and nitrous oxide.



Carbon Dioxide
$CO_2$

Methane
$CH_4$



Nitrous Oxide
$N_2O$

Of the three, **Carbon dioxide** is of the greatest concern as it has the largest warming effect than any of all the other gases combined[3]. With today's technology and reporting, it's possible to research and measure a company's carbon dioxide emissions, known as a "carbon footprint". That information can then be used to make decisions upon a company's suitability to be included into our portfolios.

[1] World Health Organisation, United Nations, European Commission for Climate Action
[2] What Is Climate Change? | United Nations
[3] National Oceanic and Atmospheric Administration

# IWIinvestor portfolios:


IWIinvestor, in conjunction with our research partner, MyFiduciary, choose our Fund Managers carefully. They are selected using a number of criteria such as climate change, environmental impact and socially responsible investing considerations.

Fund Managers then complete their own detailed research. They may buy and sell individual investments by:

- **excluding** the worst emitters of carbon such as oil companies. They also may exclude *potential* emitters such as utility companies, cement makers, and steel companies.
- analysing a company's land use, contribution to destroying biodiversity, their history of toxic spills and operational waste and their water management. They then may **reduce** holdings in these companies.
- **including** more companies that are low emitters of carbon.
- **choosing** companies to buy *within* sectors. For example the Information Technology (IT) Sector has large variations in emissions, so further research and analysis is needed. Companies who produce semi conductors are deemed to be in the IT sector, and are large emitters, so they may be *excluded.* But online companies such as Google, are in the IT sector, are low emitters, so are usually *included*.

## How are companies chosen?

Decisions to exclude, reduce, or include companies are based around a complex system of research.

The data used is constantly evolving and enabling everyone involved to make more informed choices.

The independent research companies that help decisions to be made include:

- MSCI ESG Research
- ISS Governance

**For more detail on how we take climate change into account, please get in touch with your adviser or email us at info@iwiinvestor.co.nz.**