

New megatrends lead to both investment risks and new opportunities

Powerful new megatrends in socio-political issues are rapidly becoming the deep roots of business prosperity. These trends are sounding serious alarm bells about risks, but at the same time are presenting “amazing” new opportunities, according to Steve Gibbs, Chief Executive Officer of the Australian Reward Investment Alliance.

Mr Gibbs was launching a comprehensive new presentation titled “Enlightened Self-Interest: Solutions for Responsible Investors”.

The presentation was created by the Responsible Investment Association Australasia (RIAA) to promote the sustainable investment message to superannuation trustees, analysts, fund managers and others in the investment sector. It will be available for use by anyone wishing to educate and influence others on these issues and application is through RIAA.

Mr Gibbs said investors were facing a whole new range of issues that were unfamiliar, volatile and complex, including:

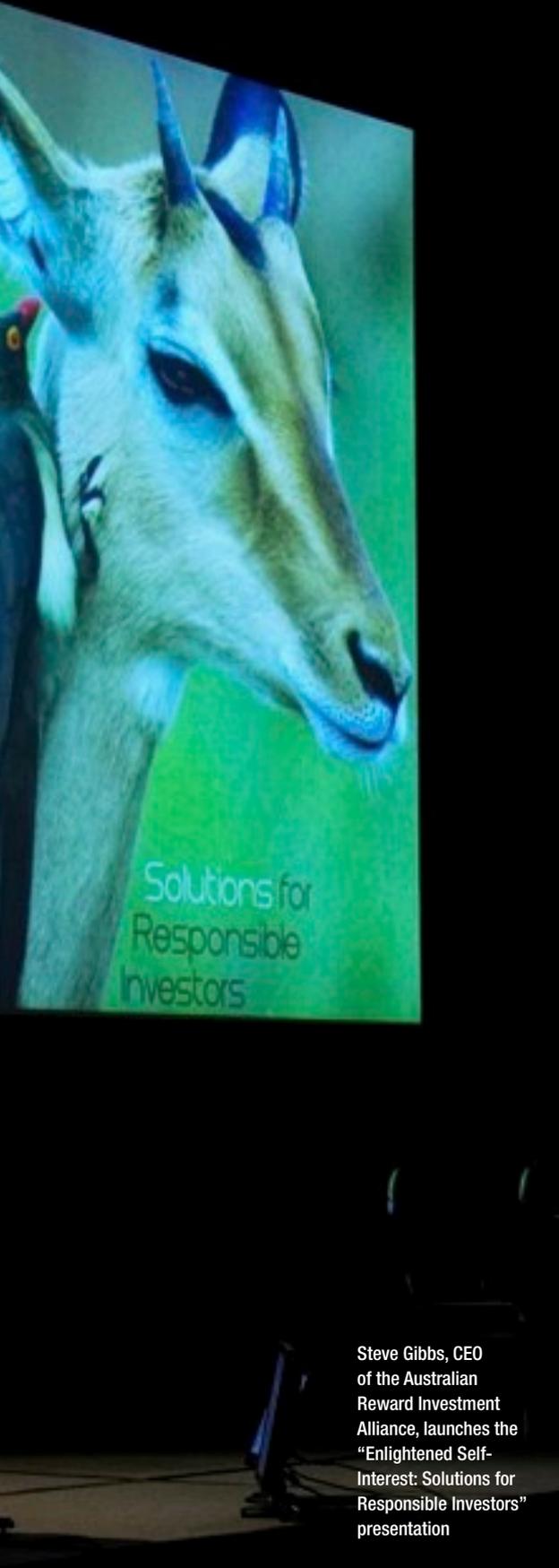
- Climate change,
- Water shortages,
- The rise in pandemics,
- The end of cheap oil,
- Product safety in emerging nations,
- Failures of governments on a massive scale and
- The scarcity of natural resources in the face of a ballooning population.

“These issues have a cost, and some of the world’s largest financial institutions want to find out exactly what those costs are,” Mr Gibbs said.

“We think of responsible investment in the context of risk, so we look at ESG (environmental, social and governance risks) from a risk perspective. If a company isn’t managing those risks in an appropriate way, then that poses a risk to our long-term investment in that company.”

Discussing the 10 megatrends that would dominate the 21st century, Mr Gibbs said that population growth meant the planet was “hitting its limits”, and the next century would be defined as the century of resource scarcity.

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Steve Gibbs, CEO of the Australian Reward Investment Alliance, launches the “Enlightened Self-Interest: Solutions for Responsible Investors” presentation