



Committee Secretary
Greenwashing Inquiry
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

6th June 2023

Thank you for the opportunity to make a submission.

Quit Nukes is an initiative of the Medical Association for Prevention of War (MAPW), in collaboration with the International Campaign to Abolish Nuclear Weapons (ICAN). MAPW is the Australian affiliate of 1985 Nobel Peace Prize Laureate, the International Physicians for the Prevention of Nuclear War. MAPW is the founder of ICAN, the 2017 Nobel Peace Prize Laureate.

We are working to have Australian superannuation funds exclude investments in companies that produce, or support the production or deployment of, nuclear weapons across all investment options and all asset classes – and to divest from any holdings in nuclear weapons producers that they may have.

Exclusion of investments in nuclear weapons producers by large asset owners is an integral part of progress towards the total abolition of nuclear weapons. Stigmatisation of these weapons is a key part of increasing pressure on nuclear weapons states to re-enter disarmament negotiations.

Nuclear weapons have been illegal under international law since the 22nd of January 2021, when the UN Treaty on the Prohibition of Nuclear Weapons entered into force. The ALP have a policy commitment to sign and ratify the TPNW. More than 75% of sitting ALP MPs have signed a pledge to support Australia signing and ratifying.

AN INITIATIVE OF THE MEDICAL ASSOCIATION FOR PREVENTION OF WAR (IPPNW AFFILIATE, NOBEL PEACE PRIZE 1985),

IN COLLABORATION WITH THE INTERNATIONAL CAMPAIGN TO ABOLISH NUCLEAR WEAPONS (NOBEL PEACE PRIZE 2017), AUSTRALIA

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Background - Nuclear weapons as an environmental issue

We recognise the focus of this inquiry includes particular reference to environmental and sustainability claims and the impact of misleading environmental and sustainability claims on consumers.

Nuclear weapons are a major environmental issue. Recent research confirming earlier research, shows the appalling environmental and subsequent humanitarian impacts of even a “limited” nuclear conflict.

- As horrific as the impact on the war zone itself might be, with tens of millions of direct, immediate fatalities, the regional death toll would be dwarfed in coming months and years by major global cooling and drying, resulting in significant reductions in crop yields and global famine lasting more than a decade. In fact, more than 2 billion people could die of starvation after an India-Pakistan war.
- “Famine could result for a third of Earth,” the authors write, “even from a war between India and Pakistan using less than 3% of the global nuclear arsenal.”

Impetus towards divestment

The Responsible Investment Association Australasia (RIAA) now requires full exclusion and divestment from companies involved in the production of nuclear weapons for certification of any investment product as a responsible investment product.

Moody's released a [paper](#) last year reviewing evolving norms and regulations in regard to ESG investing. They now include nuclear weapons in their controversial weapons list. The exclusion of companies involved in the production of controversial weapons from investors' portfolios is a common divestment policy, based on international treaties, national laws and supranational regulations, and Moody's expects investors to continue to adapt to evolving international norms and standards.

Moody's notes:

- *Even though there is no official definition of “controversial weapons”, investors and stakeholders typically use the term “controversial weapons” to refer to weapons of mass*

destruction (chemical, biological and nuclear weapons) and certain conventional weapons like cluster munitions, antipersonnel mines, incendiary weapons, and other weapons under stakeholder scrutiny because of their humanitarian impact on civilians, like white phosphorus weapons and depleted uranium weapons. These weapons are collectively referred to as “controversial weapons” because, in particular, they may be considered to be excessively injurious, to have indiscriminate effects or to damage the natural environment.

Greenwashing by Superannuation Funds

While most funds have principled statements on their websites, research in 2021 into 24 major Australian superannuation funds found the reality of their investments revealing:

- ☐ eleven out of the twenty-four super funds’ websites claim to exclude controversial weapons (CW), but do not include nuclear weapons as controversial weapons despite also being banned by an international treaty.
- ☐ several funds say they exclude investment in nuclear weapons producers, when in reality the Product Disclosure Statement (PDS) fine print indicates percentage materiality considerations and thresholds that allow considerable financing. The commonest threshold used is 5% of a company’s revenues, which still allows for multi-million dollar investments in nuclear weapons systems, given some of the companies involved are very large. There is also a startlingly high number of producers who conveniently have a 4.99% listed as their percentage revenue from nuclear weapons.
- ☐ Some funds have two separate definitions of CW – one for their responsible investment/ethical option which includes nuclear weapons producers, and another which allows for investment in nuclear weapons producers across the rest of the portfolio.

Recent examination of several funds’ websites and their PDS finds not much has changed since 2021.

Consumer support

It is clear most super fund members do not want their savings being invested in nuclear weapons producing companies. Polling in 2021 found:

- ☐ 69% Australians agree that their super fund should not invest in companies that are involved in nuclear weapons production.

- 78% Australians agree that their super fund should clearly state whether they invest in companies that are involved in nuclear weapons production.
- 71% Australians who have a superannuation fund do not know or are unsure as to whether their superannuation fund invests in companies involved in nuclear weapons production.
- 69% Australians would expect nuclear weapons to be included in 'controversial weapons.' Only 10% would expect them to not be included.

Recent super fund disclosure rules

Quit Nukes welcomes the requirement for super funds to disclose their portfolio holdings. However, the lack of standardised formats for reporting makes analysis very time consuming, as funds set the information out differently, and each fund may have multiple investment options.

This makes the identification of funds' holdings in companies involved in the production of nuclear weapons – and hence the detection of greenwashing - considerably more difficult. This issue is also very problematic for identifying fossil fuel related holdings.

Recommendations

To reduce greenwashing around nuclear weapons holdings by superannuation funds, we recommend:

1. Where funds exclude producers of controversial weapons from their portfolios, controversial weapons definitions are explicit on super fund websites, not just in the fine print of the PDS, so that consumers know whether or not their fund has investments in nuclear weapons producers.
2. Funds that claim to exclude nuclear weapons producers need to be explicit on the fund website about any revenue thresholds they use to continue investing in these companies, not just in the fine print of the PDS, so that consumers are aware of the likelihood that their fund invests in nuclear weapons producers.
3. Reporting of holdings data must be done in a standardised format across the industry, so analysis is more accessible.

We would be happy to give evidence or provide more information.

Yours faithfully,

Dr Margaret Beavis

Quit Nukes