



RESPONSIBLE INVESTMENT: NZ SURVEY 2018

A report exploring New Zealanders'
attitudes towards responsible investment



COLMAR BRUNTON

A Kantar Millward Brown Company

Research background

Mindful Money and RIAA co-commissioned Colmar Brunton to design and deliver this research.

The Responsible Investment Association Australasia (RIAA) is the peak industry body representing the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. RIAA is a not-for-profit, member-services association incorporated in New South Wales.

Mindful Money is a New Zealand charity established in 2018 that aims to significantly increase the adoption of Responsible Investment and deepen its impact. Mindful Money will engage, educate and empower New Zealanders to invest responsibly, using its online platform to find a fund that fits their values.

Colmar Brunton is New Zealand's leading market and social research company aimed at growing great brands and organisations. Colmar Brunton is a Kantar Millward Brown company with offices in Auckland and Wellington.

See page 34 for important information about how this research complies with the Research Association of NZ Code of Practice.



KEY FINDINGS



Key findings

- New Zealanders expect there to be investment options (for both KiwiSaver customers and those who have other financial investments) that align with their personal values, demonstrated by:
 - 72% expect their investments to be made responsibly and ethically
 - 62% would move their investments if they discovered their money was being invested in activities inconsistent with their values.
- There are marked differences in attitudes towards responsible investment by age. These age differences run against the common narrative that responsible investment is likely to have greater uptake among young people.
 - Older New Zealanders (aged over 50) are more likely than average to expect their investments to be made responsibly and ethically, and place greater importance on avoiding industries that conflict with their values. They are also most likely to choose the KiwiSaver provider they perceive is best on sustainability.
 - Younger New Zealanders (aged under 30) are less likely than average to move investments that are inconsistent with their values. Their greatest barrier to investing responsibly is the belief they have insufficient money invested for it to be worth changing. However, young people are more likely to believe ethical funds perform better over the long-term. This suggests that younger NZers will grow their ethical investing in future.
- People care about a wider range of issues than currently offered in most investments. New Zealanders' top three issues to avoid are those that involve animal cruelty, human rights abuses and labour rights abuses. Avoiding sectors such as tobacco, personal firearms, adult entertainment and nuclear power are also rated as very important.
- There is stronger support for excluding companies that investors don't agree with, rather than holding stocks and engaging with companies to change their practices (only 14% support this rather than avoiding companies).
- Currently only 8% of those with KiwiSaver chose the provider they thought was best on sustainability. Providers tend to be chosen based on convenience, such as going with their main bank or the default option.
- The two biggest barriers to investing responsibly are a lack of independent information and lack of time to compare all of the options (the latter especially applies for KiwiSaver). There is uncertainty about the performance of ethical funds, whether they are expensive, the availability of credible options and whether to believe claims of being 'responsible'.
- 73% are more likely to invest in a scheme that is certified to be responsible or ethical (only 4% are less likely).



METHODOLOGY



Methodology

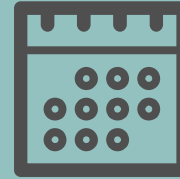


METHOD

1,000 New Zealanders aged 18+ completed the survey online.

The survey took nine minutes on average and a response rate of 38% was achieved.

The sample has been weighted to be nationally representative of the NZ population aged 18+ by age, gender and region.



TIMING

The survey took place from 27 August to 3 September, 2018.

+/-%

MARGIN OF ERROR

The maximum margin of error on the total sample of 1,000 is +/-3.1%.



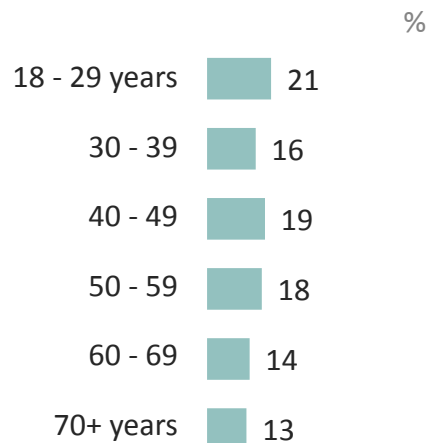
SAMPLE PROFILE



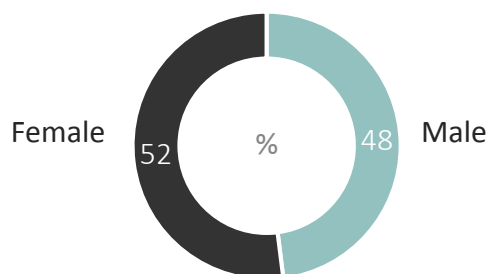
Sample profile

Those surveyed represent the New Zealand population aged 18+ in terms of gender, age and regional distribution.

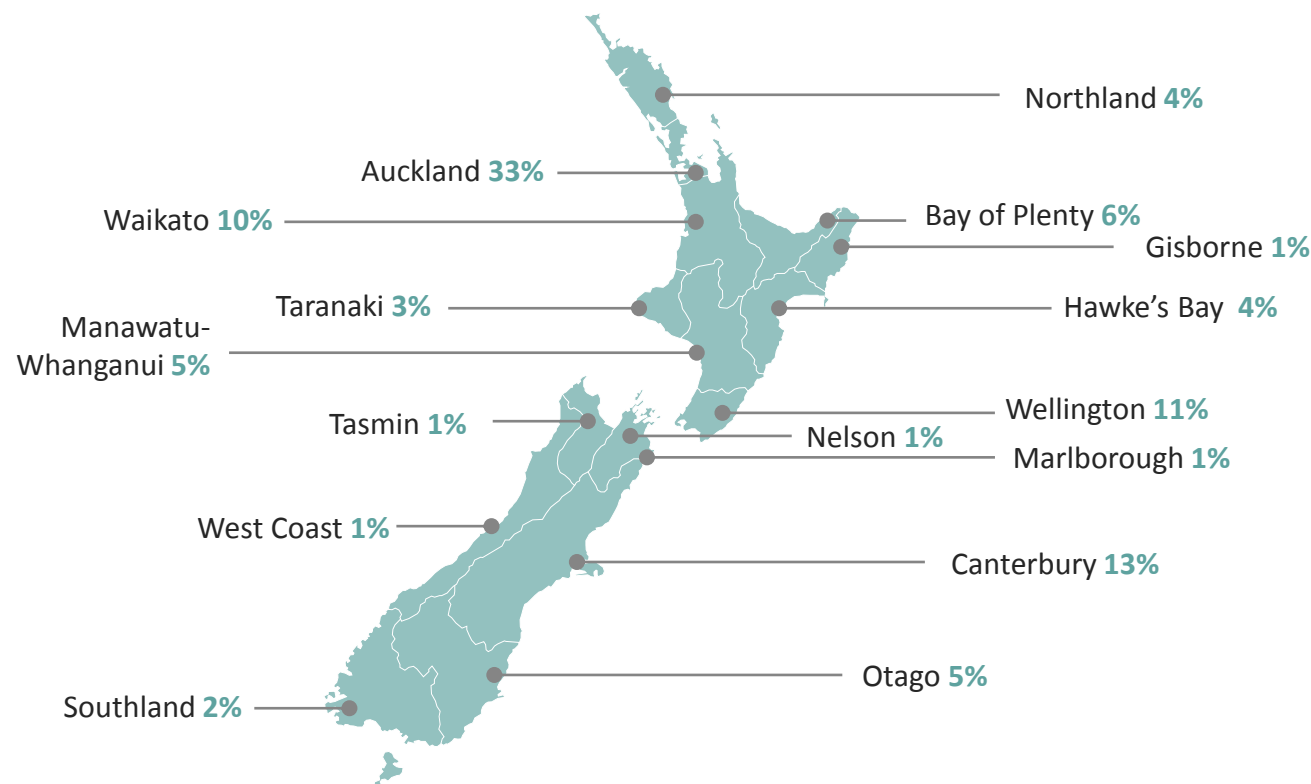
AGE



GENDER



REGION



Base: All respondents (1,000). Note, 2018 survey data has been weighted to ensure it represents the NZ population of those aged 18+ in terms of gender, age and regional distribution (according to the 2013 Census).

Source: FBC1, FBC2 & FBC2b

FBC1. In which of the following age groups do you belong? FBC2. Are you...? [Options: Male / Female / Gender diverse] FBC2b. Please indicate which one of the following best describes where you live.



SUMMARY OF INVESTMENT AND KIWISAVER ACTIVITY

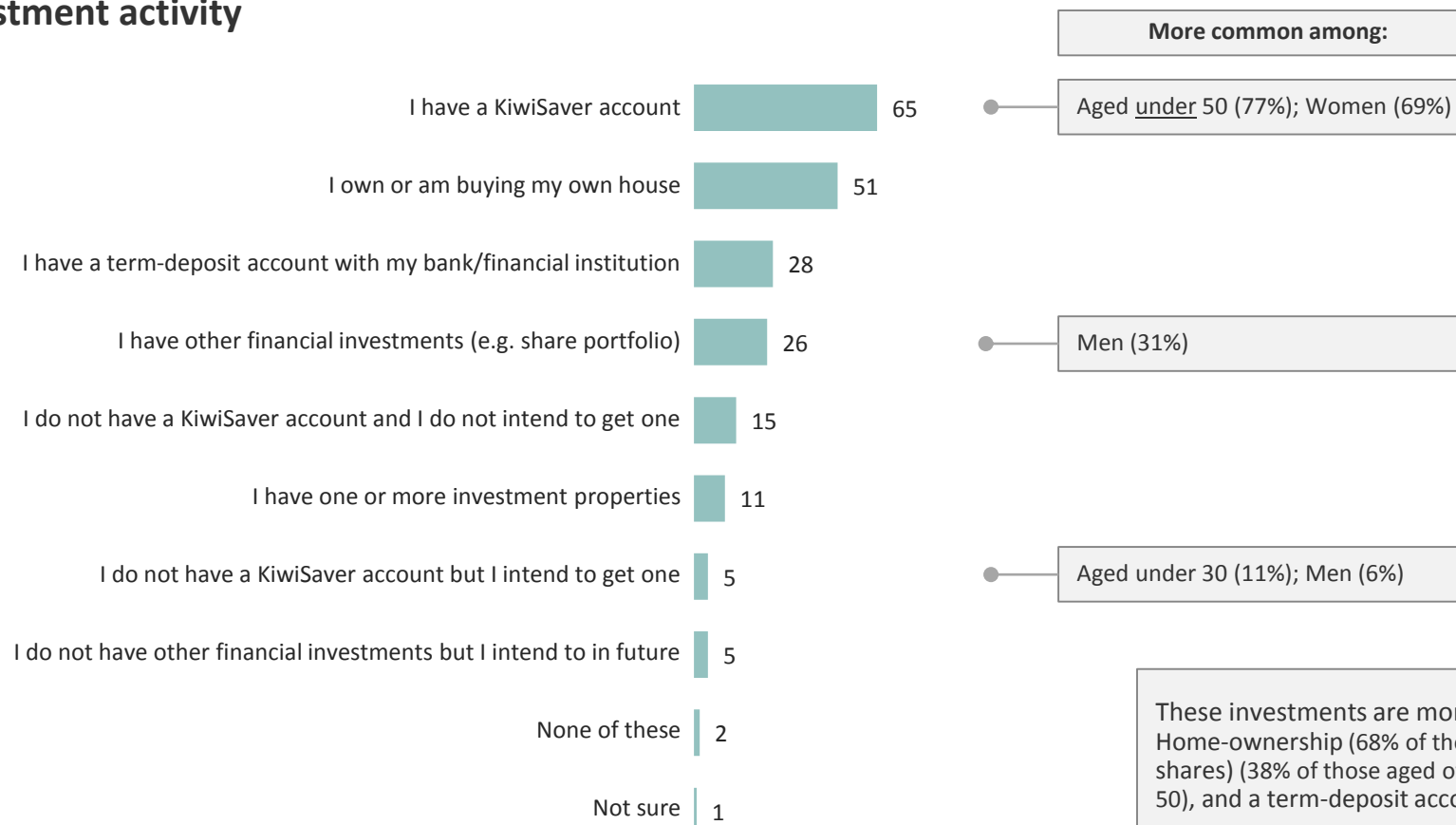


Investment profile (1)

New Zealanders aged under 50 and women are more likely to have a KiwiSaver account, whereas men and those aged over 50 tend to have other financial investments (e.g. share portfolio). Those who do not have KiwiSaver but intend to in future are typically younger New Zealanders (aged under 30) and men.

Current investment activity

%



These investments are more common among older New Zealanders: Home-ownership (68% of those aged over 50), Other financial investments (e.g. shares) (38% of those aged over 50), investment properties (15% of those aged over 50), and a term-deposit account with their bank (60% of those aged over 60).

Base: All respondents (1,000).

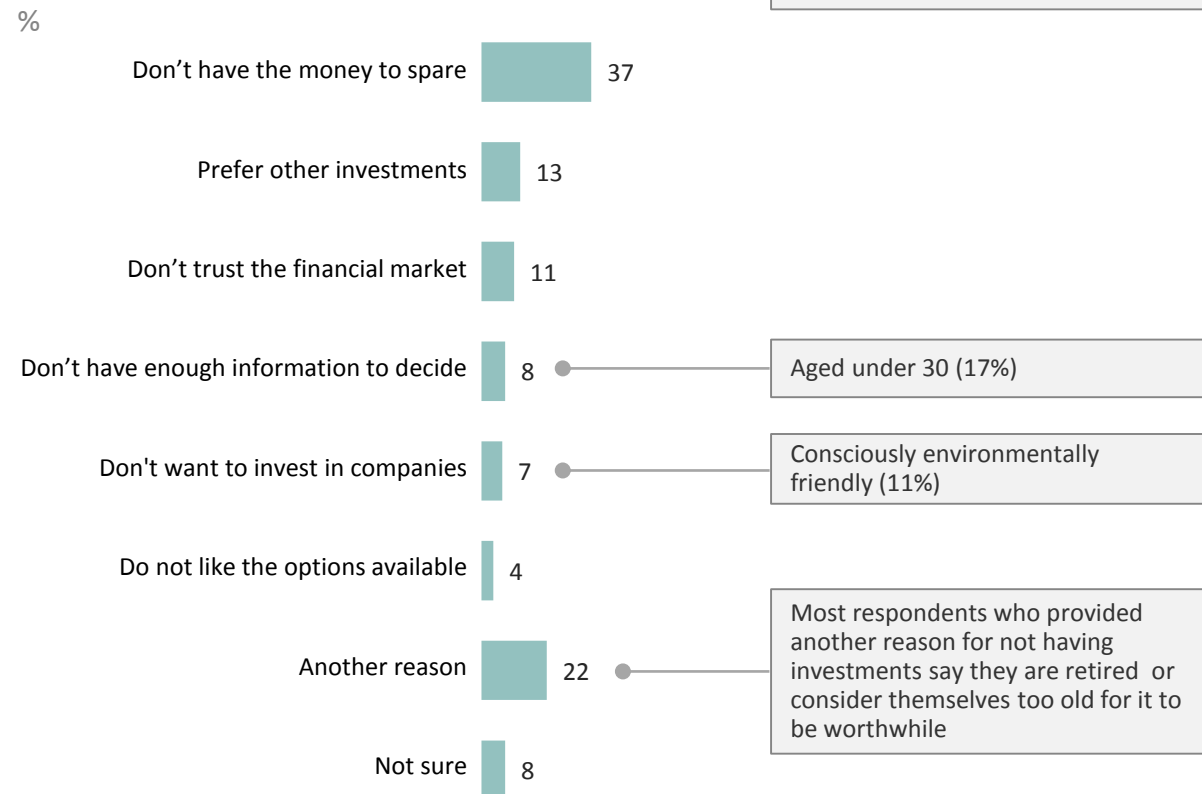
Source: Q1

Q1. In terms of your current investment activity, which of the following applies to you?

Investment profile (2)

Over a third of New Zealanders who do not have any current investments say they don't have the money to spare for investing. One in five do not have investments as they are above retirement age and do not consider it to be as relevant for their life stage. New Zealanders aged under 30 are particularly likely to say they don't have enough information to decide about KiwiSaver or making investments.

Reasons for no current investments



“I did have a KiwiSaver account and cashed in the proceeds when I retired.” *Male, 60 – 69 years*

“Too late in life to do it so I put money into my home.” *Male, 50 – 59 years*

“We are retired so it is irrelevant to us.” *Female, 70+ years*

“I am not working.” *Female, 50 – 59 years*

“Too old to open.” *Male, 70+ years*

“The Government refuses to guarantee the scheme.” *Male, 50 - 59 years*

“I’m retired and have cashed in my KiwiSaver.” *Female, 60 – 69 years*

Base: Respondents who do not currently have KiwiSaver or any other financial investments (235).

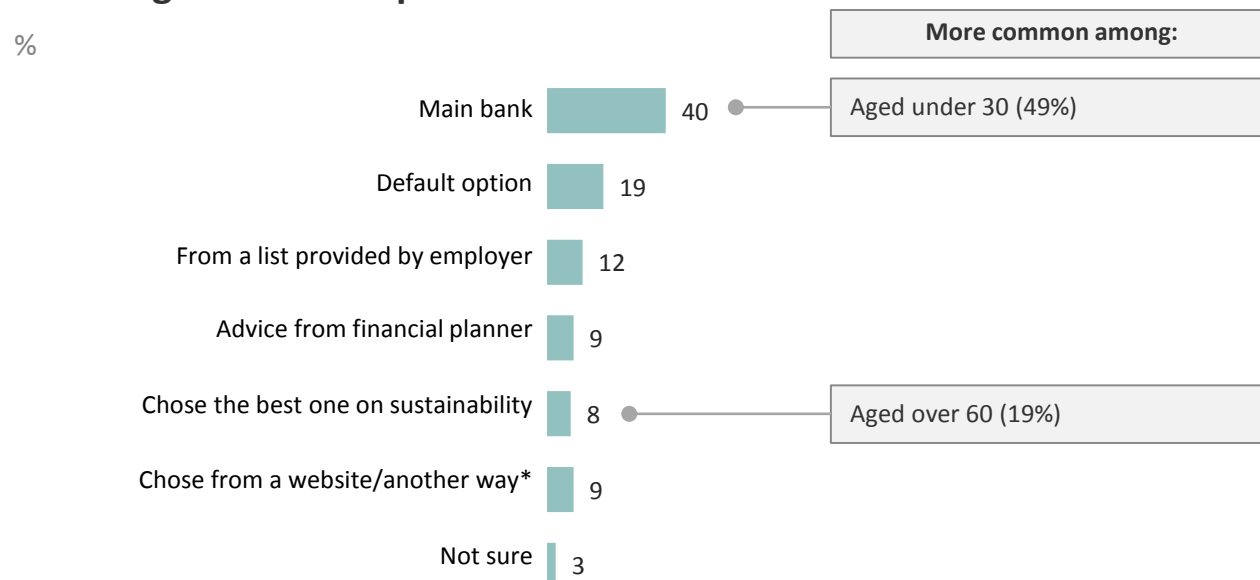
Source: Q2

Q2. Which of these reasons best describes why you don't currently have KiwiSaver or other financial investments?

How New Zealanders choose a KiwiSaver provider

New Zealanders with KiwiSaver typically choose their provider based on convenience, by either choosing their main bank or the default option. Half of those aged under 30 select their KiwiSaver provider according to who they use as their main bank. 8% of those with KiwiSaver choose their provider based on who they believe performs best on sustainability. This is more common among those over 60 (19%).

Choosing a KiwiSaver provider



*Websites used:

- Sorted
- Canstar KiwiSaver comparison
- Interest.co.nz - KiwiSaver
- KiwiWealth

*Chose KiwiSaver provider another way...

“Personally selected based on performance, fees, service, online information and other investment criteria.” *Male, 40 – 49 years*

“I researched high performing KiwiSaver funds.”
Male, 40 – 49 years

“I chose them because they had good results and I thought they were trustworthy.” *Female, 40 - 49 years*

“I chose my provider as I wanted somewhere different to where my other investments are.” *Female, 60 – 69 years*

“Reviewed plans, fees, return, track record, advisor, etc.”
Male, 30 - 39 years

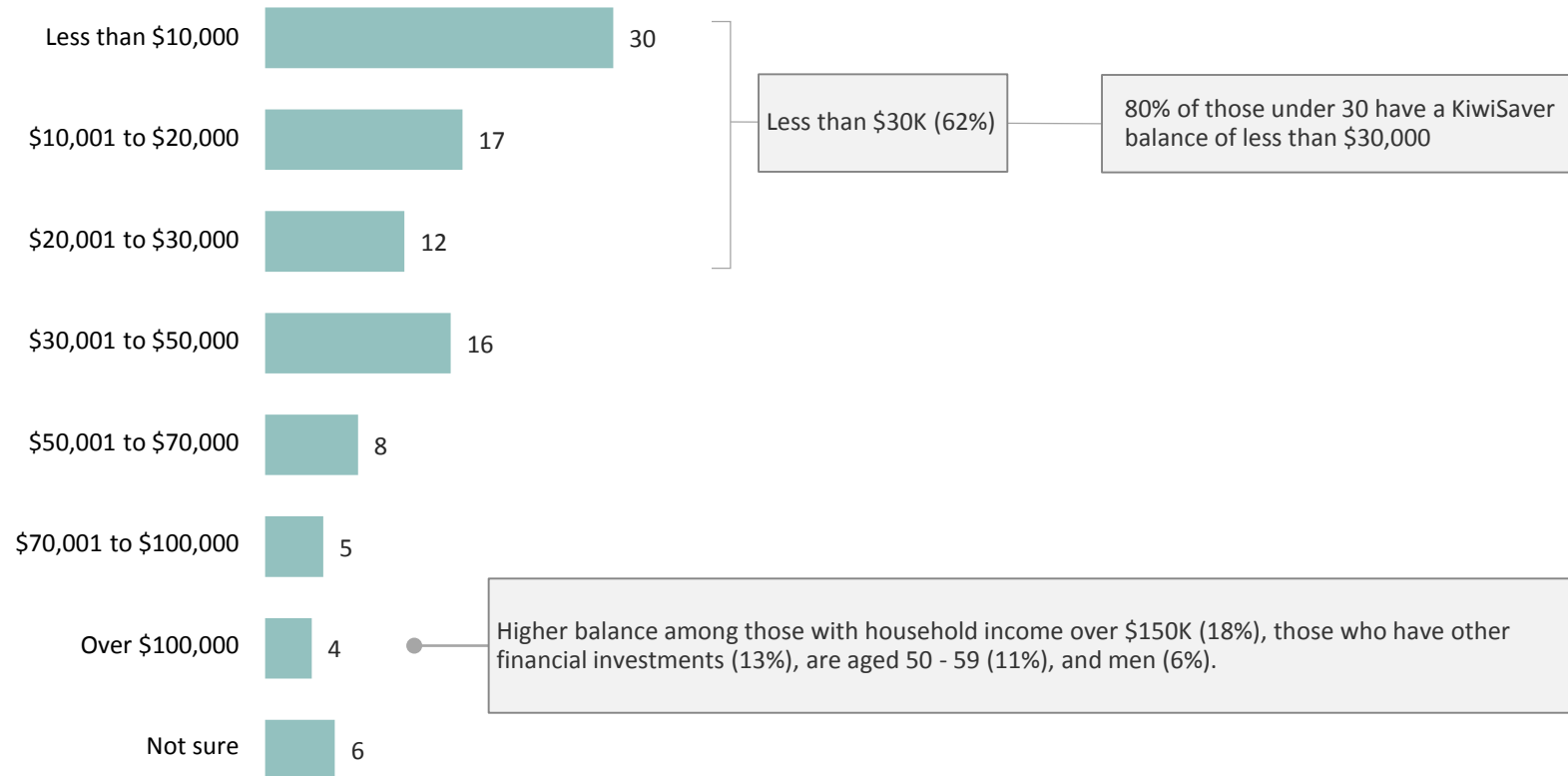
“My parents set it up with the bank we were with.”
Female, 20 - 29 years

KiwiSaver balance

6 in 10 New Zealanders with KiwiSaver have a current balance of under \$30,000. This is higher among those under 30 (8 in 10).

Current KiwiSaver balance

%



Base: All respondents with KiwiSaver (640).

Source: Q4

Q4. What is the current balance of your KiwiSaver account? Your best guess is fine.

Sources of financial advice

New Zealanders with KiwiSaver or other financial investments most commonly source financial advice through personal research or from friends and family. Over a quarter get advice from their KiwiSaver or financial services provider. Only 1 in 5 get professional advice from a financial planner and even fewer receive advice from an accountant.

%



Those with financial investments such as shares are more likely to conduct personal research (60%), or seek advice from a financial planner (33%) or accountant (23%). Whereas those with KiwiSaver tend to rely on advice from their KiwiSaver provider (33%), friends or family with no relevant qualifications (25%) and Government websites (19%).

Those under 30 are more likely to rely on advice from friends or family with no relevant qualifications (46%) or to say none of these (16%), suggesting they do not seek or receive financial advice.

Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).
 Source: Q17
 Q17. From which of the following sources do you get financial advice?



SUSTAINABILITY PROFILE

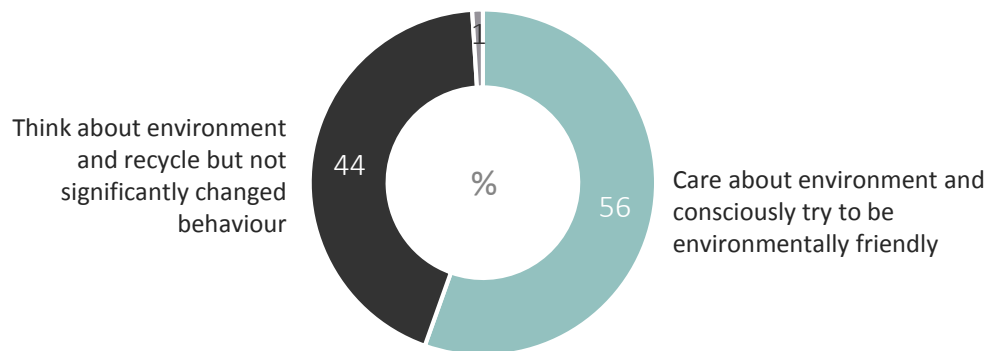


Attitudes towards sustainability and sustainable behaviours

A small majority of New Zealanders are 'consciously environmentally friendly'. More than three quarters of New Zealanders say they will stop buying products from companies they hear have been unethical.

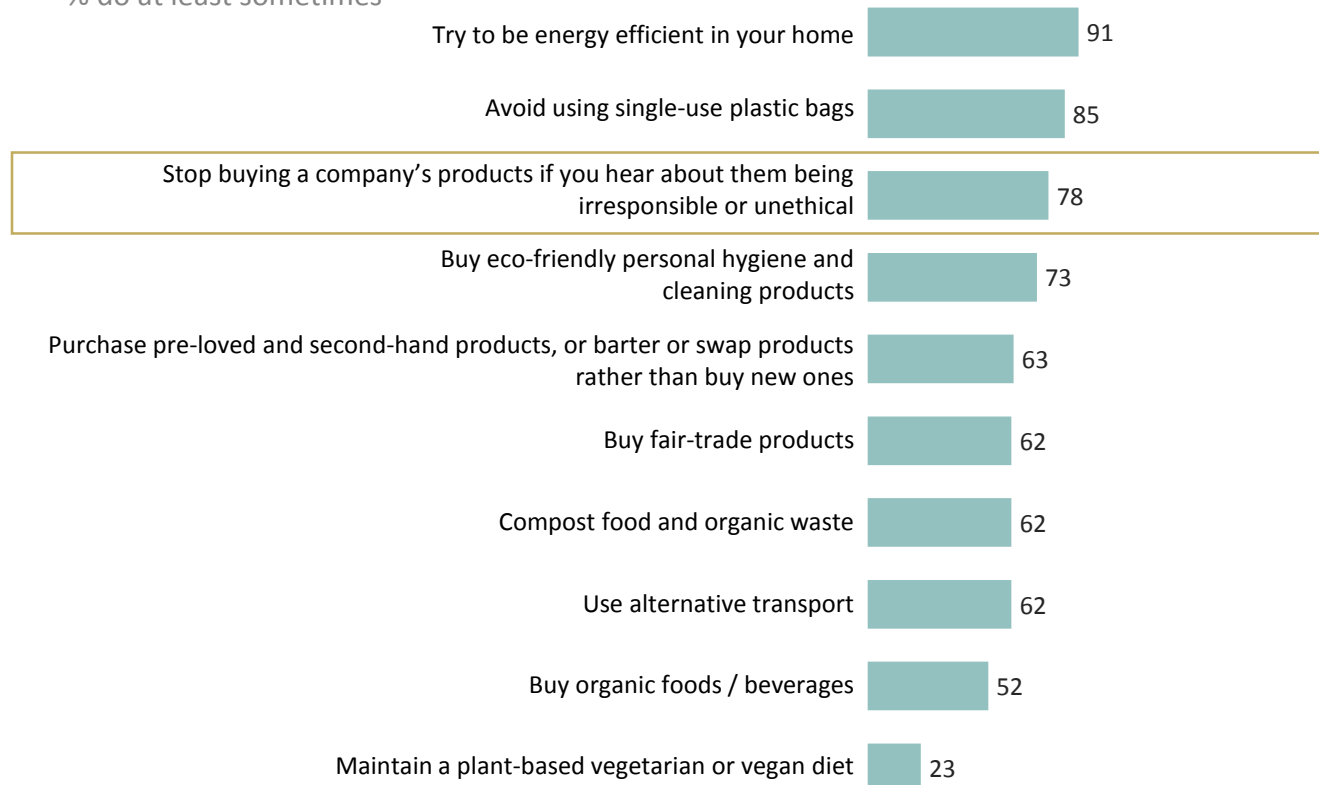
Attitude towards sustainability

Don't think about or do anything environmentally friendly



Sustainable behaviours

% do at least sometimes



Base: All respondents (1,000).
 Source: QS1a & QS1b
 QS1a. Which of these statements best describes you? QS1b. How often do you personally...



SUMMARY OF DIFFERENCES BY AGE



Perceptions of responsible investment differ by age



18 – 29 YEAR OLDS

- 73% have KiwiSaver, 11% don't have KiwiSaver but intend to in future
 - Balance usually less than \$30,000 (80%)
 - Those who don't have investments tend to say this is because they don't have enough information to decide
 - Low rates of home ownership
- Tend to choose main bank as KiwiSaver provider
- Financial advice sourced from friends/family
- Less likely to move KiwiSaver/investments that are inconsistent with values
- Barrier for investing responsibly is they believe they don't have enough money invested to be worth changing providers
- Uncertain of their position on relative importance of ESG factors versus financial return
- More willing to invest in a scheme that creates positive benefits and has a lower return and more likely to believe ethical funds perform better over the long-term.



30 – 59 YEAR OLDS

- 77% have KiwiSaver (and 56% are home-owners)
 - Those who don't have investments tend to say this is because they don't have money to spare
- Financial advice sourced from KiwiSaver provider and comparison websites.



60+ YEAR OLDS

- Tend to have a range of investments that don't include KiwiSaver (property, term-deposits and other financial investments (e.g. shares))
 - Those who don't have investments tend to say (in their own words) that this is because they are 'too old' or have already cashed in their KiwiSaver
- More likely to choose KiwiSaver provider that was best on sustainability
- Financial advice sourced from accredited financial planner or accountant
- More likely to say already investing responsibly
- Generally place more importance on avoiding investments in animal cruelty, human rights abuses, tobacco, gambling, personal firearms, alcohol, adult entertainment, palm oil, and junk foods.

Those aged over 50 more likely to expect their KiwiSaver and investments to be invested responsibly and ethically

Findings summarised above are more common among these age groups than among the other age groups



PERCEPTIONS OF RESPONSIBLE INVESTMENT



Expect KiwiSaver and other investments to be invested responsibly and ethically

More than 7 in 10 New Zealanders with KiwiSaver or other financial investments expect their investments to be invested responsibly and ethically. This expectation is higher among women, those aged over 50 and people who identify as being 'consciously environmentally friendly'.

% I expect my KiwiSaver and investments to be invested responsibly and ethically



■ Not sure ■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree

| Agree (nett) | Disagree (nett) |
|--------------|-----------------|
| 72 | 9 |

The following demographic groups are more likely to agree (nett):

- Women (77%)
- Those aged over 50 (77%)
- Those who are 'consciously environmentally friendly' (75%)

Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).

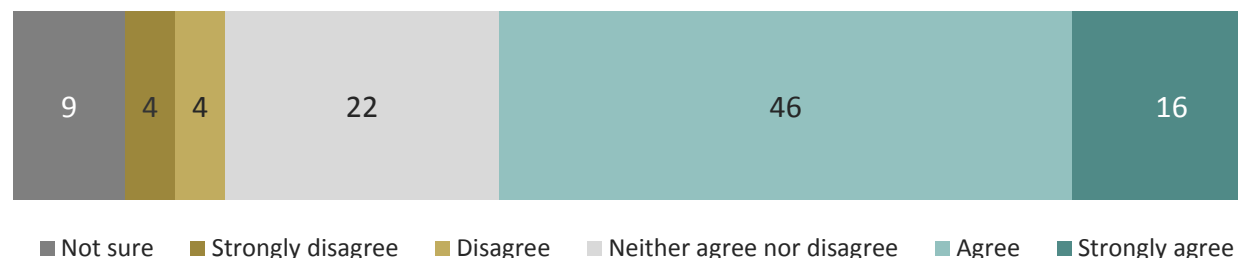
Source: Q11

Q11. How much do you agree or disagree with the following statement? I expect my KiwiSaver and investments to be invested responsibly and ethically.

Consideration of changing KiwiSaver provider / moving investments if discover investments do not align with personal values

6 in 10 New Zealanders with KiwiSaver or other financial investments would consider moving their investment if they found out their investment was being made in companies whose activities do not align with their personal values. This is less likely among those aged under 30.

% I would consider moving my KiwiSaver to another provider / investment elsewhere if I found out they were investing in companies that engage in activities not consistent with my values



| Agree (nett) | Disagree (nett) |
|--------------|-----------------|
| 62 | 7 |

The following demographic groups are more likely to agree (nett):

- Household income over \$200,000 (87%)
- Those who are 'consciously environmentally friendly' (74%)
- Those who have university qualifications (70%)
- Women (67%)

Less likely to agree (nett):

- Those aged under 30 (55%)

Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).

Source: Q14

Q14. How much do you agree or disagree with the following statement? I would consider moving my KiwiSaver to another provider / investment elsewhere if I found out they were investing in companies that engage in activities not consistent with my values.

Influence of independent certification on investment

Just under three quarters of New Zealanders with KiwiSaver or other financial investments would be **more likely** to invest in a scheme that is certified as a responsible or ethical investor. This is higher among those who are consciously environmentally friendly, women, those who have university qualifications and live in a suburban area.

% Likelihood to invest in a financial scheme with independent certification as a 'responsible or ethical investor'



| More likely (nett) | Less likely (nett) |
|--------------------|--------------------|
| 73 | 4 |

The following demographic groups are more likely to agree (nett):

- Those who are 'consciously environmentally friendly' (80%)
- Women (79%)
- Those who have university qualifications (79%)
- Live in a suburban area (76%)

Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio), excluding those who were 'not sure' (673).

Source: Q16

Q16. Would you be more or less likely to invest in an investment scheme that is certified by an independent body as a "responsible or ethical investor"?



CONSIDERATION OF ESG FACTORS VERSUS FINANCIAL RETURN

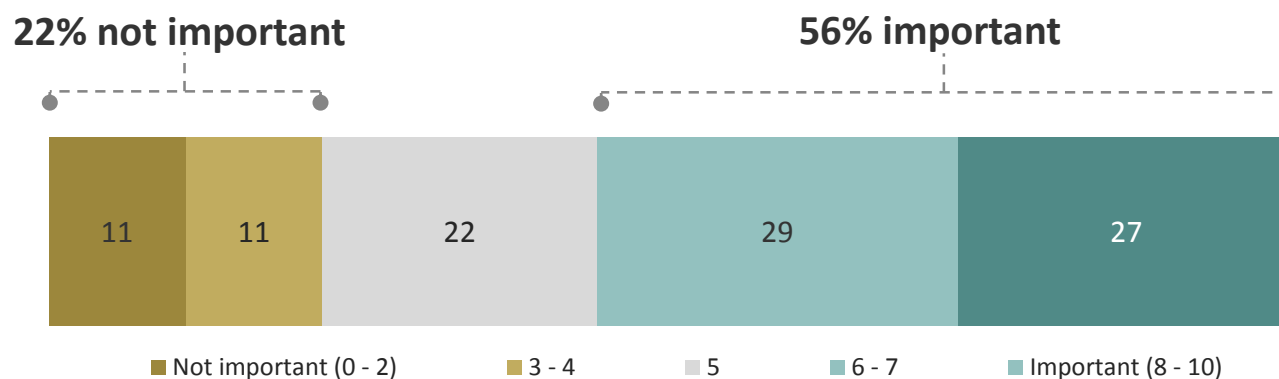


Importance that a KiwiSaver or investment scheme considers environmental, social and governance factors

A small majority of people with KiwiSaver or other financial investments believe it's important that their investment schemes consider environmental, social and governance factors (alongside financial analysis).

Environmental, social and governance factors include ethical issues like environmental damage, climate emissions, human rights, corruption, and diversity on company boards.

% Importance of environmental, social and governance factors in investment



The following demographic groups are more likely to say ESG is important:

- Those who are 'consciously environmentally friendly' (68%)
- Those who have other financial investments (61%)

Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).

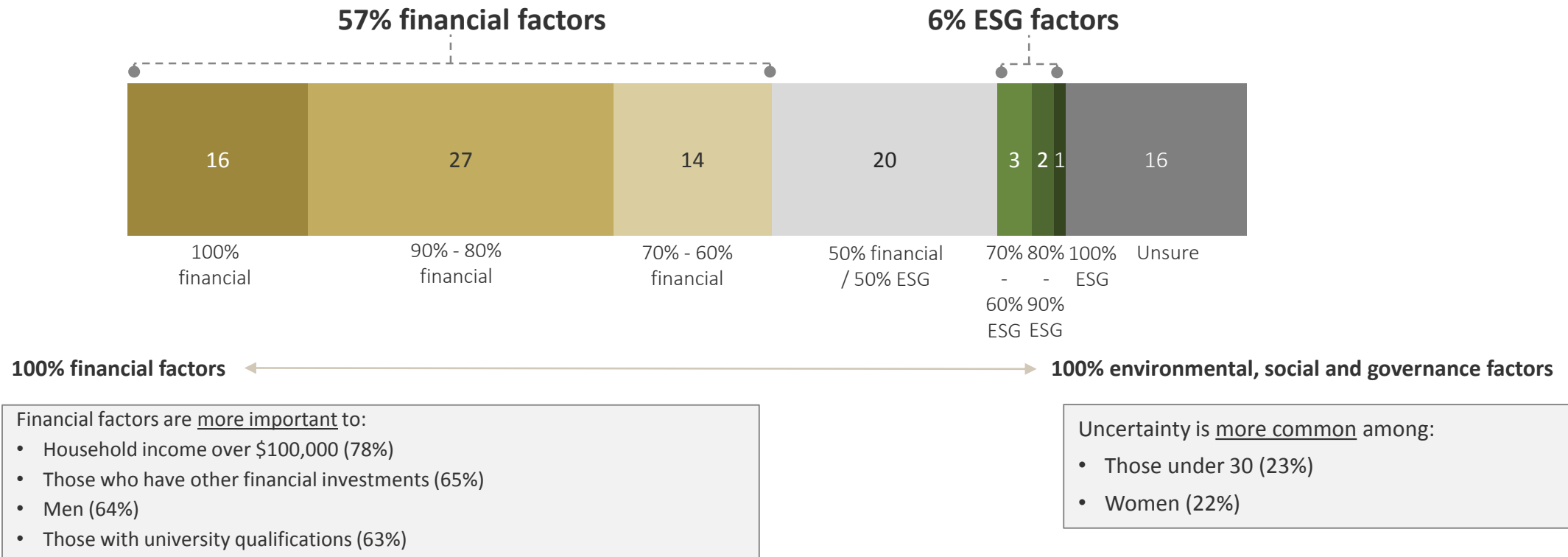
Source: Q5

Q5. When choosing a KiwiSaver scheme / where to make financial investments, how important is it that the scheme considers environmental, social, and governance factors along with established financial analysis when investing your money?

Importance of environmental, social and governance factors versus maximising financial returns

A majority (57%) of people with KiwiSaver or other financial investments believe it's more important to maximise financial return than to prioritise environmental, social and governance (ESG) factors. 1 in 5 place equal importance on financial and ESG factors. Less than 1 in 10 (6%) place greater importance on ESG factors than financial factors and a further 16% are unsure.

% Importance of environmental, social and governance (ESG) factors versus maximising financial return



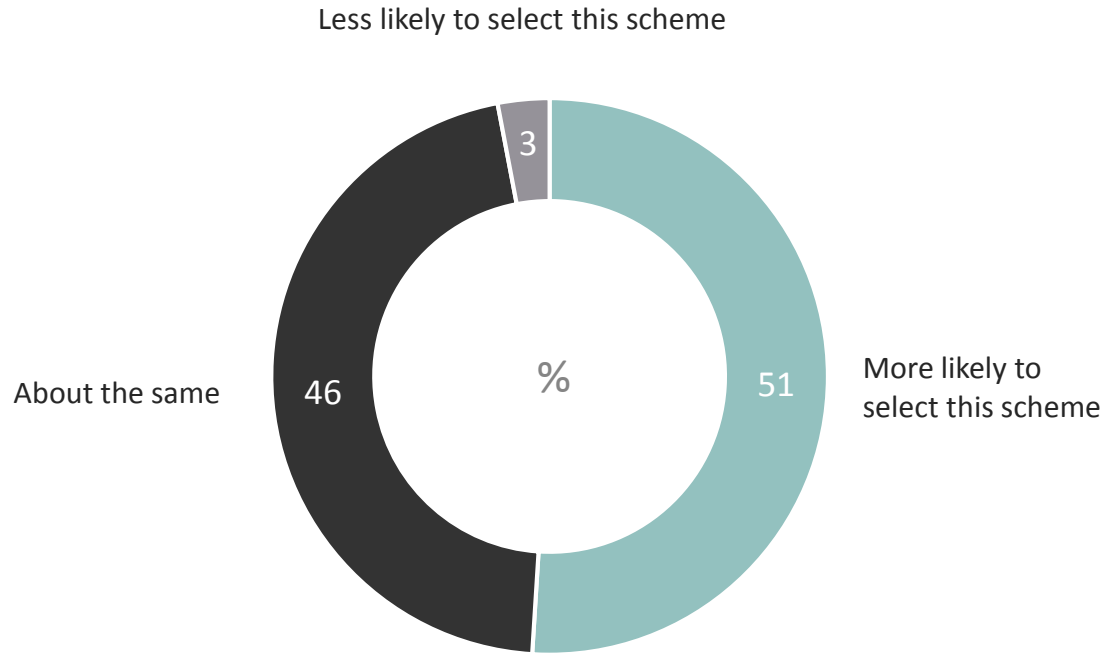
Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).
Source: Q6

Q6. When choosing your KiwiSaver provider / considering where to make financial investments, to what extent are your decisions influenced by social, environmental and governance factors, versus your desire to maximise financial returns?

Preference for schemes which consider environmental, social and governance (ESG) factors

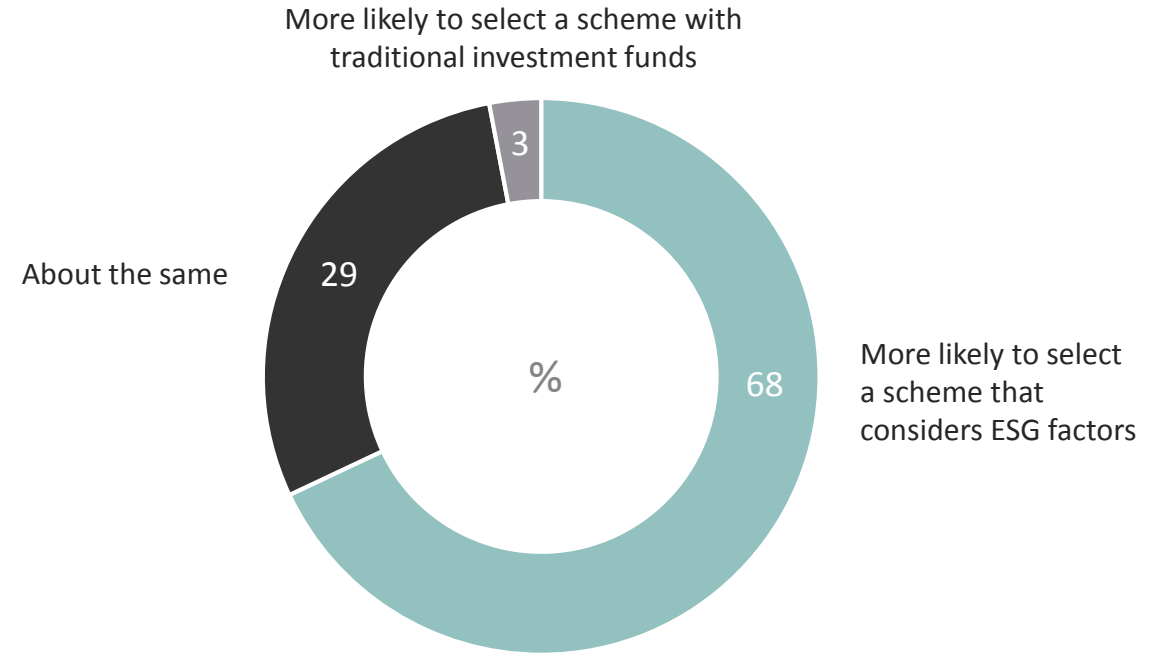
Of those with KiwiSaver or other financial investments who had an opinion, about half are **more** willing to select an investment scheme which considers environmental social and governance factors. When respondents are informed that research shows ESG schemes have an *equal or greater financial return* than traditional schemes, more than two thirds are more likely to select the ESG scheme.

Preference for investment schemes which consider ESG factors in addition to financial returns



Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio), excluding those who were 'not sure' (660). Source: Q7. Suppose for a moment that a KiwiSaver scheme / an investment scheme/company demonstrated that it used environmental, social and governance factors in addition to financial factors as part of its investment process. How likely are you to select this scheme over other schemes?

Preference for investment schemes which consider ESG factors when informed research shows they have equal or greater financial return than traditional schemes



Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio), excluding those who were 'not sure' (684). Source: Q8. Imagine research told you that funds which consider environmental, social and governance factors produce a financial return that is, on average, equal to or higher than traditional investment funds. How likely are you to select a scheme with these kinds of funds over a traditional investment scheme?

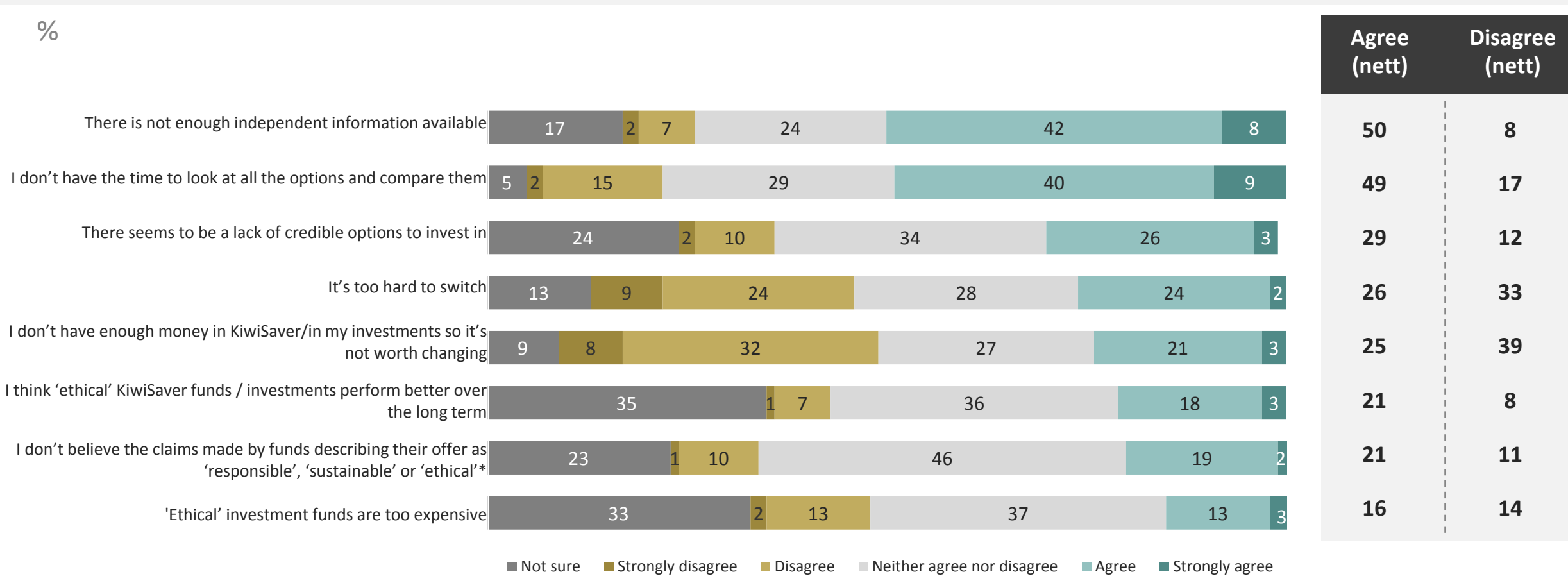


BARRIERS TO UPTAKE OF RESPONSIBLE INVESTMENT



Perceived barriers to responsible investment

The two biggest barriers to investing responsibly are a lack of independent information and lack of time to compare all of the options. Perceptions are polarised in relation to the difficulty of switching providers and whether the amount of money being invested is 'worth' changing. There is a reasonable degree of uncertainty about the performance of ethical funds, whether they are expensive, the availability of credible options and whether to believe claims of being 'responsible'.



*Asked of those who have KiwiSaver (640)
 Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).
 Source: Q15
 Q15. How much do you agree or disagree with the following statements regarding switching to a responsible or ethical KiwiSaver fund/ investment scheme/company?



BARRIERS TO RESPONSIBLE INVESTMENT

Barrier for those with KiwiSaver:

- Time to look at options and compare them

Barrier for those under 30:

- Believe they don't have enough money invested to be worth changing

Barrier for those with other financial investments:

- Don't believe ethical investments perform better over the long-term

Barriers for men:

- Believe ethical investment funds are too expensive
- Don't believe ethical investments perform better over the long-term
- Don't believe claims made by funds as being ethical, responsible or sustainable



BARRIER DUE TO LACK OF INFORMATION

Those with KiwiSaver are uncertain:

- Whether there are credible options

Women are uncertain:

- Whether there are credible options
- Whether ethical funds perform better over the long-term



'BARRIERS' LESS COMMON AMONG

Those under 30:

- Believe ethical funds perform better over the long-term

Men:

- Agree enough independent information is available
- Consider there are credible investment options
- Have time to look at options and compare them
- Believe it won't be hard to switch

Those with other financial investments:

- Consider there are credible investment options
- Have time to look at options and compare them
- Believe they have enough money in investments to be worth changing



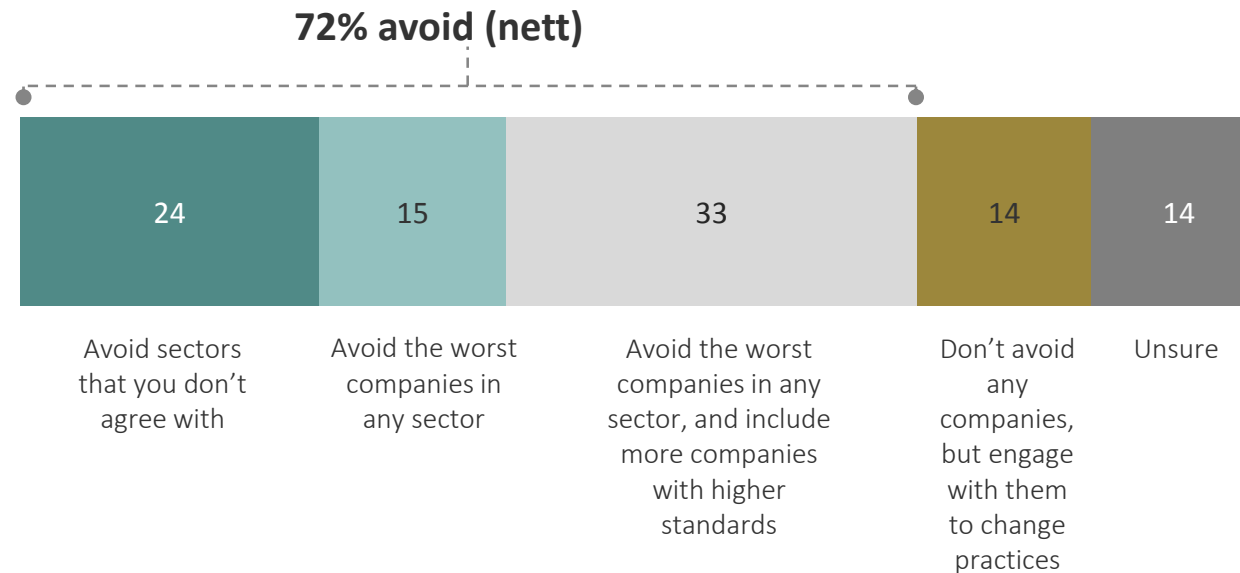
CONCERNS OVER SECTORS AND COMPANIES



Perceived importance of avoiding or engaging with problematic companies or sectors

7 in 10 people with KiwiSaver or other financial investments believe it's important for an investment company to avoid companies or sectors they don't agree with. 14% say that rather than avoiding companies it's more important to engage with them to change their practices, and a further 14% are unsure.

% Is it more important for an investment company to...



The following demographic groups are more likely to say avoid sectors you don't agree with:

- Those who have university qualification (31%)
- Those who are 'consciously environmentally friendly' (30%)

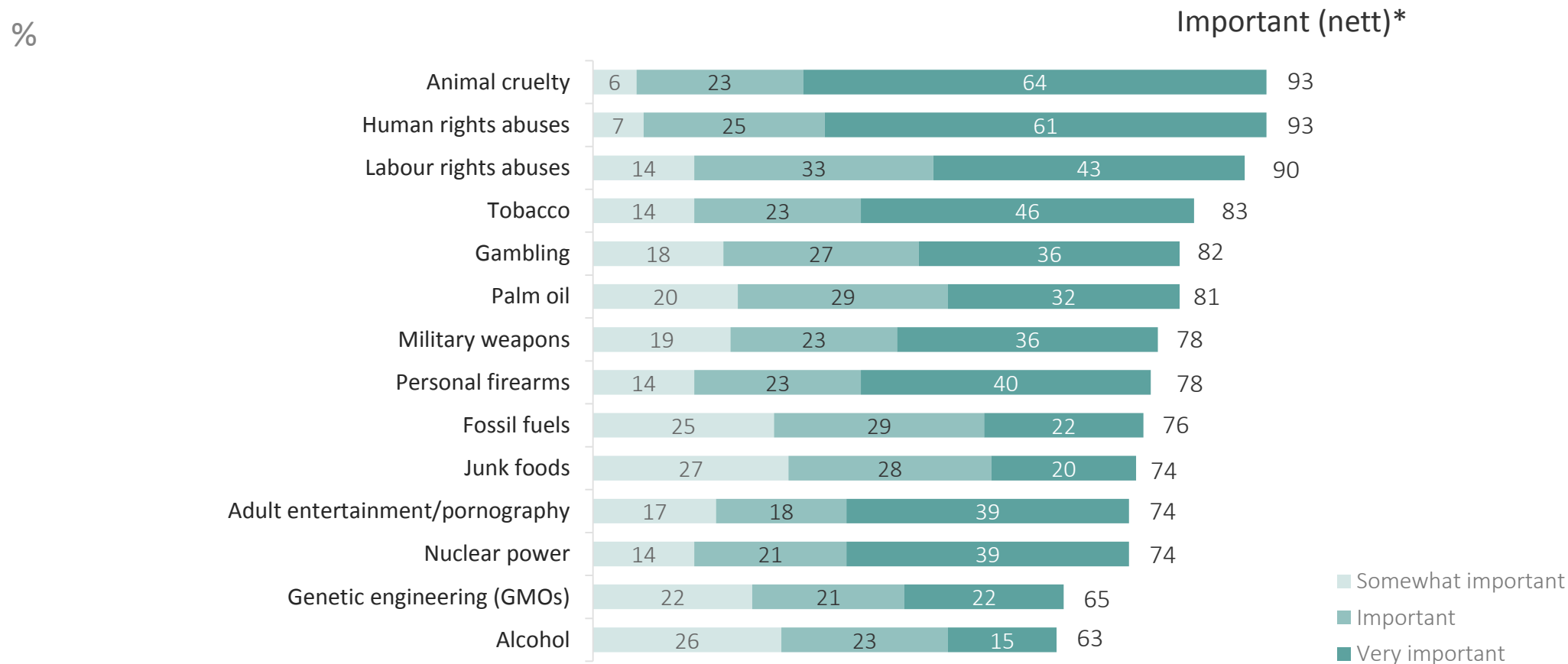
Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).

Source: Q12

Q12. Is it more important for an investment company to...?

Importance that KiwiSaver fund or investment scheme avoids the following industries

9 in 10 New Zealanders with KiwiSaver and other financial investments believe the most important industries to **avoid** are those that involve animal cruelty, human rights abuses and labour rights abuses. Further, it's very important to around 4 in 10 to avoid tobacco, personal firearms, adult entertainment and nuclear power.



*Important (nett) defined as those who said it was at least somewhat important (i.e. somewhat important, important or very important)
 Base: All respondents with KiwiSaver or have other financial investments (e.g. share portfolio) (756).
 Source: Q13
 Q13. How important it is to you that your KiwiSaver fund/ investment scheme/company, avoids investing in the following industries?

Women are more likely to say all of these issues are important.
 Those aged over 60 are more likely than younger people to rate 9 of the 14 industries as important.

FOR MORE INFORMATION CONTACT

BARRY COATES

Mindful Money, PO Box 17228, Greenlane, Auckland 1546
barry@mindfulmoney.nz
<http://www.mindfulmoney.nz>

SIMON O'CONNOR

Responsible Investment Association Australasia
info@responsibleinvestment.org
<http://www.responsibleinvestment.org>

LISA NEILSEN

Colmar Brunton, Social Research Agency
lisa.neilsen@colmarbrunton.co.nz

IMPORTANT INFORMATION

Research Association NZ Code of Practice

Colmar Brunton practitioners are members of the Research Association NZ and are obliged to comply with the Research Association NZ Code of Practice. A copy of the Code is available from the Executive Secretary or the Complaints Officer of the Society.

Confidentiality

Reports and other records relevant to a Market Research project and provided by the Researcher shall normally be for use solely by the Client and the Client's consultants or advisers.

Research Information

Article 25 of the Research Association NZ Code states:

- a. The research technique and methods used in a Marketing Research project do not become the property of the Client, who has no exclusive right to their use.
- b. Marketing research proposals, discussion papers and quotations, unless these have been paid for by the client, remain the property of the Researcher.
- c. They must not be disclosed by the Client to any third party, other than to a consultant working for a Client on that project. In particular, they must not be used by the Client to influence proposals or cost quotations from other researchers.

Publication of a Research Project

Article 31 of the Research Association NZ Code states:

Where a client publishes any of the findings of a research project the client has a responsibility to ensure these are not misleading. The Researcher must be consulted and agree in advance to the form and content for publication. Where this does not happen the Researcher is entitled to:

- a. Refuse permission for their name to be quoted in connection with the published findings
- b. Publish the appropriate details of the project
- c. Correct any misleading aspects of the published presentation of the findings

Electronic Copies

Electronic copies of reports, presentations, proposals and other documents must not be altered or amended if that document is still identified as a Colmar Brunton document. The authorised original of all electronic copies and hard copies derived from these are to be retained by Colmar Brunton.

Colmar Brunton™ New Zealand is certified to International Standard ISO 20252 (2012). This project will be/has been completed in compliance with this International Standard.

