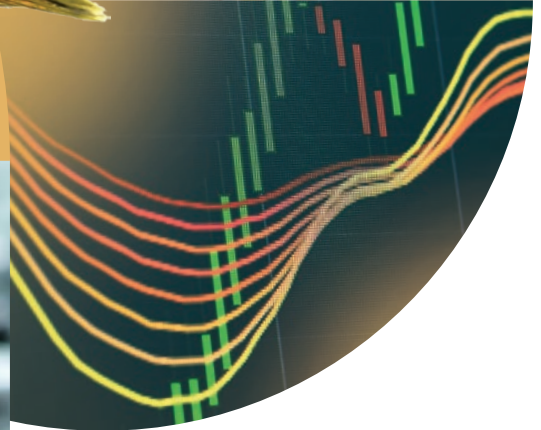




Responsible
Investment
Association
Australasia

Responsible Investment Benchmark Report Aotearoa New Zealand 2021



INDUSTRY PARTNERS

P I M C O



RESEARCH PARTNER



Inherent Limitations

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Contact us

RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

Level 3, 478 George Street
Sydney, NSW 2000
Australia

+61 3 7018 7653
info@responsibleinvestment.org
responsibleinvestment.org

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Thank you

INDUSTRY PARTNERS



NZ SUPER FUND

The \$58 billion New Zealand Superannuation Fund invests globally to help pre-fund the future cost of universal superannuation in New Zealand. The Fund is managed by an Auckland-based Crown entity, the Guardians of New Zealand Superannuation.

The Guardians believes that environmental, social and governance (ESG) factors are material to long-term investment returns, and is committed to integrating ESG considerations into all aspects of the Fund's investment activities.

A founding signatory of the United Nations Principles for Responsible Investment, the Guardians also provides responsible investment services to the Accident Compensation Corporation and the Government Superannuation Fund Authority, and is a member of the New Zealand Corporate Governance Forum.

PIMCO

PIMCO

As one of the world's premier fixed income managers, PIMCO's mission is to deliver superior investment returns, solutions and service to our clients. For 50 years we have worked relentlessly to help millions of investors pursue their objectives – regardless of shifting market conditions. Our active ESG investment process is based on the same rigorous approach applied to all PIMCO portfolios and aims to support long-term, sustainable economic growth globally.

As at June 30, 2021 we managed US\$2.2 trillion on behalf of our clients. Our professionals work across the globe, united by a single purpose: creating opportunities for investors in every environment.

SURVEY RESPONDENTS

We are extremely grateful to the 21 investment managers that responded to the survey. They are listed in Appendix 5.

DATA SUPPORT



MORNINGSTAR

Morningstar Australasia is a subsidiary of Morningstar, Inc., a global leading provider of independent investment research. We offer an extensive line of products and services for individual investors, financial advisers, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets.

Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets and real-time global market data.

In July 2020, Morningstar Inc. acquired Sustainalytics, a globally recognised leader in environmental, social and governance (ESG) ratings and research. In December 2019, Morningstar Australasia Pty Limited acquired AdviserLogic, a cloud-based, financial planning software platform for financial advisers in Australia.

About this report

The annual Responsible Investment Benchmark Report Aotearoa New Zealand is published by the Responsible Investment Association Australasia (RIAA). The report details the size, growth, depth and performance of the New Zealand responsible investment market from 1 January to 31 December 2020 and compares these results with the broader New Zealand financial market. To allow the New Zealand responsible investment market to be compared to other regions, the classification of responsible investment practices used in this report is based on the seven approaches for responsible investment used by the Global Sustainable Investment Alliance (GSIA).

Out of a total of 47 investment managers that were part of this study, 21 responded to the survey. Nineteen respondents were investment managers while two were asset owners. Asset owners were only included if they directly manage investments. KPMG conducted desktop research over the remaining 26 investment managers based on publicly available information.

Throughout this report, a distinction is made between:

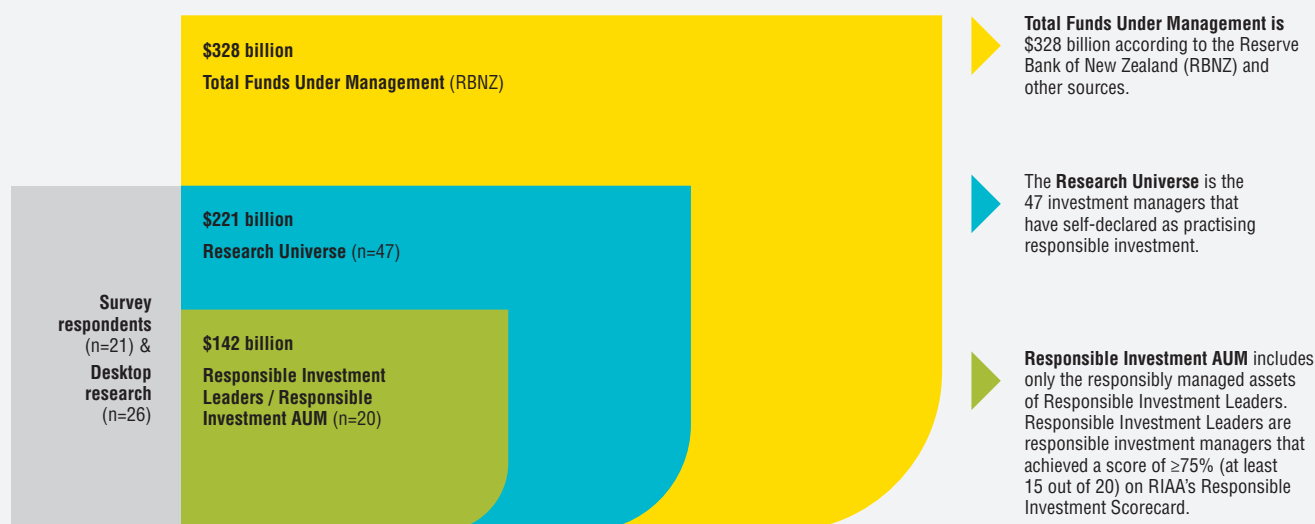
- the full investment management market comprised of all investment managers with operations in New Zealand;
- **Total Funds Under Management** (as defined by the Reserve Bank of New Zealand – RBNZ – and other sources); and
- **Responsible Investment AUM** (representing the assets under management covered by at least one responsible investment approach of Responsible Investment Leaders).

A distinction is also made between different entities in this report, namely:

- the **Research Universe** (the 47 investment managers that have self-declared as practising responsible investment); and
- the **Responsible Investment Leaders** (the 20 investment managers assessed by RIAA as applying a leading approach to responsible investment).

This project was led by Nicolette Boele, Zsuzsa Banhalmi-Zakar, Samantha Bayes, Elyse Vaughan, Mark Spicer, and Louise Jacobsson. RIAA commissioned KPMG to undertake the data collection and analysis for this report. KPMG also provided the platform for the online survey. Data is compiled from primary research (survey data) and secondary research on publicly available data. The report production was managed by Katie Braid, with editing by Melanie Scaife and design by Loupe Studio.

FIGURE 1 Overview of the 2020 Research Universe and the New Zealand responsible investment market



ABOUT THE RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA

RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 400 members managing more than US\$29 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

RIAA achieves its mission through:

- providing a strong voice for responsible investors in the region, including influencing policy and regulation to support long-term responsible investment and sustainable capital markets;
- delivering tools for investors and consumers to better understand and navigate towards responsible investment products and advice, including running the world's first and longest-running fund Certification Program, and the online consumer tool Responsible Returns;
- supporting continuous improvement in responsible investment practice among members and the broader industry through education, benchmarking and promotion of best practice and innovation;
- acting as a hub for our members, the broader industry and stakeholders to build capacity, knowledge and collective impact; and
- being a trusted source of information about responsible investment.

ABOUT KPMG

KPMG has one of the largest dedicated sustainability teams in Australia that works with investment managers, asset owners and private equity to develop environmental, social and governance (ESG) strategy, performance and reporting.

KPMG understands that a clear focus on ESG issues is required to support organisations in identifying risks and opportunities that may have significant implications to value creation and portfolio performance. There is a growing opportunity for financial organisations to manage these risks and opportunities and transparently communicate their impacts and performance to members, investors, customers and regulators. KPMG works with organisations to help them manage these emerging risks and opportunities in an integrated way to enhance all aspects of their risk management, reporting and communication.

Executive summary

RESPONSIBLE INVESTMENT IN 2020

This year's *Responsible Investment Benchmark Report* shows that the responsible investment market in Aotearoa New Zealand continues to grow. Responsible Investment Assets Under Management (Responsible Investment AUM) reached a record \$142 billion in 2020, representing 43% of total professionally managed investments, up from \$111 billion in 2019. In 2020, responsible investments grew faster than the total market – Responsible Investment AUM grew by 28%, while Total Funds Under Management grew by 11%.

In 2020, a larger number of New Zealand investment managers engaged in responsible investment are practising a leading approach. Both the number (20 in 2020 compared to only 14 in 2019) and proportion of Responsible Investment Leaders (43% in 2020 compared with only 24% in 2019) have increased, driven by the improvement in allocation of capital by some investment managers to targeting and achieving sustainability outcomes, pushing them to Leader status.

The growth in New Zealand's responsible investment market, including the growth of Responsible Investment AUM as a proportion of Total Managed Funds, mirrors global trends (see the *Global Sustainable Investment Review 2020* that shows that sustainable investments have reached US\$35.3 trillion in assets under management, now equating to 36% of all professionally managed assets.)

The data also shows a deepening and broadening of ESG considerations being factored into valuations, asset allocation and other investment decisions. In 2020, 66% of investment managers in the Research Universe have more than three asset classes (or 85% of their AUM) covered by an explicit and systematic approach to ESG integration, up from 48% in 2019.

Negative/exclusionary screening is the most used responsible investment approach (by AUM), followed by ESG integration, and corporate engagement and shareholder action.

Sustainability-themed investing has grown dramatically as a responsible investment approach. A significant proportion of investment managers that employ this approach prioritise climate-related and natural capital-related investments.

In step with the nation's commitment on climate change, investment managers are rushing to engage investee companies to align their investment portfolios with net zero by 2050.

In 2020, leading practice stewardship disclosures increased by 12 percentage points, with 36% of investment managers demonstrating leading practice by reporting on both activities *and* outcomes compared with only 24% in 2019.

Responsible investment transparency has proliferated in other areas too. Eighty-three percent of investment managers in the Research Universe now publicly disclose their responsible investment policy (up from 60% in 2019) and 49% disclose their full fund holdings (up from 44% in 2019).

These trends—along with both the increasing number of products being certified through RIAA's Certification Program (up 21% from 173 in December 2019 to 209 in December 2020) and the industry's wider use of the Financial Markets Authority's Disclosure Framework for Integrated Financial Products—should begin to help address concerns about greenwashing in the industry.

Managers now screen a larger proportion of AUM (managed using negative screening) for exposures to fossil fuel producers (16%), catching up with consumer interest (25% of searches). Closing the gap between consumer interest and industry practice with respect to avoiding human rights abuses (15% of customer searches) and animal cruelty (10% of all customer searches) also remains a significant challenge and opportunity for investment managers.

Despite such significant sums of capital committed to responsible investment in New Zealand and internationally in 2020, we remain far from being on target to achieve Paris Agreement commitments. Much more capital needs to be deployed, at pace, for economies and communities to transition and live within the safe limits of a warming world, and deliver on the Sustainable Development Goals. Both Paris and the SDGs highlight the significant role that finance must play in creating a more sustainable world.

But with strong policy signals, supportive programs and institutions, and now a Sustainable Finance Forum *Roadmap for Action*, the financial services sector in New Zealand will likely continue to deepen its impact, thereby supporting New Zealanders to swiftly pivot to a lower-carbon and hence internationally competitive economy.

KEY FINDINGS

1 Responsible Investment AUM increased to \$142 billion in 2020, representing 43% of Total Funds Under Management, up from 38% in 2019.

In 2020, responsible investments grew more than twice as fast as the total market – Responsible Investment AUM grew by 28%, while Total Funds Under Management grew by 11%.

2 Nearly half (20 out of 47) of investment managers engaged in responsible investing were assessed as Responsible Investment Leaders, compared to only one-quarter in 2019.

Responsible Investment Leaders are investment managers that scored at least 15 out of 20 on RIAA's Responsible Investment Scorecard.

Responsible Investment Leaders demonstrate strong collaborative stewardship and consider ESG factors explicitly and systematically in the valuation of assets, construction of portfolios and allocation of capital. They are decidedly transparent, reporting publicly on their activities to improve environmental and social sustainability, and increasingly striving to do the same on the outcomes they achieve.

3 Responsible Investment Leaders are strong stewards through active engagement such as voting, and are more apt at managing ESG risks in financial decisions than non-leaders.

Both Responsible Investment Leaders and non-leaders demonstrate strong commitment to responsible investment.

Both groups falter when it comes to allocating capital to target sustainability outcomes. This signals that measurement and monitoring of real world outcomes will be the next challenge for all investment managers that are committed to responsible investment.

FIGURE 2 Growth in Responsible Investment AUM and Total Funds Under Management in New Zealand (\$ billions)

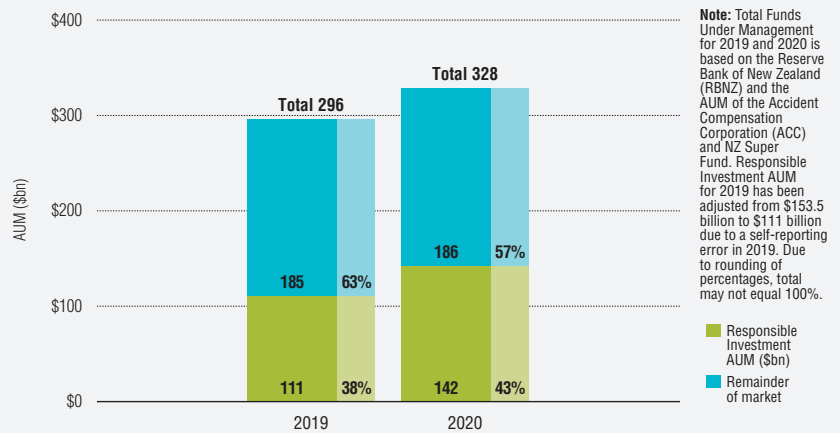


FIGURE 3 Responsible Investment Scorecard results of investment managers in the Research Universe

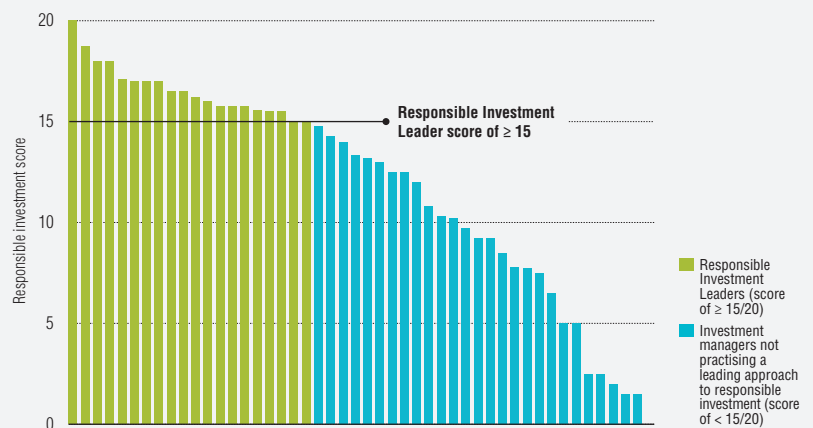
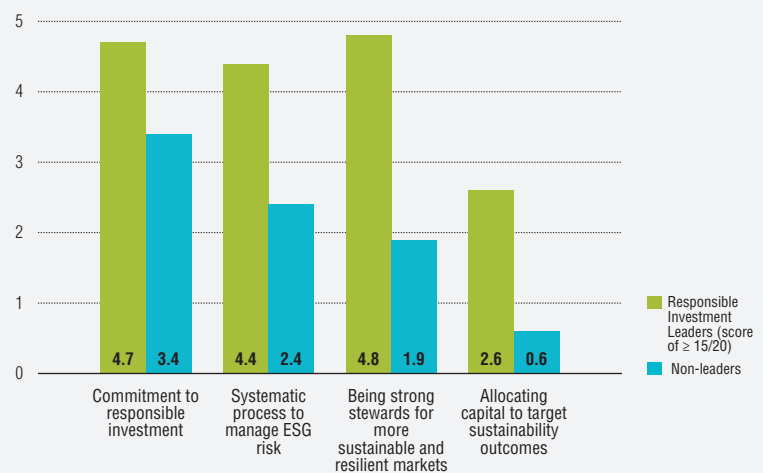


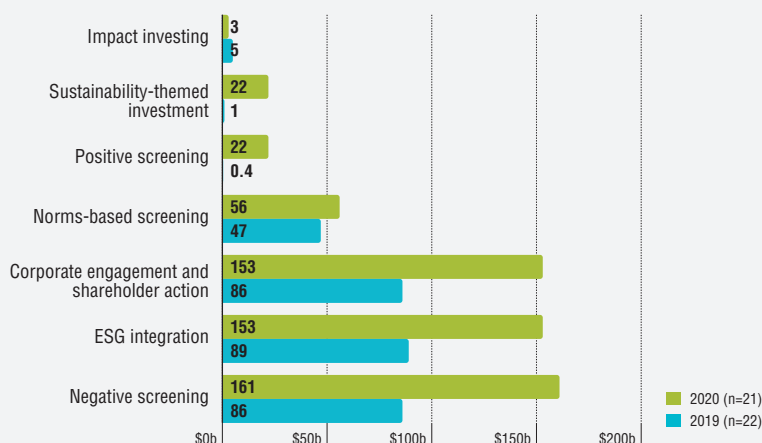
FIGURE 4 Average scores of Responsible Investment Leaders and non-leaders on RIAA's Responsible Investment Scorecard



4 The top three responsible investment approaches (by AUM) are negative/exclusionary screening, followed by ESG integration, and corporate engagement and shareholder action.

Every responsible investment approach except impact investing experienced growth in coverage of AUM in 2020 compared to 2019, with positive screening and sustainability-themed investing seeing the highest growth rates.

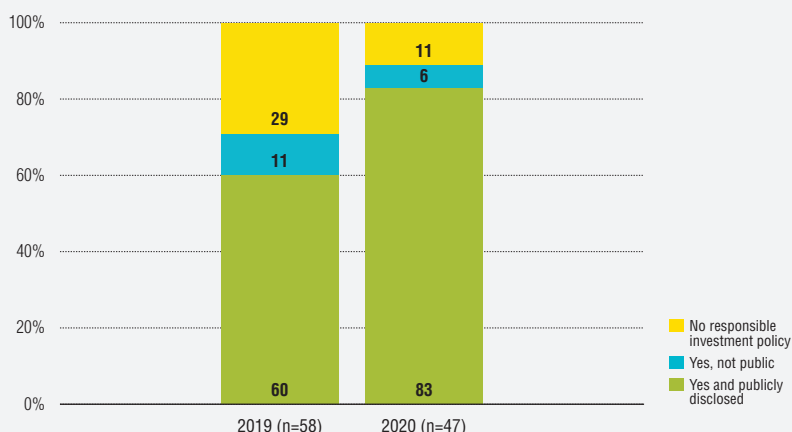
FIGURE 5 Total AUM covered by responsible investment approaches of survey respondents



5 A significant majority of the Research Universe (83%) is committed to responsible investment by disclosing responsible investment policies publicly. A further 6% has a policy that is not disclosed to the public.

Disclosure of responsible investment policies accelerated in 2020 compared to 2019, while the proportion of investment managers that do not produce a responsible investment policy decreased to 11% from 29% in the previous year.

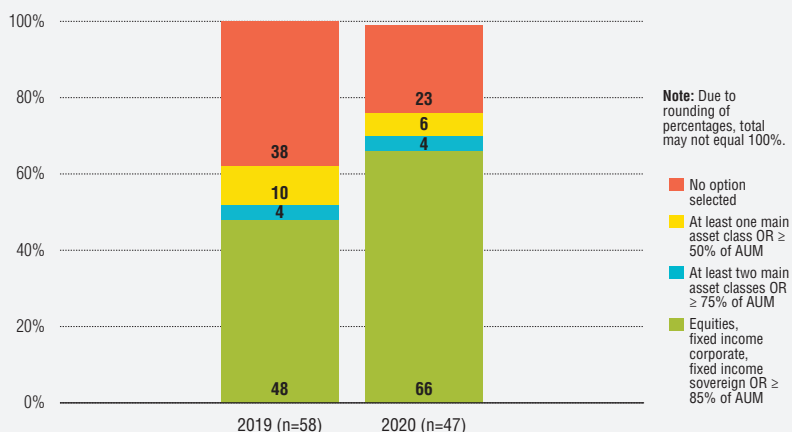
FIGURE 6 Responsible investment policy and its disclosure



6 Most investment managers (76%) have at least one asset class or at least half of their total AUM covered by an explicit and systematic approach to ESG integration. In 2020, 66% of investment managers have more than three asset classes (or 85% of their AUM) covered, up from 48% in 2019.

This growth in coverage of ESG integration mirrors trends occurring internationally – a deepening and broadening of ESG factors being factored into valuations, asset allocation and other investment decisions.

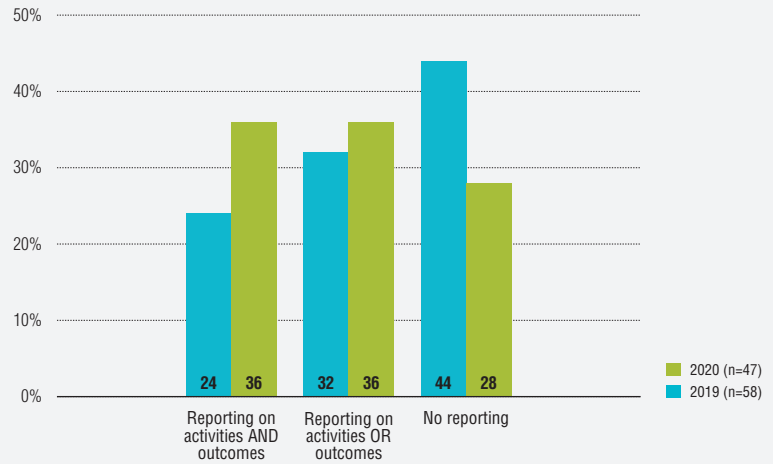
FIGURE 7 Change in the proportion of AUM covered by an explicit and systematic approach to ESG integration in the Research Universe



7 Investment managers are improving transparency through stewardship activities. Thirty-six percent of investment managers report on both activities and outcomes compared with only 24% in 2019. The proportion of investment managers who report on either activities or outcomes also increased. Still, over a quarter of investment managers surveyed do not report on corporate engagement at all.

These trends show that during 2020, active ownership practices continued to mature, with more active, considered and targeted use of corporate engagement and shareholder action.

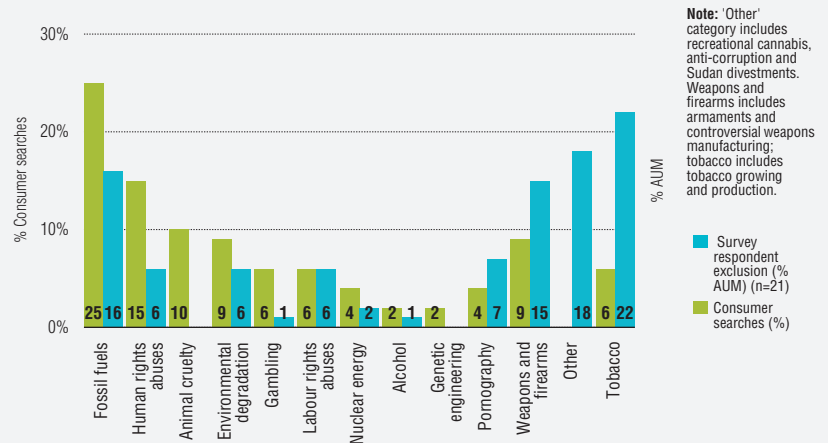
FIGURE 8 Reporting on activities and outcomes from corporate engagement and shareholder action in the Research Universe



8 Exclusion categories in the products offered by investment managers are not always aligned with the exclusions that consumers seek. On RIAA's Responsible Returns online tool, over 25% of consumers sought to exclude fossil fuels in 2020 and 15% sought to exclude companies that commit human rights abuses. In contrast, the most frequently excluded themes by investment managers are tobacco (22%), followed by fossil fuels (16%) and weapons and firearms (15%).

Closing the gap between consumer demand and industry practice with respect to exclusions remains a significant opportunity for investment managers.

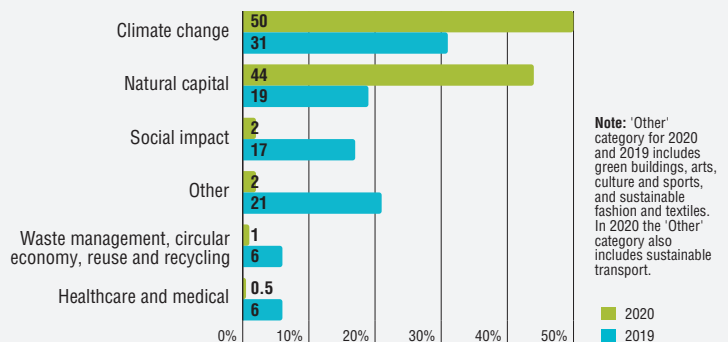
FIGURE 9 Exclusion categories of survey respondents (% AUM) compared to consumer searches for exclusions on RIAA's Responsible Returns online tool



9 Sustainability-themed investing has grown dramatically as a responsible investment approach. Climate change is the most prominent sustainability theme followed by natural capital, while investments dropped significantly in all other categories compared to 2019.

The climate change theme includes investments in renewable energy, energy efficiency and low carbon. Natural capital includes biodiversity conservation, healthy waterways and sustainable land and water management.

FIGURE 10 Sustainability-themed investments by theme (% AUM) among survey respondents that use this approach



10 Average performance of responsible investment funds was higher or similar to the performance of the S&P/NZX50 on all time horizons, while in the multi-sector growth fund category, the responsible investment average was on-par or slightly below Morningstar's NZ Multi-sector Growth category.

The low number of funds remains a challenge in reporting and comparing the performance of responsible investment funds to mainstream funds this year, similarly to last year. RIAA is committed to improving this aspect of the *Responsible Investment Benchmark Report Aotearoa New Zealand*.

FIGURE 11 Performance of responsible investment funds and mainstream funds (average, net of fees over 10 years)

New Zealand share funds				
	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - Aus/NZ share funds*	18.5%	16.2%	15.6%	15.8%
S&P/NZX50**	13.9%	15.9%	15.7%	14.7%
International share funds				
	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - International share funds**	6.6%	8.2%	9.0%	8.5%
Multi-sector growth funds				
	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - Multi-sector growth funds*	8.3%	8.0%	7.8%	8.0%
Morningstar category: NZ Multi-sector Growth**	10.1%	8.8%	9.4%	8.9%

- Average responsible investment fund outperformed (+1%)
- Average responsible investment fund on-par with market (+/- 1%)
- Average responsible investment fund underperformed (-1%)

Note: Average performance of responsible investment funds was determined using the asset-weighted returns (net of fees) reported by survey respondents over one-, three-, five- and ten-year time horizons and compared to the mainstream fund performance from Morningstar Direct™. The S&P/NZX50 measures the performance of the 50 largest eligible stocks listed on the NZX by float-adjusted market capitalisation and covers approx. 90% of New Zealand equity market capitalisation.

*Data provided by survey respondents

**Data provided by Morningstar direct™

Introduction

ABOUT RESPONSIBLE INVESTMENT

Responsible investing, also known as ethical or sustainable investing, is a holistic approach to investing, where social, environmental, corporate governance (ESG) and ethical issues are considered alongside financial performance when making an investment.

Responsible investment considers a broad range of risks and value drivers as part of the investment decision-making process in addition to reported financial risk. This includes considering ESG factors throughout the process of researching, analysing, selecting and monitoring investments, acknowledging that these factors can be critical in understanding the full value of an investment.

Responsible investing requires funds to execute stewardship duties and to improve the performance of companies, thereby contributing to the stability and sustainability of the financial system more broadly.

Increasingly, it is expected that responsible investing avoids activities and behaviours that systematically cause harm to the environment, society and the economy. Domestic government policy (for example, the *Climate Change Response Zero Carbon Act 2019*) and industry initiatives (such as through the Sustainable Finance Forum), as well as international regulatory developments (such as the European Union's Sustainable Finance Disclosure Regulation – SFDR), underpin an expectation that responsible investment, indeed all investments, pivot to promote and target sustainability outcomes aligned with delivering on the Sustainable Development Goals and the Paris Agreement.

INTERNATIONAL RESPONSIBLE INVESTMENT CONTEXT

Globally, financial institutions and their regulators continue to focus on climate as a specific risk to the functioning of global financial, monetary and economic systems. The international Task Force on Climate-related Financial Disclosures (TCFD) was formed to embed climate risk in valuations, risk assessments and financial transactions.

New Zealand is set to become the first jurisdiction to mandate TCFD reporting (commencing 2022 with first disclosures due 2023). From 2020, reporting in line with the TCFD recommendations is mandatory for all Principles for Responsible Investment (PRI) signatories including the 35 signatories domiciled in New Zealand.

The outcome of the United States (US) presidential election in November 2020 created further impetus towards a truly global effort to decarbonise the global economy by 2050.

According to the latest *Global Risks Report*¹ by the World Economic Forum (WEF), the immediate impact of COVID-19 has resulted in job losses, created a widening digital divide, disrupted social interactions and created abrupt shifts in markets. These impacts indicate the need for finance to consider exogenous shocks going forward. The world's largest economies, including the European Union (EU), China and the US, have committed to a focus on green growth in their post-COVID-19 economic recovery plans. Outside of the pandemic, the WEF lists top global risks by likelihood as environmental (extreme weather, climate action failure and human-led environmental damage and biodiversity loss); societal (infectious disease); and technological (digital power concentration and digital inequality).

During 2020, nature-related risks were also highlighted in financial markets. More than half of the world's output (US\$4 trillion) is highly or moderately dependent on nature, according to the UN Environment Programme Finance Initiative.² The Taskforce on Nature-related Financial Disclosures (TNFD) was established by a coalition of partners to deliver a framework for action by corporates and investors to support nature-based solutions by the end of 2022. In July 2021, RIAA launched a dedicated working group to support its members to understand and seize opportunities of nature-related liability and risks in a finance and sustainable investing context.

In June 2020, the EU's Technical Expert Group on Sustainable Finance created a legal basis for a taxonomy of sustainable finance delegated acts and established a list of environmentally sustainable economic activities, which investors can use to make

informed investment decisions and avoid 'greenwashing'.³ Legislation related to the EU taxonomy will impact all financial institutions issuing products in the EU or accessing funds from the EU.

2020 was also a significant year for investment managers who were forced to more systematically understand and manage human rights in their investment decision-making processes and value chains. Black Lives Matter, cultural heritage protection, gender-based violence and equality agendas, as well as the structural questions about workers' rights, stemmed from the aftermath of the pandemic that highlighted the most valuable workers in communities.

But not all activities have been positive. 2020 also bore witness to the rise of greenwashing and investment managers face legal and reputational risks if the claims they make about ESG and/or responsible investment (both with their products and practices) are not accurate.

In Europe, the SFDR, the Non-Financial Reporting Directive and the EU taxonomy now require greater ESG disclosure and alignment. In the US, the Securities and Exchange Commission is increasing oversight over ESG claims and others are leaning on voluntary standards to set the compass for appropriate behaviours for ESG feature disclosures (for example, CFA Institute's draft ESG Disclosure Standard for Investment Products).

The *Global Sustainable Investment Review 2020*⁴ shows that global sustainable investments have reached US\$35.3 trillion in assets under management, now equating to 36% of all professionally managed assets.

NEW ZEALAND RESPONSIBLE INVESTMENT CONTEXT

In November 2020, the Aotearoa Circle's Sustainable Finance Forum (SFF) released a Roadmap for a Sustainable Financial System by 2030 in New Zealand.⁵ The *Roadmap for Action* sets out to deliver an internationally consistent and locally relevant taxonomy to assist the investment sector and drive down the cost of delivering sustainable investments. New Zealand

contributed to the ‘Common Ground Taxonomy’ as part of the International Platform on Sustainable Finance,⁶ highlighting commonalities between existing taxonomies that are emerging globally.

Objectives in the Sustainable Finance Forum’s Roadmap are grouped into three themes: changing mindsets; transforming the financial system; and financing the transformation.⁷ Specific proposed measures include:

1. Changing mindsets

- **Responsibility:** explicitly require financial system actors to consider, manage and account for environmental and social risks and opportunities and real-world impacts.
- **Capability:** raise capability in sustainable finance through education and training.
- **Governance:** improve public and private sector governance for sustainability.

2. Transforming the financial system

- **Data:** improve data and information quality and availability, including through the use of FinTech.
- **Disclosure:** improve and extend external reporting and disclosures.
- **Coordination:** establish and fund a (mandated) agile and independent Centre for Sustainable Finance to oversee and coordinate implementation of the Roadmap.

- **Value:** integrate environmental, social and cultural outcomes into investment decisions to ensure we operate within planetary and societal boundaries.
- **Inclusiveness:** recognise that financial services and products are a utility and create an inclusive financial system.
- **Government leadership:** develop a Whole-of-Government strategy for sustainable finance.

3. Financing the transformation

- **Resiliency:** improve prudential regulation over environmental risks.
- **Standards and pathways:** develop standards and pathways that encourage investments which deliver positive environmental, social and economic outcomes.

Figure 12 provides an overview of the suggested timeframes for implementation of the Roadmap’s recommendations.

Other developments in 2020 and into early 2021 include:

- implementation of the Climate Change Response (Zero Carbon) Bill (approved in November 2019), which commits New Zealand to reaching net zero emissions of long-lived greenhouse gases by 2050 and reducing biogenic methane emissions between 24-47% by 2050;

- the Financial Markets Authority’s Disclosure Framework for Integrated Financial Products, which sets out high-level principles to guide prudent disclosures around any ESG characteristics or sustainability claims made about investment products;
- KiwiSaver default providers’ next seven-year contract awarded to providers that publish their responsible investment policies and exclude certain harmful exposure from default KiwiSaver products, including fossil fuel reserves;
- the New Zealand Government commitment to mandatory TCFD reporting for businesses with \$100 million or larger turnover, effective from 2022 with first disclosures due 2023;
- the Climate Change Commission providing its final recommendations to government – the recommendations call out the significant role for finance in helping deliver low emissions investments across the New Zealand economy;
- a boost in funding to the Green Investment Bank; and
- the Aotearoa Circle Sustainable Agriculture Finance Initiative’s work towards developing a specific taxonomy aligned with the EU taxonomy and Climate Bonds Standard, for the finance sector when considering agriculture lending and investment.

FIGURE 12 Sustainable Finance Forum’s Roadmap for Action – suggested timeframe for implementation of the recommendations



Roadmap for implementation

- **Wave 1**
An immediate action, which financial system actors and/or Government are able to commence immediately. Some may require legislative change (e.g. responsibility), however, when identified as a priority actions, they have been included within Wave One. Generally, we expect these to be implemented within one to two years.
- **Wave 2**
A short-term action, where financial system actors and/or Government may need to conduct additional research or industry consultation prior to implementation. Generally, we expect these to be implemented within two to three years.
- **Wave 3**
Medium-term actions, which will require more extensive co-development and consultation, as well as legislative change. Generally, we expect these to be implemented within five years.

Source: The Aotearoa Circle Sustainable Finance Forum, Roadmap for Action, 2020

Responsible Investment Leaders

WHO ARE RESPONSIBLE INVESTMENT LEADERS?

Responsible Investment Leaders include some of the largest investment managers in New Zealand to some of the smaller boutique managers, and span across a wide range of asset classes, from equities to property and infrastructure. Responsible Investment Leaders collectively manage \$142 billion of the total investment market in New Zealand.

RIAA's Responsible Investment Scorecard consists of 15 questions, covering four key areas, or pillars:

Pillar 1: Coverage of and **commitment to responsible investing** and transparency;

Pillar 2: Enhancing **risk management through explicit and systematic consideration of ESG factors** and other screens, including reporting of these;

AT A GLANCE:

- In 2020, 43% of investment managers (20 out of 47) were assessed as Responsible Investment Leaders, scoring at least 75% (15 out of 20) on RIAA's Responsible Investment Scorecard (Figure 13).
- The proportion of Responsible Investment Leaders increased to 43% in 2020 from 24% (14 out of 58) in 2019.

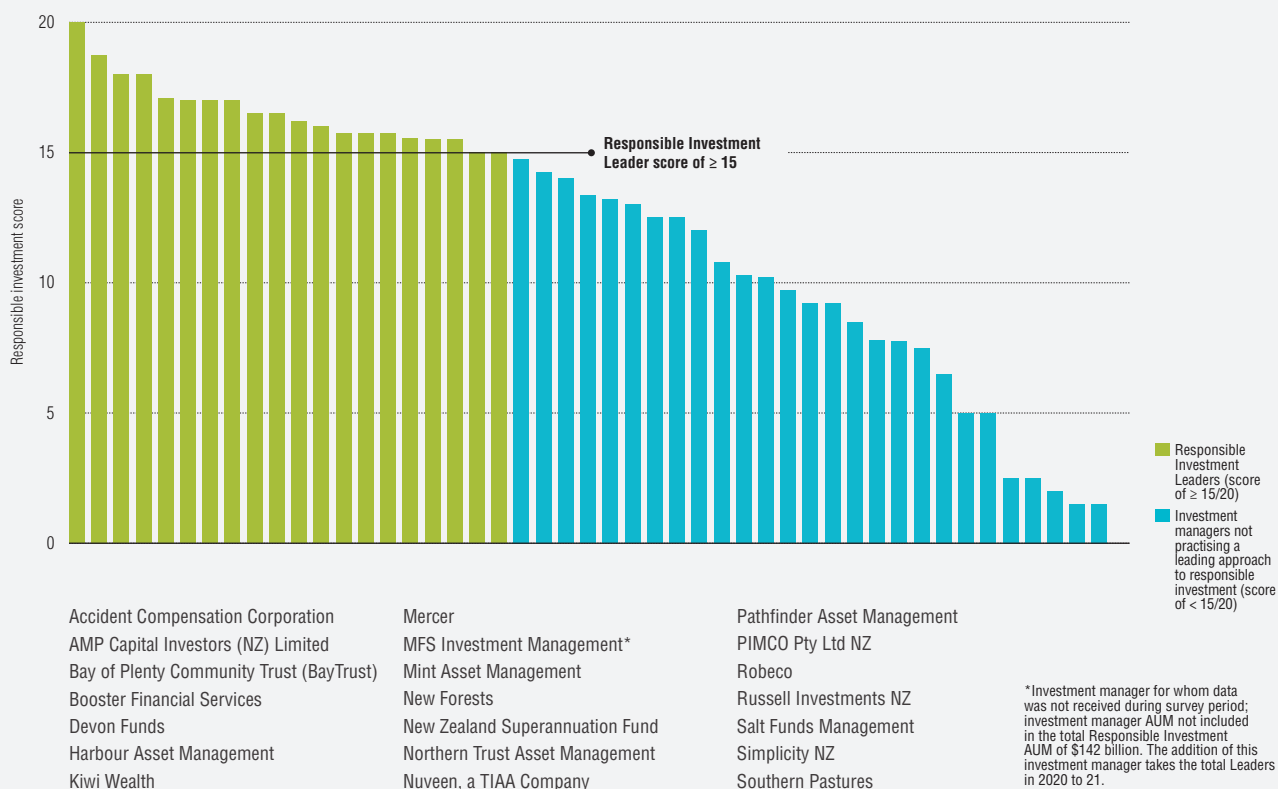


Pillar 3: Being strong stewards for more sustainable and resilient assets and markets; and

Pillar 4: Allocating capital to benefit stakeholders and contribute to solutions as well as measurement and reporting of outcomes.

Each pillar is weighted equally (i.e. maximum score is 5 points for each), giving a total maximum score of 20. RIAA's full Responsible Investment Scorecard is in Appendix 4.

FIGURE 13 Responsible Investment Scorecard results of investment managers in the Research Universe



The proportion of Responsible Investment Leaders increased to 43% in 2020 from 24% (14 out of 58) in 2019. This is because several investment managers who performed well in the past but could not break into the Leaders pack have improved their practices in demonstrating that allocation of capital was targeting and achieving sustainability outcomes (Pillar 4).

Sixteen Responsible Investment Leaders are based in New Zealand, while four are international investment managers with a significant presence in New Zealand.

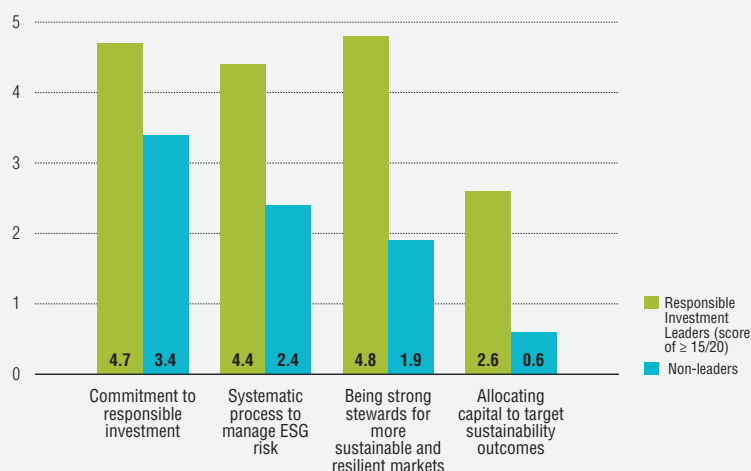
Responsible Investment Leaders demonstrate leading practice by:

- making their ESG investment policies available and sufficiently detailed;
- integrating ESG factors in valuation and asset allocation;
- clearly defining approaches to stewardship;
- demonstrating active ownership (including corporate engagement and shareholder action);
- applying screens to reduce downside risk and tilt towards solutions; and
- disclosing these aspects of their investment approach meaningfully.

Scores attained by individual investment managers are not reported, but a comparison of the average scores of Responsible Investment Leaders and non-leaders by Scorecard Pillar and by question provide some interesting insight into the strengths and weaknesses of these two groups (see Figure 14).

Figure 14 shows that Responsible Investment Leaders and non-leaders fare well on commitment to responsible investment (Pillar 1), where the average score of non-leaders (3.4 out of 5 or 68%) was close to leading practice (of 75%). This indicates that investment managers typically demonstrate a strong commitment to responsible investment, which is evidenced through the publication of organisational responsible investment policies, coverage of policies of a substantial proportion of total AUM, and the public disclosure of responsible investment commitments.

FIGURE 14 Average scores of Responsible Investment Leaders and non-leaders on RIAA's Responsible Investment Scorecard



One aspect of the commitment pillar where Leaders outshine non-leaders is full holdings disclosure. Leaders' average score was 81% on this question, while non-leaders' average score was 46%, indicating that among the latter group the standard practice currently is to disclose holdings only partially. Disclosure of holdings is important as it allows stakeholders to identify which companies, funds and assets their investments are supporting.

The widest gap between Leaders and non-leaders is in the area of stewardship (Pillar 3), followed by ESG integration and risk management (Pillar 2). Stewardship is also the pillar that Leaders excel at, being better at disclosing stewardship and active ownership activities (i.e. voting and proxy voting) than non-leaders. Leaders also tend to excel at reporting on engagement with companies, including the nature of activities and outcomes, which are rewarded with higher scores. Finally, Leaders are particularly good at demonstrating explicit and systematic inclusion of ESG factors in investment analysis and investment decisions and disclosing revenue and activity thresholds applied to screens. Interestingly, both Leaders and non-leaders failed to demonstrate leading practice in disclosing revenue and activity thresholds applied to screens, with average scores of just 69% for Leaders and only 22% for non-leaders.

The area where both Leaders and non-leaders perform the weakest is allocation of capital to responsible investment (Pillar 4). This pillar measures whether investment managers apply a systematic and transparent process of benefiting stakeholders, as well as intentionality. For example, do investment managers use positive screening or sustainability-themed investing; do they apply specific thresholds for investments or non-financial targets; does their investment criteria include intentionality such as an impact thesis or impact targets; and do they measure, monitor and report on outcomes? The average score of Leaders was just 2.6 out of 5 (52%), while the average score of non-leaders was 0.6 out of 5 (12%). Clearly, allocation of capital remains a challenge for investors in New Zealand and may well be the next challenge that a maturing responsible investment industry will need to tackle.

Practices that demonstrate commitment to responsible investment

RESPONSIBLE INVESTMENT POLICY

Development of a responsible investment policy is often one of the first steps that an investment manager takes when it deems ESG factors and sustainability-related issues to be an important consideration in investment decisions. A responsible investment policy is also a minimum requirement to become a signatory of the PRI. Not surprisingly then, 89% of investment managers have a responsible investment policy and 83% of those managers publish their policies publicly (Figure 15). This is a substantial increase from 60% policy disclosure among investment managers in 2019. The prevalence of responsible investment policy and its disclosure in New Zealand demonstrates a maturing responsible investment market. The purpose of this policy is to articulate the investment manager's beliefs with respect to:

- managing extra-financial factors in the valuation of assets and allocation of capital;
- exercising its fiduciary duty as stewards of capital (including voting over all relevant holdings and disclosing these publicly);
- its role in working with other members of the investment community in delivering a more stable financial and economic system; and
- avoiding harm, benefiting stakeholders and contributing to solutions through its engagement with investee management and allocation of capital towards sustainable assets and enterprises.

A policy is also likely to include a range of commitments for better accountability and transparency such as through disclosures related to underlying holdings, outcomes from corporate engagement and shareholder action activities, and real-economy outcomes resulting from sustainability-themed and impact investing activities.

HOLDINGS TRANSPARENCY

RIAA considers transparency to be a cornerstone of accountability and essential for an efficient and effective market-based system. Information related to product holdings helps institutional and retail investors make better informed investment decisions.

Holdings disclosure increased since last year, as the proportion of investment

managers that disclose holdings fully or partially increased, while those that fail to disclose or only disclose minimal information decreased. Despite the improvement in disclosure overall, less than half of investment managers (49%) disclose their complete holdings information (Figure 16). It should be noted that some investment managers may disclose holdings directly to their clients rather than to the public, which cannot be captured by this study.

FIGURE 15 Responsible investment policy and its disclosure

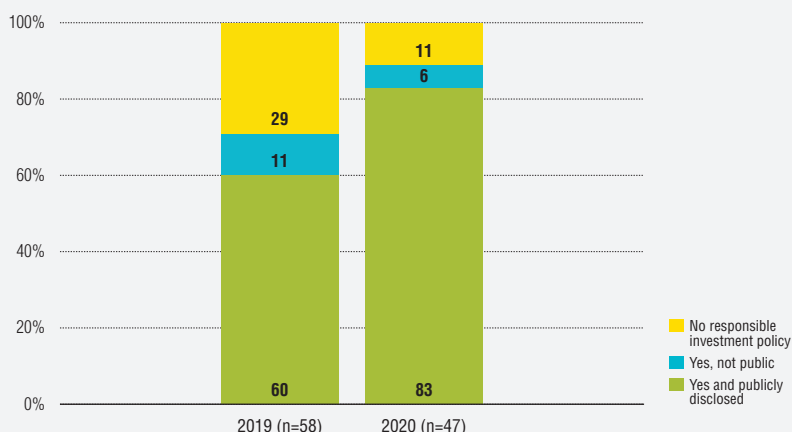
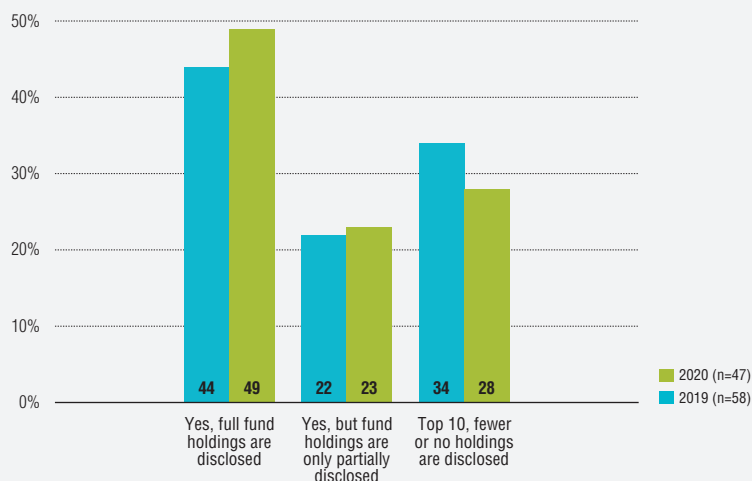


FIGURE 16 Level of disclosure of investment managers' holdings in the Research Universe



Responsible investment market share and performance

MARKET SHARE

The responsible investment market increased to \$142 billion in 2020 from \$111 billion in 2019, a 28% increase, outpacing the growth of the total market, which grew by 11% (Figure 17). In 2020, Responsible Investment AUM represents 43% of total professionally managed investments.

In addition to the \$142 billion Responsible Investment AUM, non-leaders contribute another \$79 billion AUM to the responsible investment market (Figure 18). Traditional or mainstream investment is estimated to cover the remaining \$107 billion AUM.

Despite a fall in the overall number of responsible investment managers in the market, the proportion of Responsible Investment Leaders increased to 43% (20 out of 47) in 2020 from 24% (14 out of 58) in 2019.

Putting the growth figures of the last two years in context with those reported since 2016 (Figure 17) does not provide a consistent picture of the responsible investment and total investment market in New Zealand. This is because RIAA adopted several changes and refinements in methodology over the last five years.

Two key significant changes in methodology occurred that need to be considered when interpreting these figures. Firstly, since 2019, Responsible Investment AUM only includes the proportion of assets of Responsible Investment Leaders that are managed under at least one responsible investment approach. Prior to 2019, Responsible Investment AUM included all AUM managed by self-declared responsible investment managers. The tightening of the definition of Responsible Investment AUM accounts for the drop in Responsible Investment AUM in 2019 and 2020 compared to previous years. This change in methodology is to meet global expectations of sustainable investment definitions that are rapidly being reset, with an increasing emphasis on moving the industry towards leading standards of practice that contribute measurably to a more sustainable world.

Secondly, since 2018, RIAA relies on the Reserve Bank of New Zealand’s (RBNZ) ‘total funds under management’ figure to determine the full investment market. The AUM of two major players, the Accident Compensation Corporation and the NZ Super Fund, are added to the RBNZ’s total, which excludes the AUM of these two organisations. Prior to 2018, RIAA relied on the Morningstar total market figure.

This change in data source increases confidence in the report findings and avoids anomalies such as the one in 2017, when Responsible Investment AUM exceeded the total market (due to incomplete information about the nature and magnitude of international investment).

FIGURE 17 Responsible Investment AUM and Total Funds Under Management in New Zealand 2016–2020 (\$ billions)

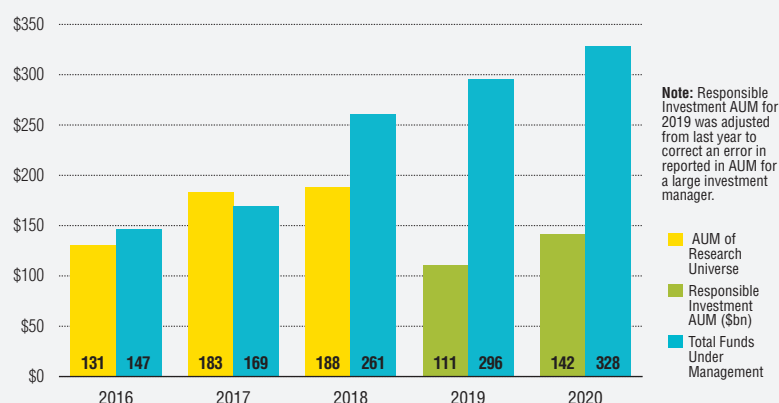
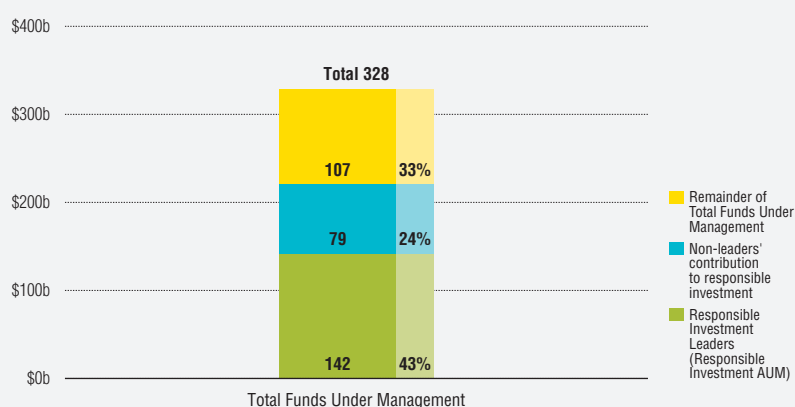


FIGURE 18 Proportion of Total Funds Under Management managed with one or more responsible investment approach



COVERAGE OF ASSETS UNDER MANAGEMENT (AUM) BY RESPONSIBLE INVESTMENT APPROACHES

A substantial proportion, 74% of investment managers in the Research Universe, apply at least one responsible investment approach to all their AUM (Figure 19). Another 15% (7 out of 47) of investment managers apply a responsible investment approach to the majority (50-99%) of their AUM. This means that 89% of the investment managers surveyed apply at least one responsible investment approach to at least half of their entire AUM.

PERFORMANCE OF RESPONSIBLY INVESTED FUNDS COMPARED TO MAINSTREAM FUNDS

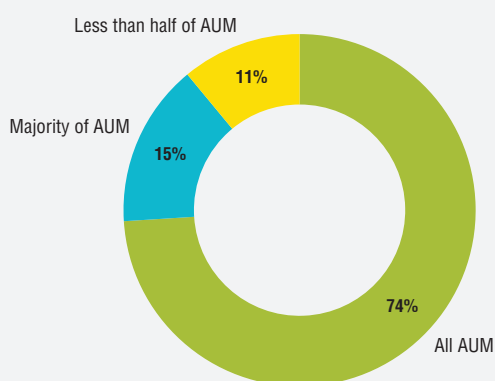
The *Responsible Investment Benchmark Report* typically includes findings on the performance of responsible investment funds against traditional funds. RIAA has been tracking this information only since 2019 to inform all interested stakeholders about how responsibly invested funds fare against mainstream funds. The average performance of responsible investment funds has been determined using the asset-weighted returns (net of fees) as reported by survey respondents. In 2020, the average responsible New Zealand share funds outperformed the S&P/NZX50 for the one- and ten-year periods, and were on-par with the market (i.e. within 1%) for the three- and five-year time frames (Figure 20).

This indicates that investing responsibly makes financial sense in the domestic market.

In the multi-sector growth fund category, the responsible investment average was on-par or slightly below Morningstar's NZ Multi-sector Growth category on all time horizons. The impact of the COVID-19 pandemic was evident worldwide, with New Zealand no exception. For example, in New Zealand in 2019, the average performance of both responsible and benchmark funds in the multi-sector growth category was 17% and 16% respectively over the one-year period. In contrast, in 2020, the average performances over one year were much lower, at 8.3% and 10.1% respectively.

This year the performance of responsibly invested funds on the international share market is presented but not compared to any benchmark, in the absence of a suitable index.

FIGURE 19 Proportion of investment managers in the Research Universe whose total AUM is subjected to at least one responsible investment approach



Monitoring the performance of responsible investment funds compared to mainstream funds will remain important for the near future, particularly as economies begin to recover from the long-term impact of the COVID-19 pandemic.

As responsible investing becomes the norm, and an ever-increasing proportion of Total Funds Under Management become managed to responsible investing approaches, RIAA anticipates the performance of responsible investment funds and mainstream funds (measured as weighted average performance net of fees over 10 years) will ultimately converge.

FIGURE 20 Performance of responsible investment funds and mainstream funds (average, net of fees over 10 years)

New Zealand share funds	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - Aus/NZ share funds*	18.5%	16.2%	15.6%	15.8%
S&P/NZX50**	13.9%	15.9%	15.7%	14.7%
International share funds	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - International share funds**	6.6%	8.2%	9.0%	8.5%
Multi-sector growth funds	1 Year	3 Years	5 Years	10 Years
Responsible investment fund average - Multi-sector growth funds*	8.3%	8.0%	7.8%	8.0%
Morningstar category: NZ Multi-sector Growth**	10.1%	8.8%	9.4%	8.9%

- Average responsible investment fund outperformed (+1%)
- Average responsible investment fund on-par with market (+/- 1%)
- Average responsible investment fund underperformed (-1%)

Note: Average performance of responsible investment funds was determined using the asset-weighted returns (net of fees) reported by survey respondents over one-, three-, five- and ten-year time horizons and compared to the mainstream fund performance from Morningstar Direct™. The S&P/NZX50 measures the performance of the 50 largest eligible stocks listed on the NZX by float-adjusted market capitalisation and covers approx. 90% of New Zealand equity market capitalisation.

*Data provided by survey respondents
**Data provided by Morningstar direct™

Responsible investment approaches

To enable comparison of New Zealand's responsible investment market with those of other regions, this report has been prepared in line with the seven approaches for responsible investment (Figure 21) as detailed by the GSIA and applied in the *Global Sustainable Investment Review 2020*, which maps the growth and size of the global responsible investment market.⁸ Many investment managers now deploy not just one or two, but a full suite of responsible investment approaches across a portfolio in pursuit of delivering to the best interests of beneficiaries. RIAA's responsible investment spectrum shows the possible range of approaches applied.

Responsible Investment Leaders (as reflected in RIAA's Responsible Investment Scorecard):

- **systematically consider material ESG risks** in valuations, for example through applying best-in-class and norms-based screening, and ESG integration;
- **engage with and vote** on ESG-related company resolutions to contribute to better performing companies and stronger sustainability outcomes (referred to as corporate engagement and shareholder action); and
- **target sustainability outcomes** through where and how they allocate capital (sustainability-themed and impact investing, negative screening).

Responsible Investment Leaders *a/so* demonstrate a commitment to **good governance** through publishing their responsible investing policies and processes, and inviting stakeholders to hold them to account for their performance against targets they set. A cornerstone of good governance is transparency and Responsible Investment Leaders are expected to fully disclose the holdings across all portfolios they manage on behalf of their clients (responsible investment policy, holdings transparency).

Of the seven responsible investment approaches, negative/exclusionary screening, ESG integration, and corporate

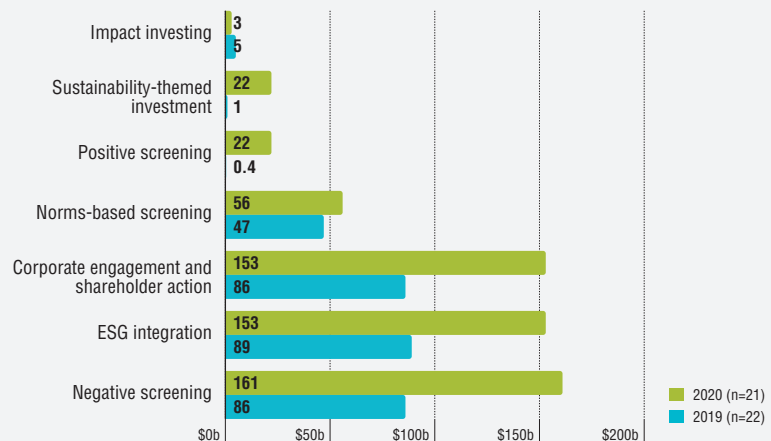
FIGURE 21 RIAA's responsible investment spectrum

APPROACH	TRADITIONAL INVESTMENT	RESPONSIBLE & ETHICAL INVESTMENT						PHILANTHROPY	
		ESG Integration	Exclusionary/negative screening	Norms-based screening	Corporate engagement and shareholder action	Positive / best-in-class screening	Sustainability-themed investing	Impact investing	
METHOD	Providing limited or no regard for environmental, social, governance and ethical factors in investment decision making	Explicitly including ESG risks and opportunities into financial analysis and investment decisions based on a systematic process and appropriate research sources	Excluding certain sectors, companies, countries or issuers based on activities considered not investable due principally to unacceptable downside risk or values mis-alignment	Screening of companies and issuers that do not meet minimum standards of business practice based on international norms and conventions; can include screening for involvement in controversies	Executing shareholder rights and fulfilling fiduciary duties to signal desired corporate behaviours - includes corporate engagement and filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines	Intentionally tilting a proportion of a portfolio towards solutions; or targeting companies or industries assessed to have better ESG performance relative to benchmarks or peers	Specifically targeting investment themes e.g. sustainable agriculture, green property, 'low carbon', Paris or SDG-aligned	Investing to achieve positive social and environmental impacts - requires measuring and reporting against these, demonstrating the intentionality of investor and underlying asset/ investee and (ideally) the investor contribution	Using grants to target positive social and environmental outcomes with no direct financial return
INTENTION		Avoids harm							
		Benefits stakeholders							
		Contributes to solutions							
FEATURES AND OUTCOMES		Delivers competitive financial returns							
		Manages ESG risks							
		Contributes to better system stability and economic sustainability							
		Pursues opportunities and creates real-economy outcomes							

* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project

engagement and shareholder action are the most common in New Zealand (Figure 22). Widespread application of negative screening is not surprising, given that certain exclusion categories are a regulatory requirement. In fact, all investment managers should be applying negative screening; however, not all investment managers would consider meeting regulatory requirements as responsible investing when responding to the survey. New Zealand investment managers are increasingly prioritising better ESG-related risk management, avoiding sectors and companies that cause harm and engaging investee companies to improve their respective performance over increasing flows of capital into sustainability-themed investment and impact investing.

FIGURE 22 AUM covered by responsible investment approaches of survey respondents



IMPACT INVESTING

Impact investing in New Zealand has grown by more than nine times since 2018, when it was at just \$358 million. This is partly due to a response to increasing investor demand and the enduring societal and environmental challenges that we face globally and locally. While the overall market for impact investments in New Zealand decreased from \$4.7 billion AUM in 2019 to \$3.3 billion AUM in 2020, this is largely driven by the maturation of existing bonds and the decrease in new green, social and sustainability (GSS) bonds issued in 2020. GSS bonds issued in 2020 amounted to \$2.7 billion in 2020, 35% less than the \$4.2 billion worth of GSS bonds issued in 2019 (Figure 23).

DEFINITION:

Impact investing refers to investments made with the explicit intention of generating positive social and/or environmental impact alongside a financial return, and measurement of this impact. Ideally, an impact investment will also provide additionality, meaning delivery of benefits beyond what would have occurred in the absence of the investment.

AT A GLANCE:

- In 2020, impact investment equated to \$3.3 billion, decreasing from \$4.7 billion in 2019 (Figure 22).
- GSS bonds account for 82% of impact investment products in 2020.
- ‘Other’ impact investing products issued in the 2020 year account for close to \$608 million of this responsible investing approach.

Impact investment products released in 2020

Mercury Energy

Mercury Energy’s debut NZ\$200 million green bond closed on 4 September 2020. The proceeds are primarily earmarked to finance or refinance new or existing projects and expenditures relating to renewable energy, such as the construction of the Turitea wind farm.

Movac (Venture Capital)

Movac has made an investment of \$5 million into TracPlus, a company that provides real-time tracking and communication services for aircraft, vehicles, vessels and personnel for first responders in emergency services such as firefighting, utilities, military and aviation.

Housing New Zealand

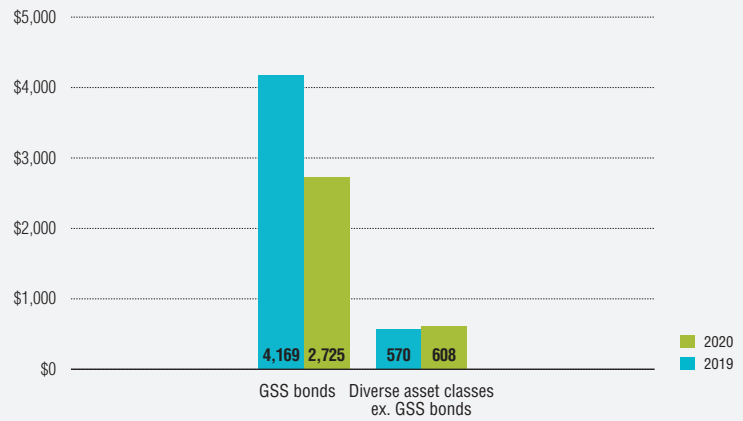
Housing New Zealand, in cooperation with Kāinga Ora – Homes and Communities, issued Wellbeing Bonds on 10 September 2020, which are aligned with the New Zealand Treasury’s Living Standards Framework. The net proceeds of issuance of the Wellbeing Bonds will be issued towards green and social categories, such as green buildings, pollution control, affordable housing and socioeconomic advancement and empowerment. The Bank of New Zealand, Commonwealth Bank of Australia and Westpac Banking Corporation were joint lead managers for the offer.

Foundation North

Foundation North made its first impact investment towards the creation of 118 new homes for families facing housing insecurities. The Foundation invested \$2 million through the impact-investing platform Community Finance to support The Salvation Army, an existing grantee of the Foundation, to finance three social housing developments in Royal Oak, Westgate and Flatbush. Additionally, Foundation North has established an impact investment fund which will be externally managed. The Foundation has made an initial investment of \$20 million into the Fund, which will be its primary vehicle for undertaking impact investment.

Impact investment opportunities span all asset classes to a total of 20 products in 2020. Of the \$3.3 billion AUM investment pool in 2020, \$2.7 billion (82%) of AUM of impact investment is dominated by GSS bonds in absolute terms (Figure 23). These include bonds issued primarily from overseas issuances; however, they also include some issuances of green bonds by New Zealand organisations, including large retail banks. The remaining \$608 million (18%) of AUM is comprised of products issued in 2020 spanning diverse asset classes (Figure 23), such as multi-asset classes, fixed income and real assets. The case studies on page 20 illustrate some of the impact investments made in 2020.

FIGURE 23 Impact investments in 2019 and 2020 (\$ millions)



SUSTAINABILITY-THEMED INVESTING

The substantial growth in sustainability-themed investments since the previous reporting period is largely attributed to the increase in investments in just two themes: climate change and natural capital. The climate change theme includes investments in renewable energy, energy efficiency and low carbon. The natural capital theme includes biodiversity conservation, healthy waterways and sustainable land and water management.

Investment in social impact related themes, waste management and healthcare and medical decreased, as well as investment in the 'other' categories.

Annual search data from RIAA's Responsible Returns online tool indicates the key issues consumers search for when choosing banking, super or other investment products. The most searched sustainability-themed investment in 2020 continued to be in climate-related themes, such as renewable energy and energy efficiency (34%) (Figure 25), which aligns with the sustainability themes most commonly covered by investment managers (Figure 24). The second most common search by consumers was for natural capital-related themes, including sustainable land and agricultural management (17%), and sustainable water (9%), suggesting that sustainability-themed options are, for the most part, aligned with consumer demand.

DEFINITION:

Sustainability-themed investing relates to investment in themes or assets specifically related to improving social or environmental sustainability. This commonly involves funds that have an explicit objective to improve sustainability outcomes alongside financial returns, such as investment into clean energy, green technology, sustainable agriculture and forestry, green property or water technology.

AT A GLANCE:

- Sustainability-themed investing increased more than 15 times in 2020, from \$1.4 billion in 2019 to \$22 billion AUM (Figure 22).
- The most common sustainability themes by AUM are climate-related investments (50%), followed by natural capital (44%) (Figure 24).
- The most common sustainability themes in investments are well aligned with consumers' interests, most notably climate-related themes (34% of searches on RIAA's Responsible Returns online tool) and natural capital-related themes (26% of searches) (Figure 25).

FIGURE 24 Sustainability-themed investments by theme (% AUM) among survey respondents that apply this approach

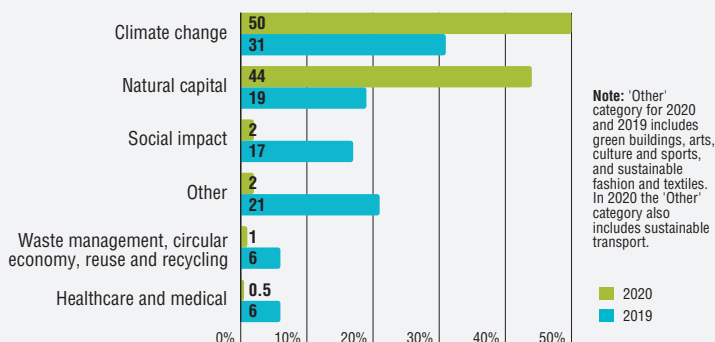
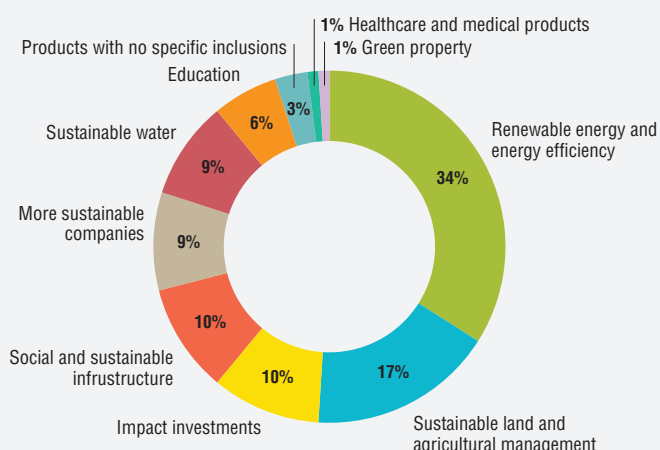


FIGURE 25 Consumer searches using the Responsible Returns online tool (January to December 2020)



NEGATIVE/EXCLUSIONARY SCREENING

Negative screening is the most popular responsible investment approach (by AUM) employed by survey respondents, with \$161 billion of AUM managed to this approach (Figure 22) up 87% from 2019.

Despite dropping slightly, the most frequently excluded category remains tobacco, screened by 86% of those applying negative screening in 2020, follow by controversial weapons (76%) and fossil fuel exploration, mining and production, nuclear power, and gambling (each at 57%) (Figure 26). Like tobacco, all weapons (including firearms) and pornography were less frequently screened for in 2020 compared to 2019.

Comparatively, animal cruelty and labour rights issues recorded the greatest increases in terms of frequency of exclusion, growing by 28 and 18 percentage points respectively. This is indicative of greater awareness of more contemporary and topical issues associated with animal and human rights and employee wellbeing and safety. In the *Better Futures New Zealand* report released by Colmar Brunton in conjunction with the Sustainable Business Council, 57% of youth surveyed indicated they are concerned about the mistreatment of animals.⁹ The increased exclusionary screening of animal cruelty may also reflect new policies, such as the government ban of livestock exports by sea and its inquiry into greyhound racing.¹⁰

Consumer preferences for exclusions is determined by collecting the results of users searching for negative screens on the Responsible Returns online tool for a 12-month period (January to December 2020).¹¹ Results from these searches (Figure 27) show that the most frequently searched issues are fossil fuels (25%), human rights abuses (15%) and animal cruelty (10%). Consumer searches generally align with survey respondent exclusions (weighted % AUM), particularly for the exclusion categories of labour rights abuses, alcohol and nuclear energy.

DEFINITION:

Negative/exclusionary screening refers to the systematic exclusion of certain sectors, companies, activities, regions or issuers from funds based on certain criteria. Exclusion criteria often include product categories or sectors (e.g. fossil fuel, weapons, tobacco), company practices (e.g. animal testing, violation of human rights, corruption) or controversies.

AT A GLANCE:

- Negative/exclusionary screening is the most popular responsible investment approach

(by AUM) employed by survey respondents, with \$161 billion of AUM (Figure 22).

- The most frequently excluded issues are tobacco production (86%), controversial weapons (76%) and fossil fuel exploration, mining and production, nuclear power, and gambling (each at 57%) (Figure 26).
- Frequency of screening for animal cruelty and labour rights violations grew significantly in 2020.
- Investment manager screening is more aligned to consumer demands, most notably regarding labour rights concerns.

FIGURE 26 Frequency of issues screened by survey respondents who apply negative/exclusionary screening

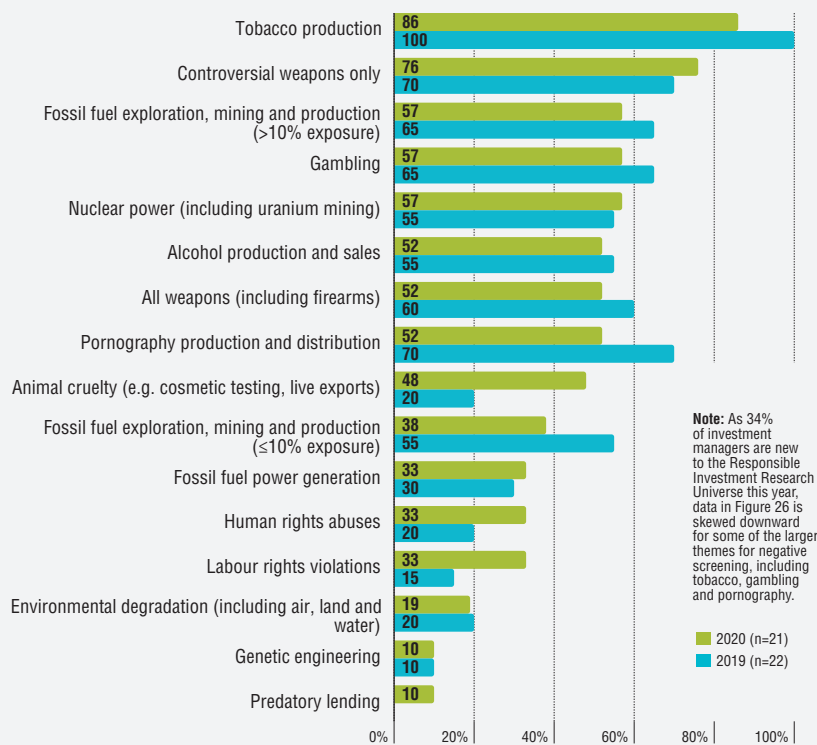
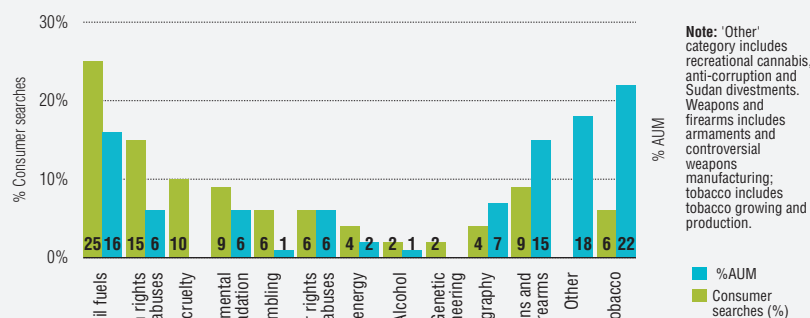


FIGURE 27 Exclusion categories of survey respondents (% AUM) compared to consumer searches for exclusions on RIAA's Responsible Returns online tool



BEST-IN-CLASS OR POSITIVE SCREENING

The most frequently screened issues in 2020 are renewable energy and energy efficiency, and more sustainable companies (Figure 28). This is followed by physical and transition risk management. Issues focusing on the effects and associated economic risks of climate change and a transition to a net zero emissions are gaining traction, indicating greater recognition of environmental factors in investment decisions.

This recognition is driven by the opportunity provided by a number of policy developments over the period, particularly changes to the New Zealand Emissions Trading Scheme. A cap on emissions has significantly increased the price for carbon credits or New Zealand Units (NZUs), and this in turn has improved the investment case for many more greenhouse gas mitigating technologies and systems.

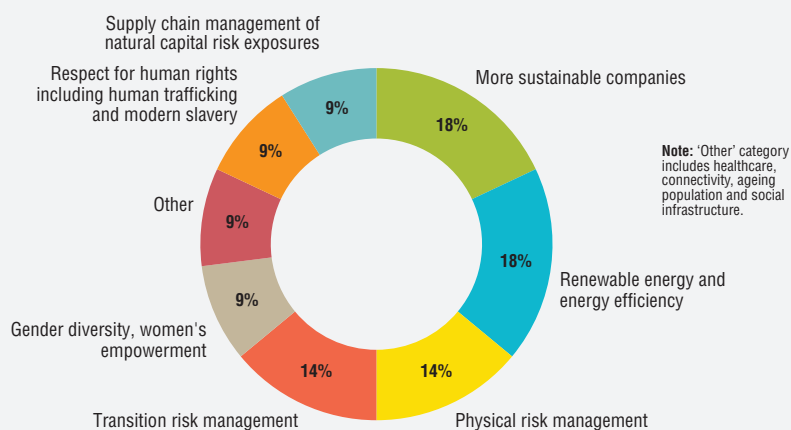
DEFINITION:

Positive screening is the inclusion of certain sectors, companies or projects selected for positive ESG or sustainability performance criteria relative to industry peers in investments. This criterion may include the goods and services a company produces or how well a company or country is responding to emergent opportunities such as the rollout of zero-carbon energy assets. The GSIA includes **best-in-class screening**: the identification of sectors, companies or projects selected from a defined universe for superior ESG performance relative to industry peers. RIAA and its members are increasingly integrating best-in-class as a supplementary lens to ESG integration.

AT A GLANCE:

- The volume of funds using positive screening increased dramatically by more than 57 times in 2020 to \$22 billion AUM, from just \$382 million in 2019 (Figure 22).
- The most screened categories are renewable energy and energy efficiency, and more sustainable companies (both 18%).

FIGURE 28 Frequency of positive screening issues used by survey respondents applying this approach



NORMS-BASED SCREENING

Norms-based screening is the fourth most popular responsible investment approach in New Zealand, with 33% of survey respondents using this approach in 2020. The most used norms in 2020 are the UN Global Compact, Principles for Responsible Investment and the Paris Agreement (Figure 29).

In November 2019, the New Zealand Government committed its economy to being carbon neutral by 2050. Further, one of the key focus areas and recommendations of the Aotearoa Circle's Sustainable Finance Forum *Roadmap for Action* ('finance green') is to mobilise new and redirect existing capital for projects and enterprises that deliver on global sustainability goals, such as the Paris Agreement. Given these national targets and recommendations, it is no surprise that the Paris Agreement is increasingly used as a norm to screen investments by investment managers in New Zealand.

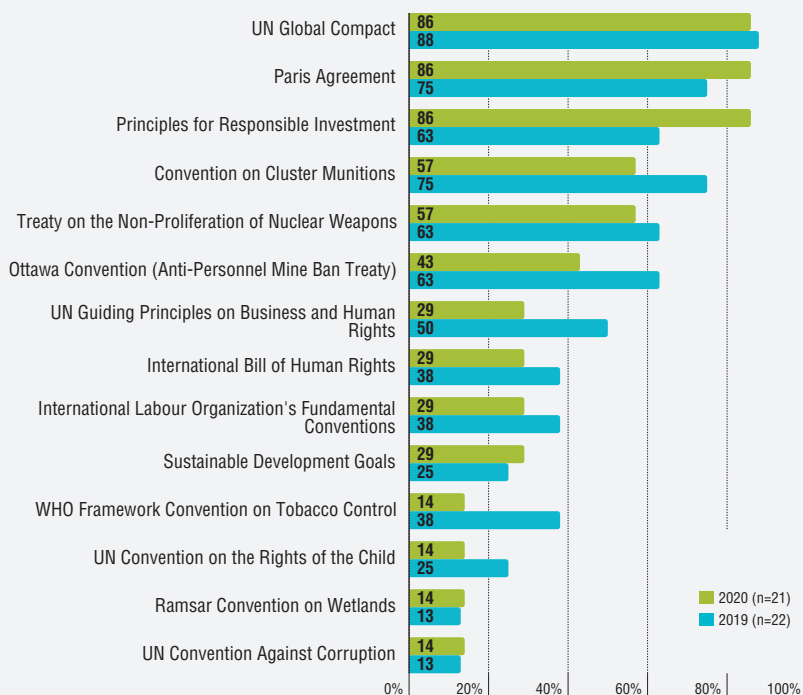
DEFINITION:

Norms-based screening involves the screening of investments on the basis of minimum standards of relevant business practice. Standards applied are based on international norms and conventions, such as those defined by the United Nations (UN). In practice, norms-based screening may involve the exclusion of companies that contravene the UN Convention on Cluster Munitions, as well as positive screening based on ESG criteria developed through international bodies such as the United Nations Global Compact, International Labour Organization, United Nations Children's Fund, and the UN Human Rights Council.

AT A GLANCE:

- Norms-based screening has been applied to \$56 billion of AUM in 2020 (Figure 22).
- The most popularly applied norms-based screens are the UN Global Compact, the Paris Agreement and the Principles for Responsible Investment – each screened for by 86% of survey respondents using this approach.

FIGURE 29 Frequency of norms-based screening among survey respondents using this approach



ESG INTEGRATION

ESG integration that is well-defined and systematically embedded in investment processes and valuation practices can be an effective investment approach. In New Zealand it is the second most widely used responsible investment approach and it remains prevalent in the United States, Canada and Australia in asset-weighted terms.¹² In New Zealand, ESG integration AUM totalled \$153 billion in 2020 (Figure 22).

Notably, there was an increase from 48% of survey respondents in 2019 to 66% in 2020 who indicated that they have equities, fixed income corporate, fixed income sovereign or at least 85% of their AUM covered by an ESG approach (Figure 30). The number of investment managers that selected no ESG integration ('no option selected') significantly decreased from 38% in 2019 to 23% in 2020. This indicates an ever-increasing trend by market participants embracing an explicit and systematic approach to ESG integration across a larger proportion of their funds managed on behalf of beneficiaries.

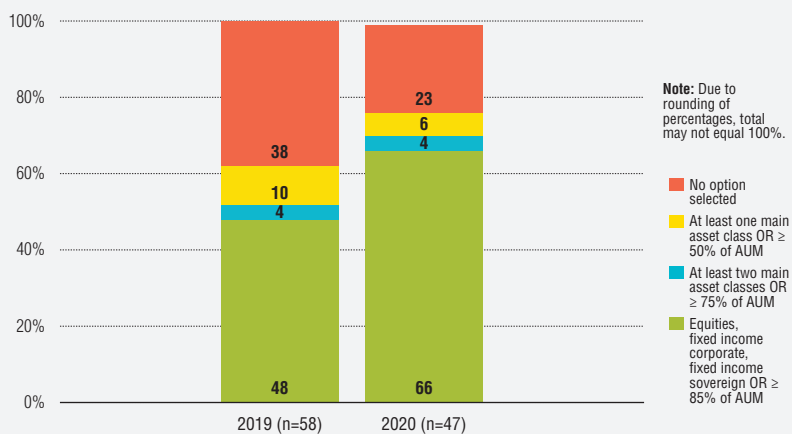
DEFINITION:

Environmental, social and governance (ESG) integration involves the explicit inclusion of ESG risks and opportunities into financial analysis and investment decisions. This approach is based on a systematic process involving appropriate research and the belief that these factors are a core driver of investment value and risk.

AT A GLANCE:

- ESG integration is the second most widely used responsible investment approach in New Zealand, covering \$153 billion of AUM in 2020 (Figure 22).
- In 2020, 66% of survey respondents indicated that they have equities, fixed income corporate, fixed income sovereign or at least 85% of AUM covered by an ESG approach. This is up from 48% of survey respondents that had this coverage in 2019 (Figure 30).

FIGURE 30 Change in the proportion of AUM covered by an explicit and systematic approach to ESG integration in the Research Universe



CORPORATE ENGAGEMENT AND SHAREHOLDER ACTION

Corporate engagement and shareholder action is the third most widely used responsible investment approach with \$152.7 billion AUM in 2020 (Figure 22).

Figure 31 demonstrates that members are becoming more transparent in reporting their actions and outcomes. Of the Research Universe members that are involved in stewardship activities:

- 36% demonstrate reporting on either activities **or** outcomes; and
- 36% demonstrate leading practice, reporting on activities **and** outcomes.

This demonstrates that transparency of corporate engagement and voting activities and outcomes is becoming the norm, with less than a third not reporting on either. This maturity likely reflects several developments including:

- an increasing acknowledgement by the industry that stewardship is key to prudently exercising fiduciary duties, and that transparency around outcomes is just as important for accountability as activities such as voting on all possible ESG-related resolutions;
- increased performance expectations expressed by standard-setters including RIAA, CFA Institute and the Principles for Responsible Investment around what constitutes leading stewardship practices and disclosures; and
- the SFF *Roadmap for Action* that recommends developing a stewardship code along the lines of the UK code.

DEFINITION:

Corporate engagement and shareholder action refers to the influence and power of shareholders over corporate behaviour through engagement. This is often conducted through direct interaction, such as communications with senior management or boards, filing or co-filing shareholder proposals, and proxy voting in alignment with comprehensive ESG guidelines.

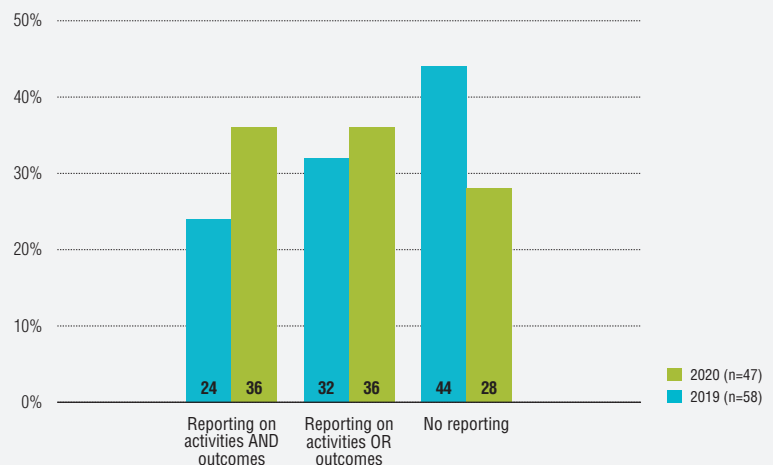
AT A GLANCE:

- Corporate engagement and shareholder action is the third most widely used responsible investing approach in New Zealand, rising to \$152.7 billion in 2020 (Figure 22).
- 36% of the Research Universe demonstrates leading practice transparency by reporting on both corporate and shareholder activities and outcomes (Figure 31).

In addition to improved transparency, 2020 saw investment managers and asset owners becoming more strident in both the ESG themes discussed with investee companies and also the methods and means by which those interactions took place.

Climate Action 100+ and the Social Media Collaborative Engagement are examples of how trustees deployed this approach to responsible investing to call for and drive improved governance by companies of financially material environmental and social matters.

FIGURE 31 Reporting on activities and outcomes from corporate engagement and shareholder action in the Research Universe



Market drivers and future trends

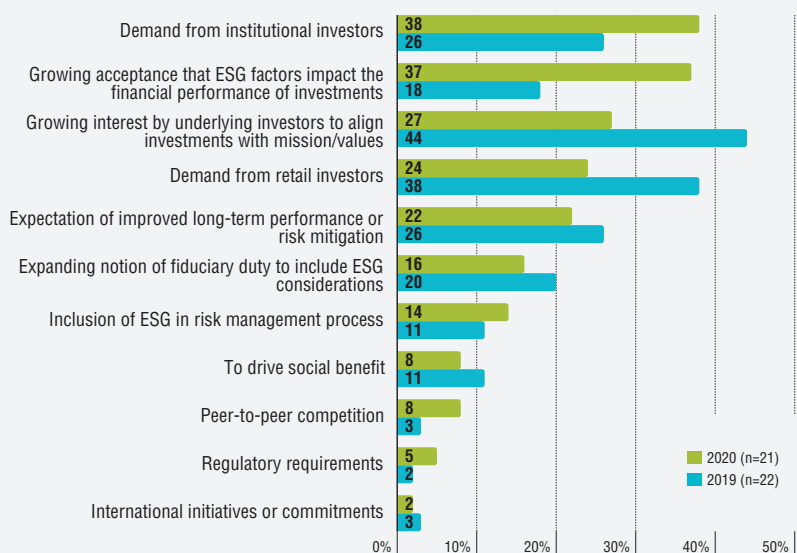
KEY GROWTH FACTORS

In 2020, 38% of survey respondents nominated that demand from institutional investors was the most predominant driver of growth in their responsible investment funds (Figure 32). Growing acceptance

that ESG factors impact the financial performance of investments has become the second-largest driver of growth in responsible investment funds, up from 18% in 2019 to 37% in 2020. Within open text answers, survey respondents were able to elaborate on reasons for growth. Most likely

in response to national laws and measures, survey respondents indicated that the market has shown increased demand for decarbonisation, net zero carbon emissions and TCFD reporting. This supports the growth observed in the inclusion of ESG in risk management processes as a driver for market growth (14% in 2020 compared to 11% in 2019).

FIGURE 32 Key drivers of market growth by survey respondents

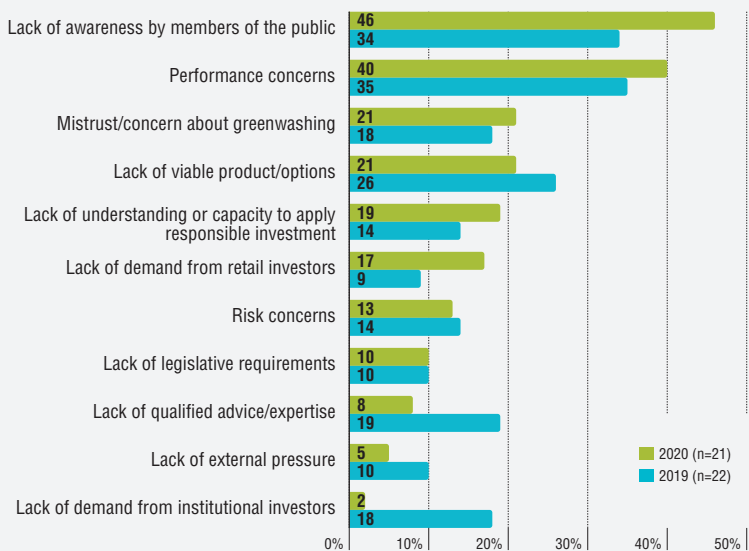


The third-most common driver was a growing interest by underlying investors to align investments with mission/values, which interestingly underwent a decline from 44% in 2019 to 27% in 2020. This decline may be due to a shift away from missions and values that are often company-specific towards a widespread acceptance that ESG factors provide financial value. No survey manager in 2019 or 2020 considered Sustainable Development Goal performance or external pressure from non-government organisations, media and trade unions to be a driver of growth.

BARRIERS TO GROWTH OF THE RESPONSIBLE INVESTMENT MARKET

The key barriers to growth in responsible investment for survey respondents was a lack of awareness by members of the public (46%), performance concerns (40%) and mistrust/concern about greenwashing and lack of viable products/options (both 21%) (Figure 33). Lack of awareness by members of the public increased most significantly as a growth deterrent by 12 percentage points from 2019 to 2020. The deterrent factors that decreased the most from 2019 to 2020 were a lack of demand from institutional investors, which decreased by 16 percentage points, and a lack of qualified advice/expertise, which decreased by 11 percentage points.

FIGURE 33 Key deterrents to responsible investment market growth by survey respondents

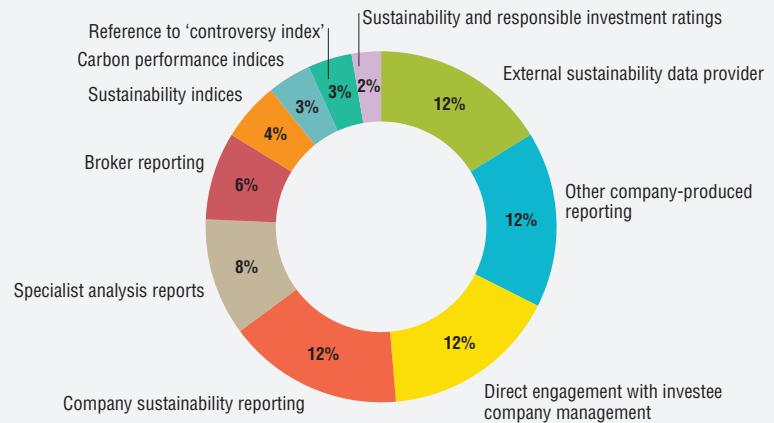


SOURCES USED TO INFORM RESPONSIBLE INVESTMENT DECISIONS

In 2020, 'sustainability and responsible investment ratings' was added as a new category that investors could select as a source of information that informs their ESG-related decisions. This was selected by only 2% of the survey respondents, indicating that it is not a key influence in ESG-related investment decisions.

Figure 34 shows that the most frequently used sources of information for investment managers are external sustainability data provider, company-produced reporting, direct engagement with investee company management and company sustainability reporting, all at 12% each. While external sustainability data providers is one of the most predominant sources of information, other company-produced reporting such as annual reports, company websites and investor reporting are also important in providing input into responsible investment decisions.

FIGURE 34 Information sources used in responsible investment decision-making by survey respondents



Appendices

APPENDIX 1: ABBREVIATIONS

ACC	Accident Compensation Corporation
AUM	Assets under management
ESG	Environmental, social and governance
EU	European Union
GSIA	Global Sustainable Investment Alliance
GSS bonds	Green, social and sustainability bonds
NZ	New Zealand
NZSF	New Zealand Superannuation Fund
PRI	UN-backed Principles for Responsible Investment
RBNZ	Reserve Bank of New Zealand
RIAA	Responsible Investment Association Australasia
SFDR	Sustainable Finance Disclosure Regulation
SFF	Sustainable Finance Forum
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations

APPENDIX 2: DEFINITIONS

Responsible Investment Assets Under Management: Assets of those investment managers applying at least one responsible investment approach that scored greater than or equal to 15 (out of 20) on RIAA's Responsible Investment Scorecard.

Investment managers: financial institutions (asset managers and asset owners to the extent that they directly manage investments in-house) that were assessed via the online survey or desktop research.

Responsible investment, also known as **ethical investing** or **sustainable investing**, is a comprehensive approach to investing, where social, environmental, corporate governance and ethical issues are considered alongside financial performance when investing. There are numerous ways to engage in responsible investment, and investors often use a combination of responsible investment approaches (see below).

Definitions for each of the seven responsible investment approaches: The following guidance was provided to participants to help them classify the responsible investment approaches applied to their investments.

ESG integration

GSIA states: the systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis.

RIAA elaborates: the explicit inclusion by investment managers of environmental, social and governance risks and opportunities into financial analysis and investment decisions based on a systematic process and appropriate research sources. This approach rests on the belief that these factors are a core driver of investment value and risk.

Negative or exclusionary screening

GSIA states: the exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria.

RIAA elaborates: the exclusion from a fund or portfolio of specific sectors, companies, countries, or issuers based on activities considered not investable. Exclusion criteria

(based on norms and values) can refer, for example, to product categories (e.g. weapons, tobacco), company practices (e.g. animal testing, violation of human rights, corruption) or controversies.

Norms-based screening

Screening of investments against minimum standards of business practice based on international norms and standards such as those issued by the Organisation for Economic Co-operation and Development (OECD), International Labour Organization, United Nations (UN) and the UN Children's Emergency Fund (UNICEF).

Corporate engagement and shareholder action

GSIA states: employing shareholder power to influence corporate behaviour, including through direct corporate engagement (i.e. communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting guided by comprehensive ESG guidelines.

RIAA elaborates: executing shareholder rights and fulfilling obligations to influence corporate behaviour, including through direct corporate engagement (i.e. communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines and policies, and accompanied by disclosure of activities and outcomes.

Positive or best-in-class screening

The inclusion in a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria such as the goods and services a company produces or how well a company or country responds to emergent opportunities such as the rollout of a net-zero carbon economy. Includes best-in-class screening, which involves investment in companies or projects selected for positive ESG performance relative to industry peers and that achieve a rating above a defined threshold.

Sustainability-themed investing

Investment in themes or assets specifically contributing to sustainable solutions – environmental and social – where impact is intentional and measured (e.g. sustainable agriculture, green buildings, lower carbon tilted portfolio).

Impact investing

GSIA states: a targeted investment aimed at solving social or environmental problems where capital is specifically directed to traditionally underserved individuals and communities and financing provided to businesses with a clear social or environmental purpose.

RIAA elaborates: impact investments satisfy three core principles: intentionality, measurability and contribution:

Intention

- the investor and/or manager intend to benefit stakeholders and/or contribute to solutions through their investments (as evidenced in the 'impact thesis'); and
- the impact performance objectives of each asset being invested in are principally (meaning equal to or greater than 50% with impact intention aligned with B and C; balance of fund at least A – see below) benefiting stakeholders or contributing to solutions.

Measurability

- an investor or manager has an impact thesis; and
- has a demonstrated process for managing impact; and
- at least annually reports impact performance to relevant external stakeholders.

Contribution

- at a minimum, the investor or manager can demonstrate that they signal that impact matters (this means to consider measurable positive and negative enterprise impacts proactively and systematically in their investment decision-making); and
- communicates this consideration to external stakeholders.

The Impact Management Project (IMP) convention classifies the **impact performance** (or goals) of an enterprise as either:

- A. (Act to avoid harm) – the enterprise prevents or reduces significant effects on important negative outcomes for people and planet; or
- B. (Benefits stakeholders) – the enterprise not only acts to avoid harm, but also generates various effects on positive outcomes for people and the planet; or
- C. (Contributes to solutions) – the enterprise not only acts to avoid harm, but also generates one or more significant effect(s) on positive outcomes for otherwise under-served people and the planet.

APPENDIX 3: METHODOLOGY**REPORTING BOUNDARY**

This report covers the nature and scope of responsible investing in New Zealand. It covers assets managed within New Zealand and outside the region where they are managed on behalf of New Zealand clients. Selected international investment managers were included if they have operations in New Zealand, manage assets on behalf of New Zealand clients, and demonstrate strong responsible investment commitments, including through membership of RIAA. Data collected and analysed covers the period between 1 January and 31 December 2020. If data was not available for the calendar year the closest available reporting date was used.

This research is primarily targeted at investment managers, rather than asset owners, focusing on capturing the underlying managers of the capital being deployed responsibly in this market. Data was captured from asset owners to the extent that they directly manage investments in-house. In the survey, only internally managed funds were captured.

Many of the New Zealand responsible investment market products are not bound by any public reporting, disclosure requirements or independent review (assurance). This report includes both retail and wholesale investment products and, increasingly, superannuation fund mandates, individually managed accounts and separately managed accounts. Some investment custodians are reluctant to supply information for reasons of privacy or commercial confidentiality (see below on limitations due to self-declaration and self-classification). Data on funds held outside of managed responsible investment portfolios was not accessible. For these reasons and the matters identified, this report provides a conservative depiction of the responsible investment environment in New Zealand.

All financial figures are presented in New Zealand dollars.

DATA COLLECTION

Data used to compile this report was generously provided by and collected from:

- investment managers and asset owners;
- **Morningstar Direct™**, which provided data for the average performance of mainstream managed fund categories; **Morningstar Direct™** also provided a secondary source of AUM data for some of the funds listed;
- RIAA's databases; and

- desktop research of publicly available information regarding assets under management, performance data and investment approaches from sources including company websites, annual reports, PRI Responsible Investment Transparency Reports.

Data from the Reserve Bank of New Zealand (RBNZ) was used to calculate the Total Funds Under Management figure because RBNZ definitions are well aligned with the purposes of this study. However, since RBNZ data specifically excludes the New Zealand Superannuation Fund (NZSF) and the Accident Compensation Corporation (ACC), the AUM of both were added to the RBNZ's figures.

A total of 47 investment managers were targeted as respondents to this survey; 21 financial institutions responded via the survey by providing information directly while 26 were assessed through desktop analysis. This research managed to gather a comprehensive summary of the entire responsible investment market in New Zealand. Responses that identify issues screened, the responsible investment approach, key drivers and detractors of responsible investment were only taken from survey respondents. No data has been extrapolated from its original source.

DATA ANALYSIS AND REPORTING

KPMG carried out data cleaning and analysis, with input from RIAA. KPMG used Alteryx to analyse data, importing data from 2019 and previous years to allow for comparison and trends analysis. One important step in data cleaning is to identify and remove fund overlaps between survey respondents. RIAA is continuously improving its data collection process to enhance the quality of reported figures and to ensure that all New Zealand market products are identified. For example, for this year's report, respondents were asked to designate the proportion of AUM in New Zealand if they were active in both Australia and New Zealand. In 2020, primary and secondary approaches to responsible investing were no longer reported. To produce figures relevant for Figure 22, KPMG re-cut and reported 2019 survey data relating to primary and secondary approaches to responsible investment applied to the improved 2020 format.

LIMITATIONS DUE TO SELF-REPORTING AND SELF-CLASSIFICATION

This study relies on investment managers' self-reported data in combination with desktop research of publicly available information. RIAA reviews self-declared data, including those that feed into the Scorecard scores to ensure that they are an accurate representation of the investment manager's approach to responsible investment. Self-declared data of responsible investment that is publicly available such as published on corporate websites or in the PRI transparency reports has typically gone through several levels of scrutiny within an organisation and holds a certain degree of accountability. Self-reported data is checked against these publications or other published data, but only to a limited extent. RIAA does, however, reach out to individual respondents from time to time to check that data has been correctly reported.

Survey respondents were asked to self-classify their assets under management according to the proportion covered by one or more of the seven responsible investment approaches (as distinguished by the GSIA). For example, an investment manager would indicate that a sustainability-themed investment approach covers 40% of their assets. Discussion with investment managers and analysis of survey responses indicates that there is a grey area when classifying sustainability-themed investing and impact investing. Impact investment is often used as a colloquial term for allocation towards solution-style investments, such as renewable energy. Hence the assets under management for impact investment was determined by relying on RIAA's *Benchmarking Impact 2020* report (which targeted impact investment specifically) and desktop research on impact investments, including green bonds released in the 2020 reporting period.

Research methodology includes checking over self-declared data, but the data is not assured and errors in reporting occur from time to time. For example, Responsible Investment AUM for 2019 has been adjusted from \$153.5 billion to \$111 billion due to an error in self-reporting of responsible investment AUM by an investment manager. This affected the total Responsible Investment AUM for the entire market and is annotated in relevant figures through this report. RIAA continues to inform and educate the market about the differences between these styles of investment and how to self-classify.

APPENDIX 4: RESPONSIBLE INVESTMENT SCORECARD 2020

Core pillars and weighting	Question description	Scoring methodology
1. Committing to RI = worth 5 points		
1.1 Coverage of total Assets Under Management (AUM) by Responsible Investment	What proportion of all AUM is being managed with a responsible investment strategy?	1.0 = 100% 0.75 = 75-99% 0.5 = 50-74% 0.1 = 10-49% 0.0 = 0-9%
1.2 Responsible investment policy	Does your organisation have an RI policy? Is your RI policy disclosed publicly? The policy does not specifically need to be called a 'Responsible Investing' policy. It can be your companies ESG or Sustainable finance policy for example. The Policy does need to outline your organisation's principles, commitments, and approach to Responsible Investment.	2.0 = yes and publicly disclosed 1.0 = yes, not public 0 = no
1.3 Commitment to transparency		
1.3.1 Disclosure of responsible investment commitment	Does your organisation report its approach to responsible investing and its implementation clearly on its website?	1.0 = RI approach is disclosed in greater detail, such as including link to PRI Report and/or RI approach 0.5 = They say they do RI but no detail 0 = no disclosure
1.3.2 Disclosure of fund holdings	Does your organisation disclose a FULL list of its investments?	1.0 = Yes, full fund holdings are disclosed (99-100%): 0.5 = Yes, but fund holdings are only partially disclosed (11%-98%): 0 = Top 10, fewer or no holdings are disclosed
2. Managing risk = worth 5 points		
2.1 Systematic process for ESG: Is there evidence of integrating ESG into traditional financial analysis described?		
2.1.1 How embedded is ESG integrated into strategy? Does RI strategy account for the explicit inclusion of ESG factors?	Select all that are relevant to your approach to ESG integration. ESG factors are systematically considered in the: A. selection, retention and realisation of assets B. construction of portfolios C. risk assessment and management D. selection, assessment and management of managers (if you use external managers).	0.5 = at least one aspect considered or all four 0 = no aspects considered

2.1.2 Extent of relevant asset class that ESG covers	What is the extent of relevant asset classes covered by your explicit and systematic approach to ESG integration?	0.5 = equities, fixed income corporate, fixed income sovereign OR at least 85% of AUM 0.3 = at least two main asset classes OR 75% of AUM 0.1 = at least one main asset class OR 50% of AUM 0 = no option selected
2.1.3 ESG embeddedness/integration:	Consider how your organisation demonstrates the explicit and systematic inclusion of ESG factors in investment analysis and investment decisions. Select all that are relevant. A. ESG analysis is integrated into fundamental analysis B. ESG analysis is used to adjust forecasted financials and future cash flow estimates C. ESG analysis is integrated in portfolio weighting decisions D. Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches in risk limits	1.0 = 4 selected 0.75 = 3 selected 0.5 = 2 selected 0.2 = 1 selected 0 = no option selected
2.1.4 Disclosure of ESG integration	Does your organisation disclose its approach to ESG integration (such as through PRI reporting, website etc.)?	1.0 = yes 0 = no
2.2 Evidence of systematic and transparent application of screens		
2.2.1 Applying screens to investments	Does your organisation have a transparent and systematic process of applying screens (such as norms-based, controversies and negative screens)?	1.0 = yes 0 = no
2.2.2 Revenue and activity thresholds applied to screens	Does your organisation disclose revenue and activity thresholds applied to screens?	1.0 = yes 0.5 = yes, revenue and activity thresholds are partially disclosed 0 = no
3. Stewarding sustainable and resilient assets and markets = worth 5 points		
3.1 Evidence of activity in other areas of active ownership & stewardship: voting	To what extent does the organisation demonstrate stewardship and active ownership commitments, such as through voting and proxy voting?	2.0 = Voting across all possible holdings (e.g. directly held equities, or in mandates for fund manager and other third parties to action) 1.0 = Voting across those holdings for which the fund is materially exposed 0 = no voting
3.2 Evidence of activity in other areas of active ownership & stewardship: Corporate Engagement	Thinking about how the organisation demonstrates stewardship commitments, such as corporate engagements, select all of the following that are true.	2.0 = company engagement reporting on activities AND outcomes 1.0 = company engagement reporting on activities only 1.0 = company engagement reporting on outcomes only 0 = no engagement
3.3 Member of collaborative initiative	Is the organisation a member of a collaborative initiative, e.g. Investor Group on Climate Change, Principles for Responsible Investment, Climate Action 100+, other groups?	1.0 = member of more than one group 0.5 = member of one group 0 = no groups
4. Allocating capital = worth 5 points		
4.1 Evidence of systematic and transparent positive screening and/or sustainability investment criteria	What evidence exists of a systematic and transparent process of benefiting stakeholders (positive screening and/or sustainability themed investing)? Select all that apply.	1.0 = Explanation of positive social or sustainability-themed screen, including disclosure of thresholds and materiality for investment (e.g. GRESB, Green Star rating etc.) 1.0 = Extra-financial targets set (e.g. at least 30% lower carbon intensity than index) 1.0 = A targeted plan of systemic company/sector engagement, including case studies or other evidence demonstrating benefit to stakeholders 0 = none of the above
4.2 Evidence of intentional, systematic, and transparent process of contributing to solutions by way of impact investment criteria and measurement	Is there evidence of an intentional, systematic, and transparent process of contributing to solutions (impact investing and measurement of impact)?	1.0 = Investment criteria including intentionality as evidenced by targets, for example (easily accessible on website) and disclosure of thresholds and materiality for investment 1.0 = measurement and reporting on real world outcomes from investment 0 = none of the above

APPENDIX 5: INVESTMENT MANAGERS IN THE RESEARCH UNIVERSE

SURVEY RESPONDENTS

AMP Capital Investors (NZ) Limited	Mercer	QuayStreet Asset Management
ANZ New Zealand Investments Ltd	MFS Investment Management*	Robeco
ASB Group Investments	Milford Asset Management	Salt Funds Management
Booster Financial Services	Mint Asset Management	Simplicity NZ
BT Funds Management NZ / Westpac NZ	New Forests	Southern Pastures
Devon Funds	Northern Trust Asset Management	Trust Management
H.R.L Morrison & Co	Nuveen, a TIAA Company	
Harbour Asset Management	NZ Super Fund	

*Investment manager for whom data was not received during survey period

INVESTMENT MANAGERS ASSESSED BY DESKTOP ANALYSIS

Accident Compensation Corporation	Government Superannuation Fund Authority	Rātā Foundation
AON Master Trust	Kiwi Wealth	Russell Investments NZ
Bay of Plenty Community Trust (BayTrust)	MyFarm Investments	Anglican Financial Care
Bell Asset Management	New Zealand Methodist Trust Association	Trust Waikato
BNZ Investment Services Ltd	NZ Funds	Victoria University of Wellington Foundation
Castle Point Funds Management Limited	Otago Community Trust	WEL Energy Trust
Fisher Funds Management Limited	Pathfinder Asset Management	
Forsyth Barr Investment Management	Pencarrow Private Equity Management Limited	
Foundation North	Pie Funds Management	
Global From Day One Fund	PIMCO Pty Ltd NZ	

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- 2 UNEP FI, *Taskforce on Nature-related Financial Disclosures*, 2021, <<https://www.unepfi.org/news/themes/ecosystems/tbfd-launch/>>.
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- 4 Global Sustainable Investment Alliance, *Global Sustainable Investment Review 2020*, GSIA, 2021, <<http://www.gsi-alliance.org/wp-content/uploads/2021/07/GSIR-2020.pdf>>.
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