

## MEDIA RELEASE

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# Consumers on the money with ethical investing

As New Zealand prepares to release its sustainable finance roadmap, new research shows that more than three-quarters (78%) of New Zealanders with KiwiSaver or other investments believe that ethical or responsible investments perform better in the long term.

The new study, conducted by Dynata for Mindful Money and the Responsible Investment Association Australasia (RIAA), highlights the significant consumer demand for responsible and ethical investment, as the industry continues to grow in its size and influence.

The study finds that savings could be boosted if people see a positive social or environmental benefit from their investments. Nearly two-thirds of New Zealanders would be motivated to save and invest more money if they knew their savings and investments made a positive difference in the world.

“We are seeing overwhelming support from consumers for their hard-earned money to achieve positive outcomes and to avoid causing harm” said RIAA CEO Simon O’Connor. “In an important signal to New Zealand’s KiwiSaver, banking and wealth management sectors, 58% of New Zealanders would consider switching their KiwiSaver or other investments to another provider if their current fund engaged in activities inconsistent with their values.”

“Demand for ethical investing remains strong through the COVID pandemic” says Mindful Money’s founder and CEO, Barry Coates. “Over 90% of those who do not perceive to currently have an ethical investment fund are intending to invest ethically, most of them within the next year. This is evidence of strong growth in the consumer movement.”

“Women and those under 50 years of age are those most likely to expect their money to be invested ethically and to move their money to another provider if they find out they are investing in companies engaged in activities inconsistent with their values” said Coates.

“Analysis from RIAA and global investment houses shows that, across diverse asset classes and time frames, responsible and ethical investment products are largely outperforming their mainstream counterparts. Consumers too are seeing that companies which look after their employees, minimise their impact on the environment, have good governance and protect human rights make for better investments” said O’Connor.

“The survey shows that New Zealanders want to avoid investing in companies that do not reflect their values – human rights violations and labour rights abuses top the list, followed closely by environmental degradation” said Coates. “However, Mindful Money’s analysis of KiwiSaver portfolios shows that over \$4 billion is being invested in the companies and sectors that consumers most want to avoid.”

“While ethical investment is growing strongly, the survey shows there are still barriers to ethical investing, such as a lack of objective information, not enough time to research and compare options, a perceived lack of credible options and misleading claims.”

“We know that despite this growing level of consumer demand, most people simply lack the time to research all the options available. With RIAA’s Responsible Returns online tool and Mindful Money’s fund finder tool, we are making it easier for consumers, with simple, clear tools to help New Zealanders find investment options that match their values” said O’Connor.

The survey reveals that three quarters (76%) of New Zealanders now expect their KiwiSaver or other financial investments to be invested responsibly and ethically.

“RIAA’s *Responsible Investment Benchmark Report New Zealand 2020* shows us that just over half of NZ investment managers (52%) can demonstrate a leading approach that is contributing to real world outcomes. The challenge for the industry is to continue to develop and offer responsible and ethical investing options that meet consumer needs” said O’Connor.

The survey shows that 82% of consumers would be more likely to invest in a product certified by a third party. Underpinning these tools, RIAA runs the world’s longest running Certification Program with the Responsible Investment Certification Mark indicating that a product has been independently verified to assure consumers that they are meeting highest standards of practices and are true to label.

The survey also shows the vast majority of New Zealanders want their savings invested in companies that not only avoid damaging investments, but deliver positive outcomes, notably renewable energy, healthcare and medical products, sustainable water and affordable housing.

Financial advisers should also take note, with 6 out of 10 New Zealanders saying it’s important that financial advisers are knowledgeable about responsible investment options at the same time as prioritising returns on investments.

The results of this survey underscore the importance of a roadmap towards sustainable finance. Next week’s roadmap from the Sustainable Finance Forum can provide a framework to guide the finance sector’s role in achieving a more resilient and sustainable economy, and result in even stronger uptake of responsible investments.

**Available for interview:**

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