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Q1 Overall, do you agree or disagree with [standard 1] and proposed commentary? **Agree**

Q2 Please provide any comments on [standard 1] and the proposed commentary.

Responsible financial advice is about taking in to account the concerns and wishes/values of clients which is consistent with this standard.

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Q3 Overall, do you agree or disagree with [standard 2] and proposed commentary? **Agree**

Q4 Please provide any comments on [standard 2] and the proposed commentary. **Respondent skipped this question**

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Q5 Overall, do you agree or disagree with [standard 3] and proposed commentary? **Agree**

Q6 Please provide any comments on [standard 3] and the proposed commentary. **Respondent skipped this question**

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Q7 Overall, do you agree or disagree with [standard 4] and proposed commentary? **Agree**

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Q8 Please provide any comments on [standard 4] and the proposed commentary.

If clients are agreeing to whether "the nature and scope of the financial advice is acceptable to them", they need to fully understand what's in the portfolio being recommended to them, including whether it's consistent with their values etc.

Current wording of the draft Standard does not preclude Advisers asking the question (like), are there any types and areas of investing you do not want exposure to within your portfolio?; however the absence of this guidance provides a risk that Advisers will not include this consideration in their Advice.

It is now commonly known that considering ESG factors into financial decisions provides nets positive financial performance.

1. RIAA (2018), Responsible Investment Benchmark Report New Zealand
2. Deutsche Asset and Wealth Management (2015), ESG and Corporate Financial Performance: mapping the global landscape
3. Oxford University and Arabesque Partners (2015), From the Stockholder to the Stakeholder
4. Kotsantonis, Sakis, Christopher Pinney, and George Serafeim (Harvard Business School) ESG Integration in Investment Management: Myths and Realities, Journal of Applied Corporate Finance 28, no. 2 (Spring 2016): 10–16
5. Verheyden, T., Eccles, R. G., & Feiner, A. (2016), ESG for All? The Impact of ESG Screening on Return, Risk, and Diversification, Journal of Applied Corporate Finance, 28(2), 47-55, 2016
6. Nagy, Z., Kassam, A. & Lee, Linda-Eling. (2016) Can ESG Add Alpha? An Analysis of ESG Tilt and Momentum Strategies, Journal of Investing, Vol. 25, No. 2, pp. 113-124
7. Statman, M., & Glushkov, D. (2016). Classifying and Measuring the Performance of Socially Responsible Mutual Funds, Journal of Portfolio Management, 42(2), 140-151.

In the spirit of providing "quality advice" to clients RIAA strongly encourages the Committee to include "responsible investing" related issues in the guidance notes that accompany the final Code. Doing so, will also be in step with like leading Codes internationally, and the investing expectations of New Zealanders.

Consumer research undertaken in NZ over August and September 2018 show that a large majority of the public expect that all Kiwisaver and investment funds will be invested ethically (71%). Only 10% of respondents disagreed.

<https://responsibleinvestment.org/consumer-polling/>

I refer you to RIAA's Financial Advisers Guide launched in Auckland in September:

<https://responsibleinvestment.org/wp-content/uploads/2018/09/RIAA-Financial-Adviser-Guide.pdf>

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Q9 Overall, do you agree or disagree with [standard 5] and proposed commentary? **Agree**

Q10 Please provide any comments on [standard 5] and the proposed commentary.

As per comments for Standard 4, RIAA encourages the Committee to ensure the Code's Guidance notes explicitly illustrate "suitability" of advice for the client to include the provision of information relating to the client's values as part of "the client's circumstances.... needs, goals".

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Q11 Overall, do you agree or disagree with [standard 6] and proposed commentary? **Agree**

Q12 Please provide any comments on [standard 6] and the proposed commentary. **Respondent skipped this question**

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Q13 Overall, do you agree or disagree with [standard 7] and proposed commentary? **Agree**

Q14 Please provide any comments on [standard 7] and the proposed commentary. **Respondent skipped this question**

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Q15 Overall, do you agree or disagree with [standard 8] and proposed commentary? **Agree**

Q16 Please provide any comments on [standard 8] and the proposed commentary. **Respondent skipped this question**

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Q17 Overall, do you agree or disagree with [standard 9] and proposed commentary? **Agree**

Q18 Please provide any comments on [standard 9] and the proposed commentary.

Given the material significance of RI to the NZ market - in 2018, \$183.4 billion now managed as responsible investments, up from \$131.3 billion in 2016 and \$79 billion in 2015 - responsible investment should be built in to the Investment Strand of the NZ Certificate in Fin Services (level 5 qualification).

See the full report here: https://responsibleinvestment.org/wp-content/uploads/2018/08/RIAA_RI_Renchmark_Report_NZ_2018v7.pdf

RIAA developed and supports the ongoing roll out of responsible investing education for investment and financial advice practitioners. The RIAA RI Academy is now operated by the Principles for Responsible Investment - RIAA is a partner in this.

Visit the website for the RI Academy here: <https://priacademy.org/>

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Q19 Overall, do you agree or disagree with [standard 10] and proposed commentary? **Agree**

Q20 Please provide any comments on [standard 10] and the proposed commentary.

RIAA's Certified RI Financial Advisers are required to undertake continuing professional development and amass a requisite Continuing Education Credits to secure renewal of certification.

RIAA also runs regular events aimed at providing members and other stakeholders with updates on RI trends and emergent issues, as well as case studies on leading industry practice.

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Q21 Overall, do you agree or disagree with [standard 11] and proposed commentary? **Agree**

Q22 Please provide any comments on [standard 11] and the proposed commentary. **Respondent skipped this question**

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Q23 Overall, do you agree or disagree with [standard 12] and proposed commentary? **Neither agree nor disagree**

Q24 Please provide any comments on [standard 12] and the proposed commentary. **Respondent skipped this question**

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Q25 Is there anything missing from the draft Code? **Yes**

Q26 If you answered yes, what is missing?

Comment already provided vis a vis the opportunity to definitively call out "quality advice" being advice that takes into account the client's interests and needs - their values.

The Code is clean and clear and so the opportunity is to include this by way of a Guidance note, and/or illustration in a case study of advice given.

Q27 Do you have any feedback on the examples, or suggestions on other examples that should be included in the draft Code?

Please view the Financial Adviser Guide which was launched in Auckland in September, particularly the section "Getting Started" and the Supplementary ESG Fact Find Questions at the end of the document. These could be useful for reference in a Guidance note.

<https://responsibleinvestment.org/wp-content/uploads/2018/09/RIAA-Financial-Adviser-Guide.pdf>

Q28 Is there anything else you want to say?

Congratulations to the Code Committee. The content and process have both been professionally executed.

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Q29 Name

Nicolette Boele

Q30 Your role or professional title

Executive Manager

Q31 Individual or organisational submission

This is a submission on behalf of an organisation (eg employer)

Q32 If you give financial advice...

I am not an AFA, RFA or QFE adviser

Q33 My organisation or I give the following types of advice...

My organisation or I do not give financial advice

Q34 Organisation Name

Responsible Investment Association Australasia

Q35 Type of organisation

Industry body

Q36 Size of organisation

Small firm (1-10 staff)

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Q37 If there are other things we should know about you or your business that would provide context to your answers, please provide details below.

RIAA/Mindful Money Consumer Research of 2018 showed 6 in 10 New Zealanders with KiwiSaver or other financial investments would consider moving their investment if they found out their investment was being made in companies whose activities do not align with their personal values. This is less likely among those aged under 30.

56% with KiwiSaver or other financial investments believe it's important that their investment schemes consider environmental, social and governance factors (alongside financial analysis); only 22% stated "not important".

In terms of the barriers for more uptake of ethical/ESG products, 50% agreed that there is not enough independent information available.

7 in 10 people with KiwiSaver or other financial investments believe it's important for an investment company to avoid companies or sectors they don't agree with.

RIAA urges the Committee to consider the findings in this recent, relevant research as why the elevation and call out of responsible and ethical investing is material to the future of quality financial advice in New Zealand.

Full first report can be found here: <https://responsibleinvestment.org/wp-content/uploads/2018/09/RIAA-NZ-Consumer-survey-2018-final-report.pdf>

Q38 Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions.

No confidential information contained. Feel free to publish any material herein.

Q39 Please provide your contact details (email and/or phone number) This is the only question that requires an answer. This information would not be released publicly. We may get in touch with you in order to help us understand particular points from your submission.

s 9(2)(a)