

Hon Dr David Clark

MP for Dunedin

Minister of Commerce and Consumer Affairs
Minister for the Digital Economy and Communications
Minister for State Owned Enterprises
Minister of Statistics
Minister Responsible for the Earthquake Commission



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Professor Emeritus Slooten
Chair of Wise Response Society
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Dear Professor Slooten,

Thank you for your letter of 2 October 2021 to the Prime Minister regarding ethical investing. This has been transferred to me as the matters you raised are more closely aligned with my Commerce and Consumer Affairs portfolio.

Firstly, I would like to note that I understand and appreciate the sentiment behind your open letter. However, the Government also recognises that 'responsible' or 'ethical' investment can mean different things to different people. Some people have a particular focus on green investment while others want funds to exclude companies that produce alcohol or 'junk' foods. People will also have different standards for what they expect when it comes to different areas of investment. This means that the Government's role in encouraging ethical investing can often be a balancing act in order to cater for what every New Zealander would like to see prioritised. This balancing can lead to disappointment for some when policy decisions are made.

Nevertheless, taking action on climate change remains a high priority for this Government and we are proactively taking steps in the financial sector to encourage ethical and sustainable investing when it comes to our environment.

You may have seen that the Government has recently passed the Financial Sector (Climate-related Disclosures and Other matters) Amendment Act. This world-leading legislation is a huge step forward and will require mandatory climate-related disclosures by large financial institutions. Once fully in force, it will mean the effects of climate change become routinely considered in New Zealand business, investment, lending and insurance underwriting decisions.

The Government has also recently appointed new default KiwiSaver providers and made changes to default KiwiSaver fund settings. As a result of these changes, from 1 December 2021 default KiwiSaver funds will not be able to invest in fossil fuel production and illegal weapons. The Government made these changes because we know that is what New Zealanders want. Default KiwiSaver providers must also have an Environmental, Social and Governance policy published on their website to help KiwiSaver members make informed decisions. I note the concerns you raised in your letter about this kind of reporting, but I believe that this is a step towards better transparency around investments.

Another example of our eagerness to encourage sustainable investing is the Government's recently issued Crown Responsible Investment Framework. This framework aims to ensure investment decisions by New Zealand's largest investment managers, including the NZ Super Fund, Accident Compensation Corporation and the Government Superannuation Fund, will be carbon neutral by 2050.

Thank you for writing to the Prime Minister about this important issue. I have also passed your correspondence onto my officials for their consideration.

Yours sincerely,



Hon Dr David Clark
Minister of Commerce and Consumer Affairs