



# STAKEHOLDER ENGAGEMENT RESEARCH

GUARDIANS OF NEW ZEALAND SUPERANNUATION

Quantitative report

12<sup>th</sup> June 2015

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## Executive summary

## Objective

The Guardians has commissioned Colmar Brunton to understand how effective it is in its engagement and communications with stakeholders. This research provides direction for communication strategy, insight into stakeholders' perceptions and knowledge of the organisation, and helps to provide an understanding of what stakeholders want, what drives their satisfaction, and how the Guardians measures up to this.

## Method

An online survey with 262 stakeholders was conducted between 31 March and 22 April 2015. This survey was the second phase of the Guardians' stakeholder research, following a qualitative phase conducted in late 2014.

## Stakeholder profile

- Over half of stakeholders are based in New Zealand (54%), with the remainder based overseas (international stakeholders) (45%).
- Stakeholders were grouped into segments with around a fifth of stakeholders or less in each segment: Peer fund or investee company (23%), supplier of investment services (21%), industry body or political representative (20%), investment, asset or transition manager (18%) and custodian or supplier of non-investment services (16%).
- More New Zealand stakeholders are represented by the industry body or political representative segment (28%) than international stakeholders (10%). International stakeholders are more represented by the supplier of investment services segment (29%) than New Zealand stakeholders (15%).
- A third of stakeholders have had a stakeholder relationship with the Guardians for six years or more (31%). Just under half have had a relationship with the Guardians for three to five years (45%) and the remaining quarter for two years or less (25%).

## Satisfaction with the Guardians' service quality

- More than 4 in 5 stakeholders (85%) are satisfied with the Guardians' overall service quality, higher than the average quality of service received by the general public in the latest KiwisCount survey (73%\*).
- International stakeholders are more satisfied with the Guardians' overall service quality (92%) than New Zealand stakeholders (79%).
- When presented with a list of attributes, stakeholders most commonly selected 'professional', 'competent' and 'trustworthy' to describe the Guardians. This is consistent with how stakeholders described the Guardians in the qualitative research.

## Performance

- The large majority of stakeholders agree that the Guardians are performing in accordance with the three pillars of their mandate.
- General perceptions of the Guardians are positive, with 9 in 10 stakeholders agreeing that the Guardians attract staff of a high calibre, are strong leaders, experts in investment and are forward thinking in their investment approaches.
- Consistent with the findings of the qualitative research, the majority of stakeholders are pleased with the way the Guardians manages the Fund, agreeing that approaches to investment are responsible, the Guardians make good investment decisions overall and that they have achieved an excellent return rate on investments over the lifetime of the Fund.
- Service quality provided by the Guardians' staff is "first rate", with the vast majority of stakeholders agreeing with the various measures of service quality. Guardians' staff are rated most highly with regard to their competency, collaboration with stakeholders, helpfulness, and doing a good job overall.
- The strongest drivers of stakeholder satisfaction in terms of performance are: the Guardians attracting and retaining high quality staff, making good investment decisions, investing responsibly, using best practice portfolio management and being strong leaders.

## Engagement

- Stakeholders rate the Guardians' communications favourably, particularly with regard to transparency. Around 9 in 10 stakeholders rate their relationship with the Guardians positively, agreeing that they have effective working relationships with stakeholders.
- As indicated by the qualitative research, the type and frequency of contact with the Guardians relates to the type of stakeholder relationship. Stakeholders who supply investment services to the Guardians have the most frequent contact with the Guardians.
- Nearly all visitors to the NZ Super Fund website, and readers of the annual report, rate these channels positively. This supports the conclusion from the qualitative phase that stakeholders find the annual report and website informative and easy to read.
- The strongest drivers of stakeholder satisfaction with regard to engagement or communications are: Guardians having effective working relationships with stakeholders and the New Zealand Government (for NZ stakeholders), and adequately communicating the risk involved in their investments (for international stakeholders).

## Leadership

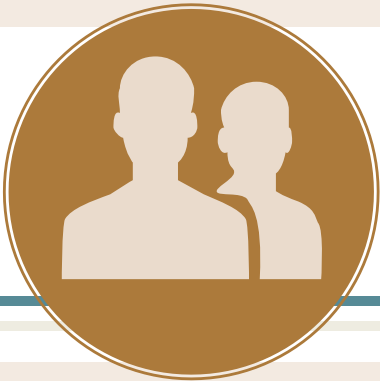
- A small majority (55%) of stakeholders have some knowledge of who is on the Guardians' board. More New Zealand stakeholders have awareness of board members (71%) than international stakeholders (36%), supporting the finding from the qualitative research that improving visibility of board members is an area to focus on.
- The board's operational independence from New Zealand Government is very important to nearly three quarters of stakeholders (73%).

## Leadership continued

- Stakeholders who are aware of who is on the board hold very favourable perceptions of board members, agreeing that they are competent investment professionals. Some New Zealand stakeholders suggest that board (and senior leadership) remuneration levels should be increased to reflect the magnitude of their responsibilities and ensure that the best talent is retained.
- Stakeholders also hold very positive perceptions regarding the Guardians' senior leadership team. 94% of stakeholders are confident that senior leadership do a good job, are competent investment professionals and have high levels of integrity. These highly positive perceptions of senior leadership highlight the importance of the qualitative research finding that stakeholders would like to see succession planning to give them confidence if any key members of the senior leadership team were to depart.
- Drivers of stakeholder satisfaction with regard to leadership are: staff being helpful, competent and doing a good job overall (particularly for New Zealand stakeholders) and the board making decisions independently from Governmental influence (particularly for international stakeholders).

## Areas for improvement

- Consistent with the qualitative research, stakeholders are largely satisfied with the Guardians across the areas of performance, engagement and leadership; they want the Guardians to 'keep doing what they are doing'.
- There is opportunity to improve on the following measures, which are strong drivers of stakeholder satisfaction, yet the Guardians are performing relatively less well on: Guardians attracting and retaining high quality staff, having robust risk management processes, having effective working relationships with their stakeholders, the board making decisions independently from Governmental influence and staff being willing to consider others' perspectives and discuss issues.
- There is also an opportunity to increase the visibility of the Guardians' board members, in particular with international stakeholders, as suggested in the qualitative phase of this research.
- Stakeholders who made unprompted suggestions for improvement mentioned increasing the general public's knowledge of the Guardians and what they do, sharing more industry insights or lessons with stakeholders, providing more frequent updates, and being more proactive about sensible investment (e.g. not investing in areas which damage the environment).
- In terms of performance, the lowest ranking measure relates to ensuring the Fund has an appropriate mix of New Zealand and global investments. This confirms the finding of the qualitative research that some New Zealand stakeholders feel the Fund does not invest enough in New Zealand businesses, indicating that there is room for improvement or further explanation.



The need for the research

# The Guardians of New Zealand Superannuation

The New Zealand Superannuation Fund (the Fund) was established over ten years ago to help pay for the increasing costs of superannuation entitlements in the future.

The Guardians of New Zealand Superannuation (the Guardians) is the Crown agency charged with managing the Fund. It is an autonomous Crown entity that operates at 'double-arm's-length' from political stakeholders. Its operational independence ensures it makes investment decisions on a purely commercial basis.

The Guardians invests the money the Government has contributed to the Fund. Since the Global Financial Crisis in 2008/2009, the Government ceased its contributions to the Fund. These are scheduled to restart once core Crown net debt is 20% of GDP (forecasted for 2020/2021).

Under the Act\*, the Guardians must invest the Fund on a prudent, commercial basis, and in doing so, must manage and administer the Fund in a manner consistent with:

- Best-practice portfolio management
- Maximising return without undue risk to the Fund as a whole
- Avoiding prejudice to New Zealand's reputation as a responsible member of the world community.

## Research need

The Guardians has a range of political, business and supplier stakeholder relationships both within New Zealand and globally. Maintaining strong partnerships with these stakeholders is crucial.

The Guardians therefore sought to understand how effective it is in its engagement and communications with its stakeholders. The research will provide direction for communication strategy, insight into perceptions and knowledge of the organisation, and help provide an understanding of what stakeholders want, what drives their satisfaction, and how the Guardians measures up to this.

**This document reports on the findings from the quantitative stage of the research. A preceding stage of qualitative research with stakeholders was conducted in late 2014.**





An online survey with stakeholders was conducted between 31 March and 22 April 2015<sup>1</sup>.




Before the survey, a pre-notification email was sent from the Chief Executive Officer of the Guardians. Colmar Brunton then emailed the survey invitation to a list of 812 stakeholders. Three email reminders were sent during fieldwork in order to maximise the response rate.



262 stakeholders responded to the survey – a response rate of 32%.

The questionnaire took an average of 16 minutes to complete, covering the following topics<sup>2</sup>:

- 
- General perceptions of the Guardians
  - Satisfaction with the Guardians' performance and management of the Fund
  - Satisfaction with the Guardians' communication with stakeholders
  - The nature of interactions between the Guardians and stakeholders (frequency and type)
  - Satisfaction with the NZ Super Fund website and annual reports
  - Satisfaction with the Guardians' service quality
  - Stakeholders' satisfaction with their relationship with the Guardians
  - Perceptions of the Board and senior leadership team
  - Stakeholder perceptions of the importance of the Guardians board operating independently from the New Zealand Government.

<sup>1</sup> A pilot survey with 8 stakeholders was conducted between 24 February and 1 March 2015.

<sup>2</sup> See appendix C for questionnaire.



## Stakeholder profiles

# Profile of stakeholders in this survey

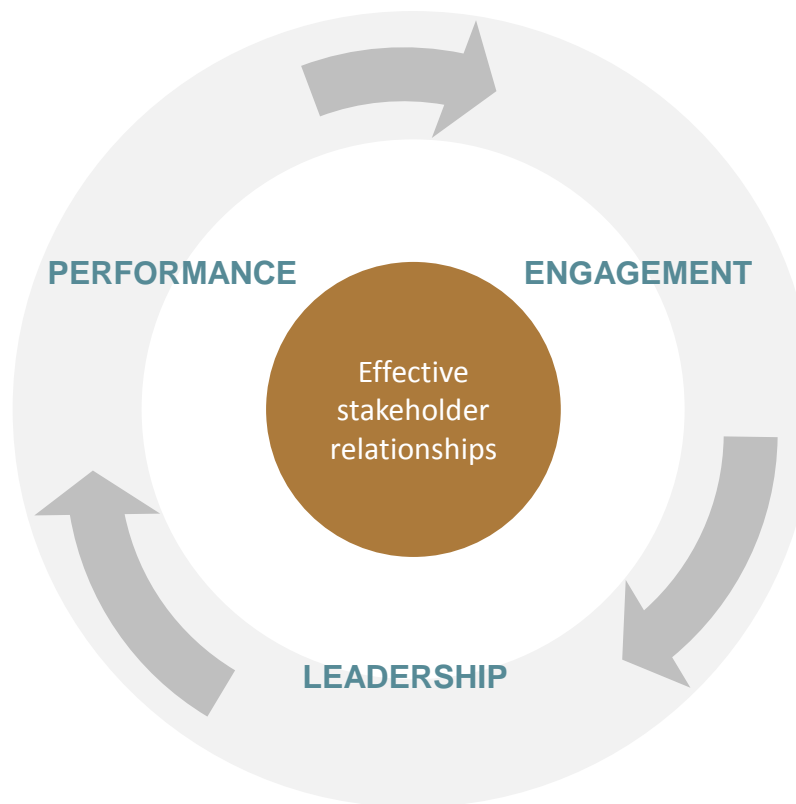
	Total	New Zealand stakeholders	International stakeholders
<b>Total</b>	<b>n=262</b>	<b>n=142</b>	<b>n=119</b>
Peer fund or investee company	23%	19%	27%
Supplier of investment services	21%	15%	29%
Industry body or political representative	20%	28%	10%
Investment, asset or transition manager	18%	18%	18%
Custodian or supplier of non-investment services	16%	17%	14%
High level of contact with Guardians (weekly or monthly)	39%	39%	39%
Medium level of contact with Guardians (every few months)	24%	23%	24%
Low level of contact with Guardians (a few times a year or less)	32%	31%	34%
Stakeholder relationship of six years or more	31%	36%	24%
Stakeholder relationship of three to five years	45%	43%	47%
Stakeholder relationship of two years or less	25%	21%	29%



# Elements of effective stakeholder relationships with the Guardians

## The Guardians' relationships with its stakeholders comprises three core elements

How the Guardians is performing against its **mission and mandate**.



How the Guardians **interacts and communicates** with its stakeholders and perceptions of the **calibre of staff**.

The level of confidence and trust in the Guardians' **leadership of the sector** and in the **leadership team**.

Effective stakeholder relationships with the Guardians entails success in these three areas. The following three sections discuss stakeholders' perceptions of each of these three areas in detail. While the elements are discussed separately, in reality, they are highly inter-connected.

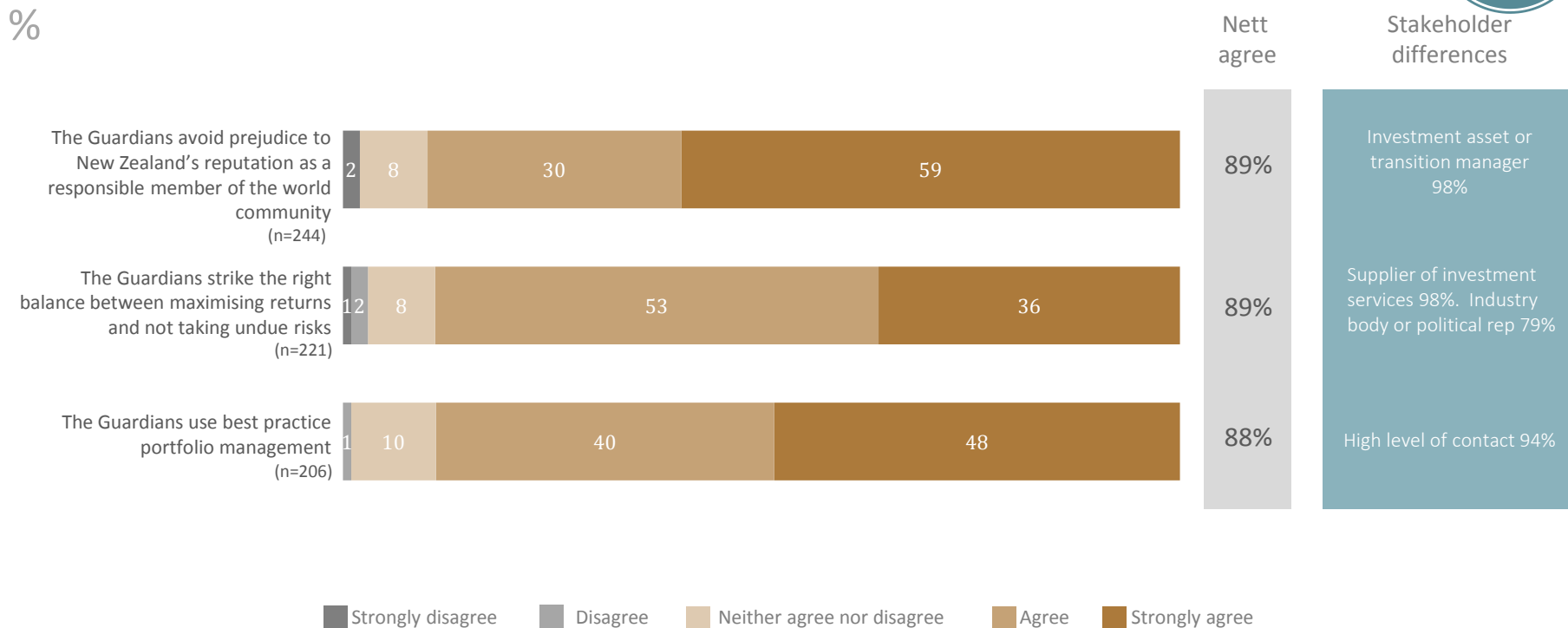


## Stakeholders' perceptions of the Guardians' performance

# The large majority of stakeholders rate the Guardians as performing in accordance with their mandate.



## Key pillars of the Guardians' mandate

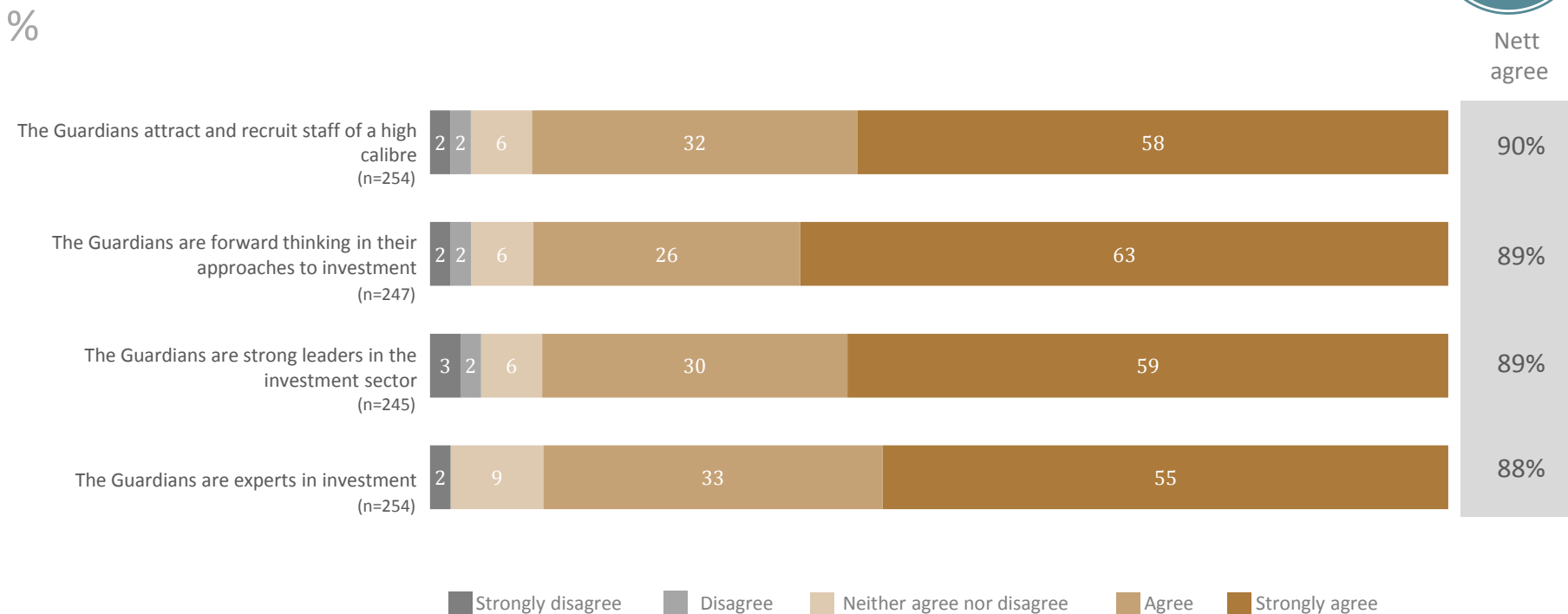


Base: All stakeholders excluding 'don't know' responses  
Source: Q3 & Q4

“The team are excellent at communicating the mandate and how they differ in their explicit mandate from other similar entities.”  
**International stakeholder, Broker, counterparty or portfolio completion agent**

Stakeholders hold positive perceptions of the Guardians, with 9 in 10 agreeing that the Guardians attract staff of a high calibre, are strong leaders, and are forward thinking in their investment approaches.

## Stakeholders' perceptions of the Guardians



Base: All stakeholders excluding 'don't know' responses  
Source: Q3

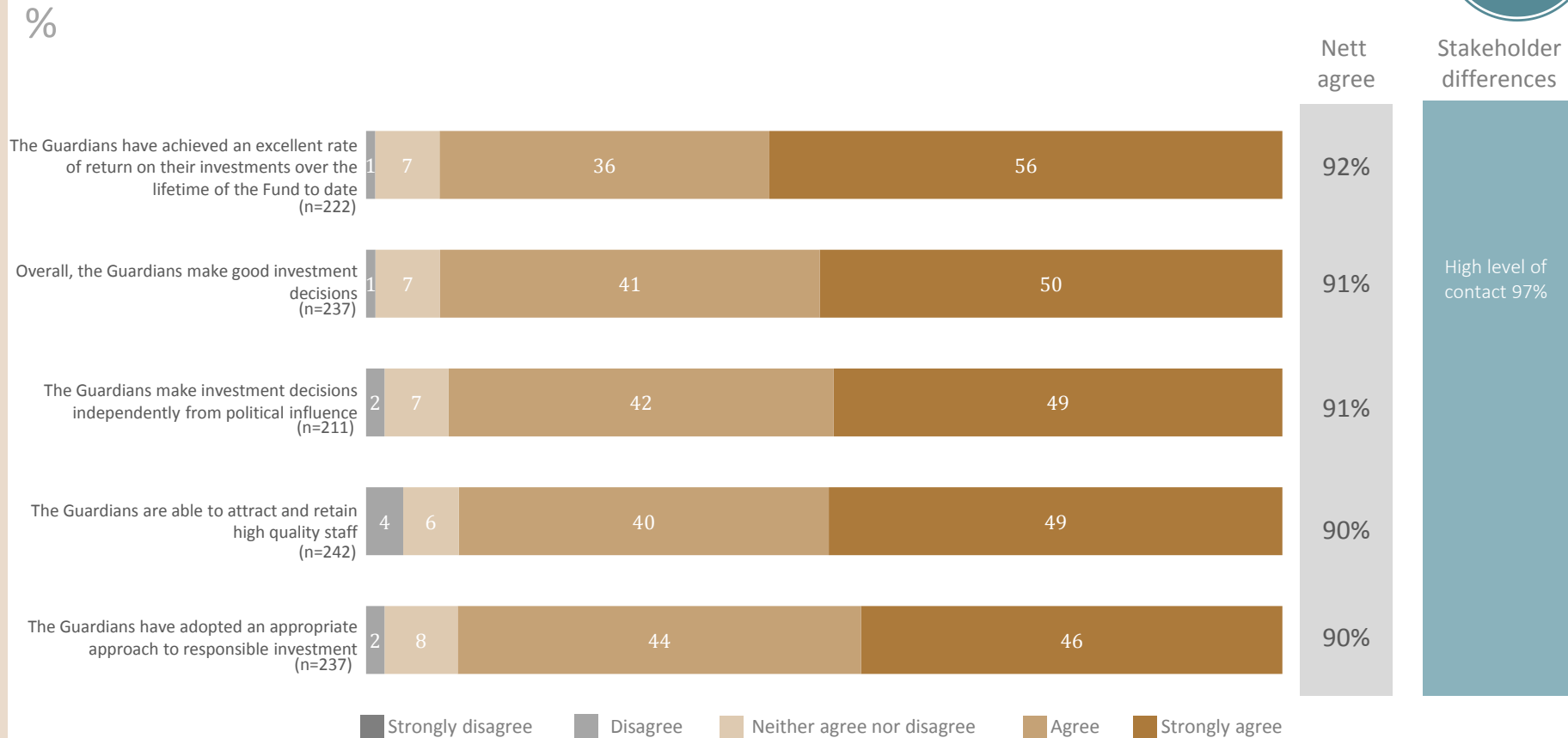
“They are expert, highly skilled and great contributors at the investment board level.”  
**International stakeholder, Investee company**



More than 9 in 10 stakeholders agree that the Guardians make good investment decisions, have achieved an excellent rate of return on investments and make investment decisions independently from political influence.



## Stakeholders' perceptions of the Guardians' performance



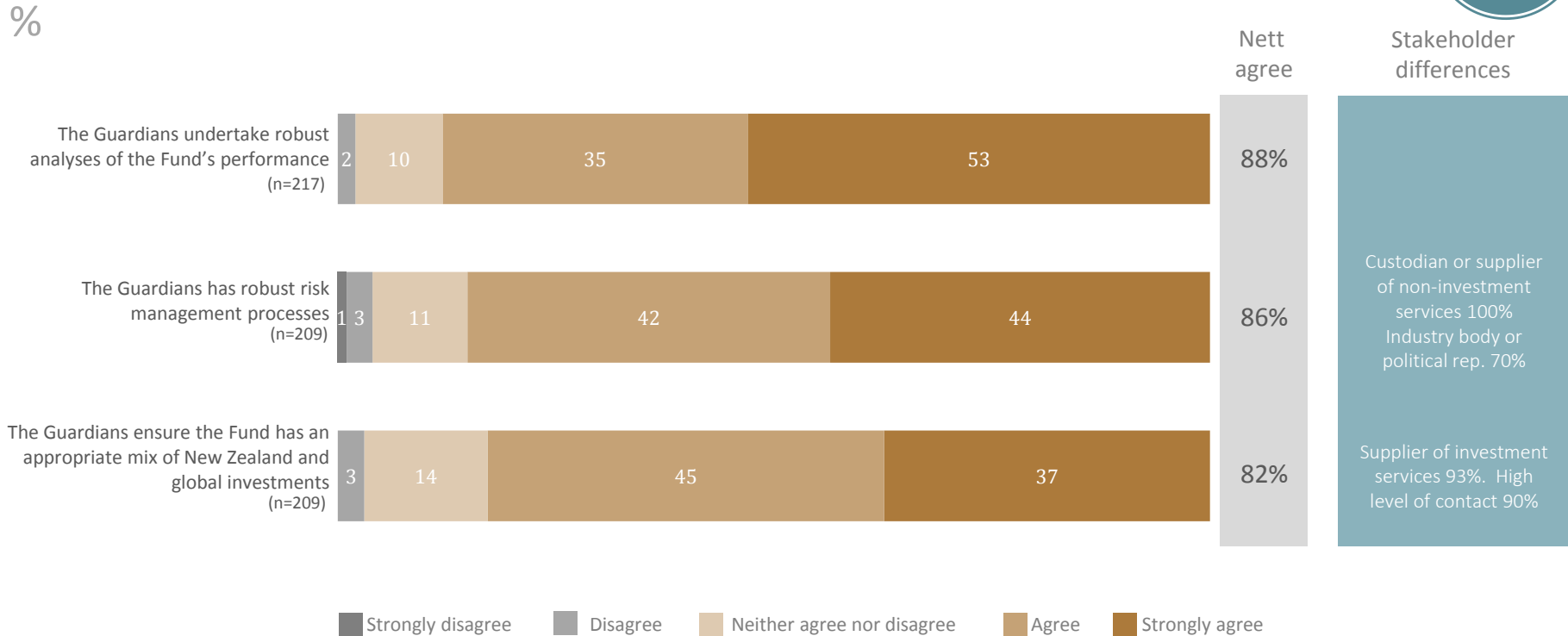
Base: All stakeholders excluding 'don't know' responses  
Source: Q4

“NZ Super Fund is extremely well connected to all of the key official and financial institutions. They are held up as the gold standard globally.”  
International stakeholder, Broker, counterparty or portfolio completion agent

Over 80% of stakeholders agree that the Guardians undertake robust Fund performance analyses and have robust risk management processes. Whilst a majority of stakeholders agree that the Fund has an appropriate mix of NZ and global investments, this is the lowest ranking measure of the Guardians' performance.



## Stakeholders' perceptions of the Guardians' performance (cont.)



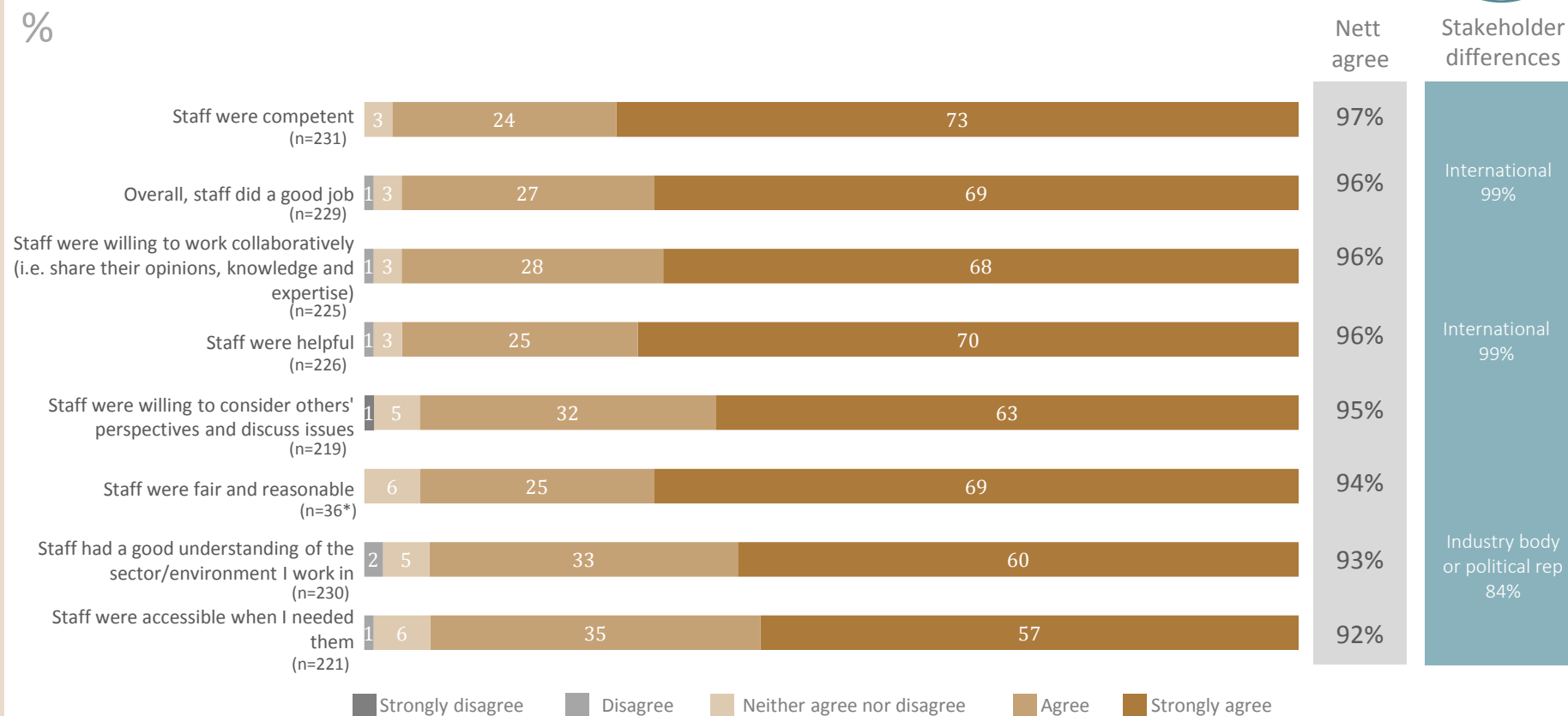
Base: All stakeholders excluding 'don't know' responses  
Source: Q4

“More information on the reasons they outperform or underperform on the reference portfolio. More information on the operations of their direct investments.”  
**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**

Service quality provided by the Guardians' staff is "first rate", with the vast majority of stakeholders agreeing with the various measures of service quality. Guardians' staff are rated most highly in terms of competency, collaboration, helpfulness and doing a good job overall.



## Stakeholders' perceptions of the Guardians' service quality



Base: All stakeholders excluding 'don't know' and 'not applicable' responses

Source: Q12

\* Asked of suppliers only



*"My conversations with staff were always first rate; I left every call with a clear understanding."*

**International stakeholder, Broker, counterparty or portfolio completion agent**

# 85% of stakeholders are satisfied or very satisfied with the Guardians' overall quality of service.



## Stakeholders' satisfaction with the Guardians' service quality

%

Nett Satisfied



The Guardians overall service quality rating is significantly higher than the quality of service received by the general public across all public services in September 2014.

According to the KiwisCount survey report of February 2015 by the State Services Commission, the overall quality of service score\* for the general public was 73% whereas the quality of service score for the Guardians is 85%.

## Satisfaction with service quality is significantly higher among



International stakeholders 92%

than



New Zealand stakeholders 79%

Base: All stakeholders, n=262  
Source: Q13

\* The KiwisCount survey produces a quality of service score from 0 (the lowest score possible) to 100 (the highest score possible) for a number of government services. The quality of service score is not the same as the proportion who were satisfied (nett). Instead, it is a score derived by translating the answer given to the question 'how satisfied were you with the overall quality of service delivery, where 1 means very dissatisfied and 5 means very satisfied'. Respondents giving an answer of 1 are allocated a service quality score of 0, 2 are allocated a score of 25, 3 = 50, 4 = 75 and 5 = 100. An average score from 0 to 100 is then calculated across all respondents which translates the answers given to the question into an average score.

## STAKEHOLDER COMMENTS

*“The fact that other superannuation funds in Australasia look to emulate New Zealand Super Fund speaks volumes. Imitation is the highest form of flattery.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

*“Very accessible, open and consistently impressive.”*

**International stakeholder, Peer fund, co-investor, limited partner**

*“The Guardians unequivocally sets the benchmark for the manner in which it manages its external relationships. They engage us with a respect, sensitivity and governance that continually surprises, motivating us to reciprocate with only our best.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

*“We have a good relationship with the staff at NZ Super Fund with regular meetings and more regular engagement as required. This is all complemented by transparent reporting from us that enables robust discussion and allows us all to improve the performance of the asset. Overall, the relationship works well.”*

**New Zealand stakeholder, Investment, asset or transition manager**

*“[We] have a very good working relationship. They stay on top of their investments.”*

**International stakeholder, Investment, asset or transition manager**

*“I think the NZSF is doing an excellent job – the best amongst its sovereign wealth fund peers.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

*“NZ Super Fund are a very high quality organisation to deal with. Very clear on strategy and investment criteria. Clear thinking and communicate directly, which is good.”*

**New Zealand stakeholder, Supplier of investment services**

*“Very professional in all engagements, and clearly interested in longer term lead indicators such as culture and future plans. Longer term and balanced interests (on a number of factors) than most investors.”*

**New Zealand stakeholder, Investee company**

*“The current relationship that our business has with the Guardians is good. We receive regular feedback when working with them and they continue to keep us in touch.”*

**New Zealand stakeholder, Supplier of non-investment services**

*“Appreciate the professionalism they provide.”*

**New Zealand stakeholder, Investment or asset manager including transition manager**

*“I think they are stars. They punch above their weight.”*

**International stakeholder, Supplier of non-investment services**



# Key differences between New Zealand and International stakeholders

	<h2>New Zealand stakeholders</h2>		<h2>International stakeholders</h2>
	<p>79% satisfied or very satisfied</p>		<p>92% satisfied or very satisfied</p>
	<p>More likely to be in the industry body or political representative stakeholder group</p>		<p>More likely to be in the supplier of investment services stakeholder group</p>
	<p><i>Key drivers of satisfaction:</i></p> <ul style="list-style-type: none"> <li>- Quality of relationships with staff</li> <li>- Collaboration with stakeholders</li> </ul>		<p><i>Key drivers of satisfaction:</i></p> <ul style="list-style-type: none"> <li>- Transparency with stakeholders</li> <li>- Communication with stakeholders</li> </ul>
	<p>Whilst it is uncommon, they are more likely to describe the Guardians as complicated, slow and arrogant.</p>		<p>More likely to describe the Guardians as open and transparent, collaborative, respectful and innovative</p>
	<p><i>Suggestions for improvement:</i></p> <ul style="list-style-type: none"> <li>- Provide clarity/publicity to the general public on what the Guardians' role is</li> <li>- Be more proactive about sensible investment (e.g. not in weapons/damaging environment)</li> <li>- Interact more or have more informal chats</li> <li>- Adjust staff remuneration upwards to attract and retain best talent.</li> </ul>		<p><i>Suggestions for improvement:</i></p> <ul style="list-style-type: none"> <li>- Provide clear information on strategy/investment criteria</li> <li>- Have more regular updates</li> <li>- Be more accessible/easier to reach</li> <li>- Share more industry/market insights and developments.</li> </ul>

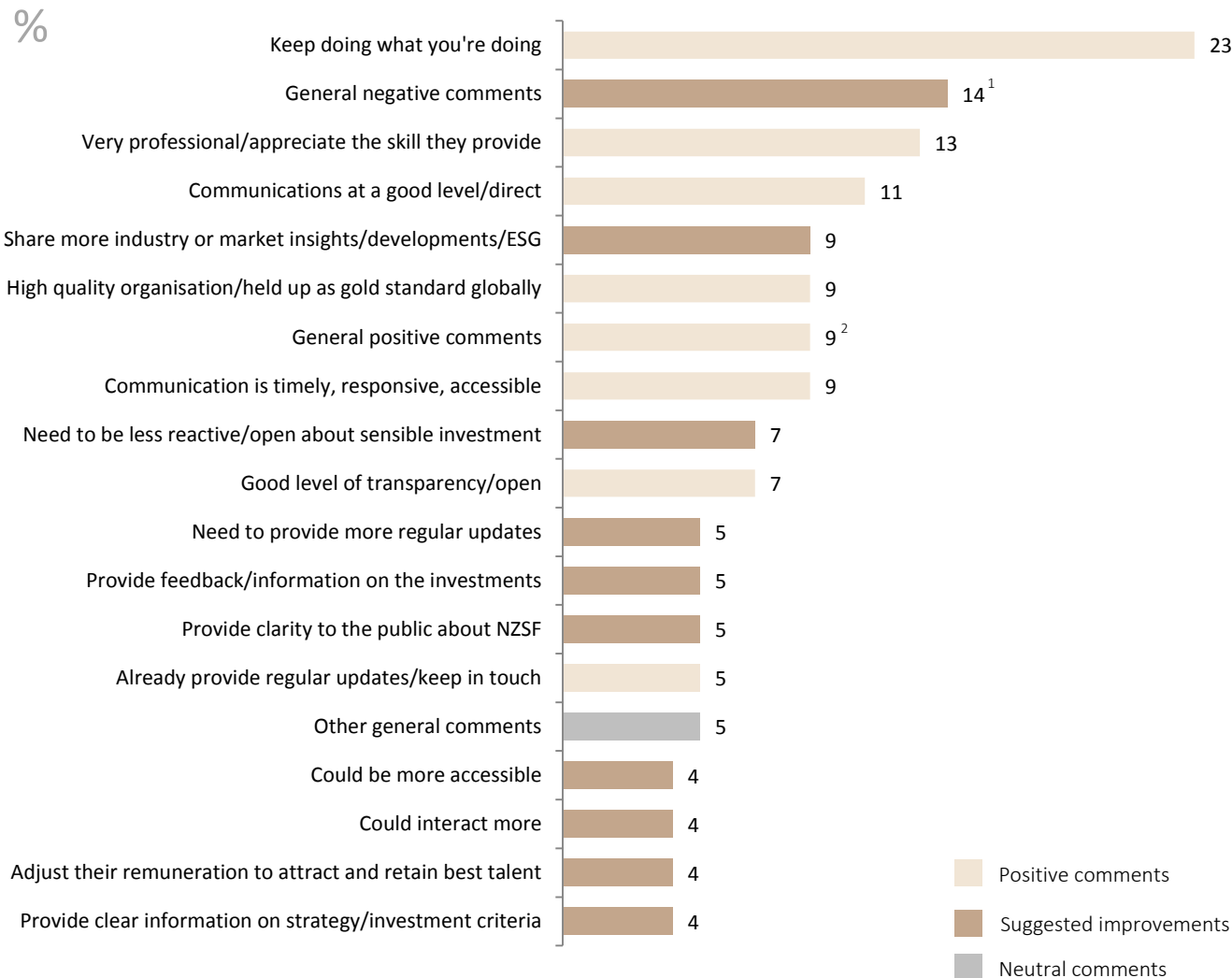


*“Could be more pre-emptive with respect to publishing and clarifying policies on investment in 'sensitive' businesses (e.g. arms manufacture).”*  
**New Zealand stakeholder, Investee company**



*“I have been very impressed and appreciative of the NZ Super Fund staff I have dealt with as a Peer Fund, sharing ideas and experiences on common issues. All peer funds have benefited from these interactions.”*  
**International stakeholder, Peer fund**

# Stakeholders' suggestions for improvement



## “ STAKEHOLDER COMMENTS

*“I think it would be interesting if the Guardians were to provide feedback to their providers.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

*“I think more clarity for the public on how NZ Super Fund work would be useful.”*

**New Zealand stakeholder, News media**

*“Try to upskill the financial media of New Zealand.”*

**New Zealand stakeholder, Other type of stakeholder**

*“It would be beneficial to NZ if the NZ Super Fund embedded in its objectives a commitment to investing in a manner that supports the development of NZ’s capital markets.”*

**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**

*“There is still a lot of ignorance in NZ about what NZ Super Fund does and how it operates.”*

**New Zealand stakeholder, News media**

Base: All stakeholders, excluding ‘don’t know’ responses (n=56)

Source: Q20

<sup>1</sup> Example: “The Guardians have skill in investment but when their team start to stray into operational matters their attitude to operational risk will lead to excessive complication and be detrimental to performance.” **New Zealand stakeholder, Investment, asset or transition manager.**

<sup>2</sup> Example: “It’s showing initiative and inclusiveness to conduct this survey. However, as I go through it, I find myself contemplating whether the questions are a bit too much “fishing for compliments”, given the way they are formulated. The Fund is run by a group of very competent people. They know that and will get confirmation of that perception through this survey.” **International stakeholder, Other**

## STAKEHOLDER COMMENTS



*“I am interested in hearing progress on development of the climate risk strategy.”*

**New Zealand stakeholder, Parliamentary or political party representative**

*“Could be more open in criticising the NZ companies they are invested in when the occasion demands. Probably too accepting of some failures by boards and management when a good kick could provide the impetus for positive change.”*

**New Zealand stakeholder, Non-governmental organisation**

*“Mainly, acknowledge that the Guardians are often one party in an investment and the operation usually has to consider many others as well. Not a criticism, just needs to be kept high on the partnership radar.”*

**New Zealand stakeholder, Investment, asset or transition manager**

*“I have a lot of respect for the Super Fund, but must add that the Guardians are largely reactive on responsible investment. It’s hard to understand how they can continue to justify profiting from investments in nuclear weapons manufacturers, companies that do damage to the environment and are responsible for climate change. They are investing for the long-term but ignoring the consequences of catastrophic climate change. That won’t work for very long.”*

**New Zealand stakeholder, Parliamentary or political party representative**

*“This whole ESG thing... I don’t buy it. It’s a shame, too, as ESG is good stuff, but if it weren’t for the potential to be in the press about unethical investment, they wouldn’t bother or care.”*

**New Zealand stakeholder, Investment, asset or transition manager**

*“It would be very useful if the Guardians prepared an academic lecture about the role of the Guardians, their purpose and how this effects investment strategy, as well as key issues they face... Provide the country’s future investment managers with a sense of the great things that can be achieved with well thought through investment decisions.”*

**New Zealand stakeholder, Local or central Government official**

*“If NZ Super Fund wants to see a vibrant financial market flourish and develop in New Zealand, then they should reconsider whether they are paying enough in commissions to supplier firms... They are paying a commission rate that makes it barely profitable to service them in an adequate way.”*

**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**



Stakeholders most commonly describe the Guardians as professional, competent and trustworthy.

Stakeholders were asked to imagine that the Guardians were a person with its own personality and select attributes that they would associate with the Guardians' personality. This chart presents the results to this question in the form of a 'word cloud'. The word cloud highlights the most common attributes selected by stakeholders, with larger words indicating that they were more commonly chosen.



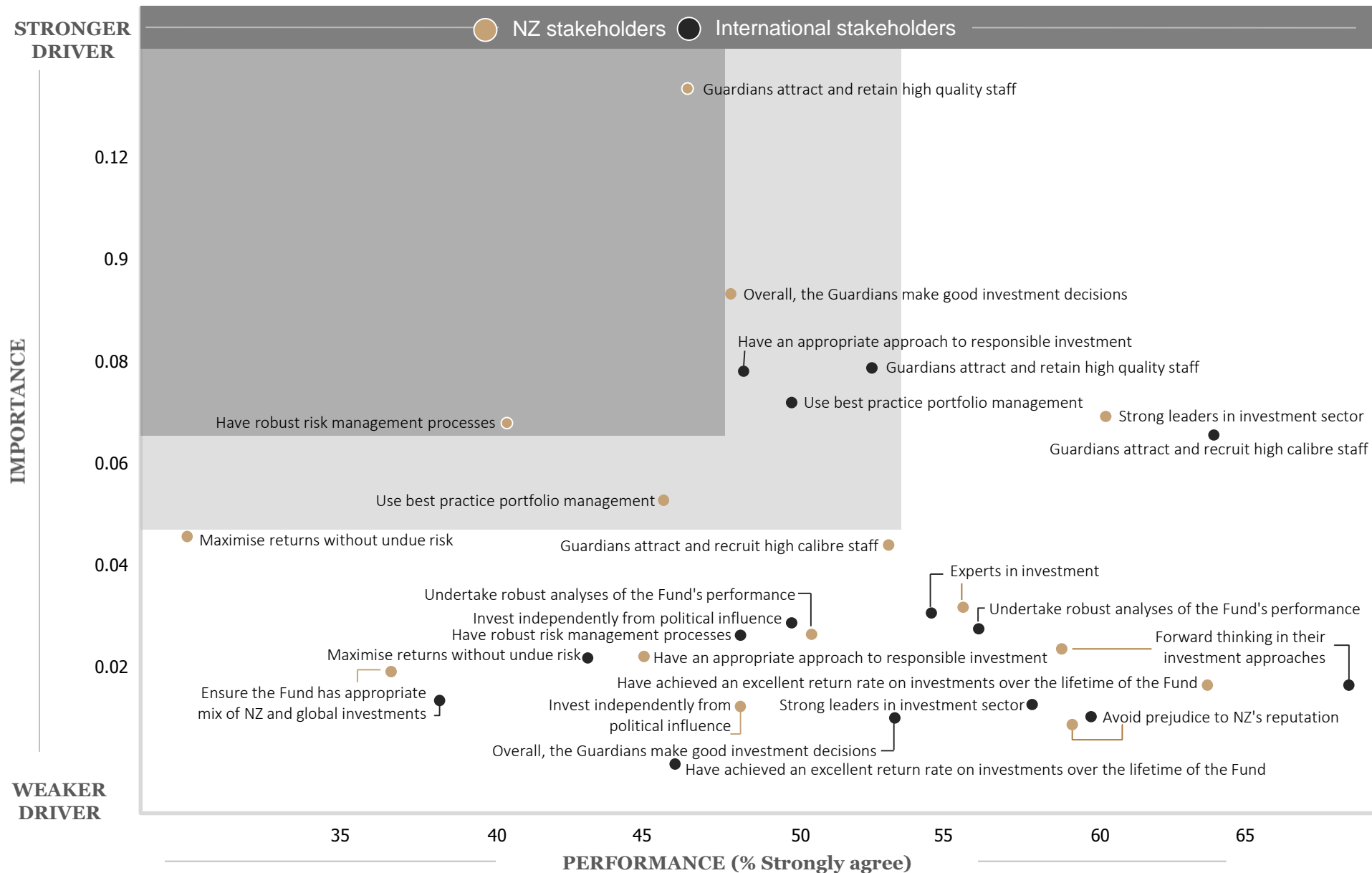
# Drivers of stakeholder satisfaction and priorities for improvement

These charts indicate which attributes the Guardians should focus on to increase stakeholders' satisfaction. Attributes towards the top are important to stakeholders (they are strong drivers of overall satisfaction\*). Stakeholders think there is room to improve on attributes towards the left (relative to attributes towards the right). To lift stakeholders' satisfaction, the Guardians first priority should be to focus on improving attributes in the dark grey 'first priority' box followed by second, and then third, priority attributes. Due to the difference in satisfaction for New Zealand and international stakeholders, attributes are presented independently for each of these stakeholder groups.



\* The importance index is calculated using a combination of statistical analysis techniques (regression and correlation). By examining these results together, we can establish both the relative level of importance of a given element in terms of driving overall satisfaction, and performance on this same element.

# Drivers of stakeholder satisfaction – Perceptions of the Guardians



Note, statements measuring quality or calibre of staff differ in terms of their emphasis on either *retaining* high quality staff or *recruiting* high quality staff. Also note that measures relating to the Guardians' staff are included with measures relating to the board and senior leadership on page 39.

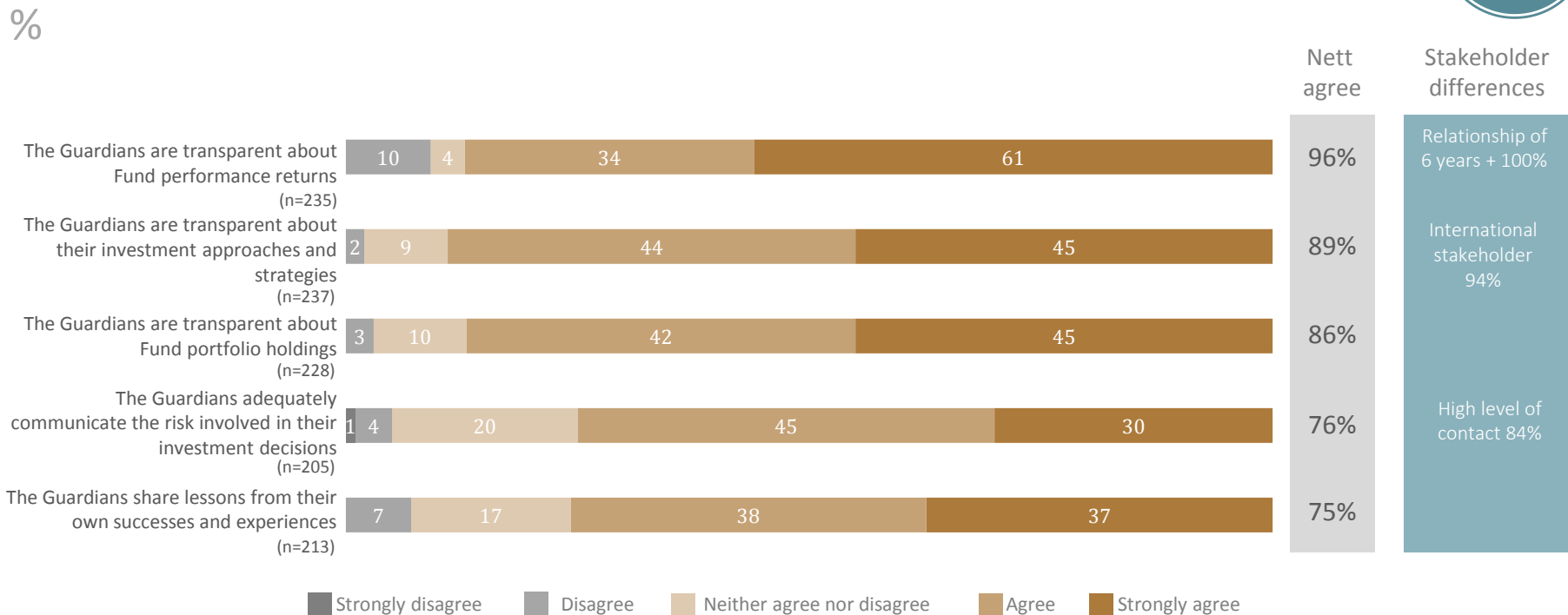


## Stakeholders' perceptions of **engagement** with the Guardians

Stakeholders rate the Guardians' communications favourably with regard to transparency; however there is room to improve on communicating the risk involved in investment decisions and sharing lessons with stakeholders.



## Stakeholders' perceptions of the Guardians' communications



Base: All stakeholders excluding 'don't know' responses  
Source: Q5



*"From a communications perspective, we were impressed with the attention we got as a stakeholder around the Oak Finance issue. Internally, we shared the approach to media management as an example of best practice."*

**New Zealand stakeholder, Government official**

## STAKEHOLDER COMMENTS



*“The Guardians’ external communications are highly thought through and market-leading, in my opinion.”*

**New Zealand stakeholder, Supplier of non-investment services**

*“Our communications are at a very good level and require no improvement.”*

**International stakeholder, Investment, asset or transition manager**

*“It’s important to be seen as accessible. Stakeholders just need to know that you are, whether or not they want to engage. The most important thing to communicate is that the funds are safe and being invested wisely for good returns. People will accept that investments you don’t always win, so long as they know that most of the time you do.”*

**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**

*“Share more industry, market insights and ESG with the clients and fund managers.”*

**International stakeholder, Investment, asset or transition manager**

*“I don’t know how they could improve their communication... it’s world class.”*

**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**

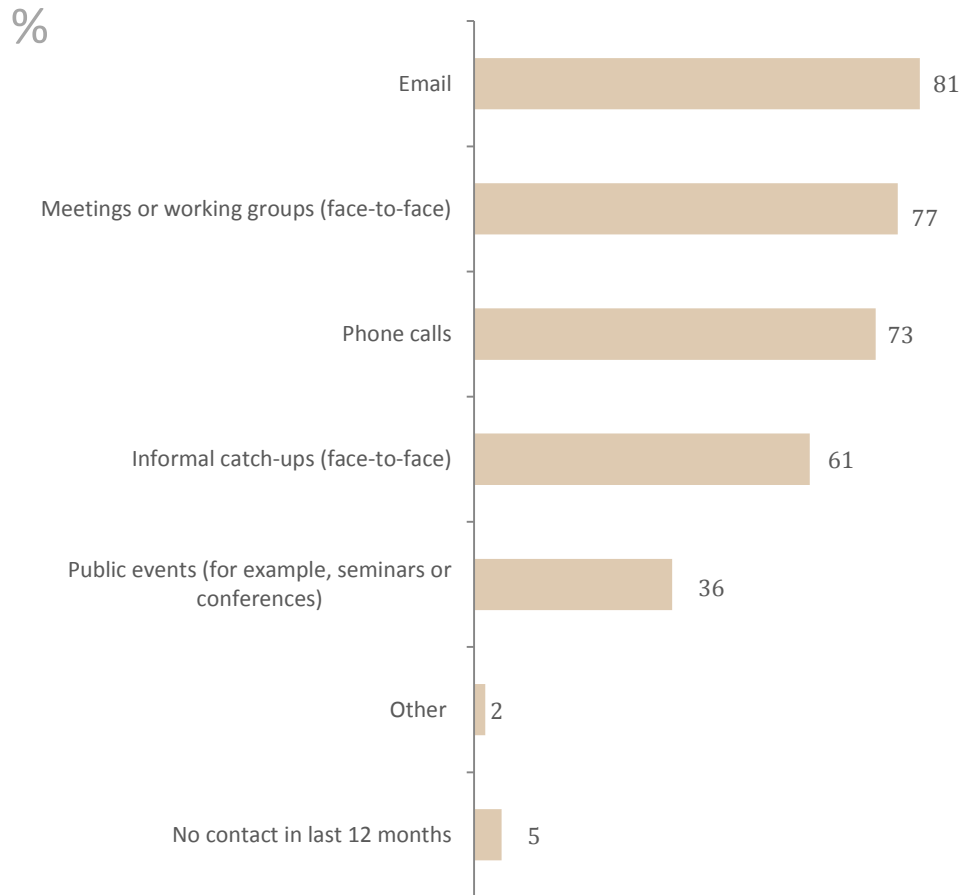
*“I find their external communications to be professional, timely and I know the Guardians place a very high value on their reputation and that of the Fund.”*

**New Zealand stakeholder, Investee company**

Stakeholders most commonly have contact with the Guardians via email, with international stakeholders more likely than New Zealand stakeholders to have had email or phone contact.



## Contact with the Guardians in the last 12 months



### Stakeholder differences:

- International stakeholders more likely to have had email contact (90%) compared to New Zealand stakeholders (73%)
- International stakeholders more likely to have had phone contact (80%) compared to New Zealand stakeholders (67%)

## “ STAKEHOLDER COMMENTS

*“I would appreciate a few more informal chats for background information, but otherwise I find most of their external communications are fine.”* **NZ stakeholder, News media**

*“A monthly update email would be good.”* **International stakeholder, Broker, counterparty or portfolio completion agent**

*“They should have a quarterly electronic update.”* **NZ stakeholder, Supplier of non-investment services**

*“I enjoy reading the monthly updates from the Super Fund.”* **NZ stakeholder, Supplier of investment services**

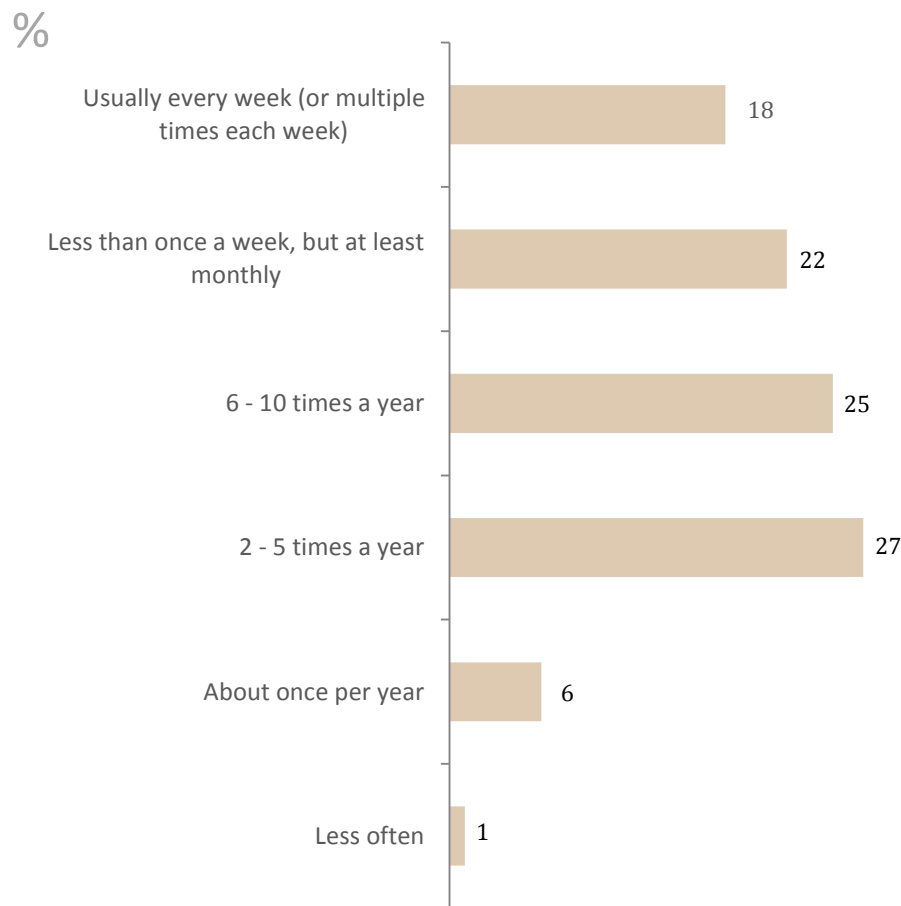
*“Have a list [of stakeholders] to be notified of news and consultations.”* **NZ stakeholder, Industry organisation, association or body**

Base: All stakeholders, n=262

Source: Q6

Stakeholders' frequency of contact with the Guardians reflects the type of stakeholder relationship they have. Suppliers of investment services have the most frequent contact with the Guardians of all stakeholder segments, with 52% usually having contact every week.

## Frequency of contact with the Guardians in the last 12 months



## “ STAKEHOLDER COMMENTS



*“They are very responsive.”*

**International stakeholder, Investment or asset manager, including transition manager**

*“I appreciate the timely answers to questions about NZ Super Fund investments and the level of transparency relative to other public funds in the Asia-Pacific region.”*

**International stakeholder, News media**

*“I work in another CFI doing similar things to some of the investment staff at NZSF. Although we interact from time-to-time, we should probably do more than we do.”*

**NZ stakeholder, Peer fund, co-investor or limited partner**

*“The portfolio team is very accessible.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

*“The members of the team are first rate at communications and relationship management, however, it can be hard to reach them at times.”*

**International stakeholder, Broker, counterparty or portfolio completion agent**

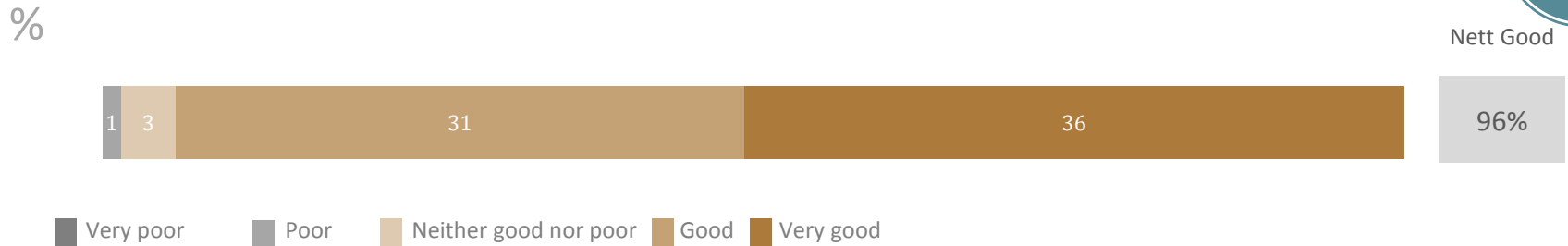
Base: All stakeholders who had had contact with the Guardians' staff in the last 12 months, n=249

Source: Q11



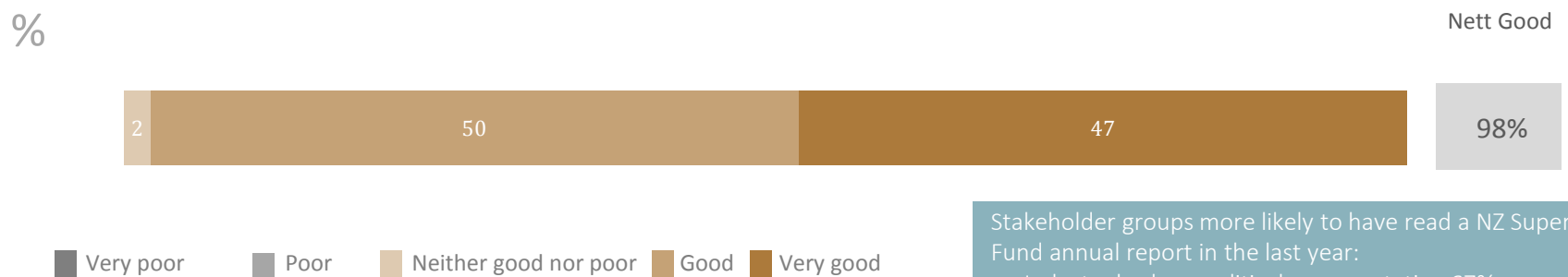
Nearly all readers of the annual report, and visitors to the NZ Super Fund website, rate these channels positively.

## 66% of stakeholders have visited the NZ Super Fund website in the last 12 months



Base: All stakeholders who have visited the NZ Super Fund website in the last 12 months (n=160)  
Source: Q7 & Q8

## 53% of stakeholders have read a NZ Super Fund annual report in the last 12 months



Base: All stakeholders who have read a NZ Super Fund annual report in the last 12 months (n=139)  
Source: Q9 & Q10

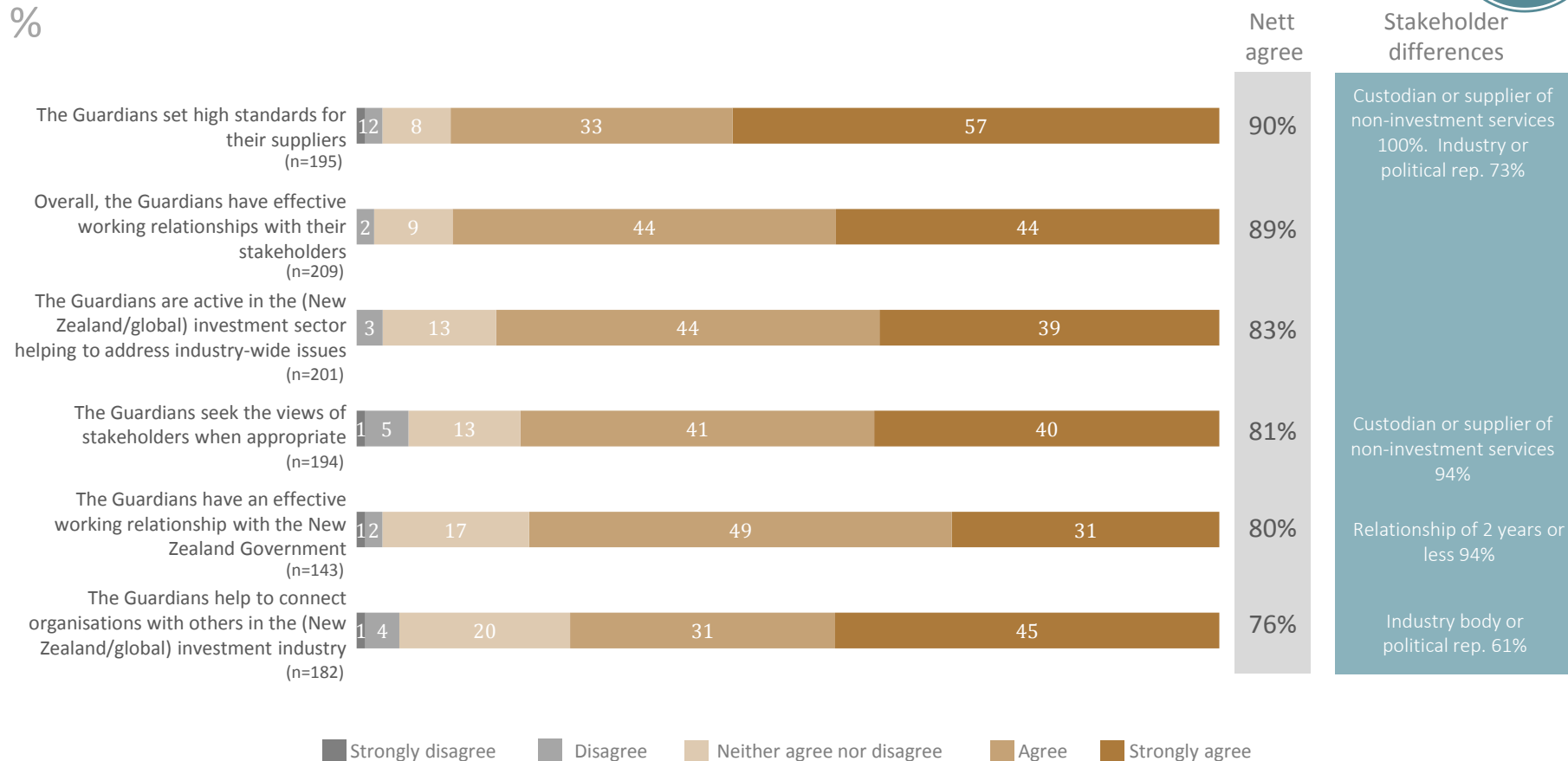
Stakeholder groups more likely to have read a NZ Super Fund annual report in the last year:

- Industry body or political representative 67%
- High level of contact 64%
- Relationship of 6 years + 64%

Most stakeholders agree that the Guardians set high standards of their suppliers and have effective working relationships with stakeholders; however, fewer agree that the Guardians seeks their views, has an effective relationship with Government and connects organisations with others.



## Stakeholders' experiences of their relationship with the Guardians



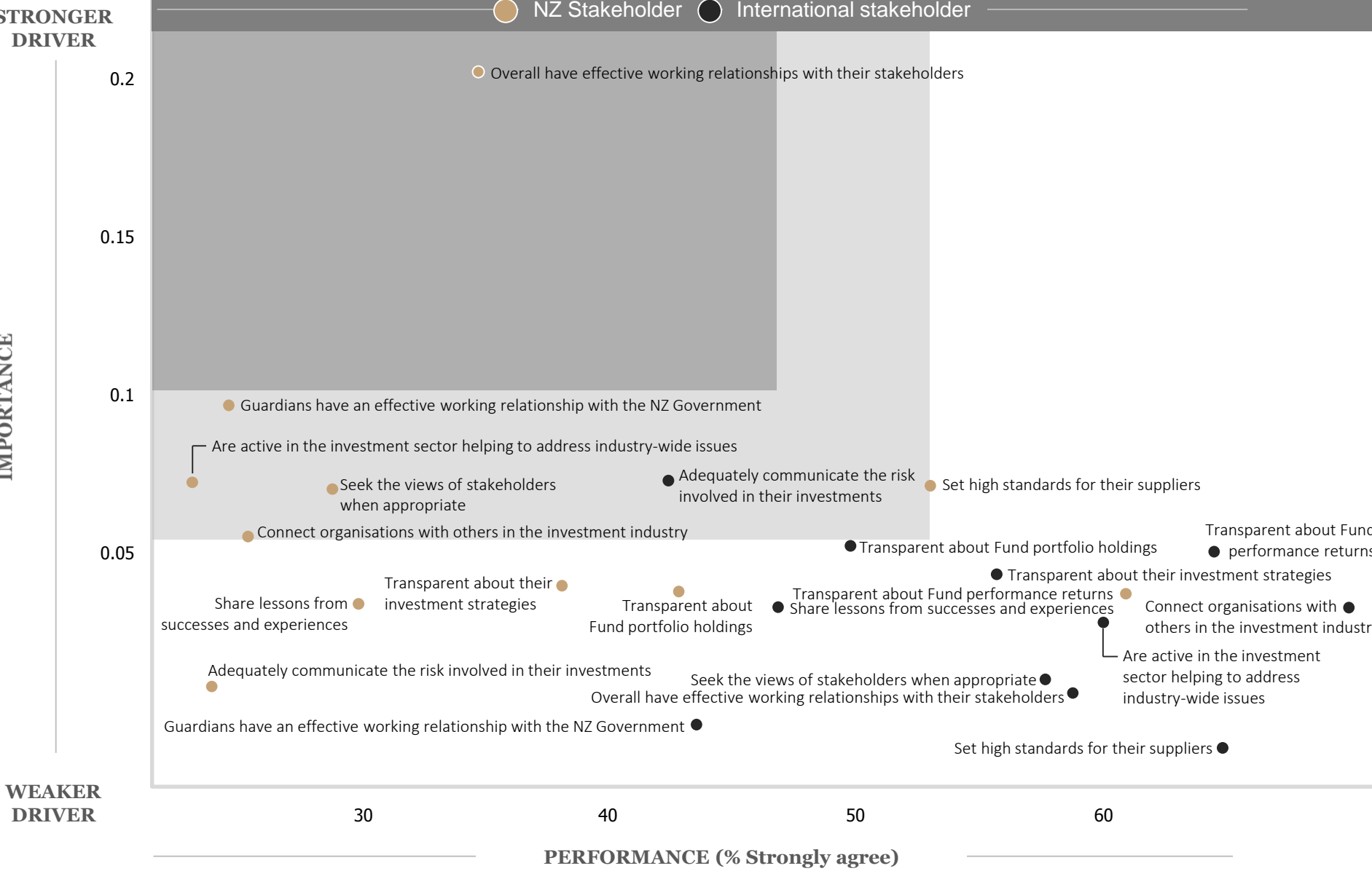
Base: All stakeholders excluding 'don't know' responses  
Source: Q14



*"I have a perfectly fine relationship and no real changes are needed. Keep up the good work."*

**International stakeholder, Supplier of other investment services**

# Drivers of stakeholder satisfaction – Communications





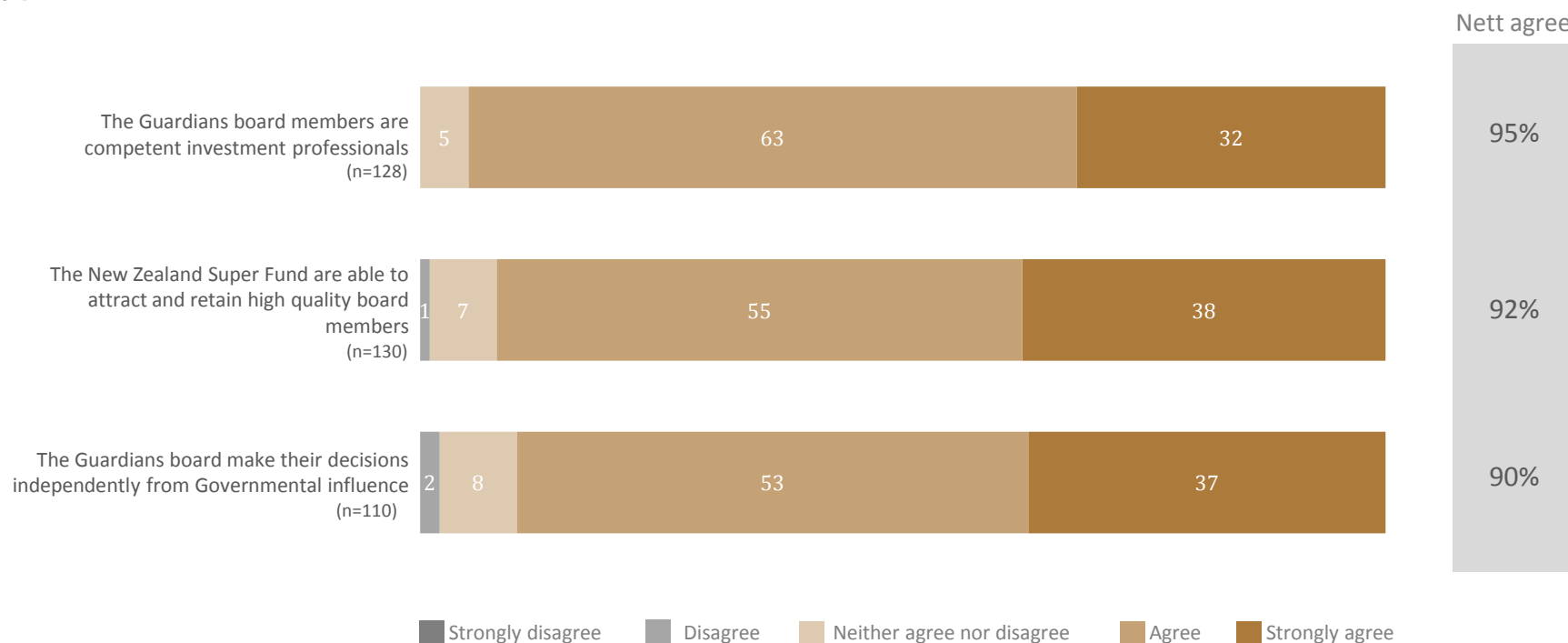
## Stakeholders' perceptions of the Guardians' leadership

# Half of stakeholders have some awareness of the Guardians' board members. Of these stakeholders, a vast majority agree that board members are competent investment professionals.



## 55% of stakeholders have some knowledge of who is on the Guardians' board

%



Base: All stakeholders excluding 'don't know' responses  
Source: Q15 & Q16

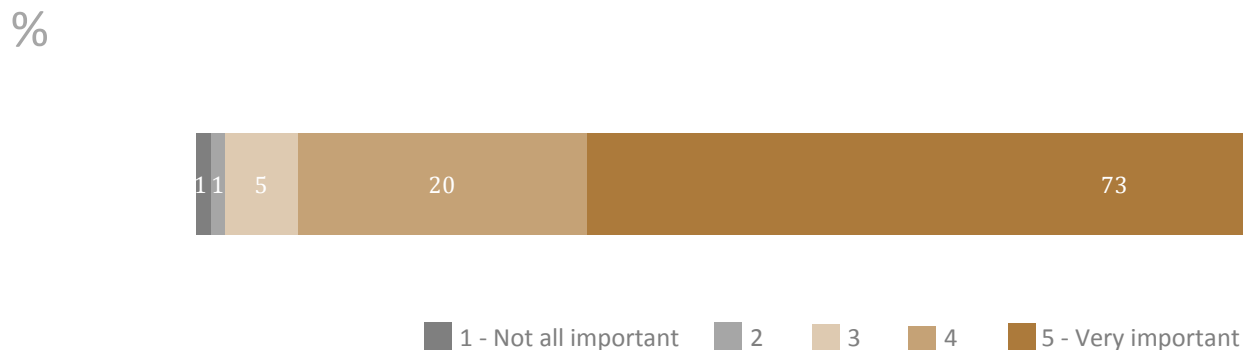
“The Guardians need to adjust (upwards) their remuneration structure, both for the board and for senior leadership, to better reflect the size of responsibilities and to attract and retain best talent. Current [remuneration] levels are an embarrassment.”

**New Zealand stakeholder, Broker, counterparty or portfolio completion agent**

# Nearly three quarters of stakeholders consider it 'very important' that the Guardians' board operates independently from the New Zealand Government.



## Stakeholders' perceptions of the importance of the Guardians' board being independent from the NZ Government

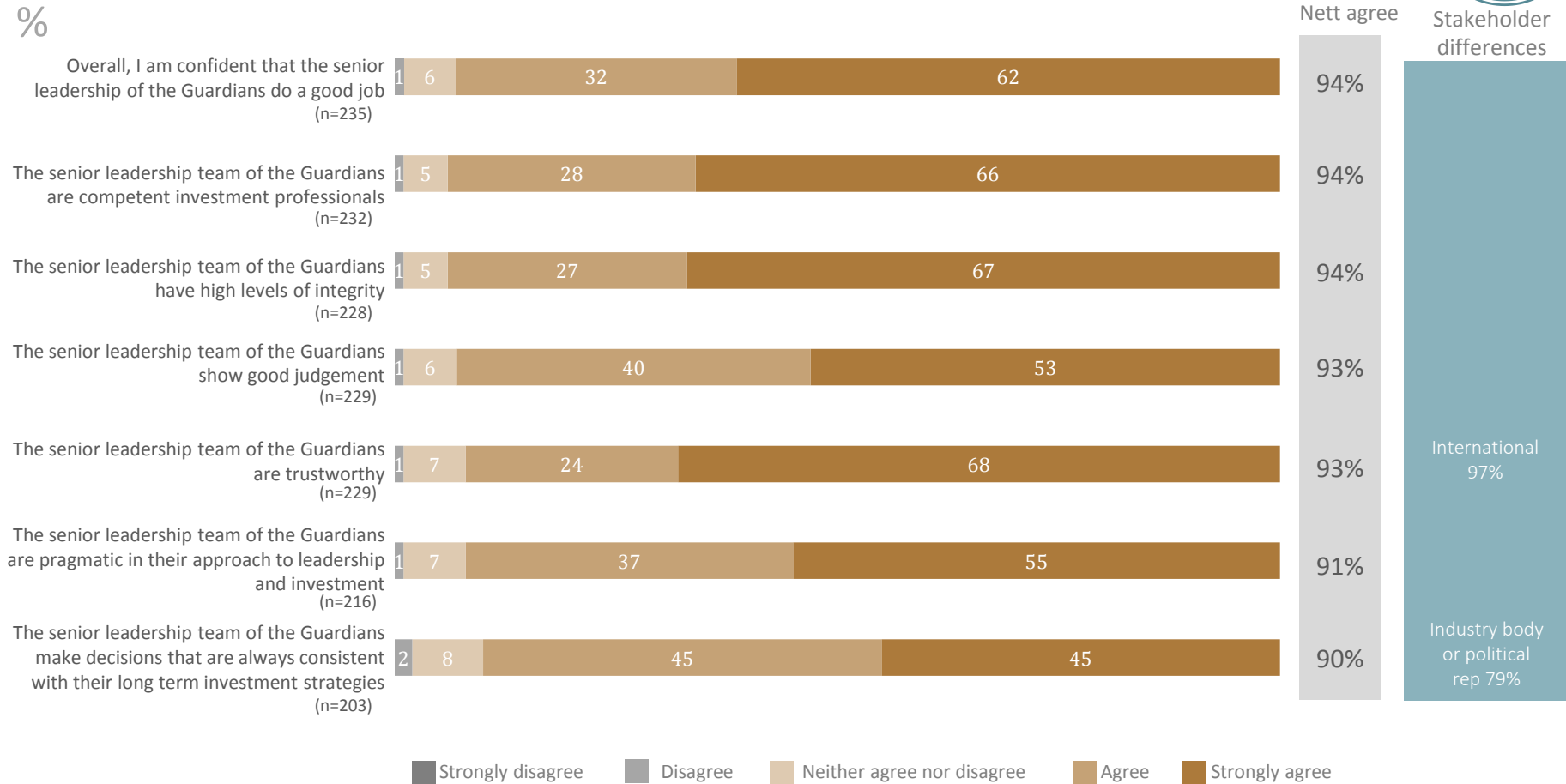


Base: All stakeholders, excluding 'don't know' responses (n=239)  
Source: Q17

# Stakeholders hold very positive perceptions of the Guardians' senior leadership team, particularly around having confidence that senior leadership do a good job, are competent and have high levels of integrity.

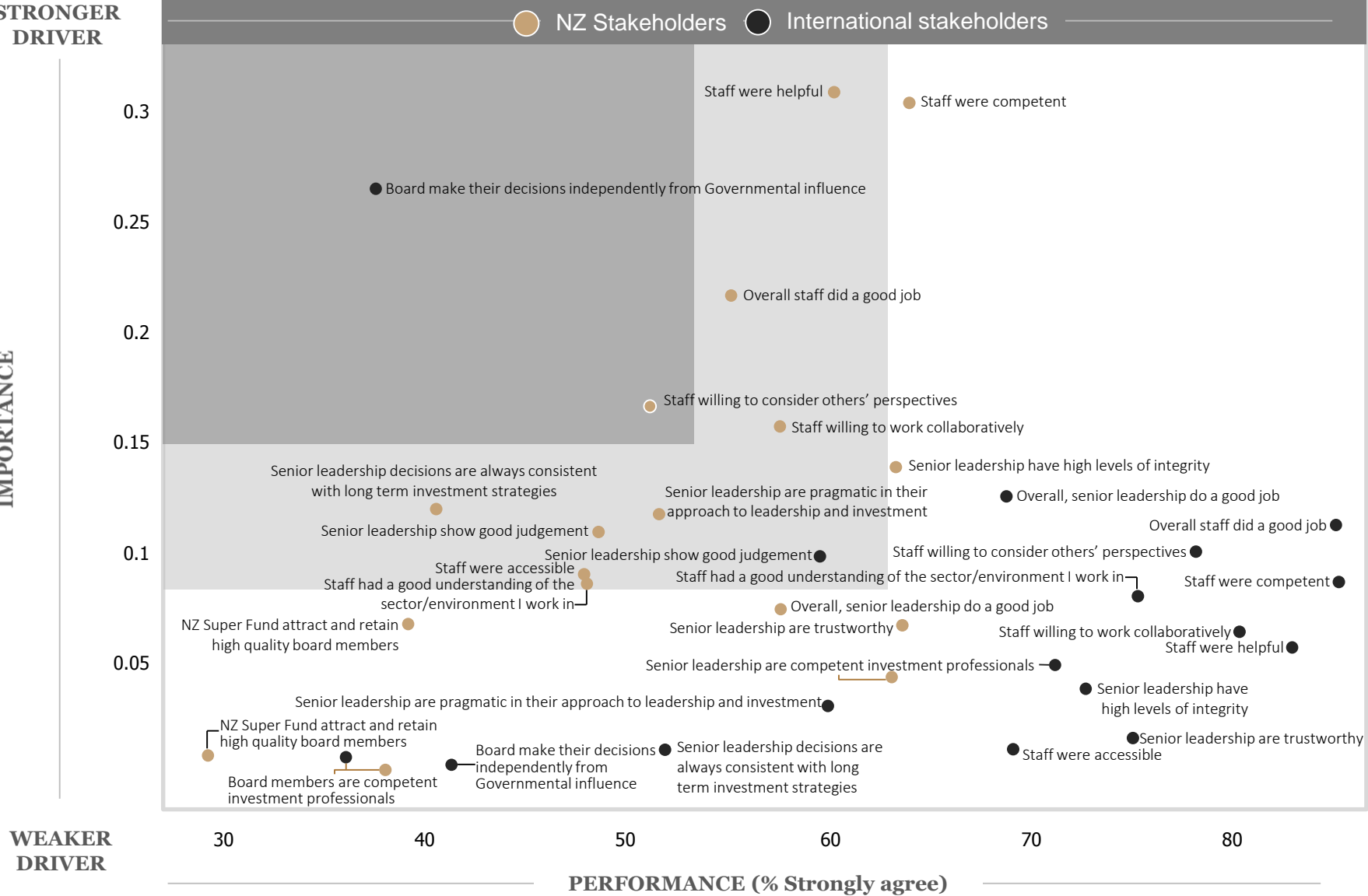


## Stakeholders' perceptions of the Guardians' senior leadership team



Base: All stakeholders excluding 'don't know' responses  
Source: Q18

# Drivers of stakeholder satisfaction – staff, board & senior leadership







# APPENDIX A

# Summary of statistically significant differences between New Zealand and international stakeholders

Statistically significant differences in the proportion who agree (nett)*	Total	New Zealand stakeholders	International stakeholders
<b>Total</b>	<b>n=262</b>	<b>n=142</b>	<b>n=119</b>
Overall satisfaction with service quality (nett satisfied)	85%	79%	92%
The Guardians adequately communicate the risk involved in their investment decisions	76%	70%	85%
The Guardians share lessons from their own successes and experiences	75%	86%	67%
Staff were willing to work collaboratively (i.e. share their opinions, knowledge and expertise)	96%	92%	100%
Staff were willing to consider others' perspectives and discuss issues	95%	91%	99%
Staff had a good understanding of the sector/environment I work in	93%	89%	98%
Staff were accessible when I needed them	92%	88%	97%
The Guardians are active in the (New Zealand or global) investment sector helping to address industry-wide issues	83%	73%	95%
The Guardians seek the views of stakeholders when appropriate	81%	74%	91%
The Guardians help to connect organisations with others in the (New Zealand or global) investment industry	76%	59%	95%
Awareness of who is on the Guardians' board (aware of some or all board members)	55%	71%	36%
Importance of the Guardians' board operating independently from the New Zealand Government (very important)	66%	73%	60%

\* Percentages refer to the proportion who 'agree' or 'strongly agree', unless otherwise specified



## APPENDIX B

# Stakeholder segments

To complete the sub-group analysis, stakeholder segments needed to be grouped into broader segments that included a minimum of 30 stakeholders in each segment. These groups are detailed below.

Stakeholder segments used in sub-group analysis	Stakeholder segments from the Guardians' sample
Peer fund or investee company	Peer Fund/co-investor/Limited Partner (n=34) and companies in which the Guardians has an investment (n=25)
Supplier of investment services	Broker/counterparty/portfolio completion agent (n=31) and suppliers of other investment services (e.g. investment advisor/investment bank) (n=24)
Industry body or political representative	Industry organisation, association or body (n=13), Local or Central Government official (n=14), Parliamentary or political party representative (n=3), Regulatory authority (n=3), News media (n=10), Non-governmental organisation (n=9)
Investment, asset or transition manager	Investment or asset manager, including transition manager (n=50)
Custodian or supplier of non-investment services	Custodian (n=4) and suppliers of non-investment services (e.g. legal, HR, tax, accounting, IT, communications) (n=37)
Other (not included in sub-group analysis)	Other (n=5)



## APPENDIX C

## General questions and perceptions

Q1 Which of these best describes you, or your organisation, in the context of your current, past or potential relationship with the Guardians? *Select one only.*

Investment or asset manager including transition manager	1
Broker / counterparty / portfolio completion agent	2
Custodian	3
Supplier – other investment services (e.g. investment adviser/investment bank)	4
Supplier - non-investment services (e.g. legal, HR, tax, accounting, IT, communications)	5
Company in which the Guardians has an investment	6
Peer fund / co-investor / Limited Partner	7
Industry organisation, association or body	8
Local or Central Government official	9
Parliamentary/Political Party representative	10
Regulatory authority	11
News media	12
Non-governmental organisation	13
Other (please type in)	14

Q2 Are you, or your organisation, primarily based in New Zealand?  
*Select one only.*

Yes	1
No	2
Don't know	3

Q3 This question is about your general perceptions of the Guardians of New Zealand Superannuation, the organisation that manages the Fund. How much do you agree or disagree with the following?  
*Select one answer per row.*

The Guardians...

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
...avoid prejudice to New Zealand's reputation as a responsible member of the world community	1	2	3	4	5	6

...are strong leaders in the investment sector	1	2	3	4	5	6
...attract and recruit staff of a high calibre	1	2	3	4	5	6
...are experts in investment	1	2	3	4	5	6
...are forward thinking in their approaches to investment	1	2	3	4	5	6

Q4 This next question is about the general performance of the Guardians.

Please indicate how much you agree or disagree with each statement below.  
*Select one answer per row.*

The Guardians...

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
...use best practice portfolio management	1	2	3	4	5	6
...strike the right balance between maximising returns and not taking undue risks	1	2	3	4	5	6
... have adopted an appropriate approach to responsible investment	1	2	3	4	5	6
... has robust risk management processes	1	2	3	4	5	6
...make investment decisions independently from political influence	1	2	3	4	5	6
...ensure the Fund has an appropriate mix of New Zealand and global investments	1	2	3	4	5	6
...undertake robust analyses of the Fund's performance	1	2	3	4	5	6
...are able to attract and retain high quality staff	1	2	3	4	5	6
...have achieved an excellent rate of return on their investments over the lifetime of the Fund to date	1	2	3	4	5	6
<b>ASK LAST:</b> ...overall, make good investment decisions	1	2	3	4	5	6

Q5 Now, thinking about all the different ways the Guardians **communicate**, how would you rate the Guardians on the following measures?

Select one answer per row.

The Guardians...

<b>RANDOMISE</b>	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
...are transparent about their investment approaches and strategies	1	2	3	4	5	6
...adequately communicate the risk involved in their investment decisions	1	2	3	4	5	6
...share lessons from their own successes and experiences	1	2	3	4	5	6
...are transparent about Fund performance returns	1	2	3	4	5	6
...are transparent about Fund portfolio holdings	1	2	3	4	5	6

## Engagement

Next are some questions about **contact** you may have had with the Guardians.

Q6 What types of contact (if any) have you had with the Guardians in the past 12 months?

Please select all that apply.

Meetings or working groups (face-to-face)	1
Informal catch-ups (face-to-face)	2
Public events (for example, seminars or conferences)	3
Email	4
Phone calls	5
Other (please tell us)	6
No contact in last 12 months	7
Not sure	8

Q7 Have you visited the New Zealand Super Fund website in the last 12 months?

Select one only.

Yes	1
No	2
Don't know	3

SKIP TO Q9

SKIP TO Q9

IF CODE 1 AT Q7:

Q8 Overall, how would you rate the New Zealand Super Fund website?

Please select one only.

Very poor	1
Poor	2
Neither poor nor good	3
Good	4
Very good	5
Can't recall	6

Q9 Have you read a New Zealander Super Fund annual report in the last 12 months?

Select one only.

Yes	1
No	2
Don't know	3

SKIP TO Q11

SKIP TO Q11

IF CODE 1 AT Q9:

Q10 Overall, how would you rate the New Zealand Super Fund annual report?

Please select one only.

Very poor	1
Poor	2
Neither poor nor good	3
Good	4
Very good	5
Can't recall	6

SKIP TO Q13 IF CODE 7 AT Q6

Q11 Thinking about your current role, how often do you have contact with the Guardians?

Examples of contact include meetings, emails, telephone calls, visiting the New Zealand Super Fund website etc.

Please select one only – an approximate would be fine

Usually every week (or multiple times each week)	1
Less than once a week, but at least monthly	2
6 - 10 times a year	3
2 - 5 times a year	4
About once per year	5
Less often	6
Not sure	7

# Questionnaire

**Q12** For this question, please think about the **quality of service** you received from the Guardians during the last 12 months.

How much do you agree or disagree with each statement below?  
If you cannot answer the question, please select 'don't know' or 'not applicable'.

Select one answer per row.

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know	Not applicable
Staff were accessible when I needed them	1	2	3	4	5	6	7
Staff were competent	1	2	3	4	5	6	7
Staff were helpful	1	2	3	4	5	6	7
Staff were willing to consider others' perspectives and discuss issues	1	2	3	4	5	6	7
Staff were willing to work collaboratively, i.e. share their opinions, knowledge and expertise	1	2	3	4	5	6	7
Staff had a good understanding of the sector/environment I work in	1	2	3	4	5	6	7
<b>ASK OF SUPPLIERS:</b> Staff were fair and reasonable							
<b>ASK LAST:</b> Overall, staff did a good job	1	2	3	4	5	6	7

**Q13** Still thinking about your contact with the Guardians in the last 12 months, how satisfied were you with their overall quality of service?

Please use a scale of 1 to 5, where 1 is very dissatisfied and 5 is very satisfied.  
Select one only

Very dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
1	2	3	4	5

**Q14** The following set of statements are about the **relationships** that the Guardians have with their stakeholders.

Please indicate how much you agree or disagree with each statement below.  
Select one answer per row.

The Guardians...

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
<b>ASK FIRST:</b> ...overall, have effective working relationships with their stakeholders	1	2	3	4	5	6
...have an effective working relationship with the New Zealand Government	1	2	3	4	5	6
...help to connect organisations with others in the (if code 1 at Q2= New Zealand OR if code 2 at Q2 = global) investment industry	1	2	3	4	5	6
...are active in the (if code 1 at Q2= New Zealand OR if code 2 at Q2 = global) investment sector helping to address industry-wide issues	1	2	3	4	5	6
...seek the views of stakeholders when appropriate	1	2	3	4	5	6
...set high standards for their suppliers	1	2	3	4	5	6

**Q15** Now we have several questions about the Guardians Board members. By this, we are referring to only the Board members and not the CEO and his senior leadership team.

First, are you aware of who the Guardians Board members are?  
Select one only.

Yes – I know who all of the Board members are	1
Yes – I know who some of the Board members are	2
No – I don't know who is on the Guardians Board	3
I'm not sure	4

Skip to Q17  
Skip to Q17

**Q16** Please indicate how much you agree or disagree with these statements about the Guardians Board members.  
Select one answer per row.

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
The Guardians Board members are competent investment professionals	1	2	3	4	5	6



The New Zealand Super Fund are able to attract and retain high quality board members	1	2	3	4	5	6
The Guardians Board make their decisions independently from Governmental influence	1	2	3	4	5	6

Q17 This next question is about how important you think it is that the Guardians Board operates independently from the New Zealand Government.

Please rate how **important** you think it is that the Guardians Board is independent from the New Zealand Government.

Not at all important				Very important	Do not know
1	2	3	4	5	6

Q18 Next are a number of statements about the senior leadership of the Guardians. By this, we are referring to the CEO and his senior leadership team (not the board).

Please indicate how much you agree or disagree with each one.  
Select one answer per row.

The senior leadership team of the Guardians...

RANDOMISE	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Do not know
...are competent investment professionals	1	2	3	4	5	6
...are trustworthy	1	2	3	4	5	6
...show good judgement	1	2	3	4	5	6
...make decisions that are always consistent with their long term investment strategies	1	2	3	4	5	6
...have high levels of integrity	1	2	3	4	5	6
...are pragmatic in their approach to leadership and investment	1	2	3	4	5	6
ASK LAST: Overall, I am confident that the senior leadership of the Guardians do a good job	1	2	3	4	5	6

Q19 Now, please think about the Guardians and imagine it were a person with its own personality. Below are a series of words. Please indicate which words you associate with the Guardian's personality. Please just select the first words that come to mind. Select as many as you think apply.

**RANDOMISE**

Open and transparent	1
Collaborative	2
Trustworthy	3
Integrity	4
Respectful	5
Competent	6
Modest	7
Professional	8
World class	9
Prudent	10
Rigorous	11
Diligent	12
Expert	13
Innovative	14
Inclusive	15
Arrogant	16
Blow their own trumpet	17
Inflexible	18
Slow	19
Complicated	20
Demanding	21
Inaccessible	22
Unskilled	23
Secretive	24
Dismissive	25
Too analytical	26
Complacent	27
Don't know	99

Q20 The Guardians are interested in hearing any other thoughts you may have on how they can improve their external communications and relationships with stakeholders including yourself.  
Please type in your answer below or select 'don't know'.

## Demographic questions

Q21 Now a final classification question to ensure that we have spoken to a broad cross section of the Guardians stakeholders.

In the context of your current stakeholder relationship, how long have you been dealing with the Guardians for?

Select one only. Just an approximate answer is fine.

Less than a year	1
1 – 2 years	2
3 – 5 years	3
6 – 9 years	4
10 years or longer	5

That is the end of the survey. Thank you very much for your time. Your answers will be used to improve the way the Guardians interacts with its stakeholders.



For further information please contact:

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