

13 September 2017



██████████  
By email

Dear ██████████

## REQUEST UNDER THE OFFICIAL INFORMATION ACT 1982

Thank you for your request dated **16 August 2017** made pursuant to the Official Information Act 1982 ("OIA").

### Your Request

You have requested the following information:

- copies of any material, not already pro-actively released here <https://www.nzsuperfund.co.nz/news-media/nz-super-fund-shifts-passive-equities-low-carbon> that contains analysis and/or advice leading to the NZSF conclusion that climate change risk is being inappropriately priced by the market.

### Our Response

Our decision to adopt a climate change investment strategy, and as part of this to transition the Fund's passive global equity portfolio to a low-carbon approach, is based on a belief that:

"... financial markets were under-pricing climate change risk over the Fund's long investment timeframe. The global energy system is transitioning away from fossil fuels. For investors with very long horizons, such as the Fund, reducing exposure to carbon emissions and reserves is a low-cost insurance policy." [media statement, 15 August 2017]

[if the anticipated regulatory changes happen more slowly than expected] "... given that we have been careful not to undermine portfolio diversification, there is limited downside risk for the Fund – in that case, we will have simply sold fairly priced assets for other fairly priced assets. If, as expected, policy action does follow, the Fund will be protected from those changes. The portfolio will also be more resilient in terms of the physical impacts of climate change. We do not believe the market is overpricing the risk." [Q&A, 15 August 2017]

We acknowledge that other investors, especially those working to shorter investment timeframes, may take a different view.

As shown in the following table (page 3), a decision on whether to release one of the documents captured by your request, Mercer's 2015 Portfolio Risk Assessment for the Fund, is pending. We are currently consulting with Mercer regarding the release of this document and will be in touch with our decision as soon as possible. We apologise for the delay.

Other than withholding the names of some former Guardians staff members to protect their privacy (under Section 9(2)(a) of the Act), the relevant portions of all the remaining documents captured by your request have been released in full. Where information other than staff names has been redacted from the released documents, it is because it is out of the scope of your request.

The documents we are releasing are contained at Appendix I and Appendix II (attached) and summarised in the below tables.

In addition, "Investing in a time of climate change", a 2015 report by Mercer, is publicly available at:

<https://www.mercer.com/content/dam/mercer/attachments/global/investments/mercer-climate-change-report-2015.pdf>

Please note that we may choose to publish this response on our website at [www.nzsuperfund.co.nz](http://www.nzsuperfund.co.nz).

You have the right to seek a review by the Ombudsmen's Office of our decision to withhold the information. Contact details for the Ombudsmen's Office can be found at: <http://www.ombudsmen.parliament.nz/>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Whineray', written in a cursive style.

**Matt Whineray**  
**Chief Investment Officer**

Appendix I						
Pg.	Document Reference	Document Date	Document Title	Sections Relevant to Request	Status	Withholding grounds if applicable
1	1790764	2015-10-XX	Mercer – Investing in a Time of Climate Change – Guardians of New Zealand Superannuation Fund (NZ Super) Portfolio Risk Assessment – October 2015	All	Decision Pending	Decision Pending
51	1959011	2016-08-02	Item 6A – Climate Change Investment Strategy Update	All	Released	No redactions
58	1959644	2016-08-09	Board Meeting Item 6 - Attachment - Climate Change Strategy – Background Documents	All	Released	Section 4 (pg. 19-30) removed – out of scope. Remaining “Section 4” (“Is Divestment from Fossil Fuels the Right Approach?”) is actually a mislabelled Section 5.
86	1925225	2016-06-09	Item 4B – WP3 Climate Change Risks	All	Released	No redactions
101	1687137	2015-08-15	Item 2B – Education Session – Climate Change Fossil Fuel Divestment Debate	All	Released	Peer table (pg. 12-13) removed – out of scope  Names of former Guardians staff members withheld per Section 9(2)(a) – to protect the privacy of natural persons

Appendix II						
Pg.	Document Reference	Document Date	Document Title	Sections Relevant to Request	Status	Withholding grounds if applicable
<b>Part 1</b>						
1	2321647	2011-XX-XX	<i>Financial Analysts Journal – Editor’s Corner – Pricing Climate Change Appropriately</i>	All	Released	
8	934876	2013-10-XX	<i>Citi GPS – Energy Darwinism – The Evolution of the Energy Industry</i>	All	Released	
108	2090085	2015-08-XX	<i>Citi GPS – Energy Darwinism II – Why a Low Carbon Future Doesn’t Have to Cost the Earth</i>	All	Released	
240	1921343	2015-11-XX	<i>Ministry for the Environment – Environment Commissioner Report – Preparing New Zealand for Rising Seas: Certainty and Uncertainty</i>	All	Released	
<b>Part 2</b>						
1	2315715	2016-01-XX	<i>Smith School of Enterprise and the Environment / University of Oxford – Stranded Assets and Thermal Coal – An Analysis of Environment-Related Risk Exposure</i>	All	Released	
189	1899664	2016-06-XX	<i>Financial Analysts Journal – Perspectives – Hedging Climate Risk</i>	All	Released	
209	2067974	2016-11-XX	<i>Climate Risks and Market Efficiency</i>	All	Released	
287	2321665	2017-06-XX	<i>Task Force on Climate-Related Financial Disclosures – Final Report – Recommendations of the Task Force on Climate-Related Financial Disclosures</i>	All	Released	