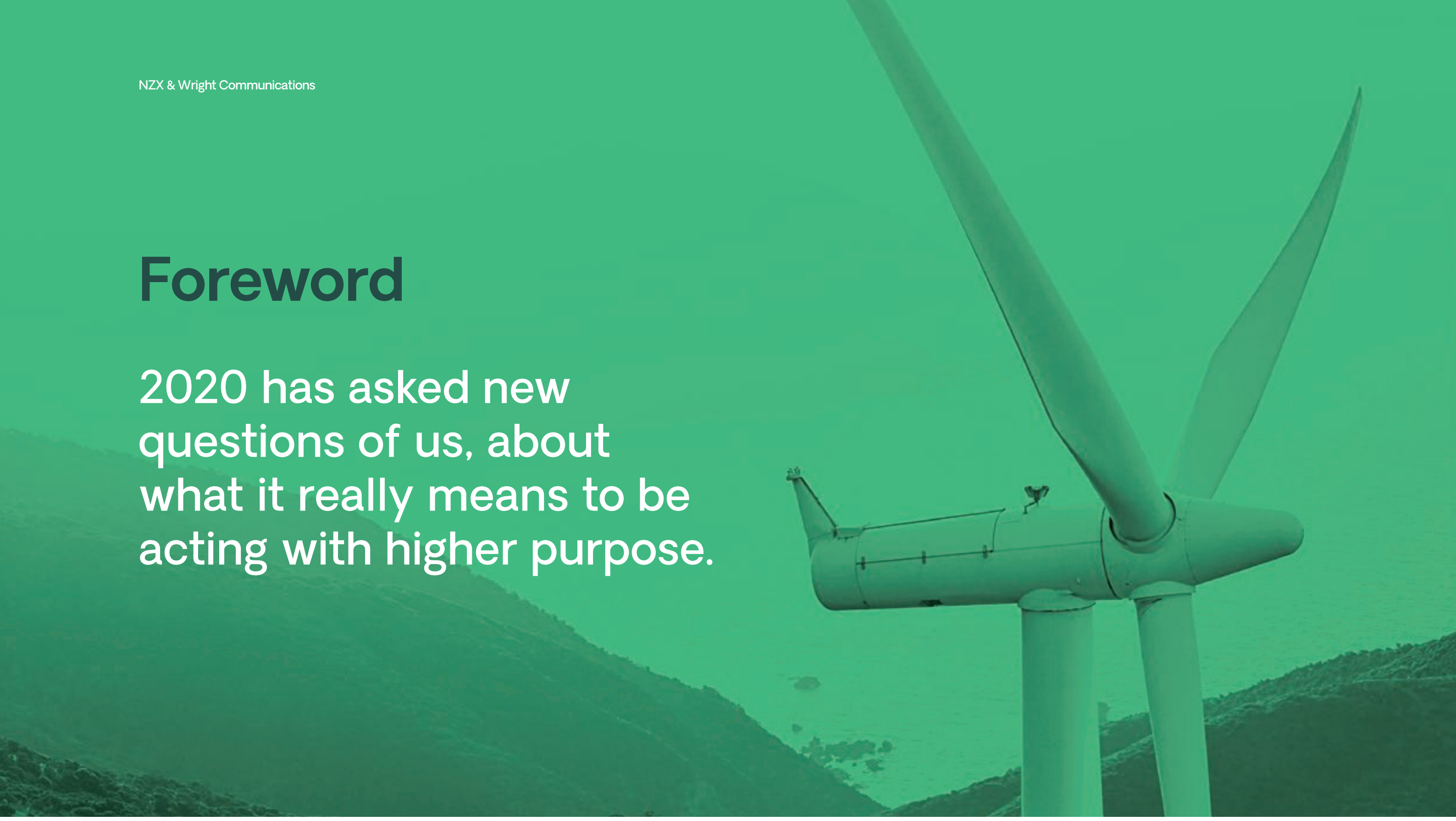
Insights into New Zealand's ESG reporting

December 2020



Foreword

2020 has asked new questions of us, about what it really means to be acting with higher purpose.

These have been tough times for many, we have all been in uncertain and uncharted waters. And it would have been easy for businesses to default to survival instincts and self-interest, but that was not the case.

We have seen the commitment and character of Kiwi companies thinking and acting beyond their bottom lines as they have continued delivering essential services, kept us connected with our colleagues and customers around the world, been innovating at the frontline of medical treatment, and cared for the most vulnerable.

It is really encouraging to see more and more New Zealand companies moving to disclose and discuss their approach to sustainability and consistently report on how they are addressing ESG risks and opportunities.

This is mirrored by the continued growth in sustainability-related financial products, with nearly $1 billion of green bonds listed in 2020 by issuers such as Mercury NZ supporting New Zealand's transition to a low emissions future, Auckland Council's Green Bonds driving the electrification of transport and cycleway projects, and Argosy whose environmental strategy reflects an ambition to create vibrant sustainable workplaces for their tenants.

This will increasingly be complemented by other sustainable and ethical investment opportunities, such as the $500 million from Housing New Zealand (Kāinga Ora) supporting the development of sustainable, inclusive and thriving communities that provide people with good quality, affordable housing choices that meet diverse needs.

These are wonderful examples of leadership and how we can finance the transformation we need in environmental, social and economic outcomes.

But what has really stood out for me this year is the way we have worked together. Across the breadth of different sectors, we have drawn on our individual strengths and we have also worked collaboratively to support each other – taking a long-term view and helping our customers, communities and our country successfully adapt and move forward.

This is true sustainability in action.

Mark Peterson
Chief Executive
NZX

Introduction

In this our second report into ESG reporting, it is pleasing to see an increased uptake of ESG reporting and deeper Board and Executive understanding of the many environmental and social risks facing corporate New Zealand this year.

The forthcoming introduction of climate-related financial disclosures by the External Reporting Board has certainly been the talk of town and quite a few businesses have already begun that journey using the Taskforce on Climate-related Financial Disclosure, or TCFD as it is commonly known.

It is good to see that listed companies are grappling with climate risk and its impact on their financial futures. Reporting publicly on that risk is also challenging and it is pleasing to see 14 S&P NZX50 companies make a start on climate disclosures. However, there is varying degrees of completeness and a range of formats.

We will watch with interest as more companies tackle this complex area and are looking forward to becoming part of the ecosystem responsible for supporting companies through this challenging process.

As an agency with expertise in sustainability communications, we have seen first-hand a greater determination from listed and un-listed companies to lift their game in reporting, to tell more complex sustainability stories and to use Integrated Reporting to explain in detail value is created for their shareholders.

Companies are also making successful attempts to understand what really matters to their shareholders and stakeholders. The use of the materiality assessment process appears to be increasing as companies seek to get closer to their stakeholders find the correlation between internal and external views.

In putting this ESG Report together it was interesting to discover that some business sectors are now highly matured in their approach to sustainability or ESG reporting. While other sectors are lagging and will find it challenging to meet new requirements such as transparency on climate risk.

Our team of experienced senior professionals are motivated to support New Zealand companies with their sustainability storytelling and communicating how they are managing sustainability risks and opportunities.

Nikki Wright
Managing Director
Wright Communications

Executive Summary

With arguably the largest sustainability issue affecting the planet in a lifetime (apart from climate change), it should come as no surprise that New Zealand's largest listed companies ramped up their environmental, social and governance (ESG) reporting in 2020.

Image Credit: The New Zealand Story

Prior to the arrival of COVID-19, there was already a tail wind pressing for greater corporate disclosure and responsibility.

EXTREME WEATHER

events such as golf ball-sized hail in Timaru and expansive bush fires in Australia and the United States have focused the public and investors minds on climate change.

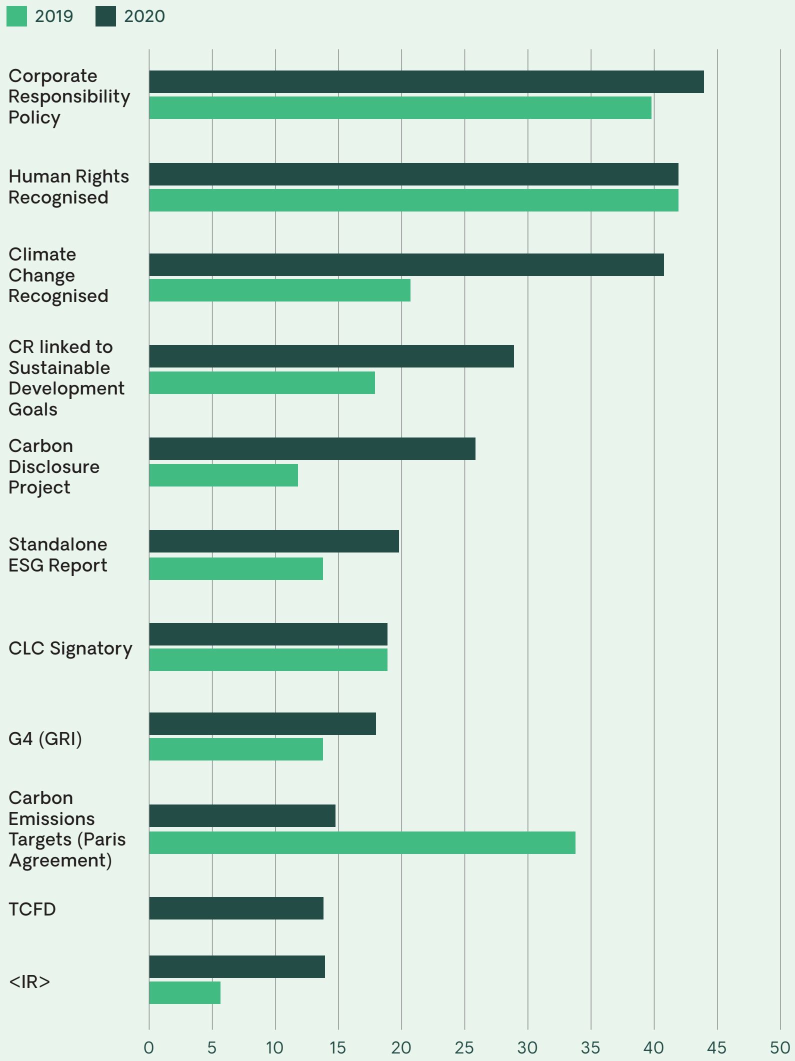
The pandemic, plunging oil prices, and social demonstrations on inequality all contributed in 2020 to the accelerating interest in greater corporate disclosure, transparency and responsible investing.

Overall, the level of ESG reporting and usage of international reporting frameworks among the S&P NZX50 increased in 2020, with more companies using the Global Reporting Initiative, Integrated Reporting and Taskforce for Climate-related Financial Disclosures (TCFD) frameworks or guidelines.

TWO REPORTING METHODS

gained traction in 2020 – Integrated Reporting which was up from five to 13 issuer reports, and TCFD which moved from zero interest in 2019 to 14 reports with TCFD content of varying levels in 2020.

Fig 1. Observed number of ESG topics within the reviewed annual reports.



We have seen a pleasing increase in the number of observed topics within each reviewed annual report, most notably is the appearance of TCFD matrices in 14 annual reports, this swift uptake demonstrates a willingness in NZ listed issuers to do the right thing and comply with reporting standards well before they become mandated.

55% DROP THIS YEAR

of the number of carbon emissions targets based on the Paris climate agreement has dropped 50% to 15 issuers reporting these goals.

This has been more than offset by an increase in issuers working with companies such as Toitū to catalogue carbon emissions and set science-based targets.

The increased use of TCFD this year could also be attributed by the New Zealand Government's announcement mid-year that it would fund the External Reporting Board to investigate and develop new reporting standards for climate change risk.

The Board is likely to adopt a similar framework to the TCFD. Some local companies appear to be pre-empting that move and are building their internal capability now for the eventual requirement to be transparent about their risks and opportunities arising from climate change.

Other ESG metrics to move positively were an increased number of companies reporting on their contribution to the United Nation's Sustainable Development Goals (UN SDGs) and increased recognition of climate change both from an impact and carbon footprint point of view.

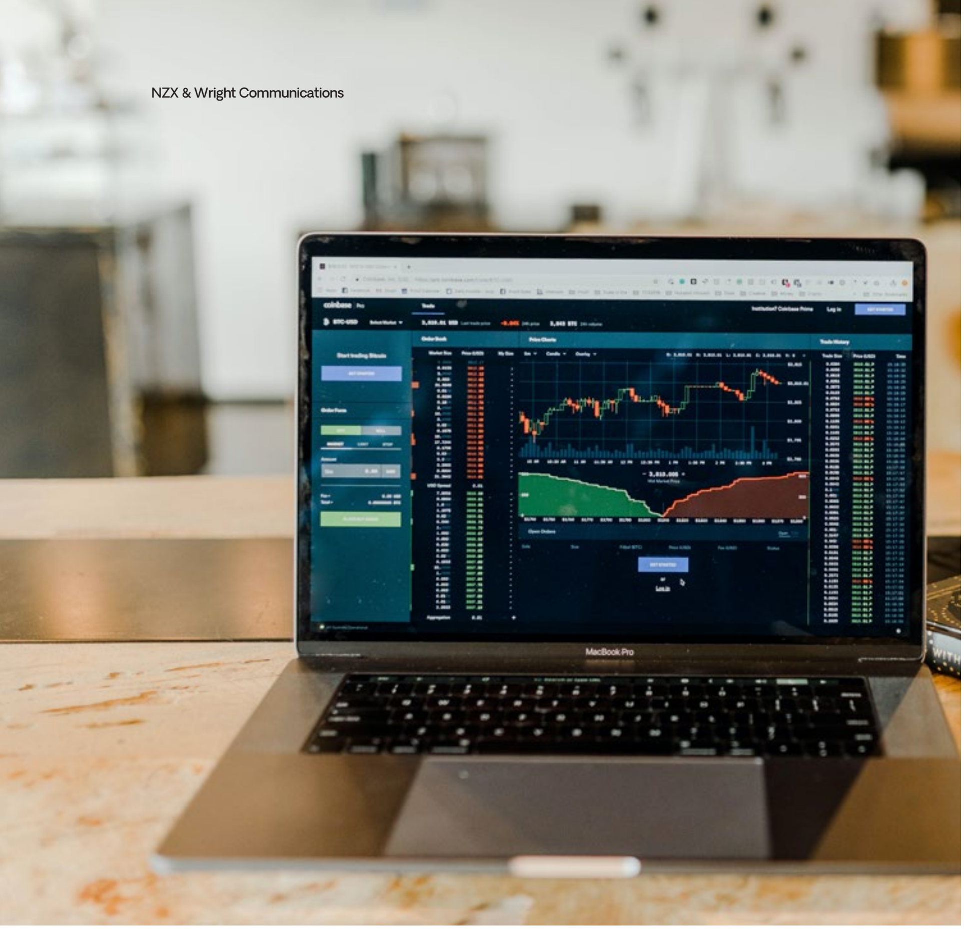
However, in this year's survey of annual reports there was a 56% drop in companies citing carbon emissions targets in accordance with the Paris Agreement.

Unsurprisingly, the more urgent issue of COVID-19 has taken precedent for some companies over environmental and climate risk.

CLIMATE CHANGE

may not be the greatest threat to short-term growth right now but it remains a long term organisational and individual material risk.

The scale of market capitalisation is another factor in ESG reporting. Companies that lead the S&P NZX 50 Index with market caps of more than $3 billion typically have high levels of ESG disclosures. Companies in the middle of the Index with between $1bn and $3bn have moderate levels of disclosure and companies with less than $1bn market cap tend to have low or, in one case, no ESG disclosure, although there are a few outliers in each group.



NEW INITIATIVE

Sustainability-linked loans and bonds require borrowers and issuers, respectively, to measure and report on certain agreed ESG performance metrics that determine, in part, the interest payable under the loan or bond.

Investor pressure

Consideration of environmental, social and corporate governance factors is now the expected minimum standard of good investment practice, with more than $1 trillion of Australasian funds under management managed using ESG integration as a primary responsible investment approach.

ESG integration involves the explicit inclusion by investment managers of ESG risks and opportunities in financial analysis and investment decisions based on a systematic process and appropriate research sources, such as annual and sustainability reports.

While ESG-linked investment in New Zealand is at a relatively early stage – notwithstanding the appearance of ESG-linked loans from two major trading banks – in the past year global funds have announced their support of ESG disclosures.

One key development in the United States is the trend of institutional investors, which collectively hold average stakes of more than 20% in S&P 500 companies, issuing their own guidelines supporting TCFD or Sustainable Accounting Standards Board (SASB) standards.

Notably, BlackRock requested companies in which it invests to, publish disclosures in line with the SASB and disclose climate-related risks in line with the TCFD. BlackRock said failure to comply would be a signal that the company is not adequately managing ESG risk.

Likewise, Vanguard, the operator of many passive funds that New Zealand investors contribute to via KiwiSaver, has publicly encouraged companies to use standardised frameworks and specifically noted the value of the SASB and TCFD frameworks with respect to climate-related disclosures.

In some instances, these metrics are based on standards developed by entities associated with rating agencies or specialist agencies such as Sustainalytics.

Major rating agencies also now incorporate ESG factors in their ratings reports (for example, Moody's and S&P are both supporters of SASB and TCFD), and issuers therefore should consider ESG issues in their engagement with their rating agencies.

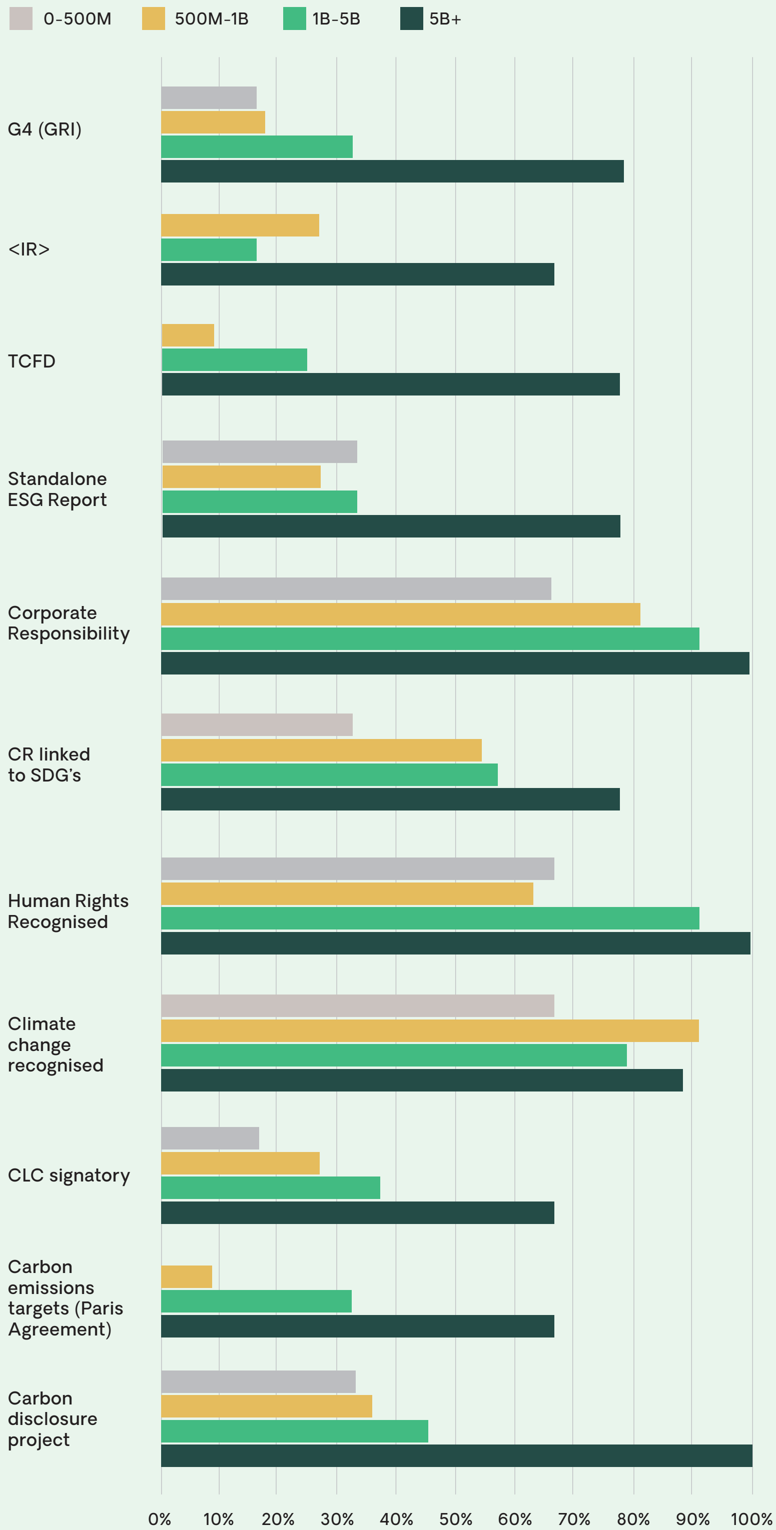
Smaller cap companies are unsurprisingly poorer at reporting on all metrics. There appears to be a disparity in climate leaders and carbon disclosures.

This also shows that there is a large number of large issuers with fairly sizeable companies that are lagging in disclosures ($1bn+ issuers).

ONLY 9%

of companies in the $500m-$1bn bracket reported on their Carbon Emissions Targets.

Fig 2. Observed number of ESG topics within S&P / NZX50 companies, sliced by market cap.



Climate-related disclosure

Part of the reason the Government took the initiative to fund the External Reporting Board to devise a framework for climate risk reporting could be attributed to the inertia from New Zealand companies on climate impact reporting.

While 41 of the top 50 recognise that climate change exists (the remaining nine make no mention of climate change in their latest reports), few acknowledge the Paris Agreement targets, set a science-based target or report on financial risk arising from climate change.

Just a few New Zealand corporations mention or explicitly agree with scientific consensus on climate change and few report science-based targets. They report more frequently on societal risks of climate change, as well as business contribution to carbon emissions and responsibility.

NEW ZEALAND corporations generally do poor reporting compared to Australian corporations, who do as well as the biggest corporations in the world.

It is important to note here that climate-related financial disclosure is the outcome of a process and not necessarily the main objective of the exercise.

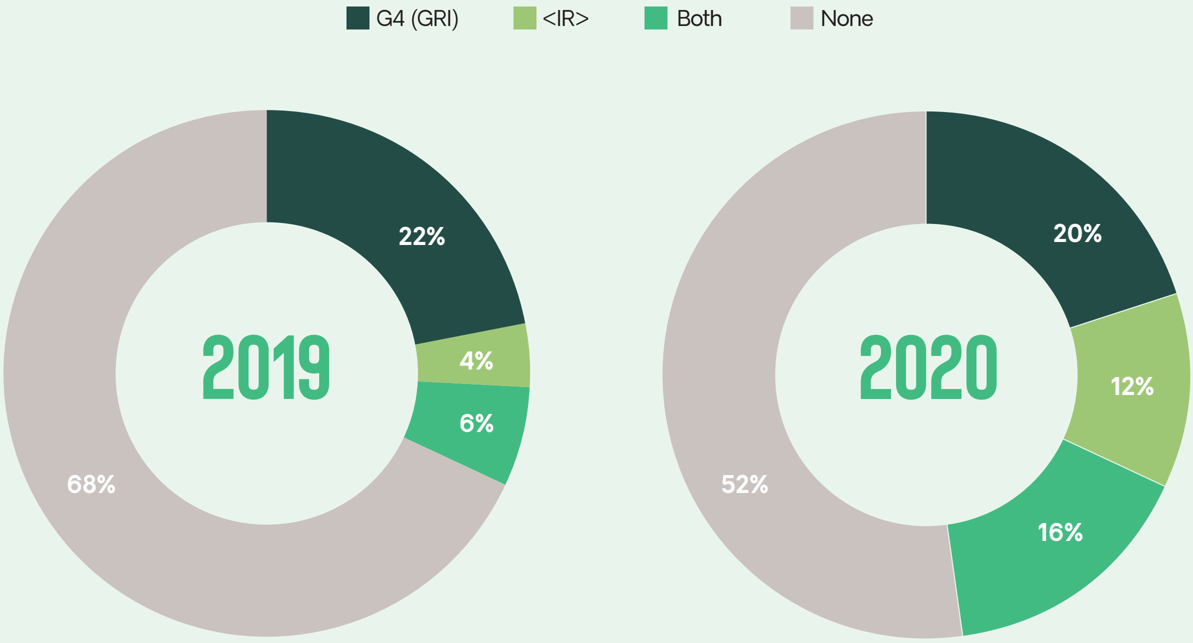
To arrive at financial disclosure of climate risk and opportunities, companies must first deeply understand the impact of climate change on their current and future operations. Companies need to understand impacts under a range of climate scenarios and must also consider transitional risk and opportunities as well as long term physical risk scenarios.

NUMBER OF NZX LISTED ISSUERS WITH TOITŪ CARBON CERTIFICATION

14

S&P/NZX50 LISTED TOITŪ CERTIFIED CLIENTS

Fig 3. Reporting frameworks for S&P / NZX 50 companies

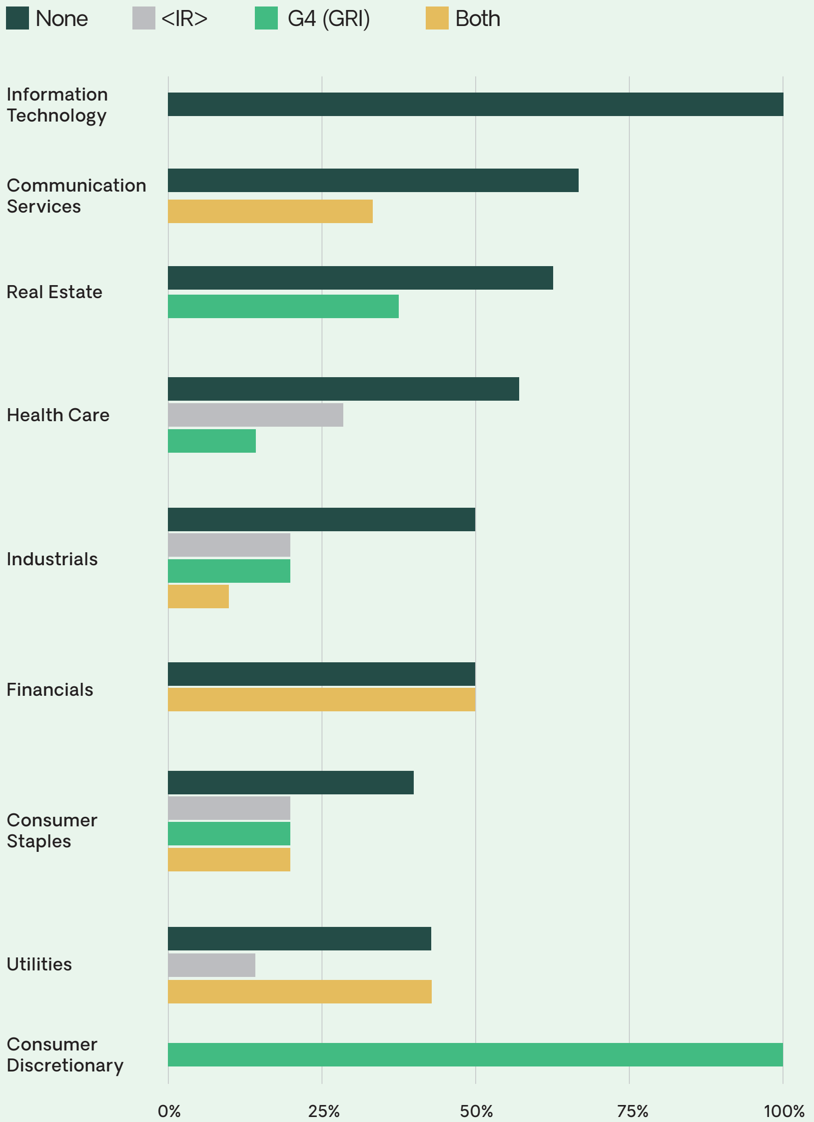


16%

INCREASE IN REPORTING

We now see that about half of all issuers are using some form of reporting framework, up from about a third one year ago.

Fig 4. Reporting frameworks broken down by sector



THE I.T. SECTOR

was the weakest with 200 of the three companies using any reporting standard in their annual report.

Followed by communication services with two not using a recognised reporting standard.

Case Study

Fund manager activism reaches new level in Australia

When Rio Tinto decided to go ahead and destroy the sacred Juukan Gorge Aboriginal sites in order to extract eight million tonnes of iron ore few within the company would have predicted it would lead, within months, to the demise of the Chief Executive and two senior executives.

To recap, in May 2020, Rio Tinto, operating under mining-friendly laws, demolished the entrances to ancient rock shelters in Pilbara, Western Australia. The caves had evidence of continuous human habitation for 46,000 years and were one of Australia's most important archaeological sites.

Despite opposition from two Aboriginal groups, the mining company hired lawyers to stop injunctions and demolished the caves to access around A$132m of iron ore.

Following outrage from the indigenous peoples, the Board of Rio Tinto held an inquiry and docked the bonuses of its directors and senior executives.

But Tom Stevenson, investment director at Fidelity International, told the BBC in September that Rio Tinto's actions had been "slow and misguided".

"Slow because when it knew the significance of those sites it could have reversed its decision and it didn't.

"And misguided because when it cut bonuses it effectively put a price on something which is basically priceless, and I think that was tin-eared really. I'm not surprised we've moved onto this stage where the chief executive felt he had to go," he said.

Following months of pressure from shareholders, traditional landowners and other Aboriginal groups, the CEO, the Chief Executive of Iron Ore and the Group Executive Corporate Relations were forced out of the company and stripped of multimillion-dollar bonuses.

Simon O'Connor of the Responsible Investment Association Australasia said the Rio Tinto example should finally lay to rest the idea that it is only what can be measured that matters.

"The Australian responsible and ethical investment community – notably super funds and asset managers – quickly and strongly responded, exercising ownership responsibilities at a new level," he wrote in October 2020.

An Australian Government inquiry into Rio Tinto's actions is continuing.

Case Study

Contact Energy lifts lid on carbon disclosure

Mike Fuge
CEO, Contact Energy

In 2020 Contact Energy produced a different style of annual report, delivering an integrated report for the first time.

Not only is the content guided by the Integrated Reporting framework, commonly referred to as <IR>, but it also uses a screen-friendly format, making it easy for readers to scroll through the report.

Robert McDonald, the Chair of Contact Energy, said the integrated report is for a much broader group of stakeholders

than investors alone and is not merely a look back over the year, but also forward-looking.

Writing in the report, he said Contact is transparent and "wants to help people have a better understanding of how we do business and how we deliver value beyond financial returns. This is the right thing to do and we understand the increasing expectations on all companies from investors, customers and communities to provide this information".

Contact Energy's Chief Executive, Mike Fuge, who joined the company early in 2020 from the CEO role at the NZ Refining Company, said a lot of effort went into the annual report this year.

80%+ RENEWABLE ENERGY

"What you see in Contact is a mirror image of New Zealand – we are a truly national company with multiple generation locations. We are everywhere as a retailer. We also mirror New Zealand in terms of our de-carbonised energy production – we are well over 80% renewable – and our Board and staff reflect the country's diversity. And like many New Zealanders we can be quiet about how we do things."

Part of the purpose of the sustainability reporting effort that Contact made this year was to pull good sustainability stories into a coherent framework so investors can, according to their own value drivers, put a value on it.

"We place great stock on our tikanga or values, but we don't make a big fuss about them – it's just such an integral part of who we are and what we do. But as we plan and start investing in more renewable energy assets, it becomes important that people understand who we are, see our destination and our tikanga in action. So, in a broader context, that is why we are putting a greater focus on ESG reporting."

Mike says it is important for investors, as well as community stakeholders, to know and understand the efforts Contact is making in environmental monitoring and in community relationships, as it gives them confidence in the company.

He says there is absolutely more pressure from investors for more ESG information. For example, a BlackRock Sustainability Fund has moved its shareholding in Contact up substantially in the past few months – with all Blackrock ETFs combined totalling over 10% now.

> “It’s definitely a strong move to invest in demonstrating your strong ESG credentials. We have a very self-interested motivation to get this right. We have investment advisers and brokers saying to us, please keep moving on your ESG reporting to be in line all the positive change you are actually already delivering in the business because it is bringing international investors and diversity to your investor base.”

Mike Fuge says the interest in Contact’s sustainability credentials is mostly coming from Europe and increasingly from the United States. He says New Zealand investors are also more focused on sustainability as “they don’t want to be part of a bad story”.

Sustainable finance

Contact has a sustainability-linked loan with Westpac where the actual interest rate is tied to the company’s performance on the Dow Jones Sustainability Index.

“We were already one of the first power companies in the world to have well-below 2 degree carbon emissions targets verified by the Science Based Targets initiative, we have an innovative green borrowing programme, and this year we inked one of the country’s first sustainability-linked loans. We have also reiterated our commitment to accelerating the decarbonisation of the New Zealand economy, and our intention to play a leading role in this ongoing transition.”

Contact Energy has three tranches of corporate bonds listed on the NZX. Although they are “vanilla corporate bonds”, they have been certified by the Climate Bonds Initiative to meet international standards.

“By certifying our existing debt, we are primarily creating a market for green investors and sustainable finance products rather than just driving change within an organisation,” Mike says.

Carbon disclosure reporting

The 2020 Contact Energy integrated report includes a section on climate-related financial guided by the Taskforce on Climate-related Financial Disclosures (TCFD).

Contact Energy has been working through the TCFD requirements for around three years. It has taken this time to analyse the impact of climate scenarios on the business and has over-time improved its public disclosure in line with TCFD requirements.

Mike Fuge says it is "better to be ahead of the game. It gives you the opportunity to help to set the agenda in the reporting standards and enables you to influence the direction it also helps inform some of the strategic choices that we will make".

"Perhaps the biggest hurdle for [reporting] businesses is knowing that the first report you do will probably be the worst you'll ever do, as most people don't have the management systems in place. It takes time to develop the appropriate processes so when our stakeholders and investors ask for the information, we can give it to them.

"You have to be able to understand your risks. Uncovering them requires a bit of work and requires quite a lot of understanding to identify the physical and transition risks of climate change. TCFD asks you 'what are the financial implications of those physical risks to your business?'.

"That's a scary thought for many businesses. How do you go about quantifying those things on a long-term base, looking out 50 years or more?"

> "My advice on ESG and carbon disclosure is to start the journey now. It's better to start early and address any ugly issues that you find along the way rather than waiting to be told by the regulator that you must do it this way and then you're boxed in."

Mike Fuge
CEO, Contact Energy

Case Study

ASB investors are making a positive impact

Adam Boyd
Executive General Manager, ASB

ASB launched its Positive Impact Funds in 2019, giving consumers the option to invest in line with their environmental and social values.

While ethical funds have been on offer to KiwiSaver members and managed funds investors for some time, the ASB offering takes a different approach to most by using capital to make a positive difference to society or the environment.

A portion of the funds' global equity holdings is invested into companies creating a positive difference – such as reducing waste, promoting renewable energy or improving schooling in developing countries.

ASB Executive General Manager, Private Banking, Wealth and Insurance, Adam Boyd, said the key driver for establishing the Positive Impact Funds for KiwiSaver members and managed fund investors was the desire to support customers who want to put their savings to work to give the world a better future, but still want solid long term returns.

"The challenge for a big provider like us – we have got half a million KiwiSaver customers – is that no two people see the world in the same way. So rather than us come out with a blanket application, we wanted to make sure customers had a choice. The ASB Positive Impact Funds are designed for those who want values-driven investing, alongside returns," says Adam.

Rather than dictate to customers, ASB took the approach that it was on a journey of discovery and education. It wanted to offer something new to customers and start an on-going conversation with its customers on responsible investing.

"We wanted to enhance and improve the ESG characteristics of our portfolio. When we started to do this, we debated initially how we would take our customers along on the journey with us and how we could set up a portfolio where customers can make a choice."

Positive impact investing has been around for a few years but access for regular savers such as KiwiSaver members and managed funds investors has been limited. Most ethical funds focus on excluding stocks such as weapons manufacturers or gambling.

"Over time people are getting their heads around what exclusions mean but the general notion of investing with a positive bias is something new and quite exciting. It energises people when you start to talk about it."

The ASB Positive Impact Funds are structured as a typical balanced fund with 40% invested in income assets such as bonds, and 60% growth assets such as shares in globally focused companies.

A portion of the funds are also managed passively, so includes some holdings in sectors people might not associate with a 'green' product. In recognition of the importance of communicating these distinctions clearly to investors, marketing of the funds has prioritised transparency and careful communication, says Adam.

"We wanted the funds to be suitable for a large portion of our customer base. Our goal is to continue helping customers reach their savings and investment goals – whether that's buying their first home or saving for retirement. They just also want to know that their money is making a difference."

The funds' 40% income asset allocation is achieved through investment in the Vanguard Ethically Conscious Global Aggregate Bond Index Fund (hedged). The remaining 60% of the funds' assets are invested in international equities through the Mercer Socially Responsible Hedged Overseas Shares Portfolio.

More than 2,000 customers have moved their existing KiwiSaver or managed funds into the two Positive Impact Funds. The total funds under management (FUM) is now sitting at close to $50 million.

Adam says the numbers are relatively low compared to ASB's total investment business but there is a consistent inflow of new customers, particularly as ASB scales up the education and marketing of the funds.

While the current FUM is invested into global bonds or equities, there is a long-term intention to direct a portion of the Positive Impact Funds into New Zealand.

"Typically, our approach across all our funds, when we start something, and given the initial low levels of funds, is to invest into existing offerings. As we build FUM, we will move into a separate mandate so we can have more direct control over it.

"The opportunities to invest with a positive impact focus in New Zealand can be challenging. It can take quite a long time to deploy capital. There are opportunities, but it is early days."

Interests in the ASB KiwiSaver Scheme and ASB Investment Funds (Schemes) are issued by ASB Group Investments Limited, a wholly owned subsidiary of ASB Bank Limited (ASB). ASB provides administration and distribution services for the Schemes. No person guarantees interests in the Schemes. Interests in the Schemes are not deposits or other liabilities of ASB. They are subject to investment risk, including possible loss of income and principal invested. For more information see the ASB KiwiSaver Scheme Product Disclosure Statement or the ASB Investment Funds Product Disclosure Statement available from this website and the register of offers of financial products at www.disclose-register.companiesoffice.govt.nz (search for ASB).

Adam Boyd
Executive General Manager, ASB

Globally recognised frameworks including UN Sustainable Development Goals are used to verify the impact of the funds. As at 30 June 2020:

The SR Global Shares Portfolio was:

51.9%

MORE CARBON EFFICIENT

than the broad market.

The Portfolio's weighted average carbon intensity (WACI) was:

71.7

VS 149.0 CO2E/$M

for the broad market (tonnes CO_2e/$m sales).

9.17%

OF THE COMPANY REVENUES

within the SR Global Shares Portfolio are positively contributing to environmental objectives, vs 4.44% for the broad market.

Case Study

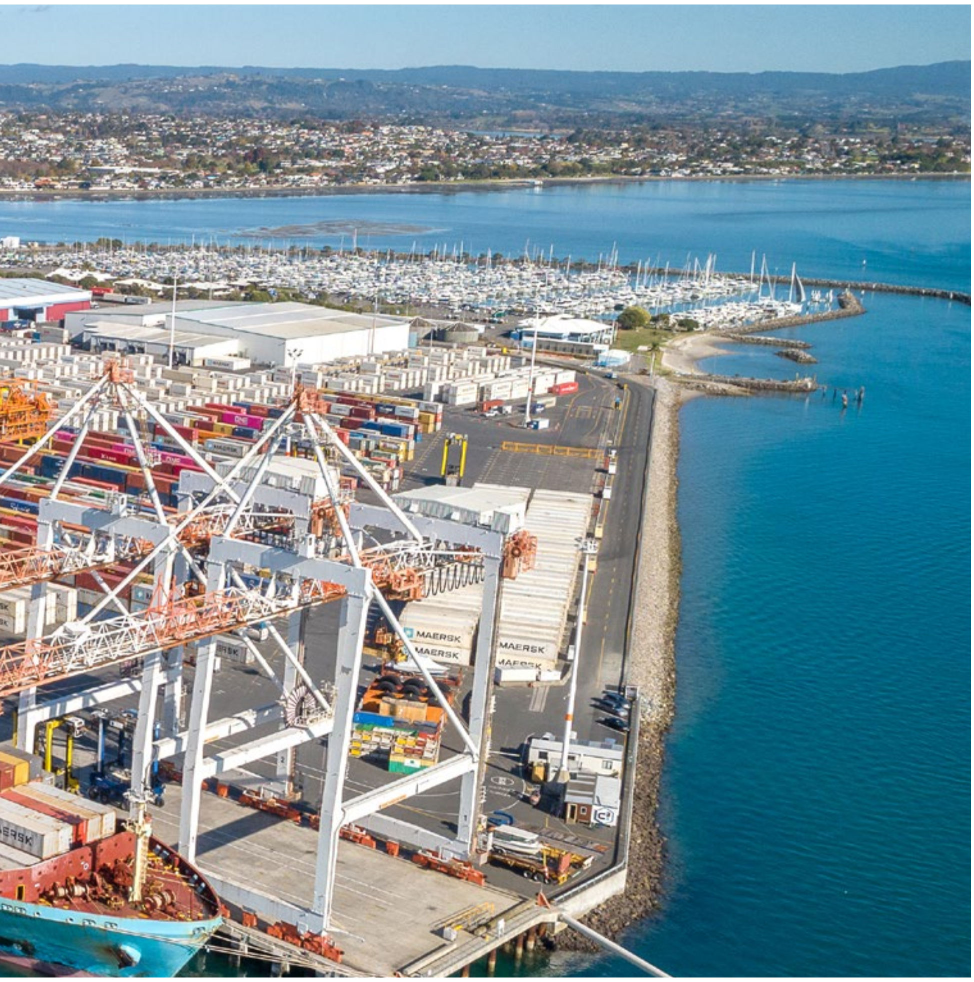
Integrated Reporting improves stakeholder understanding

Rochelle Lockley
Communications Manager
Port of Tauranga

Simon Kebbell
Chief Financial Officer
Port of Tauranga

Port of Tauranga Limited began its journey towards Integrated Reporting in 2018 as the company sought a more comprehensive and transparent method to communicate its strategy, governance, performance and prospects, with the intention of building credibility and trust with its stakeholders.

The company decided to base its annual report on the internationally-recognised Integrated Reporting <IR> framework, consistent with the NZX's updated Corporate Governance Code.



Port of Tauranga's Chief Financial Officer, Simon Kebbell says Integrated Reporting seemed the most logical fit for the company as an infrastructure provider. "The six capitals framework made sense. We could easily relate to the capitals or resources, which we identified as relationships, people, skills and knowledge, environment, assets and infrastructure, and finances".

In the first integrated report, the company relied on existing knowledge to identify the issues material to stakeholders and the significance of those factors to its commercial success.

"To get the ball rolling we also used external consultants to help us with external stakeholder engagement. We had been engaging with our stakeholders over the years of course, but we needed a bit of help devising a materiality assessment process," he says.

The consultant helped structure the material assessment project and helped the Port develop a three-year reporting plan, including how to align with UN Sustainable Development Goals (SDGs) and identify gaps in stakeholder engagement.

A materiality assessment project was completed in 2018 and, in early 2019, the company formally engaged again with stakeholders to test assumptions and ensure it was responding to their priority needs and interests.

> "
> **The port company's Communications Manager Rochelle Lockley says adopting integrated reporting has enabled both internal and external stakeholders to be better informed about Port of Tauranga's role in the community, and especially its environmental performance.**

"We believe it has strengthened our relationships and this will be tested in the second round of formal stakeholder engagement over the next few months. <IR> has helped us better understand the implications of challenges such as the COVID-19 pandemic and enhanced our risk management approach," she says.

ESG INFO IS IN DEMAND

Simon Kebbell says there is growing pressure from externals – investors and customers – for more ESG information.

“It comes from a mix of investors and stakeholders. New Zealand fund managers are taking a stronger interest in our environmental and social impact.

“Interestingly, there is also a lot more interest now in debt capital markets. We recently issued a straightforward corporate bond, but there was interest and questions on both environmental and social issues. They wanted more information on the big picture for us regarding climate change and what we are doing to mitigate and reduce our carbon emissions. We also had questions from Australian fund managers about modern day slavery from a global perspective,” he says.

Data gathering a challenge

Pulling together a wide range of data and material for a comprehensive IR report takes work. The Port hadn’t had external assurance of non-financial information previously and wanted to make sure its data was robust.

“Data collection and verification is an ongoing challenge. It’s not as straightforward as the financial data side of my job,” Simon says.

Another part of the puzzle is making sure the environmental data base is lined up and in sync with the financial reporting process.

“This year we worked with Toitū to get it aligned and they did an amazing job delivering the audited emissions on time. It has been a massive exercise to get the people data and some other metrics – this has improved immensely in the past few years,” Rochelle says.

“As you work with internal stakeholders on gathering the data, they realise how important it is. A benefit of using IR is that we all begin to understand more our role in the community. People now understand the balance required. When all the issues are laid out on the table, people can see the links between the capitals,” she says.

Simon Kebbell:
"I wouldn't say that everything is solved by using IR framework but it does resonate with us and gave us a structure to our approach to strategic planning."

Disclosing climate-related risk

In its 2020 report Port of Tauranga expanded its risk management content and identified climate and other environmental risks. It plans to continue its disclosure on climate-related risk.

"We know that a requirement for climate-related financial risk disclosure is coming. We await with interest the guidelines that the Government might give us on TCFD, but we are certainly not going to sit back and wait for it. We have already identified what is important to our business. We are not going to be perfect from day one, but we have got our heads around it already," Rochelle says.

Extra benefits of Integrated Reporting

Integrated Reporting has highlighted the interdependencies between the six capitals employed in the Port of Tauranga business.

"That was a great learning experience for us – working through the capitals and defining them in terms of how they related to our business. We quickly realized how useful the definitions were and how they could be applied in other activities."

Presentations to shareholders, to the community, regulators and politicians often use the same IR-based descriptions of company and reflect the IR structure.

In the 2021 financial year, the Port intends to review its material topics in consultation with its stakeholders and further integrate the UN SDGs. It will also expand its assessment of climate-related risks and plans to extend assurance of non-financial measures.

"One thing you have to come to terms with – there is no end destination – you are continually evolving in your reporting," Rochelle says.

Rochelle Lockley
Communications Manager
Port of Tauranga

Simon Kebbell
Chief Financial Officer
Port of Tauranga

Looking forward

The progress made over the last year is really promising however there is more work to be done.

When compared globally in other reports New Zealand continues to underperform against our trading partners in regards to ESG measure and disclosure. As an export led economy that values global capital input let's not get complacent.

Are we there yet?

ESG is a mindset of continual improvement, frameworks are essential to support measuring this improvement however a set and forget system is never going to happen. Don't wait for the 'perfect' process, framework or outcomes in your business to act. The market expectations on organisations will continue to evolve and the longer you wait, the further behind you will be.

Competitive advantage

We need to shift our mindsets away from thinking that ESG is compliance or 'just' reporting, to being seen as the enabler for positive behavior change. Those that have ESG integrated into culture and business practice hold a competitive advantage over those who don't. Globally, investors are focusing more on impact investment and this trend will continue to evolve at pace. It's not that you won't be able to find investors but there is a chance that failing to effectively engage in ESG could mean that you don't get the attributes or price from an investor you desire.

Integrated KPI's

The Sustainable Finance Forum Roadmap for action discusses integrating ESG into KPI's at board level to exec teams then through the organisation. This will enable a cohesive focus on behavior change and avoid unintended contradicting KPI's which end up locking organizations into the status quo rather than fostering progress. ESG is not about reporting well or being perfect: it's about having a culture that is transparent and demonstrates progressive behavior.

Contact

Talk to us about your ESG reporting requirements

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Wright Communications and NZX Limited are extremely grateful to those people and organisations who gave their time to support this report. We value the insights you provided by sharing your experience and knowledge. Thank you.

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