

PwC's Global Investor Survey

Insights for New Zealand

Our PwC Global Investor Survey 2022 provides insights into what investors think of companies' sustainability efforts and investigates their views on the actions companies can take to guide sustainability initiatives.

This global survey captured the insights of 227 investors across 43 territories; 40 of those respondents were investors who invest in New Zealand. In this snapshot we take a closer look at the key data points for New Zealand.

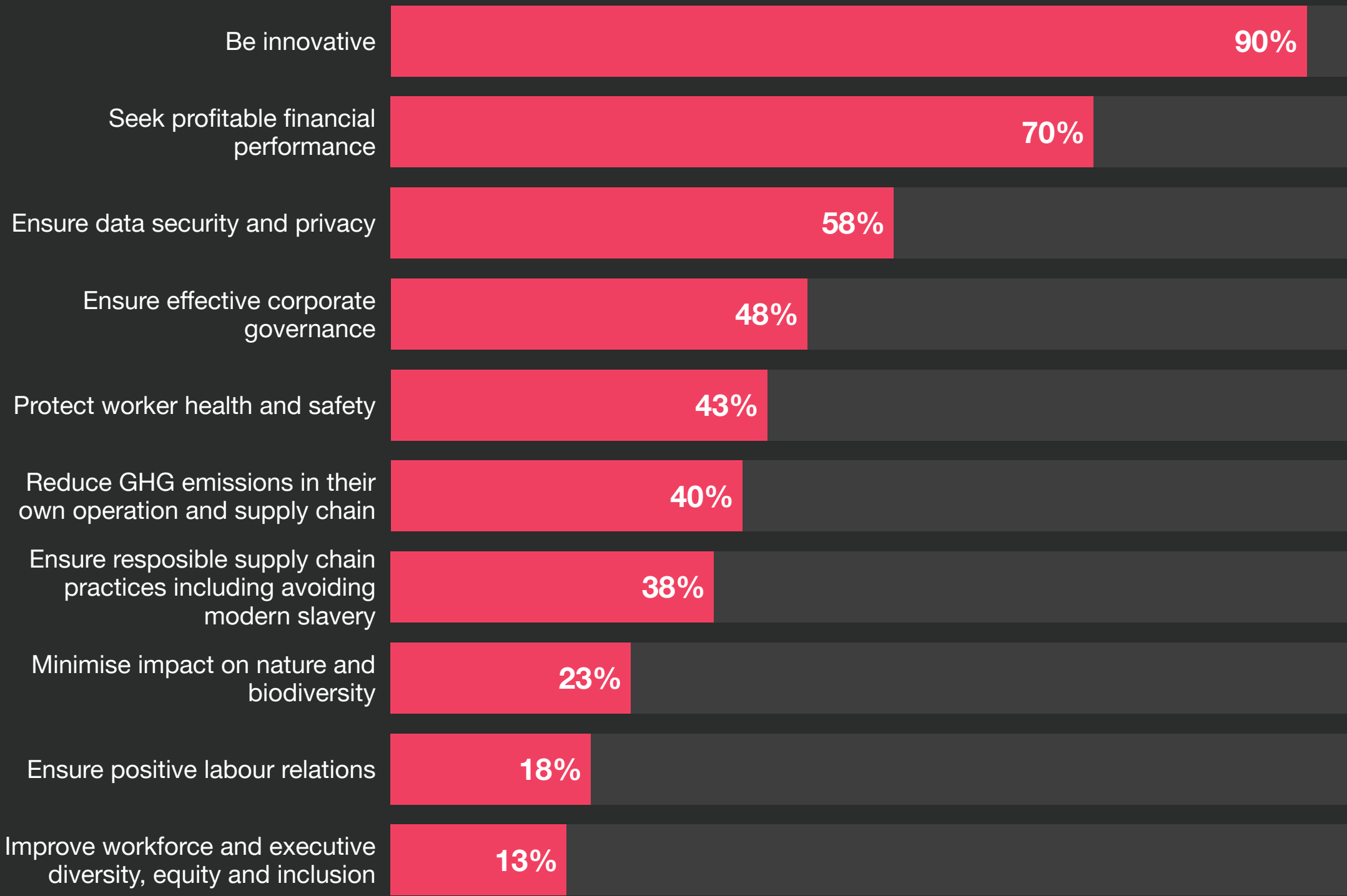


May 2023

What are investors prioritising?

Innovation and ensuring profitable financial performance are clear priorities for investors, with protecting worker health and safety, improving data security and privacy and ensuring effective corporate governance making up the top five.

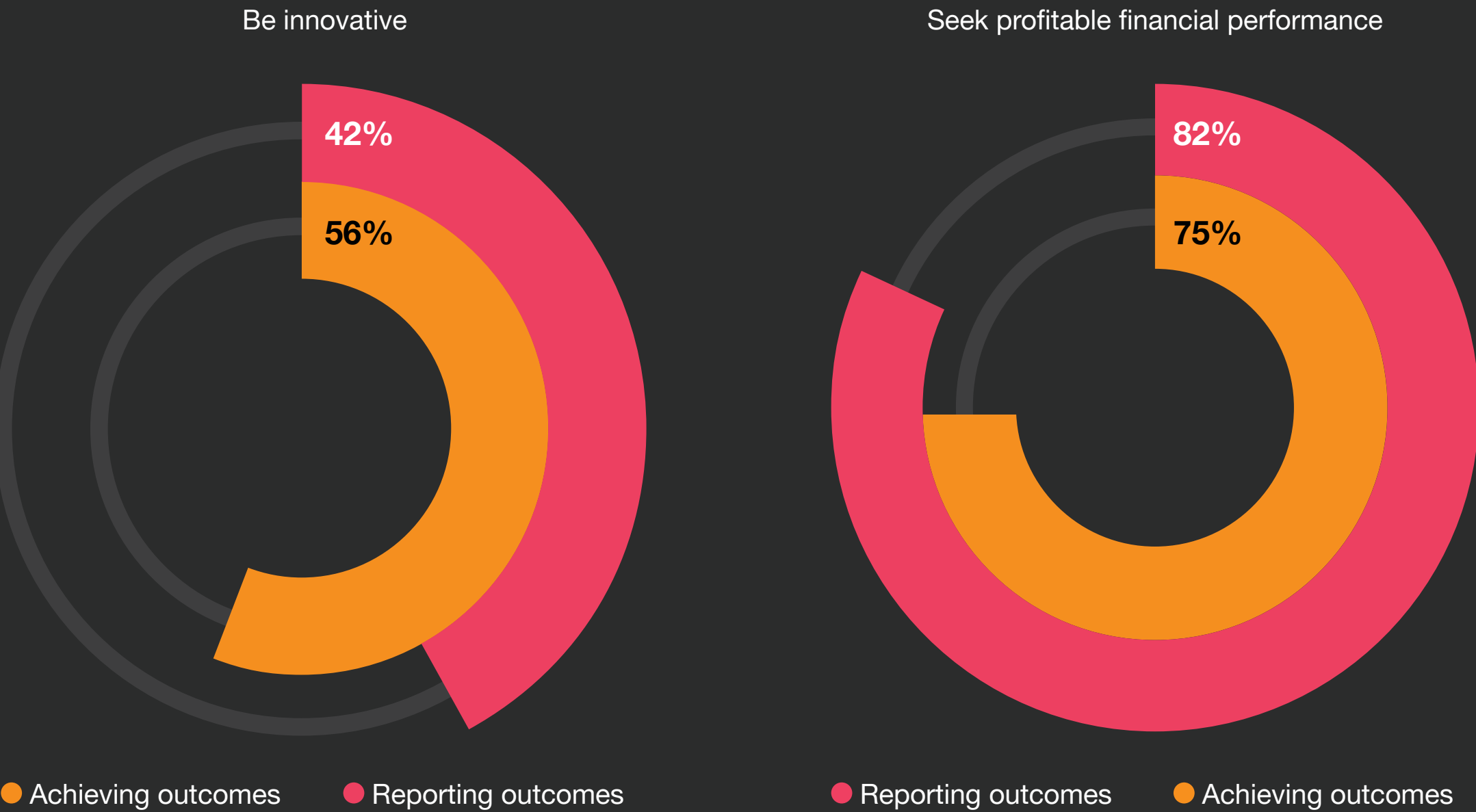
% of respondents who selected the outcome as a top five priority.



Showing the top 10 results selected. Other options included: reduce water use, ensure tax transparency, ensure gender and racial pay equity, and improve corporate board diversity.

Of the top two priorities, investors thought businesses were much more adept at achieving and reporting outcomes that sought profitable financial performance than they are at doing the same for being innovative.

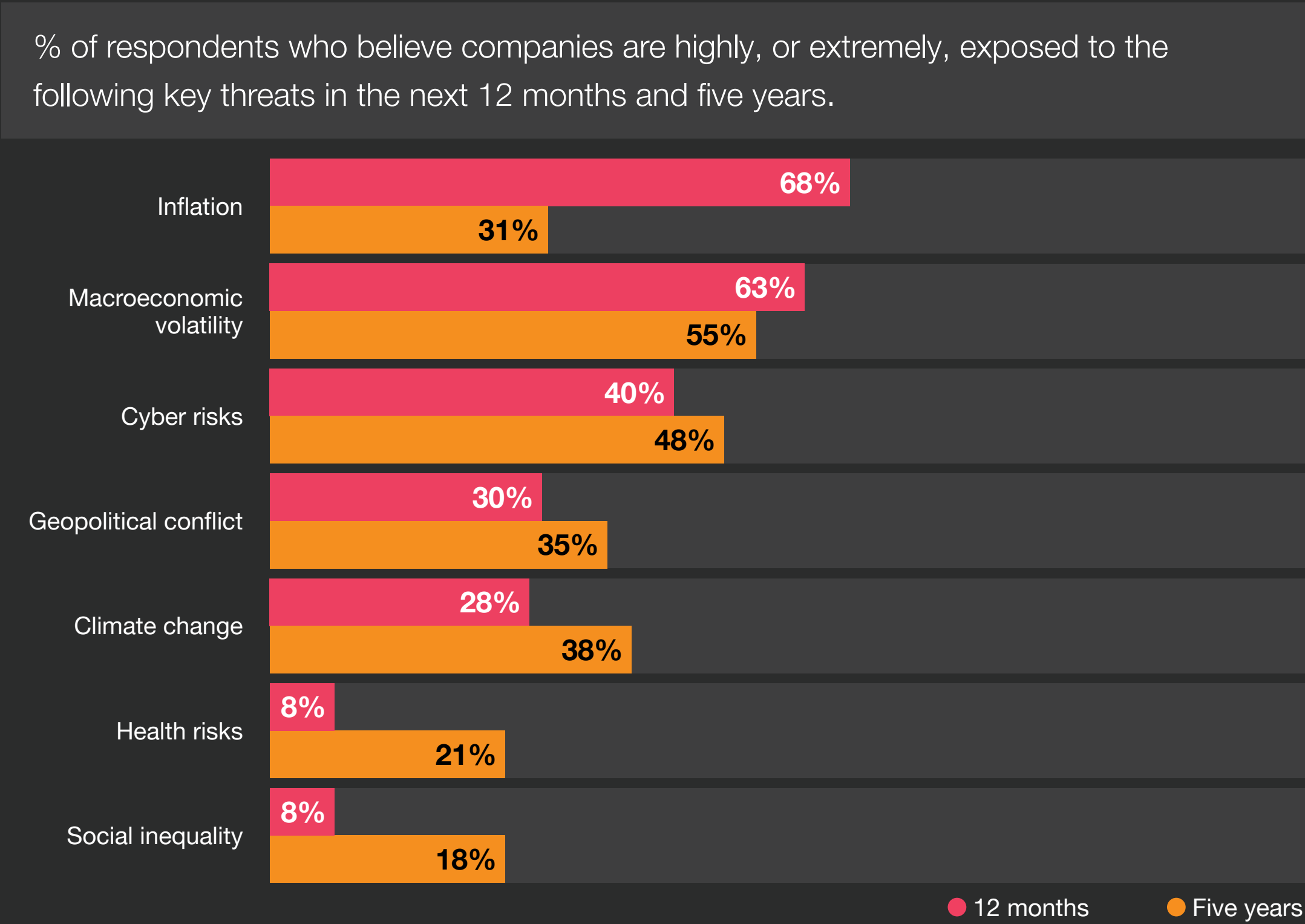
% of respondents who believe business has been effective, or very effective in achieving and reporting on the following outcomes.



Results for other priority areas were not available due to number of respondents being too low.

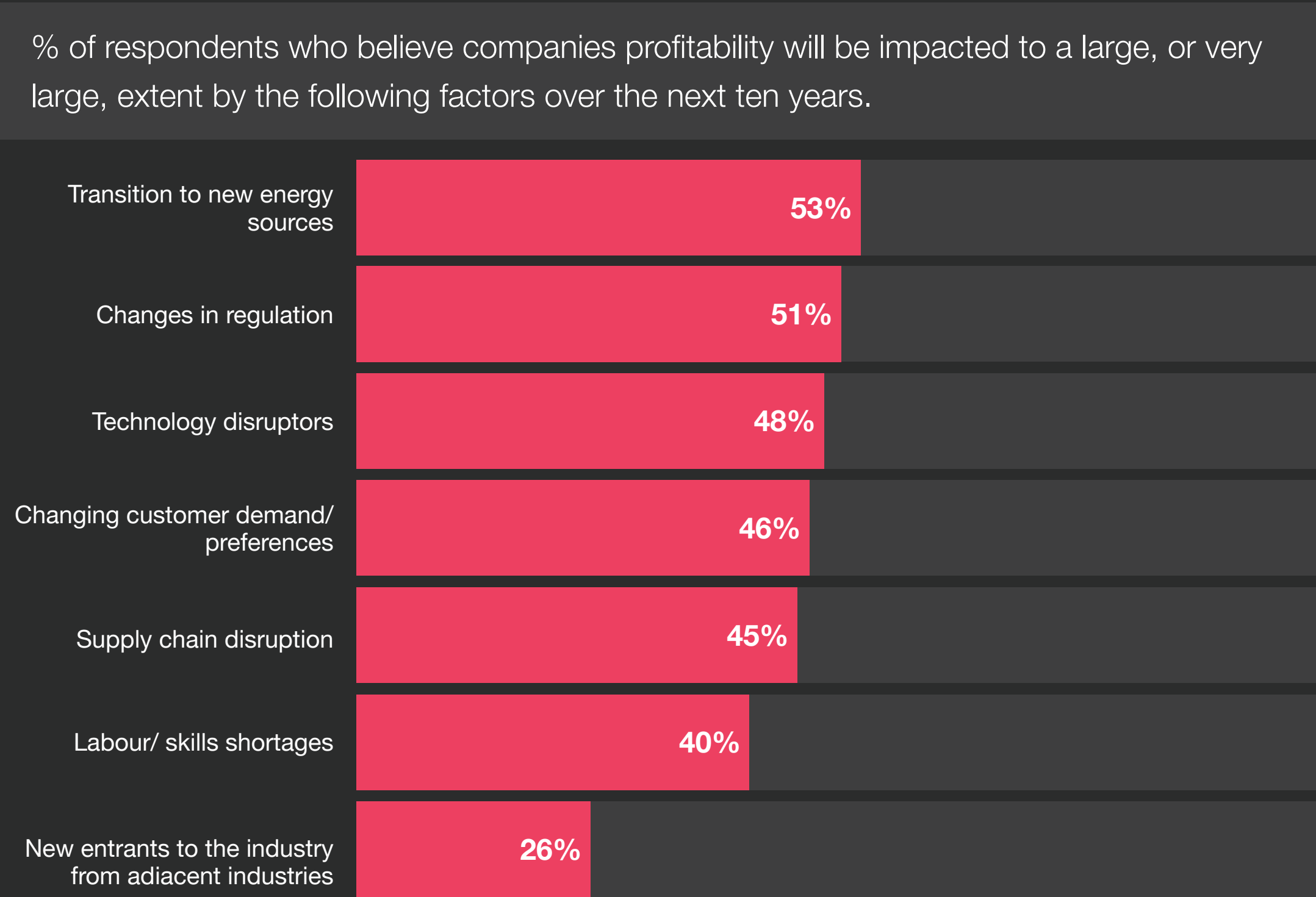
Key threats and the impact on profit

Most investors believe companies are not highly or extremely exposed to sustainability threats in the next 12 months but over time it becomes more of a concern – particularly in relation to climate change, which is one of the top three threats investors believe companies will be highly or extremely exposed to in the next five years.



It is noteworthy that respondents completed this survey prior to the extreme weather events in New Zealand, including Cyclone Gabrielle and widespread flooding (refer to survey methodology on pg 11). It will be interesting to see how this perception changes in future years as a result of these events.

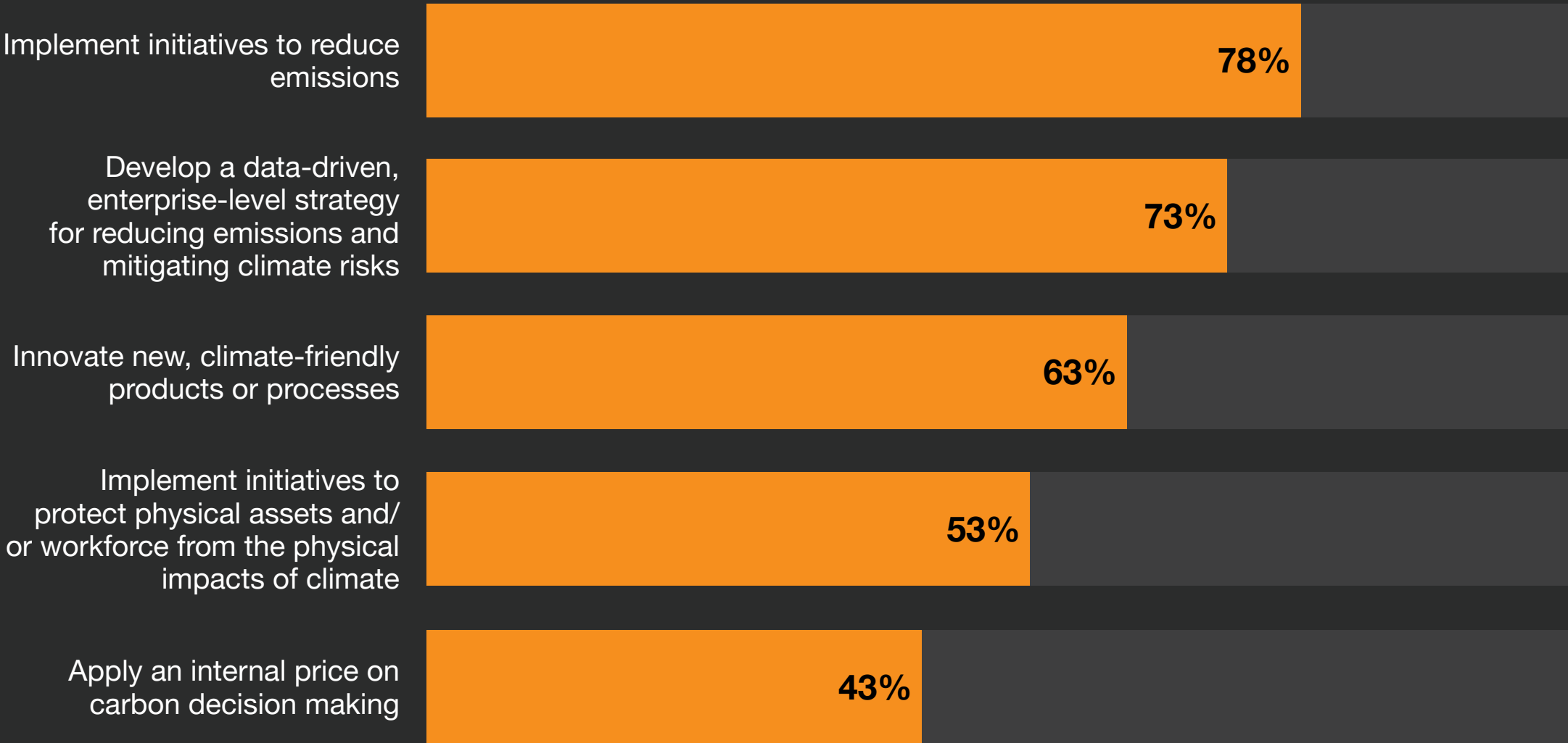
Investors see a number of factors on the horizon which they expect to impact companies profitability over the next ten years.



Taking action on sustainability

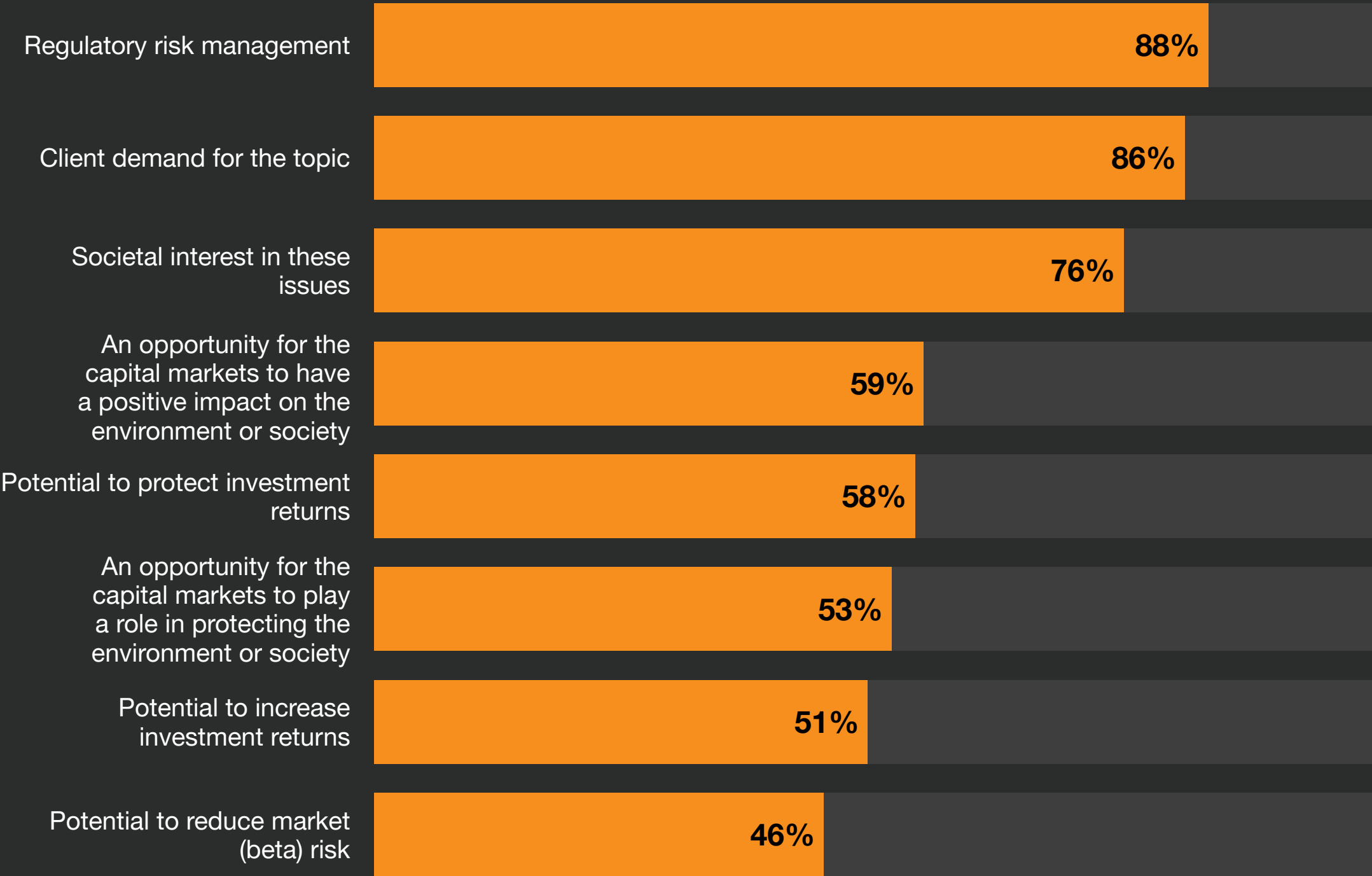
Investors see a number of effective actions companies can undertake to prepare for the risk of climate change. Most importance is placed on emissions reduction and developing data-driven, enterprise-level strategy to do so.

% of respondents who believe the following actions would be effective, or very effective, for companies to undertake to prepare for the risk of climate change.



Investors believe interest in ESG or sustainability investing doesn't only come from investors and their own motivations, but also from a multitude of stakeholders beyond this including clients, regulators and wider society.

% of respondents who believe the following factors drive investor interest in ESG or sustainability investing to a moderate, large, or very large, extent.



Investors also consider government action to be an effective tool in driving action on sustainability. They see positive measures, such as subsidies, as less of a driver than imposing taxes or regulation.

% of respondents who believe the following government measures would be effective, or very effective, in encouraging corporate actions on sustainability issues.



55%

Imposing taxes on unsustainable activities



55%

Adopting corporate disclosure requirements that provide transparency on corporate action to address sustainability related risks and opportunities



40%

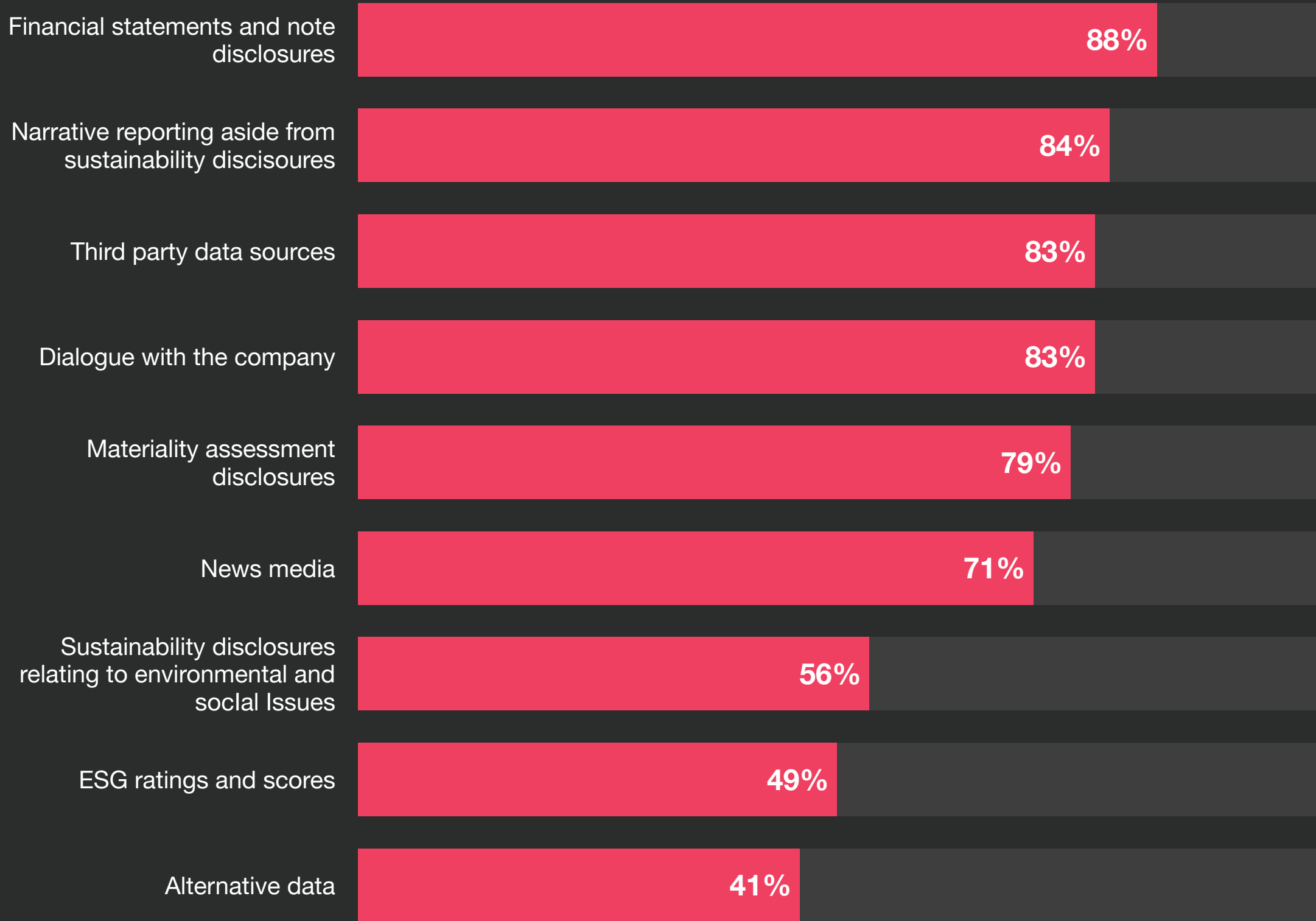
Providing subsidies to companies that undertake activities or initiatives that address government sustainability priorities



Sources of information for investors

Investors use a wide variety of sources to assess the companies they invest in. To make investment decisions they look for information on sustainability and how it impacts the company itself. They would also like to see companies disclose the monetary value of its operations and activities on the environment and society.

% of respondents who use the following sources of information to a moderate, large, or very large, extent to assess how companies are managing risks and opportunities facing their business.

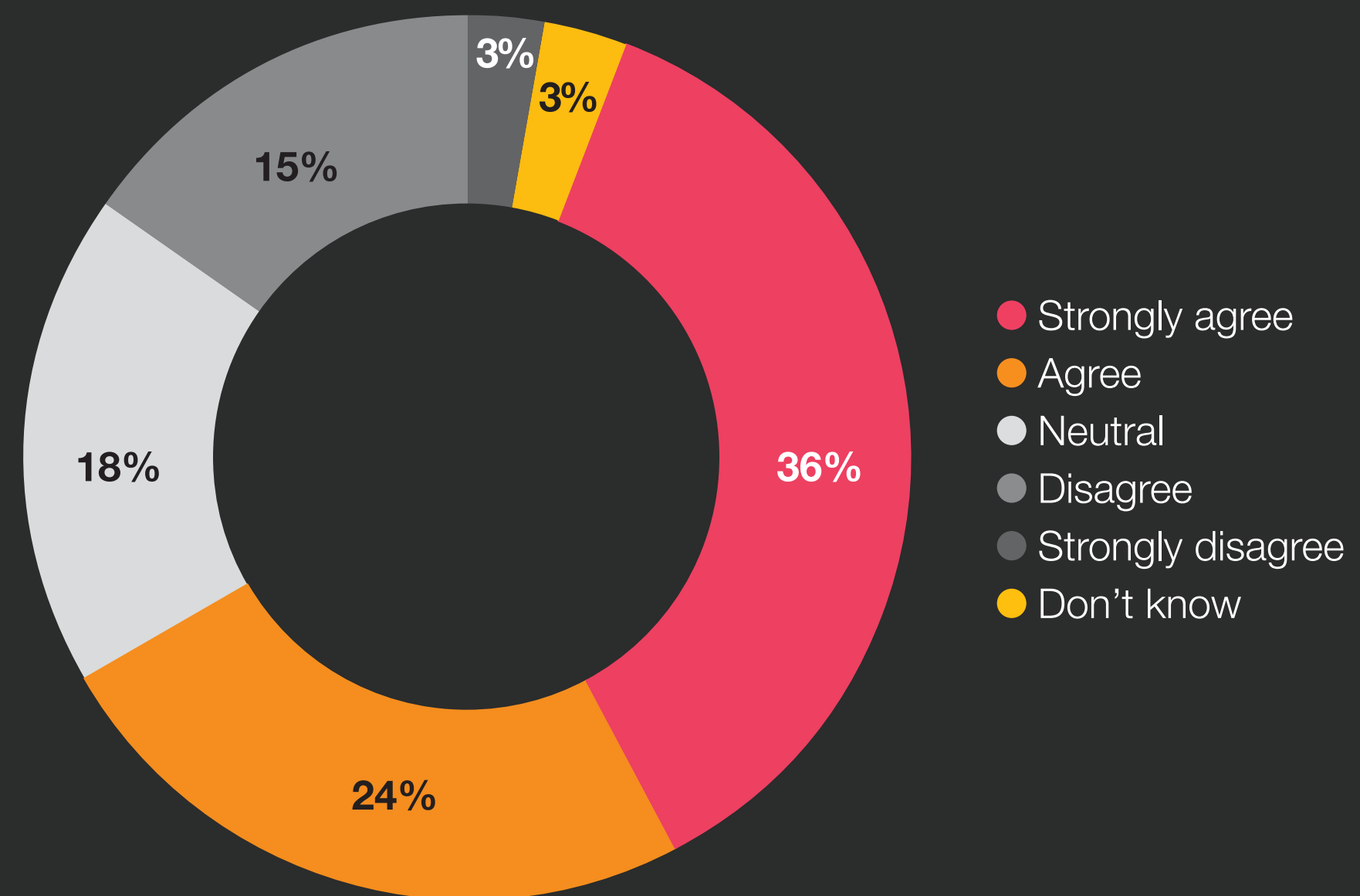


% of respondents who believe that it is important, or very important for their investment decision making that companies report the following information.





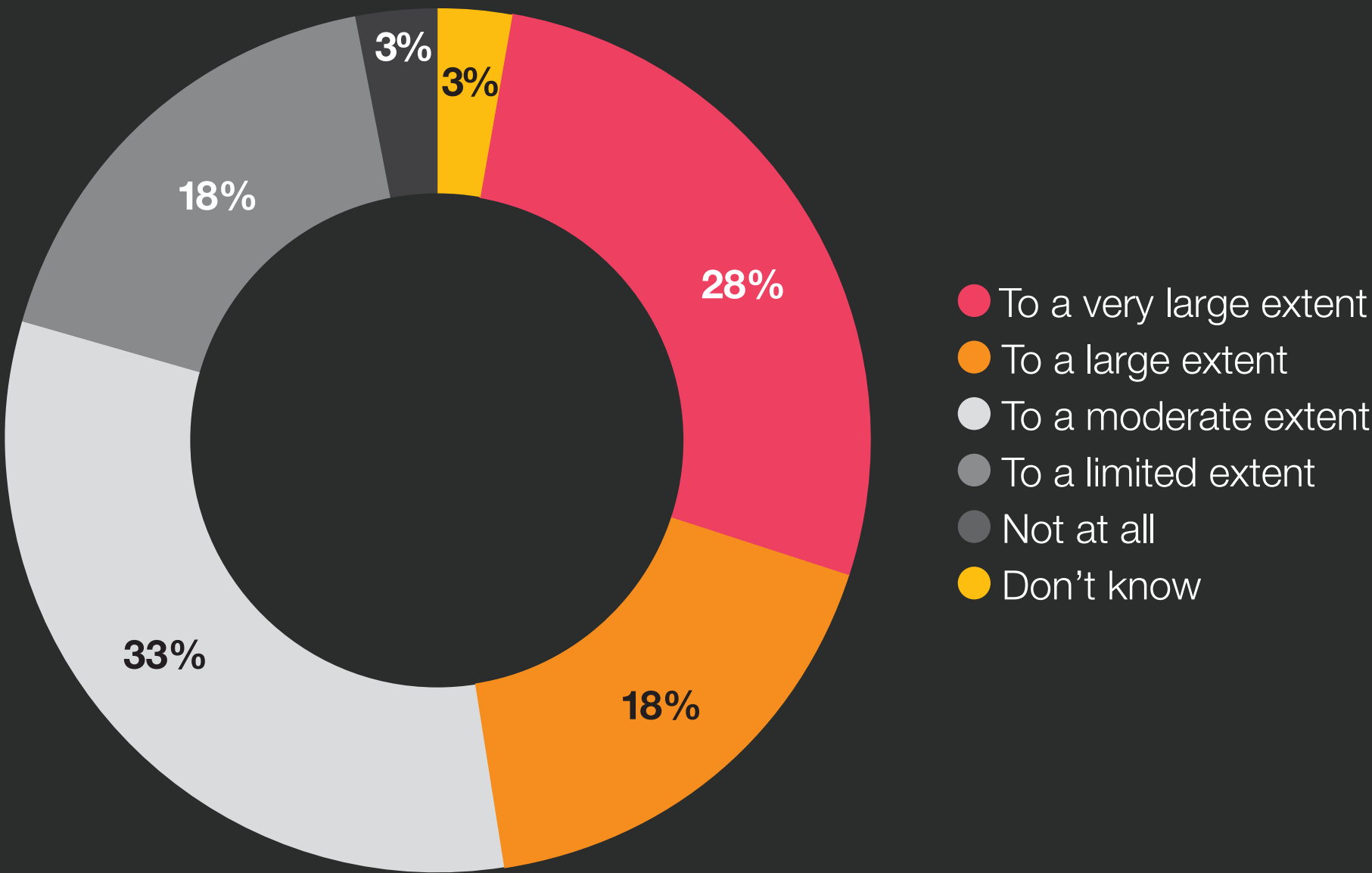
% of respondents who believe companies should disclose the monetary value of the effect their operations or other activities have on the environments and society (i.e. their impact).



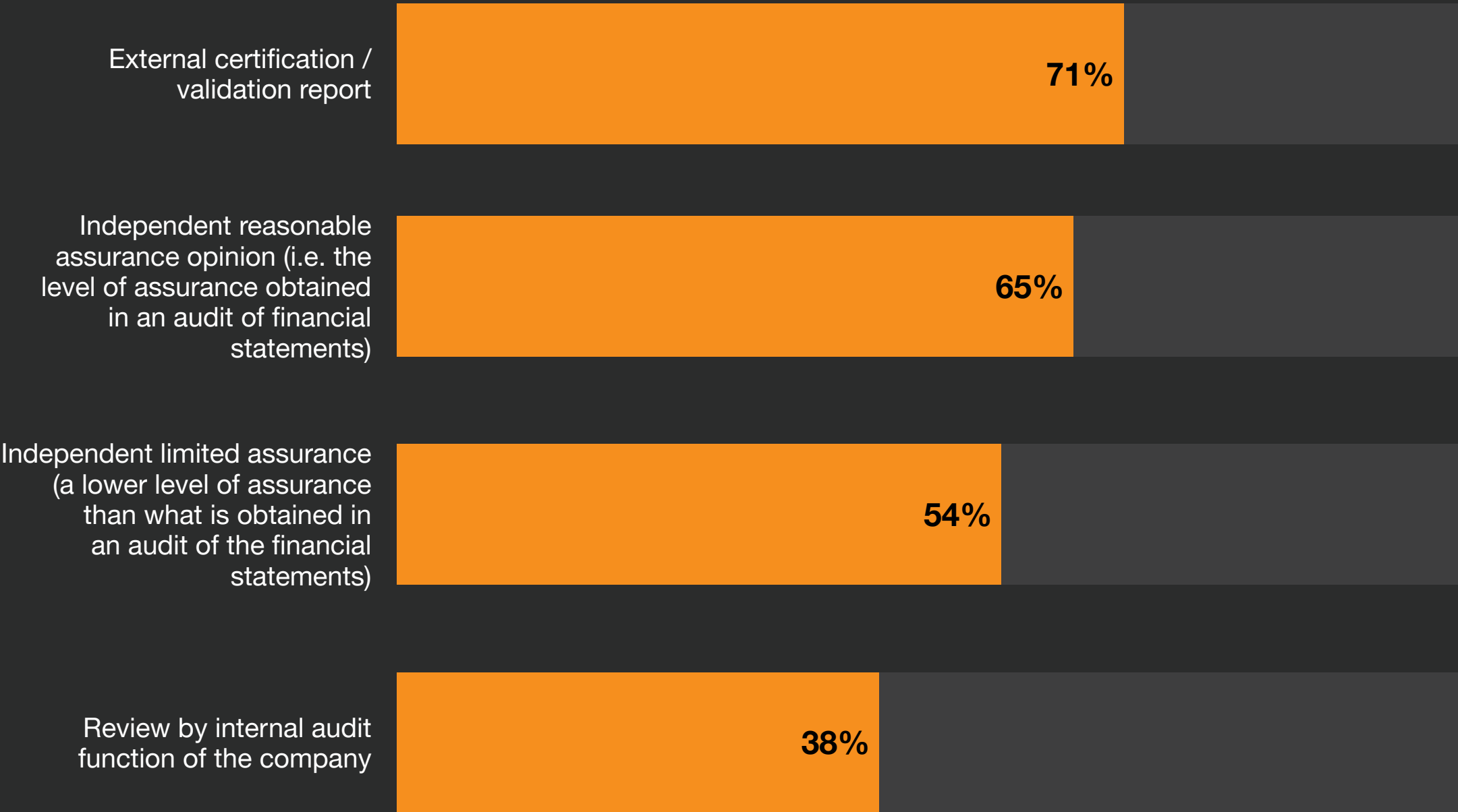
Building trust in sustainability reporting

A significant majority of investors have concerns that a company’s sustainability reporting contains at least some level of ‘greenwashing’. Many investors say assurance would give them confidence in this reporting.

% of respondents who think corporate reporting contains unsupported claims about a company’s sustainability performance to this extent.

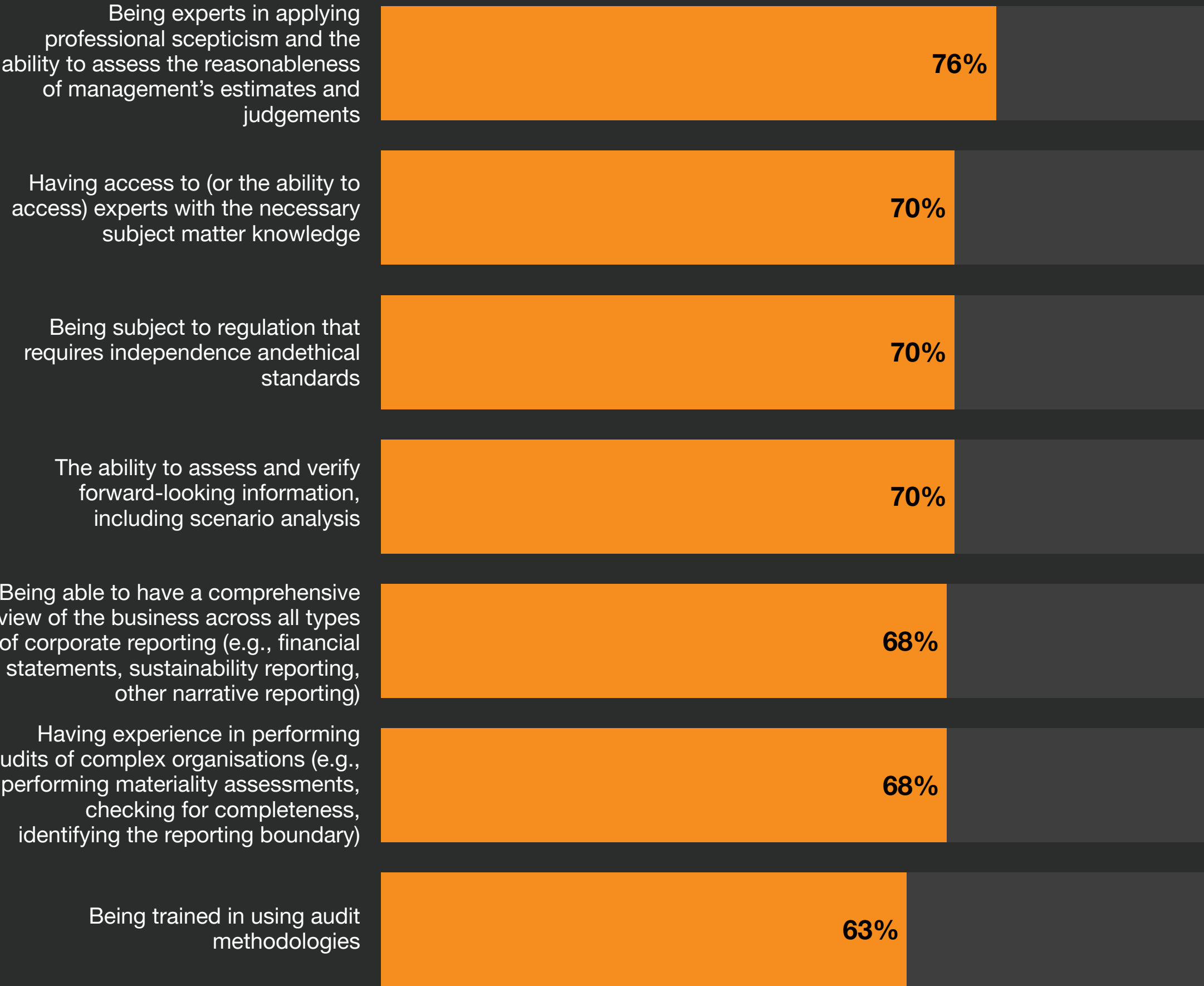


% of respondents who would get a moderate, large or very large extent of confidence from the following.

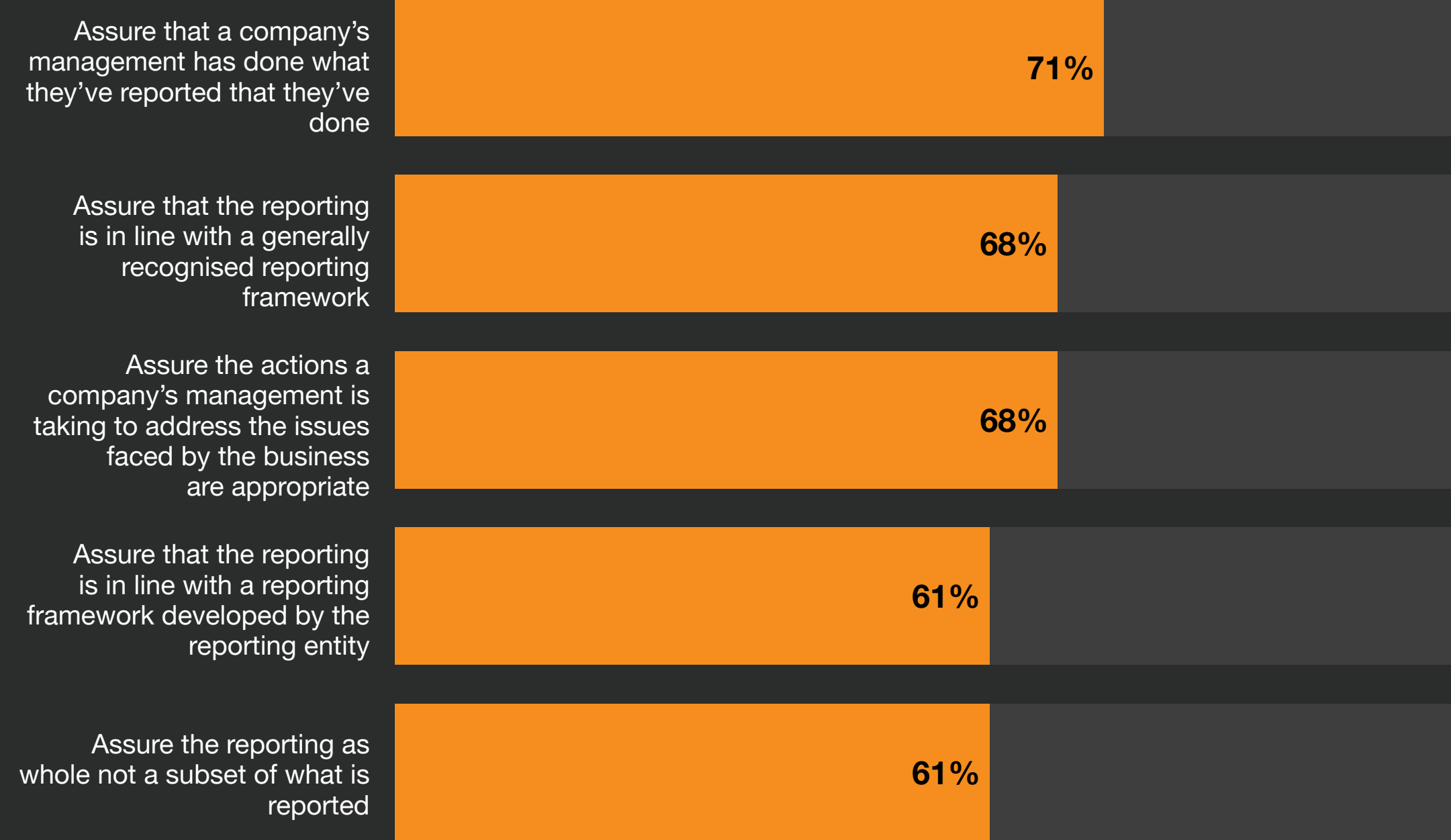


Investors expect a broad range of skills and expertise from the assurance provider of a sustainability report. Alongside other actions they want assurance providers to give them confidence that management has done what they've reported they've done.

% of respondents who say that the following attributes are important, or very important, in giving them confidence in the work of an assurance practitioner.

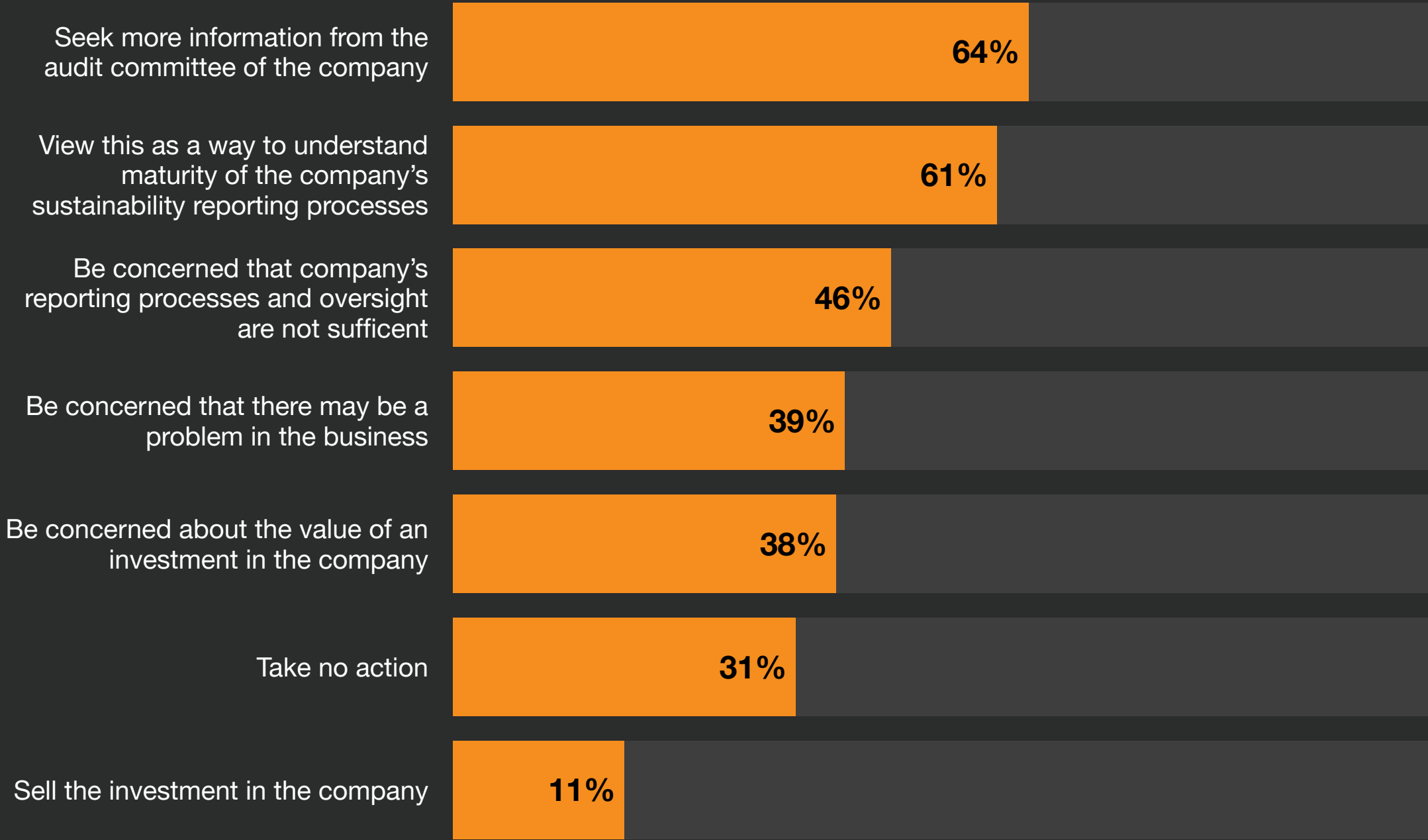


% of respondents who say that the following actions by an assurance practitioner would give them confidence to moderate, large, or very large, extent in a company's non-financial reporting (i.e. reporting outside the financial statements).



Despite raising some concerns investors would not immediately look to divest their interest in a company that received a qualified assurance opinion. Instead they would seek to engage with the company itself, or use this as a means to understand the maturity of the company’s reporting processes.

% of respondents who would be likely, or very likely to take the following action if a company they invested in, or covered, received a qualified opinion on it’s sustainability reporting.



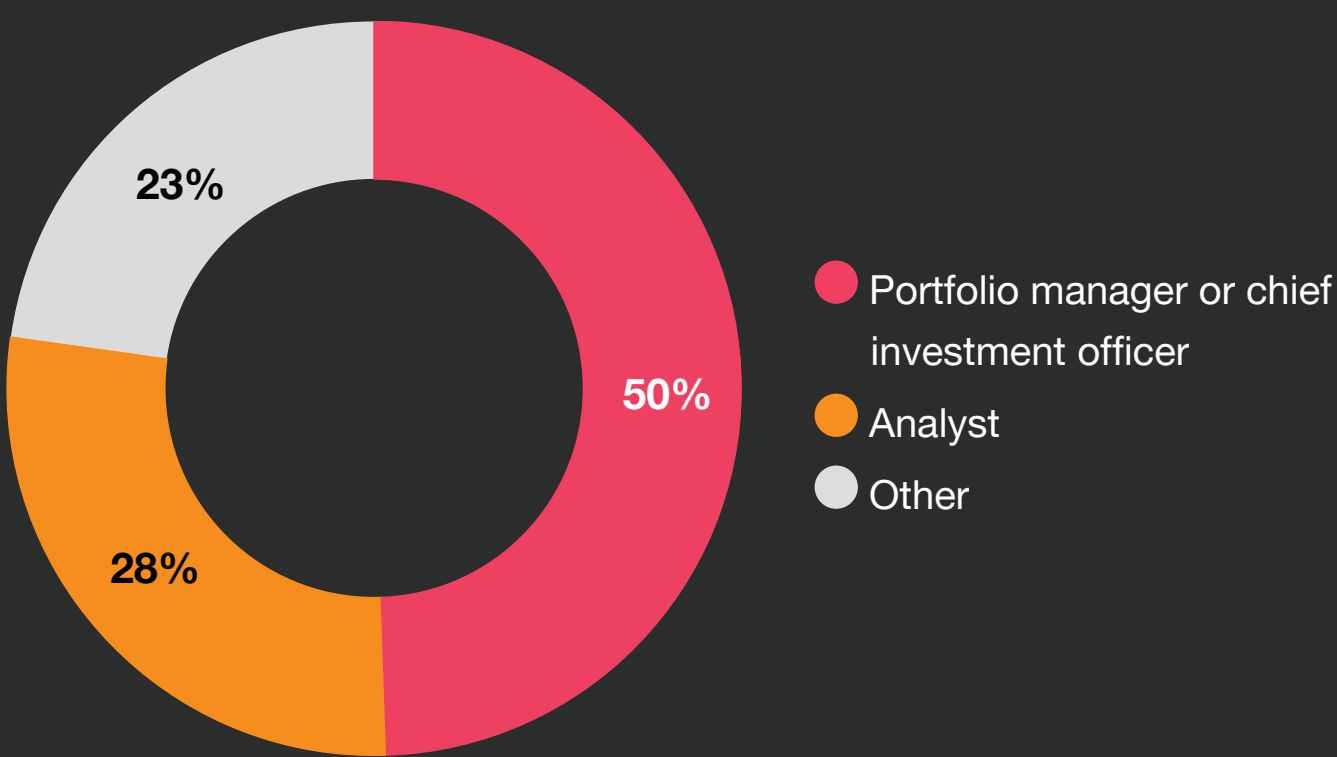
Respondents were also provided the option of ‘take a short position in the company’s shares’ but no respondents selected this as a likely, or very likely action they would take.



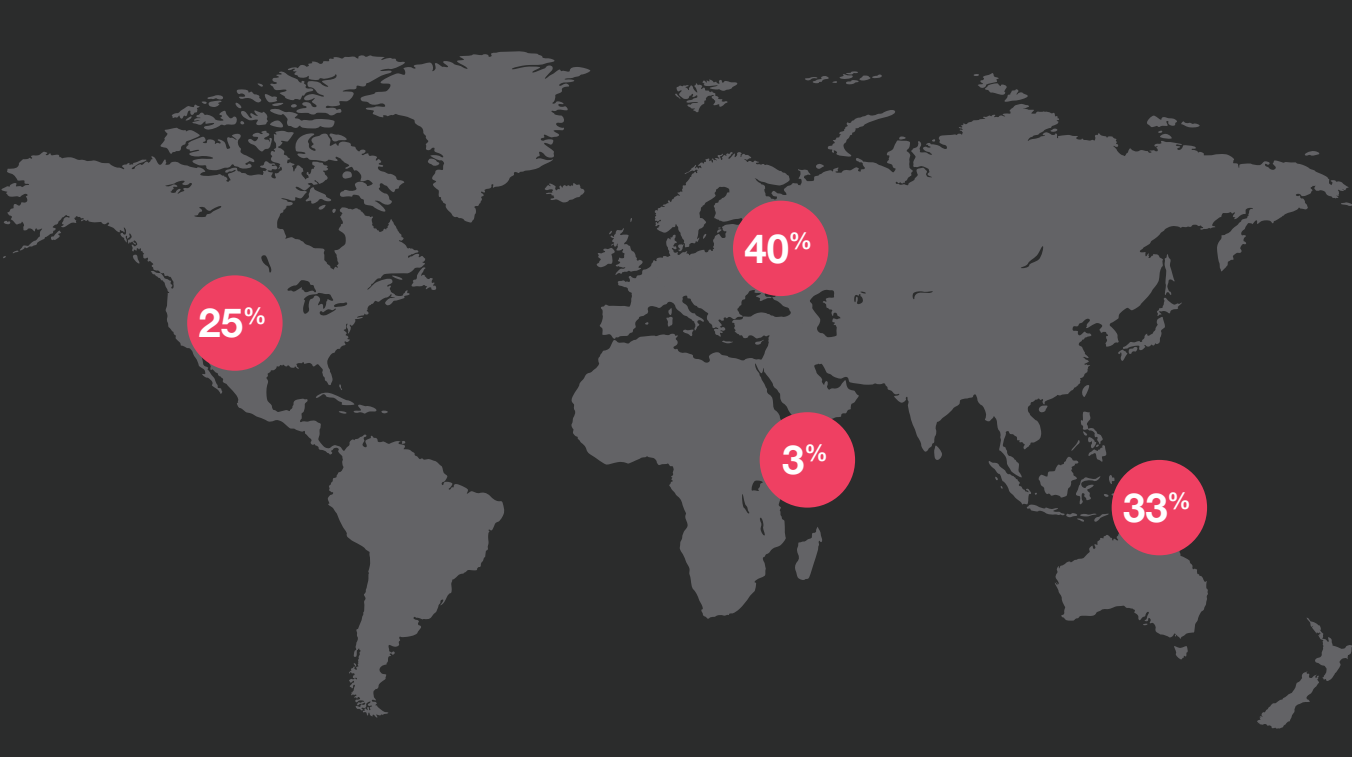
Survey demographics and methodology

PwC’s Global Investor Survey 2022 (published December 2022) is an external survey carried out in September and October 2022, collecting responses from 227 investors and analysts across 43 territories globally, with assets under management ranging from US\$500 million to US\$1 trillion or more. Data included in this report is based on the responses from 40 global investors who responded that they invest in New Zealand.

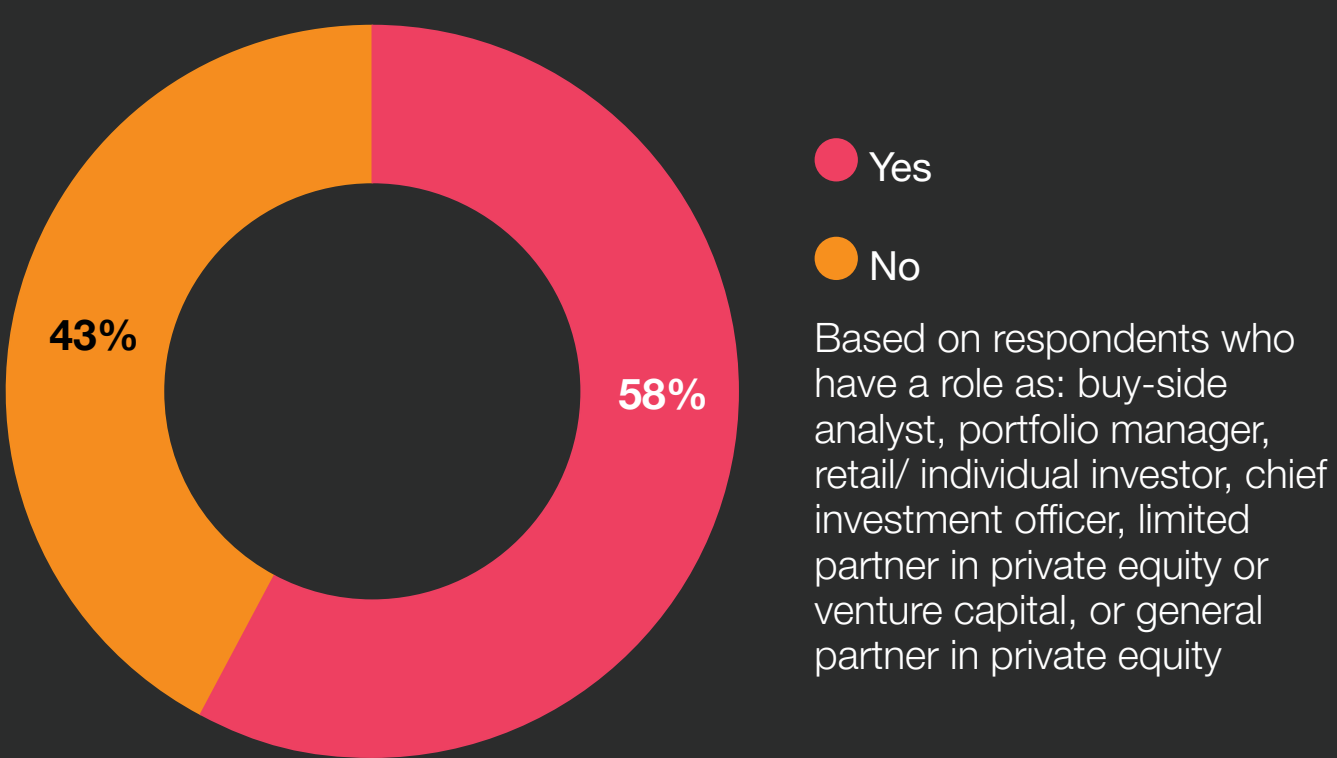
Job role



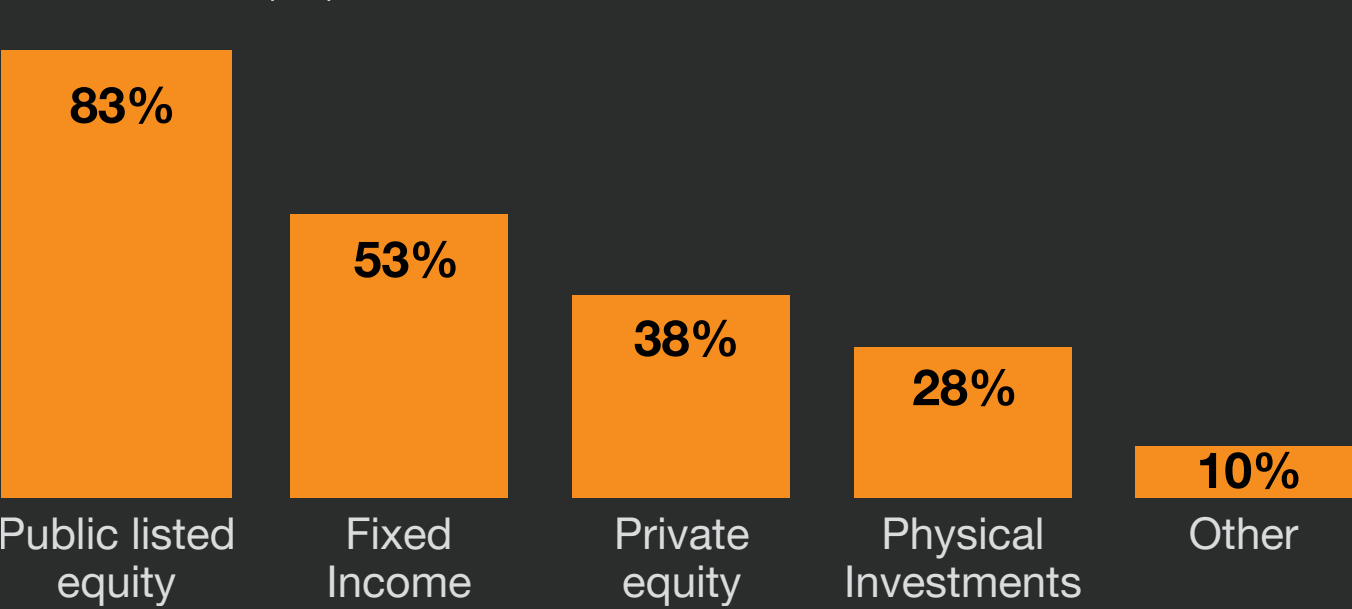
Region based in



Organisation is a signatory of a responsible investing body or initiative



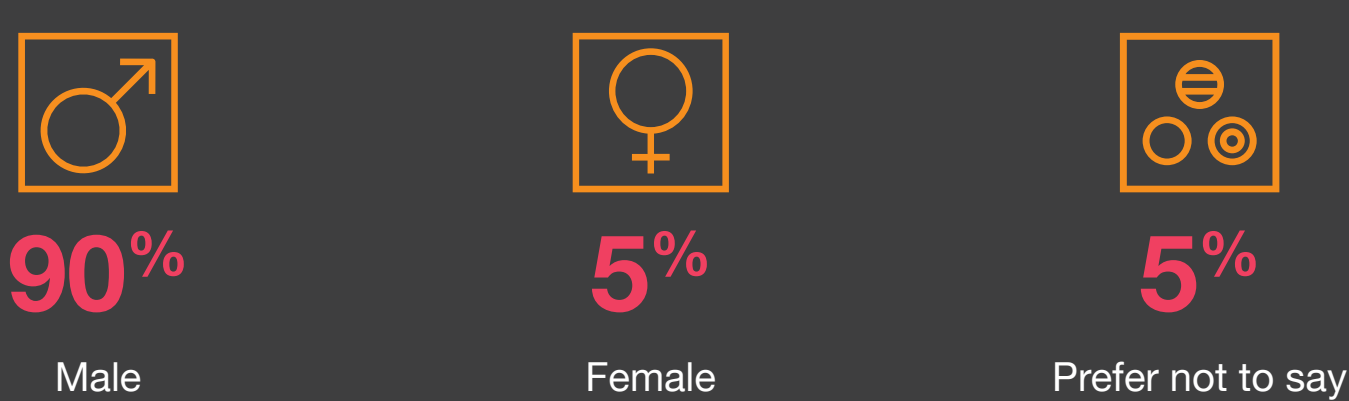
Asset class(es) focused on



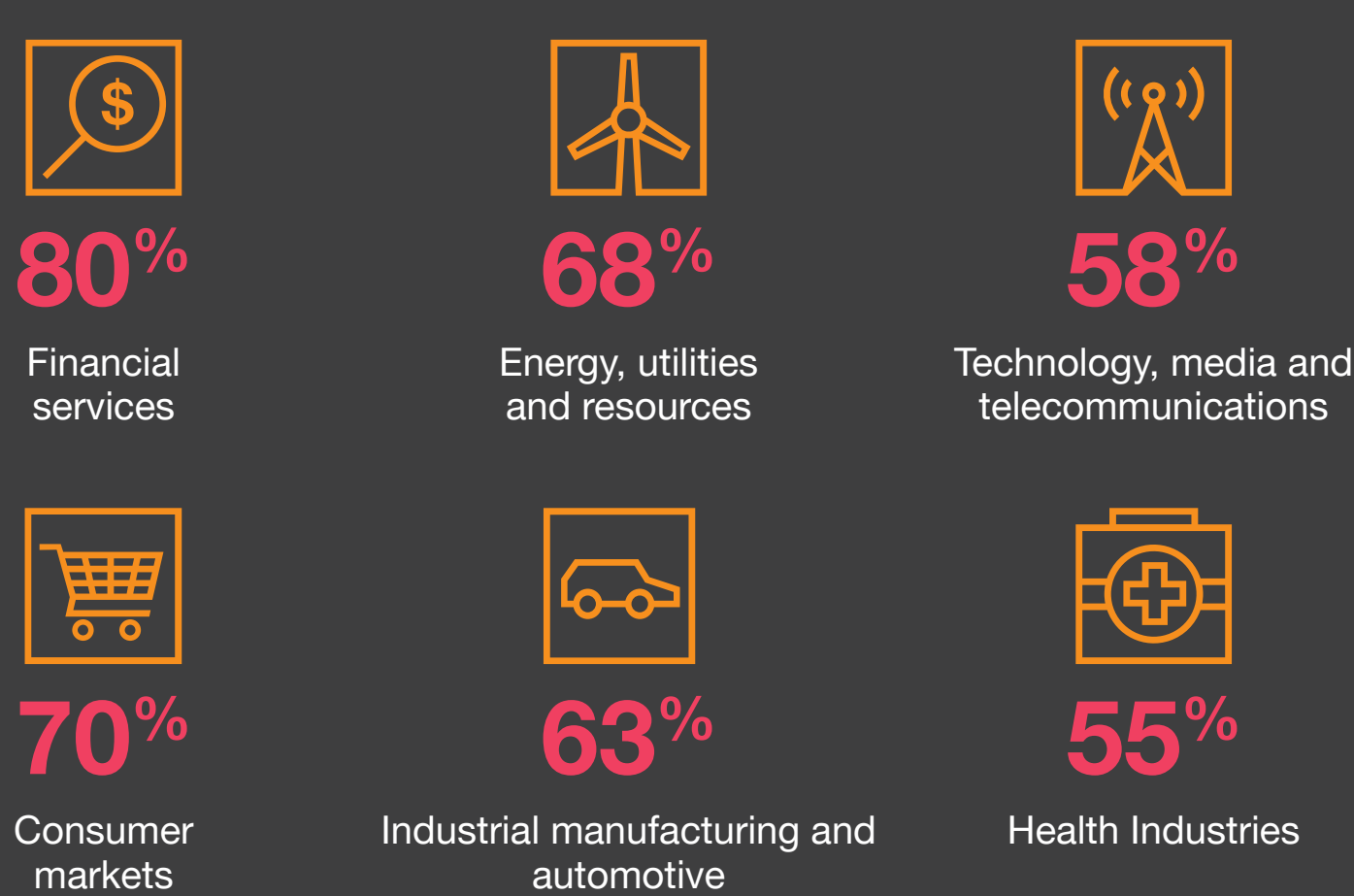
93%

Of respondents have more than 10 years experience in the investment industry

Gender



Industry/ Industries invested in or covered



Please note: Throughout this document, due to rounding, percentages may not add exactly to 100%.

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