

PwC's Global Investor Survey 2023

Insights for New Zealand

The PwC Global Investor Survey 2023 provides insights into investors' priorities and what they think of companies' sustainability efforts. It also investigates their views on the actions companies can take to guide sustainability initiatives.

This global survey captured the insights of 345 investors across 30 countries and territories; 36 of those respondents were investors who invest in Aotearoa New Zealand. In this snapshot we take a closer look at the key data points for this country.

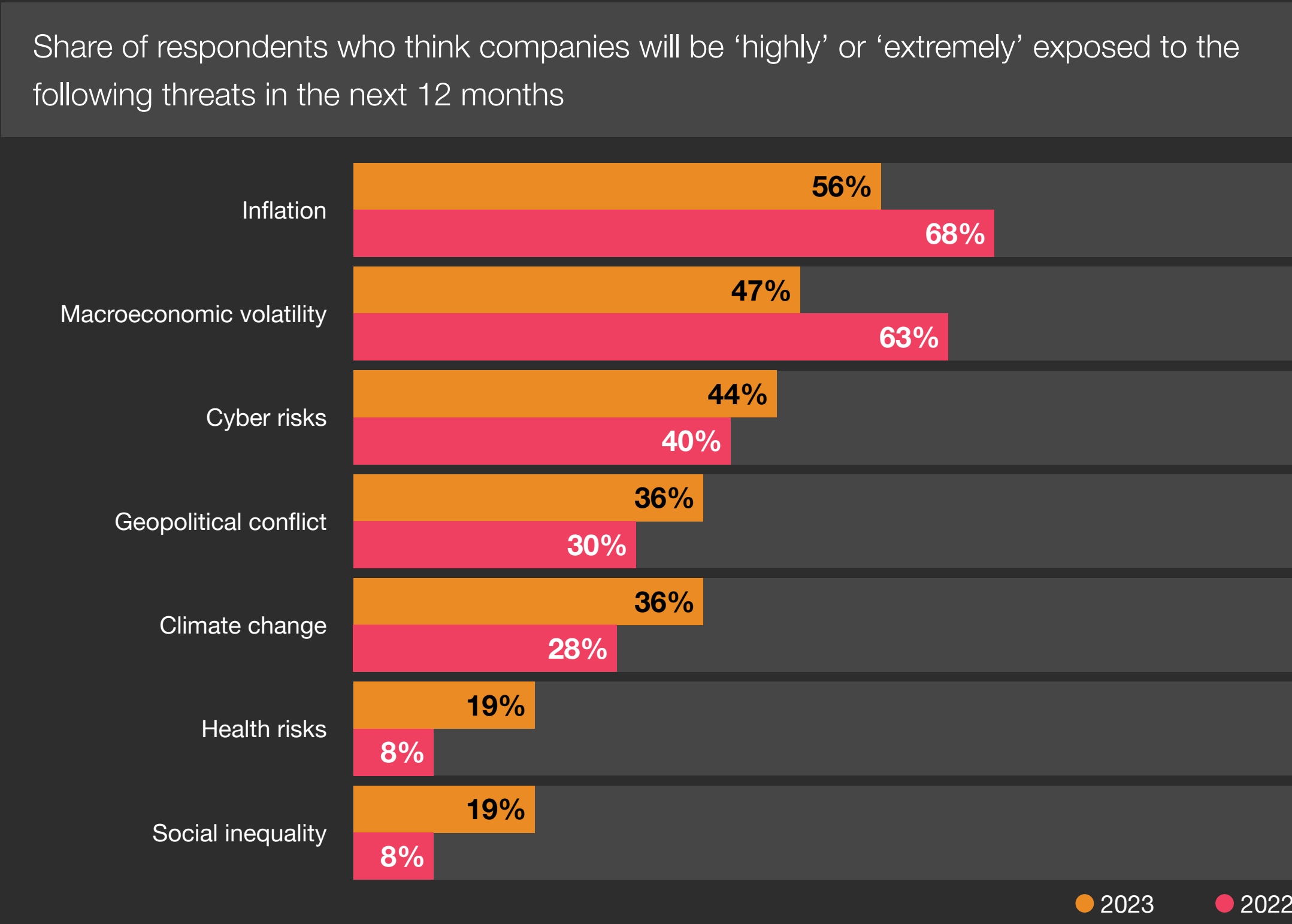


March 2024



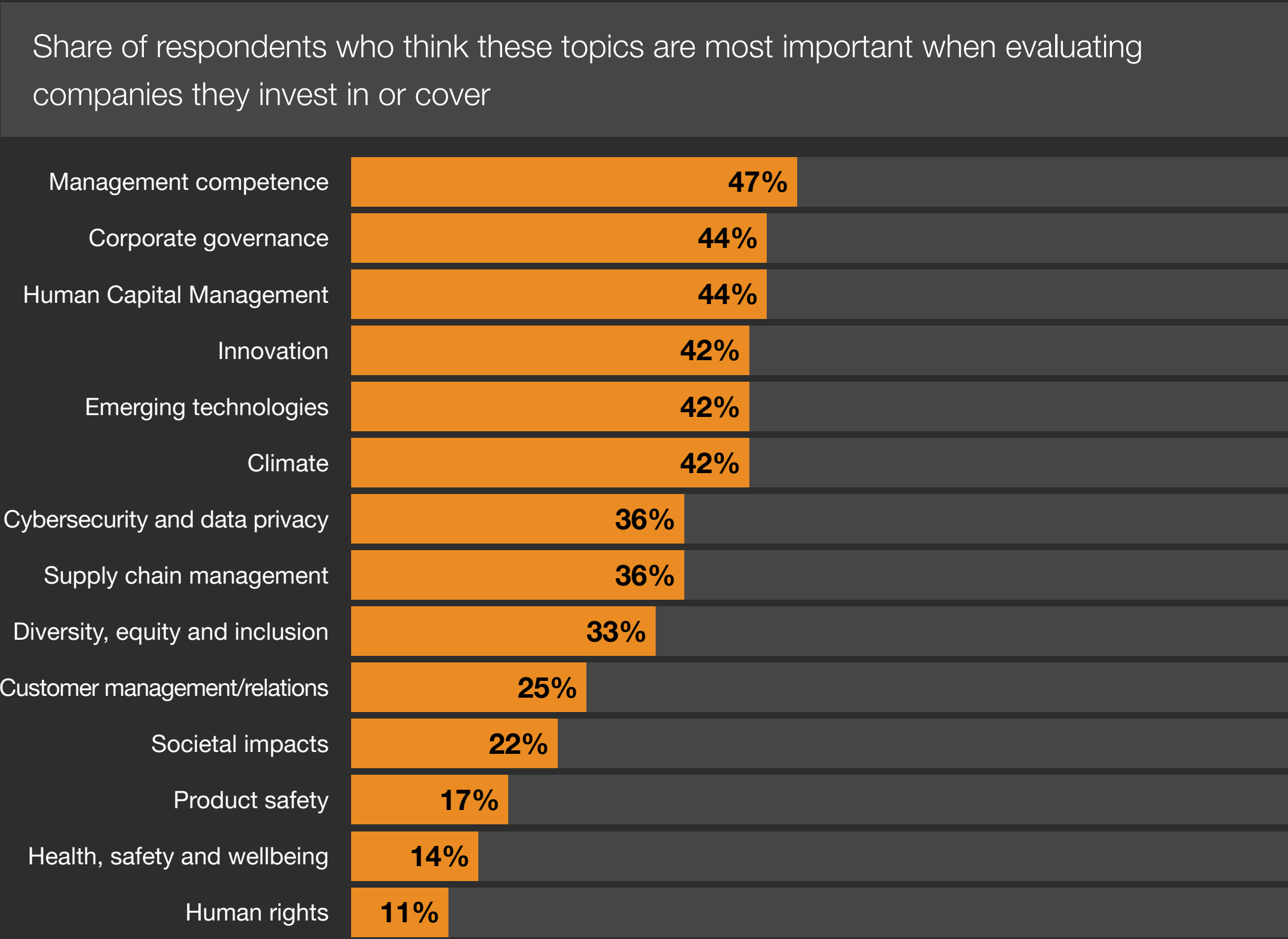
What are investors' main concerns? What are they prioritising?

Investors continue to see inflation and macroeconomic volatility as the most significant threats to companies in the next 12 months, although concerns have lessened since 2022. Conversely, concern over cyber risks and geopolitical conflict have grown. The threat of environment and social-related issues (climate change, health risks, social inequality), while still ranked lower than some, is increasing significantly.



Source: PwC's Global Investor Survey 2023, PwC's Global Investor Survey 2022

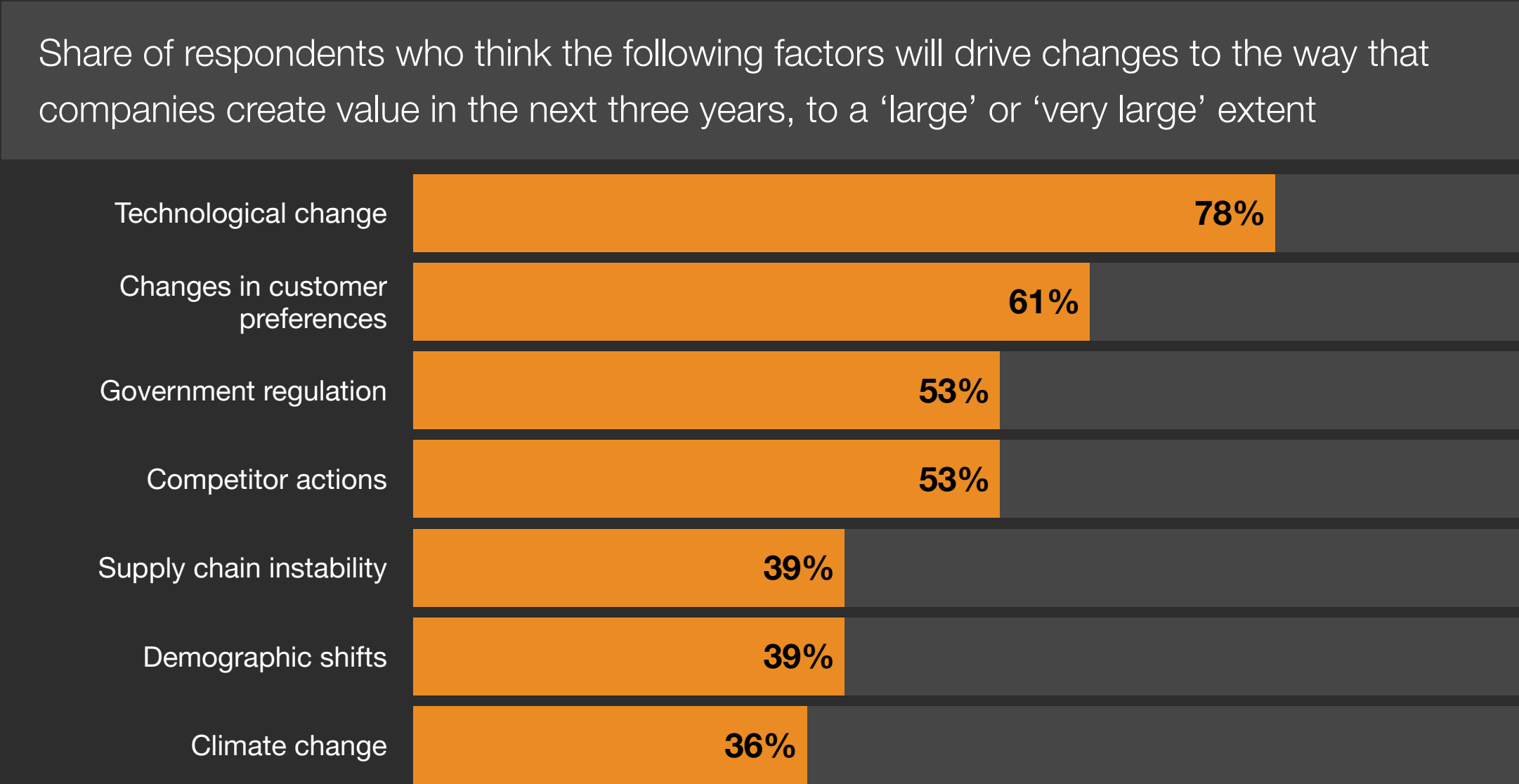
A broad range of factors are used by investors to evaluate the companies they invest in or cover. This includes a range of environmental, social, and technology topics. Core business capabilities such as competency of management, corporate governance, and human capital management top the list.



Showing results selected by more than 10% of respondents. Other options included: tax transparency/ responsibility, water management, nature and biodiversity, and waste management.

Emerging technology and AI is expected to change the way companies create value

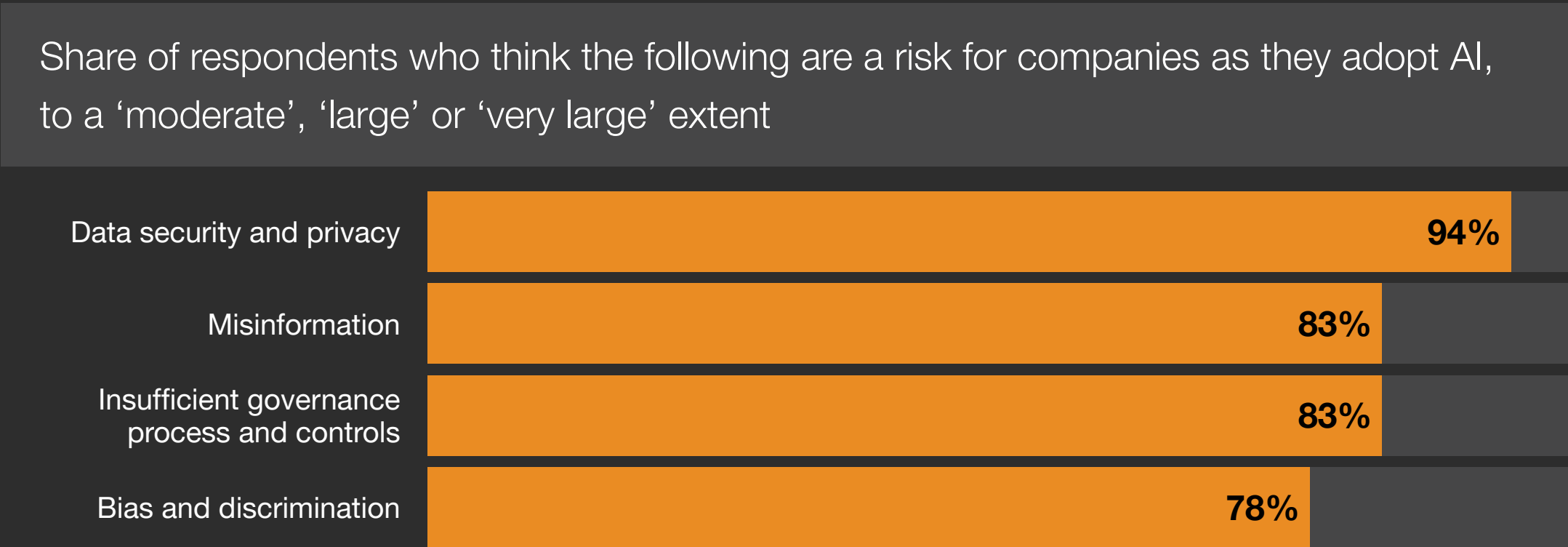
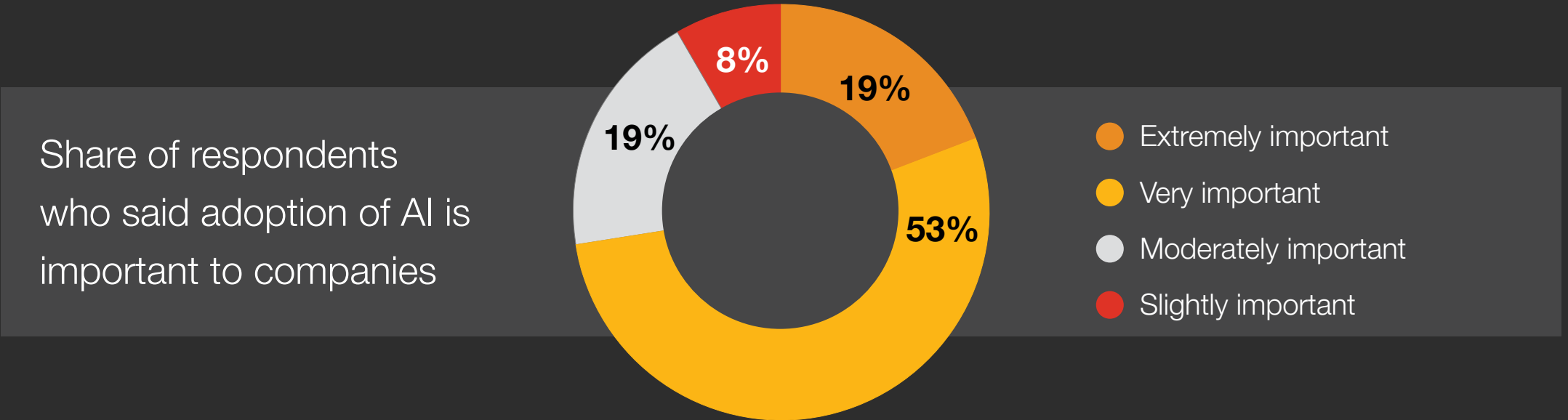
Investors see technological change as the most significant factor that will drive change in the way companies create value in the coming years. And, they want companies to report on it. They also see the actions of customers, competitors and government regulation as key change drivers.



75%

of investors think it is important for their analysis and decision-making that companies report on use and deployment of new and emerging technologies

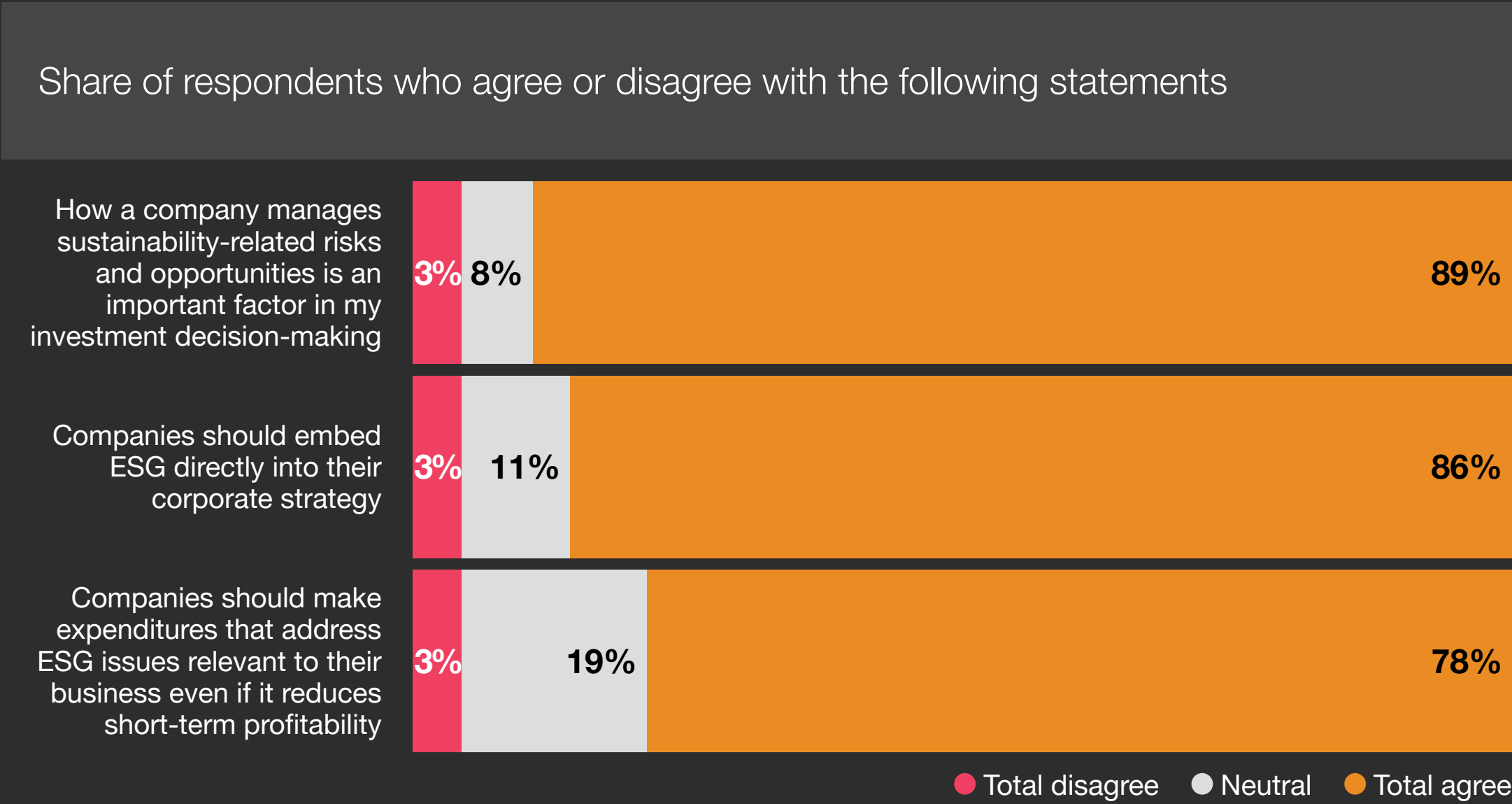
It's important to investors that companies grasp AI and accelerate its adoption within their business, provided they address investors' concerns over security, privacy, misinformation and bias.



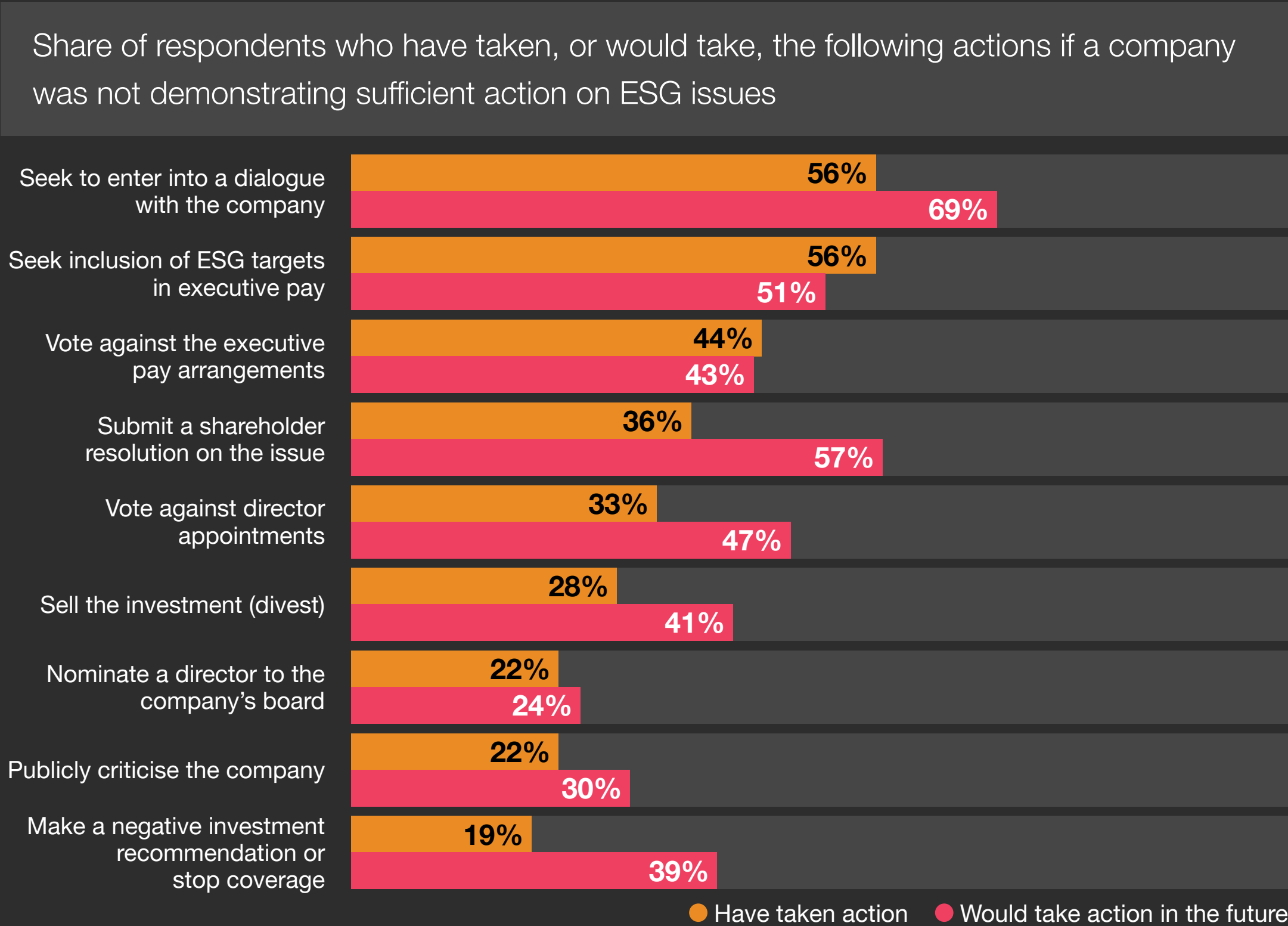
Source: PwC's Global Investor Survey 2023

Companies should embed sustainability in their organisation or risk future negative action by investors

Investors want to know how companies are managing sustainability risk and opportunities. They see value in embedding ESG into corporate strategy, even when addressing ESG issues comes at the cost of short-term profitability.



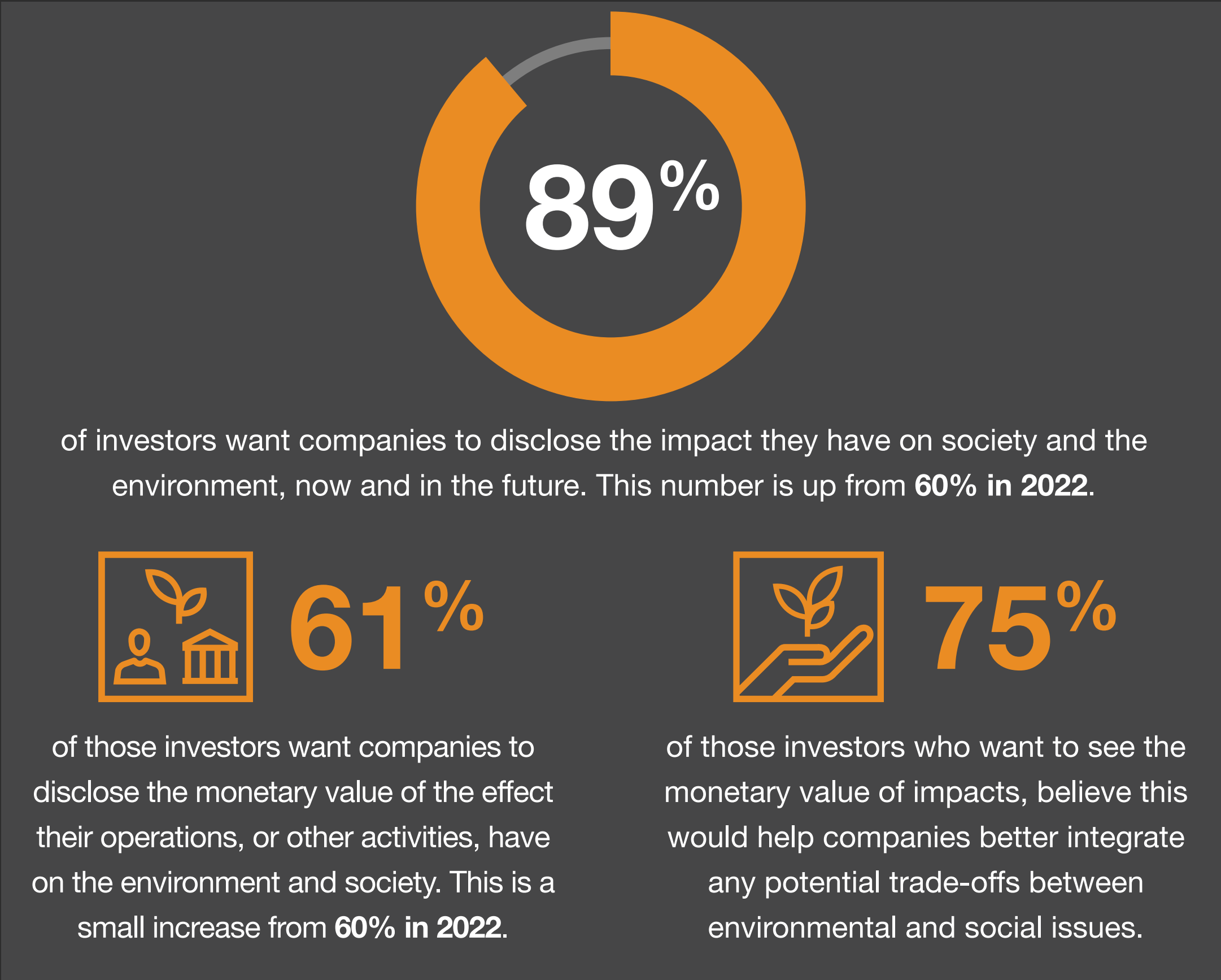
The majority of investors are willing to engage directly with a company when they don't feel it is taking sufficient action on ESG issues. They are increasingly likely to take negative action in the future. A significant proportion are willing to make negative investment recommendations or even divest, if they believe a company is not sufficiently addressing these issues.



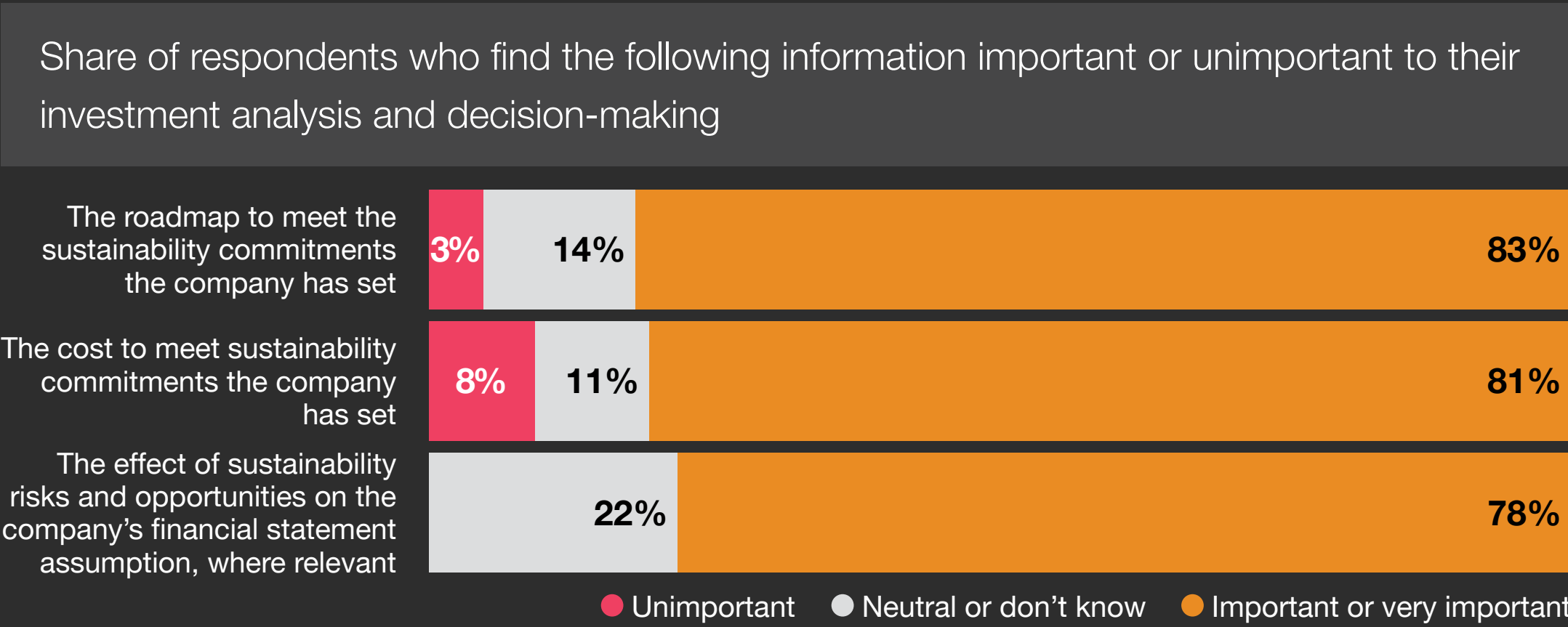
Source: PwC's Global Investor Survey 2023

What sustainability information do investors want to see?

Investors want companies to disclose the affect they have on the environment and society as well as well as their monetary value. They believe this will enable companies to better evaluate environmental and social issues in their decision-making process.



Investors are interested in a company’s sustainability commitments, how they will achieve them and the associated financial implications. Seventy-eight per cent of investors say it is important to show connectivity between sustainability reporting and the effect risks and opportunities have on the financial statements. In [our latest review](#) of sustainability disclosures in the financial statements of NZX50 reporters, companies are listening, and they are responding with more disclosures than before.



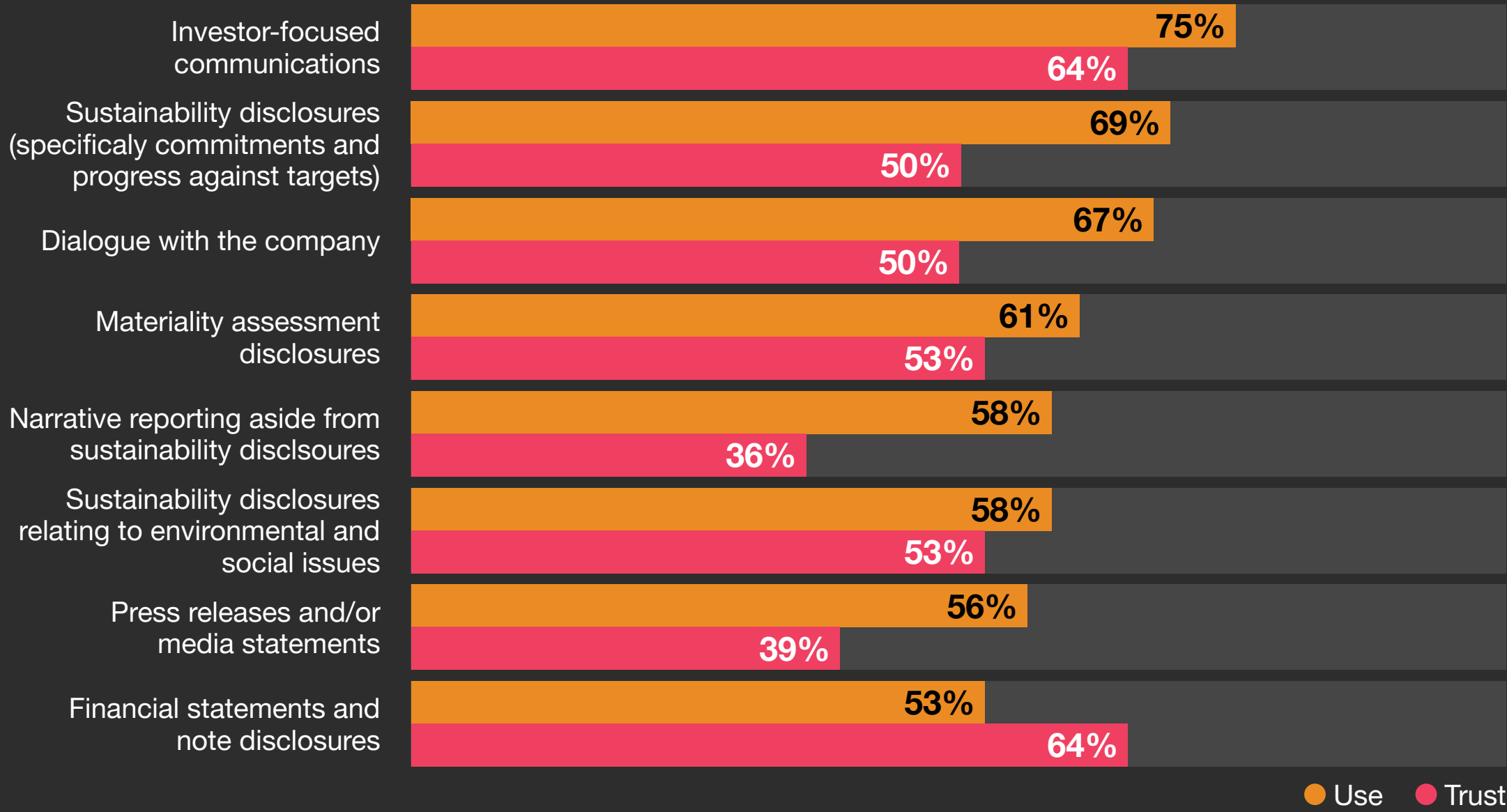
Source: PwC’s Global Investor Survey 2023, PwC’s Global Investor Survey 2022

Investors are using a variety of sources to assess companies

Investors indicate a preference for relying on information published by the company when it comes to understanding how they manage risks and opportunities. Analyst reports were the only other third party information source used as frequently.

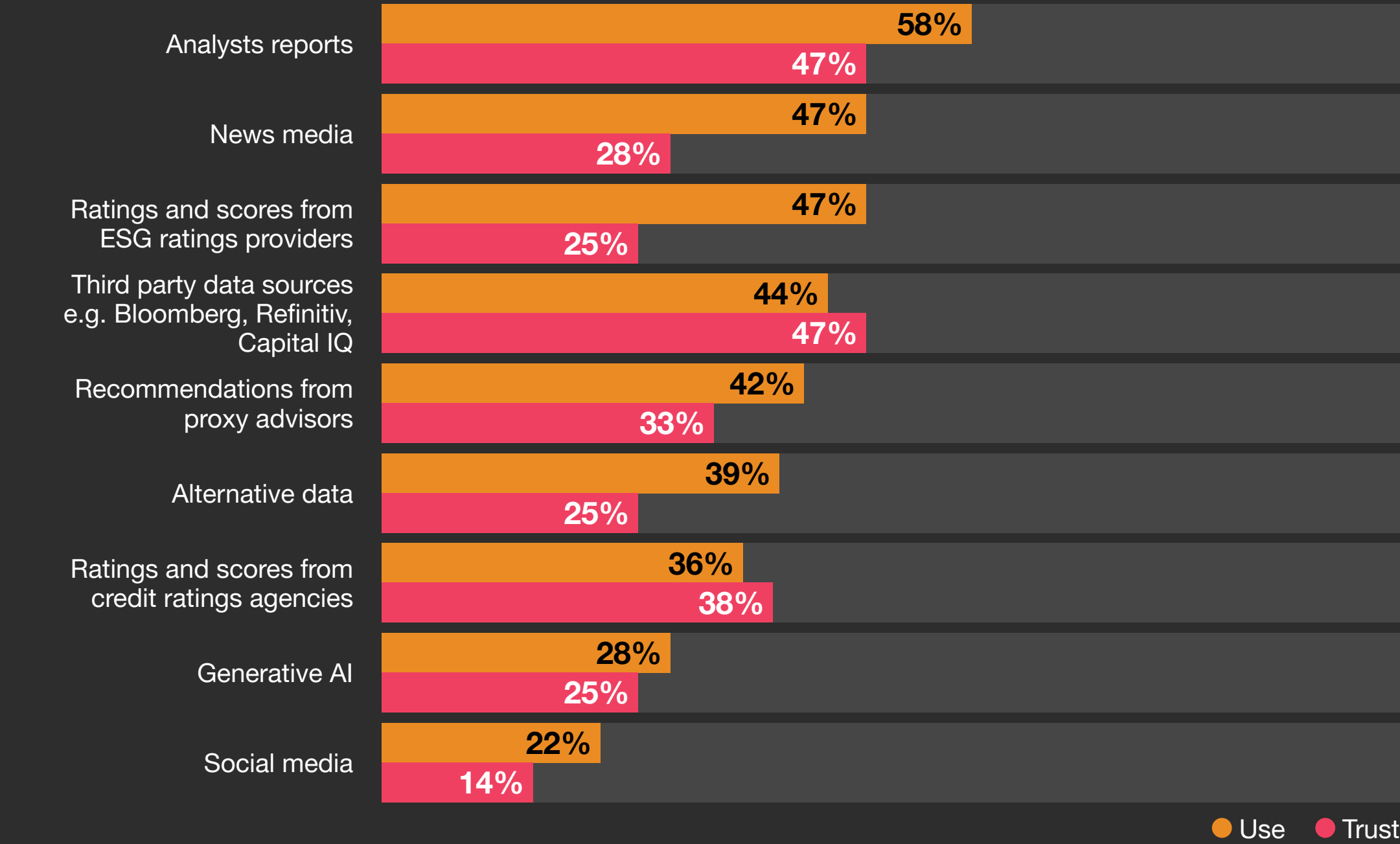
The results also indicate that investors generally place a higher level of trust in information published by the company, perhaps acknowledging that the company knows itself better than anyone else. However, there is a clear deficit when it comes to the trust investors place in this information. This is even more so in the case of sustainability information, with the gap generally being more significant when compared to the trust placed in investor focused communications or financial information.

Share of respondents who use (and trust) the following sources of information (published by the company) in assessing how companies manage risks and opportunities to a 'large' or 'very large' extent



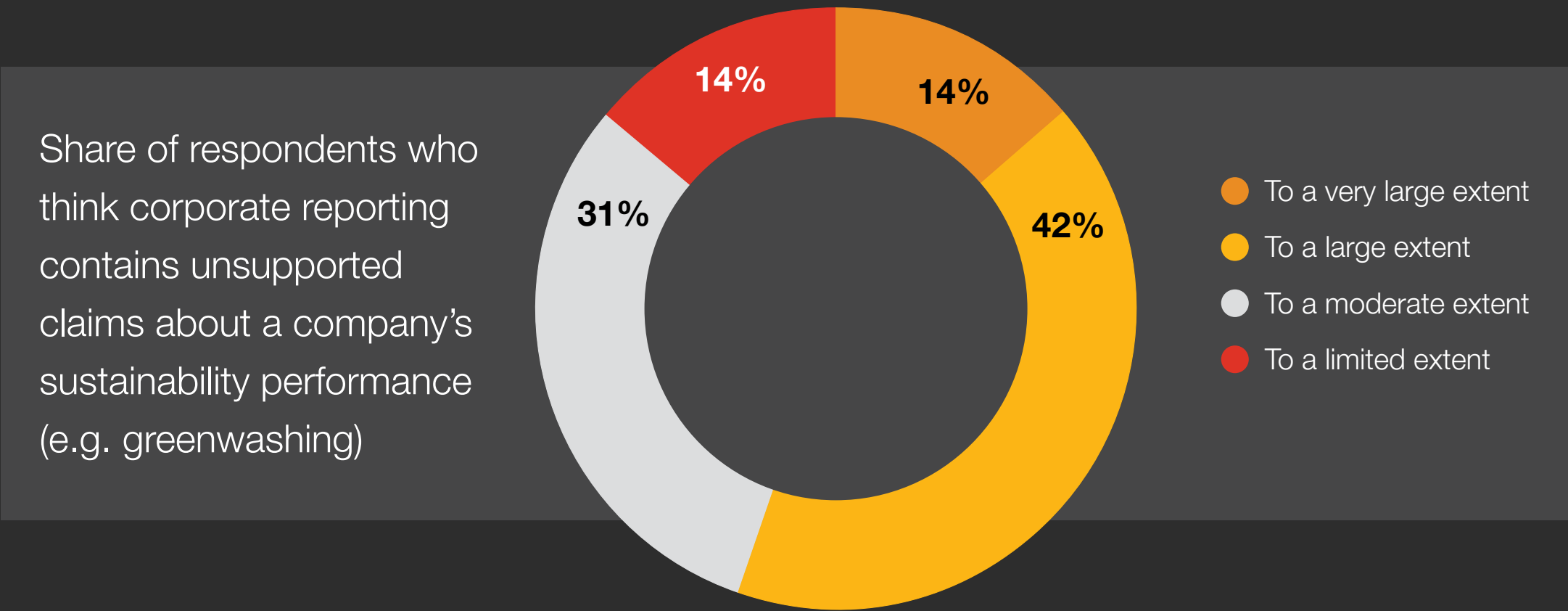
Source: PwC's Global Investor Survey 2023

Share of respondents who use (and trust) the following sources of information (third-party information) in assessing how companies manage risks and opportunities to a 'large' or 'very large' extent

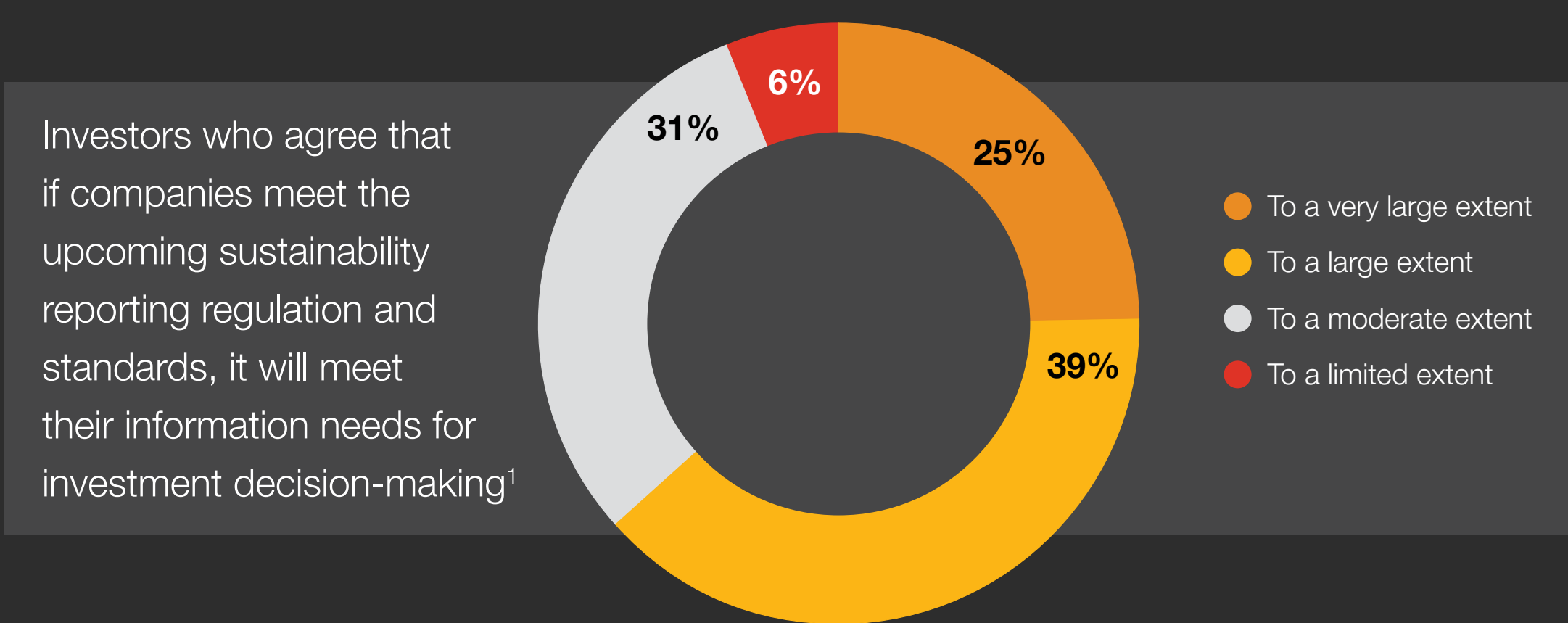


Concerns remain over unsupported claims in sustainability reporting but there are mitigation steps companies can take

All investors surveyed believed that corporate reporting contains unsupported claims about sustainability (e.g. greenwashing) to at least some extent. What's more, 56% believed that unsupported claims were present to a 'large' or 'very large' extent. This is **up from 46% in last year's results**.



What can be done to close the trust gap? Investors see upcoming regulations and assurance, as a means of getting trusted information. All investors surveyed believed that upcoming sustainability reporting regulation and standards would meet their information needs to at least some extent. A significant majority are confident where the company obtains assurance that their reporting complies with a generally recognised framework such as [Aotearoa New Zealand's Climate Standards](#).



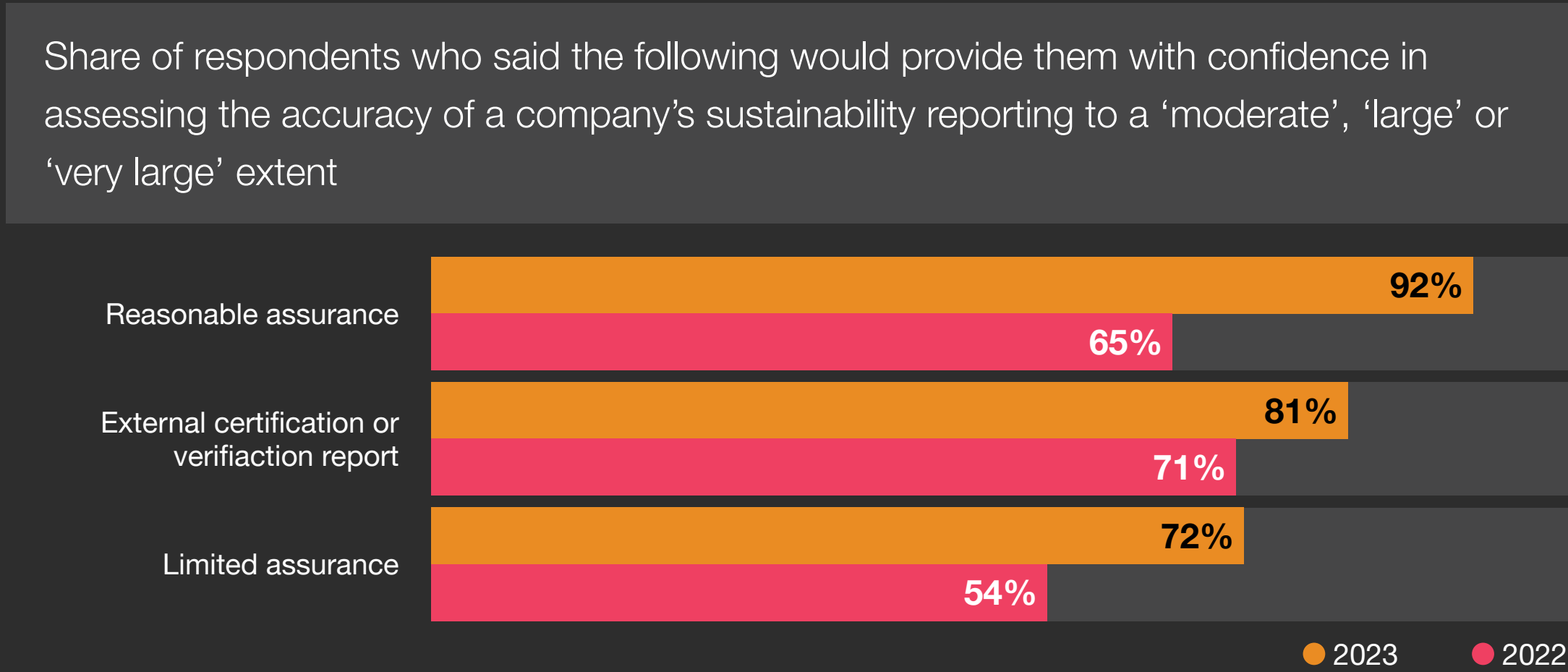
94%

of investors said that an assurance practitioner assuring a company's non-financial reporting that fully complies with a general recognised reporting framework would give them confidence to a 'moderate', 'large' or 'very large' extent. This is a significant increase from **68% in 2022**.

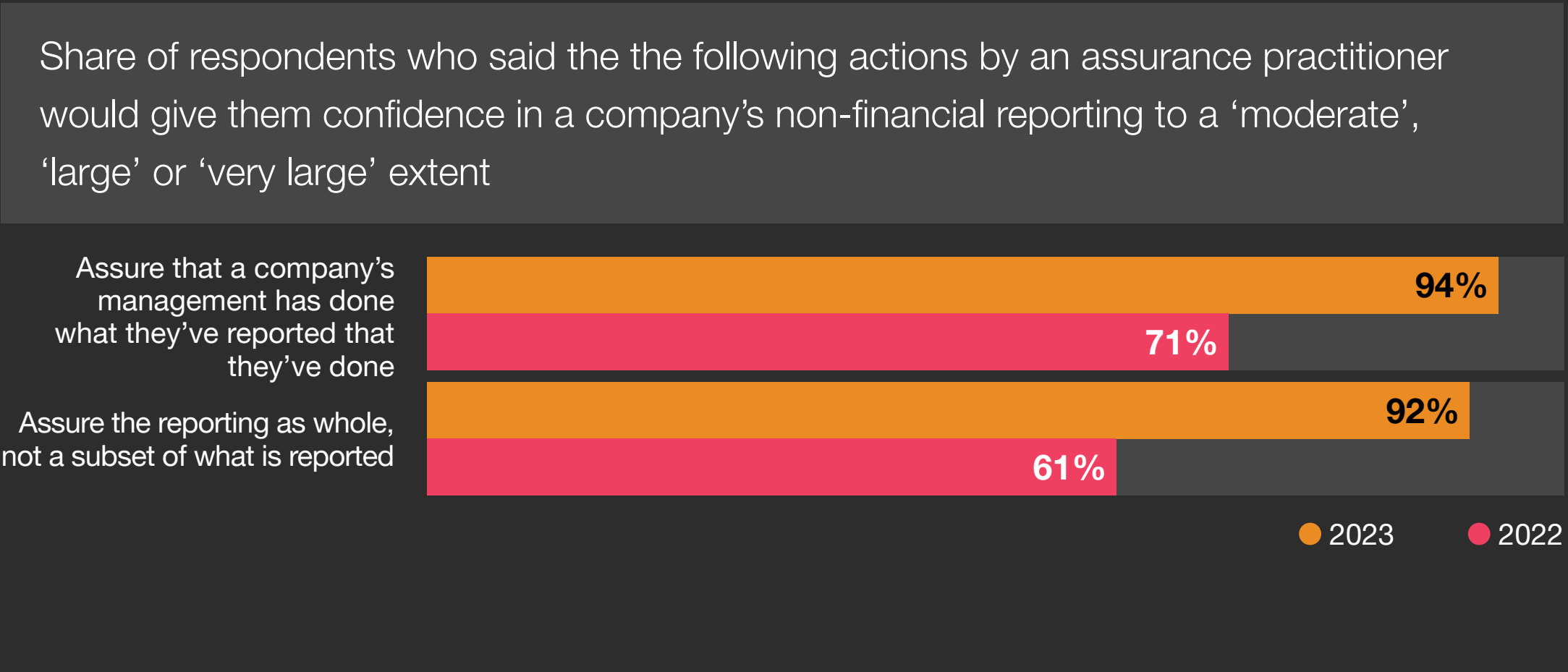
¹ Examples of sustainability reporting regulation and standards provided were the EU Corporate Sustainability Reporting Disclosure (CSRD), International Sustainability Standards Board (ISSB), and US Securities and Exchange Commission (SEC) proposed climate rules (as at the date of this survey, November 2023). Source: PwC's Global Investor Survey 2023, PwC's Global Investor Survey 2022

Assurance continues to be a means for obtaining investor confidence. Expectations of assurance practitioners are high

Across all types of assurance we surveyed, be it limited or reasonable assurance, external certification or verification, assurance is providing more confidence to investors. The most significant increase is where companies obtain reasonable assurance.



Investors also want to see assurance on reporting as a whole, rather than a subset of what is reported (e.g. individual KPIs). Assurance gives them confidence that management have carried out what they've reported to have done.



Source: PwC's Global Investor Survey 2023, PwC's Global Investor Survey 2022

Not all assurance is the same... Closing the knowledge gap for investors

Reasonable assurance involves an assurance practitioner performing an assurance engagement in accordance with recognised assurance standards (for example, international assurance standards as issued by the International Auditing and Assurance Standards Board (IAASB)) and obtaining evidence as a basis for providing an opinion as to whether the information has been fairly presented, in accordance with the applicable reporting framework.

Limited assurance involves an assurance practitioner performing an assurance engagement in accordance with recognised assurance standards (for example, international assurance standards as issued by the IAASB) and obtaining evidence as a basis for providing an assurance conclusion as to whether anything has come to the practitioner's attention that causes them to believe that the information is not prepared, in all material respects, in accordance with the applicable reporting framework. The assurance practitioner performs procedures that are more limited than in a reasonable assurance engagement (including an audit), such as inquiry and analysis.

Certification or verification are not defined terms in international assurance standards (as issued by the IAASB), but commonly refers to a process that involves a third-party performing procedures to corroborate whether the preparer has an appropriate basis for the information or the inputs used, but does not extend to forming an assurance conclusion as to whether, based on the needs of intended users, the information is reasonable, complete, reliable, unbiased and appropriately presented, taking into account evidence that is both corroborative or contradictory to assertions made by management.

What gives investors confidence?

When it comes to the skills demonstrated by assurance practitioners, subject matter expertise came out on top of the list for providing investors confidence in the work of an assurance provider.

Compared to last year, investors prefer their assurance practitioners to have more general ‘assurance skills’ – with experience auditing complex organisations, and being trained in applying audit methodologies.

Investors also placed an increased level of importance on the assurance practitioner being subject to independence and ethical standards.

Share of respondents who think the following are ‘important’ or ‘very important’ in giving confidence in the work of an assurance provider



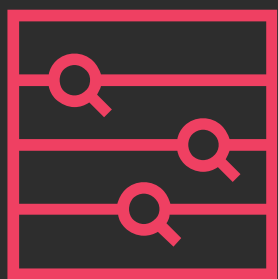
94%

Involvement of (or having access to) experts with the necessary subject matter knowledge, compared to **70% last year**.



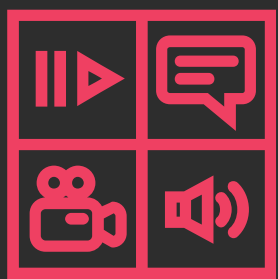
89%

Being subject to independence and ethical standards (i.e. International Code of Ethics for Professional Accountants (IESBA)) and acting in the public interest, compared to **70% last year**.



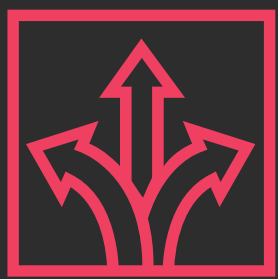
86%

Having experience in performing audits of complex organisations, compared to **68% last year**.



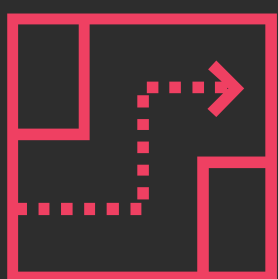
86%

Being trained in using audit methodologies similar to those used for financial information, compared to a **63% last year**.



83%

Being able to have a complete and interconnected view of the business across all types of corporate reporting, compared to **68% last year**.



81%

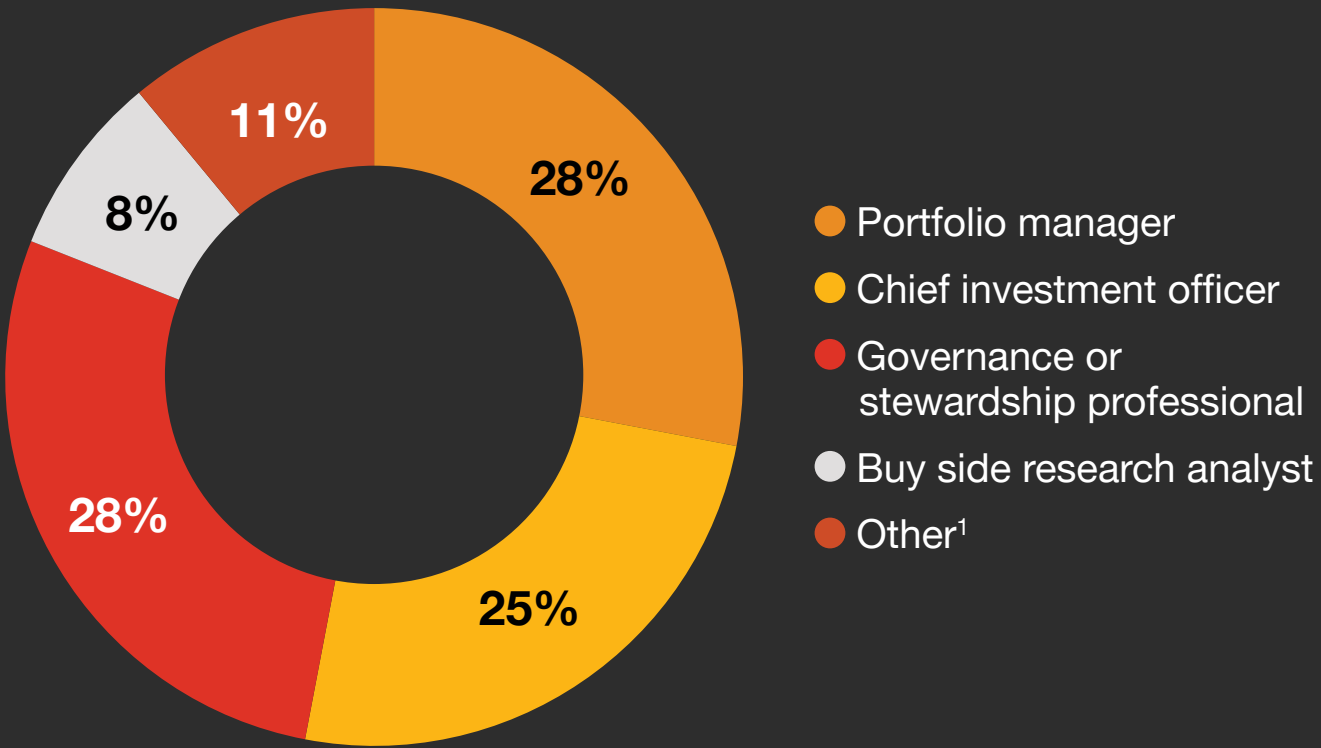
Being experts in applying professional scepticism and the ability to assess the reasonableness of management’s estimates and judgements, including on forward-looking information, compared to **76% last year**.

Source: PwC’s Global Investor Survey 2023, PwC’s Global Investor Survey 2022

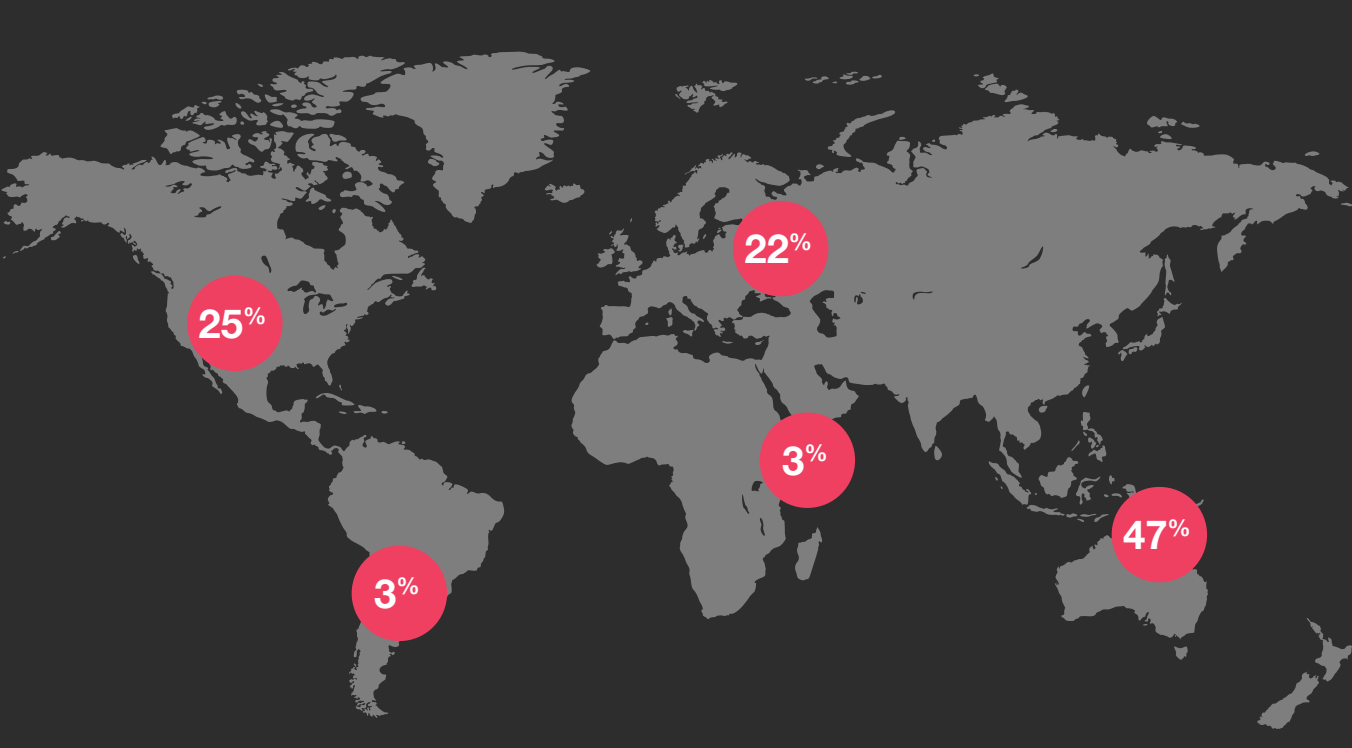
Survey demographics and methodology

PwC’s Global Investor Survey 2023 (published November 2023) is an external survey carried out in September 2023, collecting responses from 345 investors and analysts across 30 countries and 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 36 global investors who responded that they invest in New Zealand.

Job role

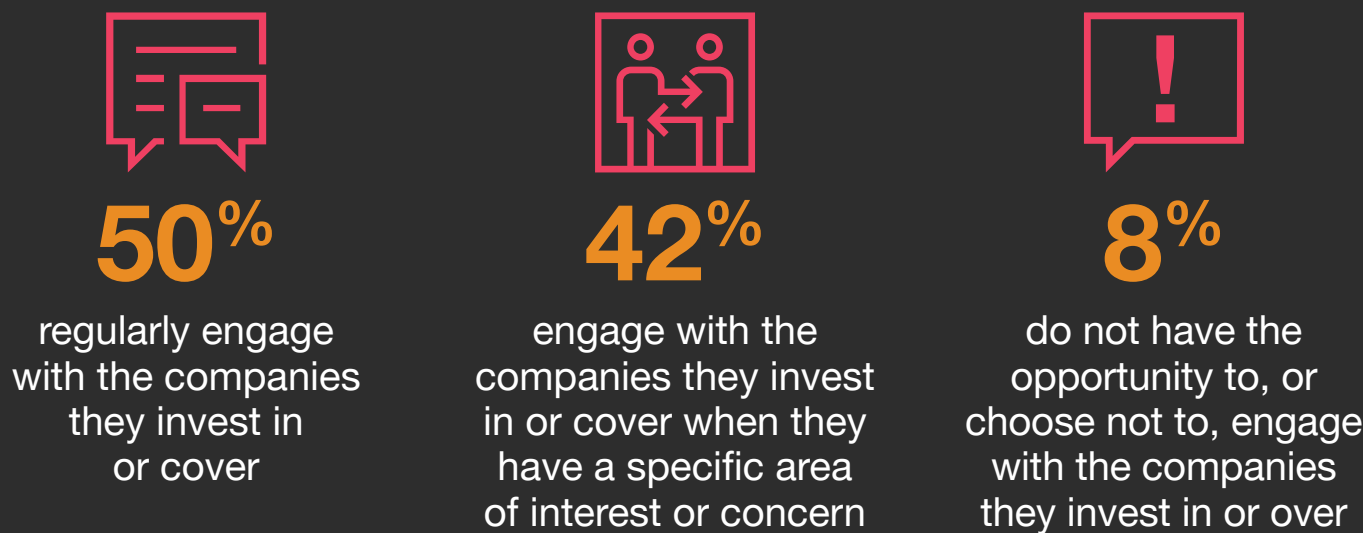


Region based in

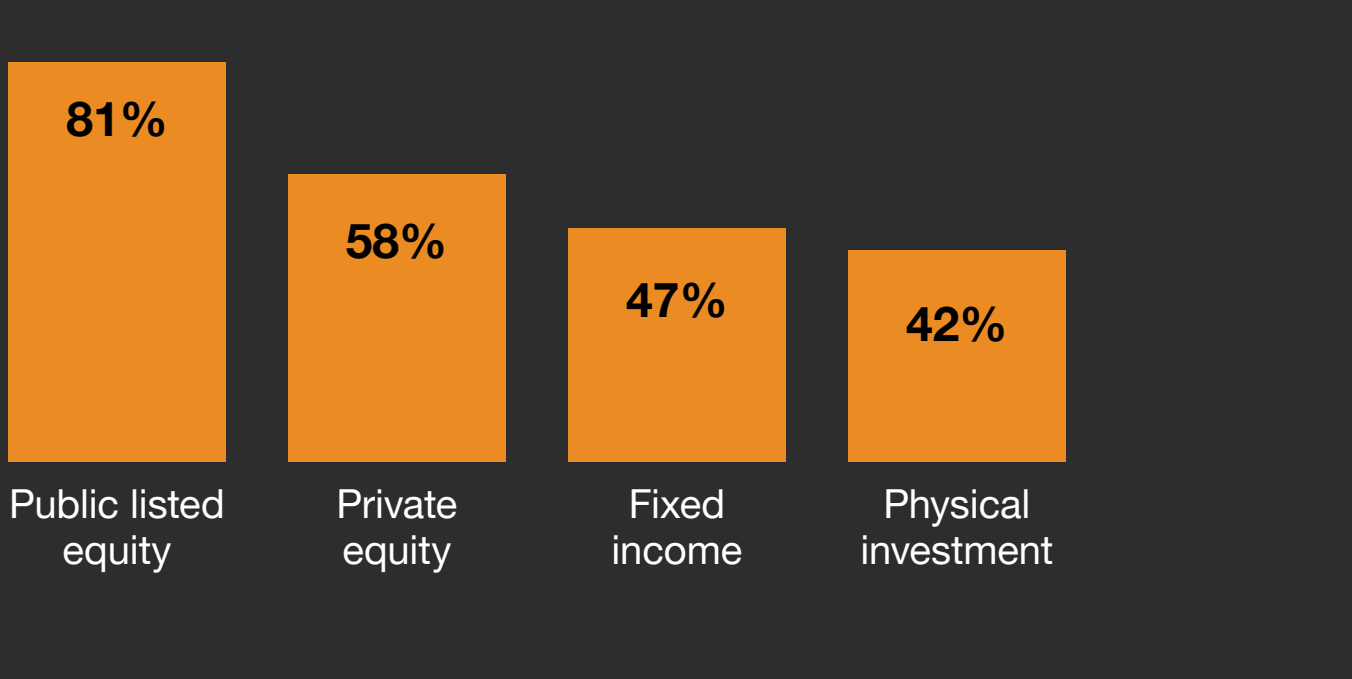


Level of engagement

When asked what best described their level of engagement with the companies respondents invest in or cover:





Asset class(es) focused on




¹ Other includes all categories selected by less than 5% of respondents and includes: investor or analyst membership organisation employee, investment consultant, general partner in private equity or venture capital, and other.

Source: PwC’s Global Investor Survey 2023

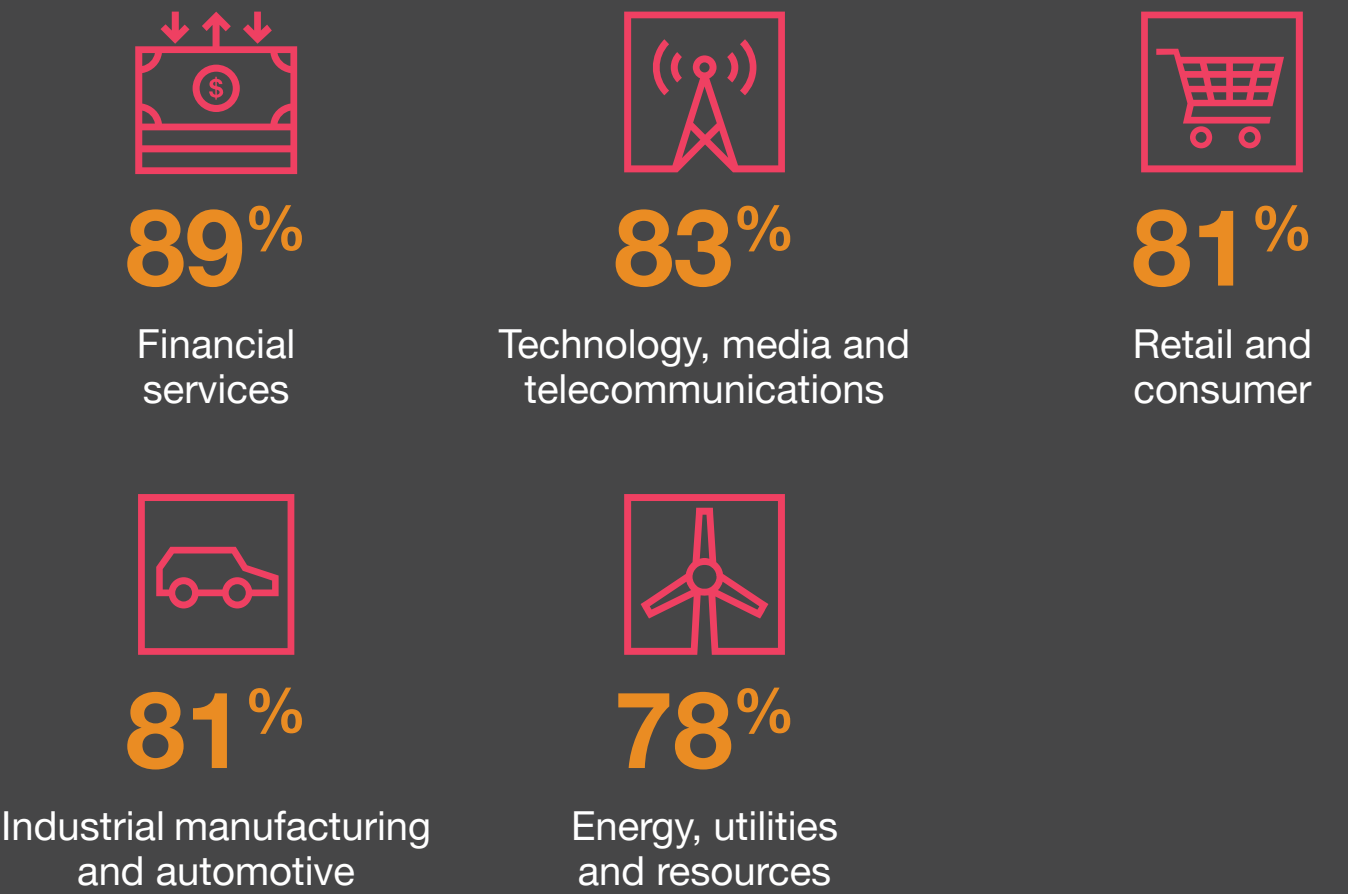
 **80%** of respondents have more than six years experience in the investment industry

 **75%** of respondents work for an organisation that is a signatory of a responsible investing body or initiative¹

 **42%** of respondents work for an organisation where 10% or more of the organisation’s assets under management are invested in ESG- or sustainability-themed products²

¹ rebased to exclude respondents that said ‘not applicable’
² based on all respondents who have a role as: sell-side analyst, buy-side analyst, portfolio manager, governance or stewardship professional, chief investment officer, limited partner in private equity or venture capital, General partner in private equity or venture capital, corporate treasury role, or pension fund trustee

Industry/Industries invested in or covered



Throughout this document, percentages shown may not total 100% due to rounding.

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