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10 May 2023

CFI Climate Change Engagement

This position statement sets out the objectives of the New Zealand Crown Financial Institutions (CFIs) in relation to climate change. It represents the views of the CFIs (Accident Compensation Corporation, Government Superannuation Fund Authority, the NZ Superannuation Fund) and the National Provident Fund.

Climate change presents a long-term risk to investment portfolios. Large investors globally are seeking to work more closely with investee companies to understand their climate risks and opportunities.

The New Zealand CFIs and the National Provident Fund (NPF) are launching an initiative to engage with companies on climate change. They will engage directly with large New Zealand companies, including those listed on the NZX50. The four funds are already taking part in global collaborative climate engagement initiatives.

Last year the four funds joined the [Net Zero Asset Owner Commitment](#). We have committed to having net zero portfolios by 2050, with interim carbon reduction targets for 2025 and 2030, in line with limiting global warming to 1.5 degrees. We have committed to measure and report on the carbon footprint of our investment portfolios, and to make investments that support the transition to a low-carbon economy.

Commitments to achieve net zero portfolios by 2050 and align with the goal to limit global warming to 1.5 degrees are becoming best practice for leading institutional investors. Globally, more than US\$130 trillion has been committed to supporting the transition to net zero through initiatives such as the Net Zero Asset Owners Commitment.

We also note that a mandatory climate-related disclosures regime came into effect for large New Zealand companies and financial institutions in 2023, with reporting required for accounting periods from 1 January 2024. Approximately 200 New Zealand companies and institutions will be covered by these disclosure requirements. Climate reporting standards have been developed by the [External Reporting Board](#) (XRB) and were released in December 2022. The CFIs and NPF have supported the development of these standards.

Many New Zealand companies are well-placed to benefit from the transition to a low-carbon economy and are actively working through managing this important transition. In order to meet our climate objectives and commitments, we will require transparency from companies. This will enable us to make informed assessments of their abilities to manage climate risks, take advantage of climate-related opportunities and to transition to net zero.



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Our engagements with individual New Zealand companies will seek to:

- Understand their relative progress on climate change awareness, capability, commitments and emissions assessment, reporting and reduction;
- Understand how they are meeting regulatory requirements on climate-related disclosures and reporting;
- Support companies to prepare for the transition by sharing knowledge of climate change risks and opportunities from the institutional investor perspective;
- Request the climate-related information we need to achieve our objectives as investors, including reporting on greenhouse gas emissions, exposure to climate risk and transition plans, including net zero targets and strategies.

Company engagements will be conducted on an individual basis and will be confidential. We will report publicly on the number of engagements and progress made in aggregate in our annual reports.

We look forward to working with New Zealand companies and issuers.