

5 November 2018

Mr Mike Bennetts
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Tēnā koe Mike,

Firstly, congratulations. The McGuinness Institute team was pleased to hear of the establishment of the *Climate Leaders Coalition* and its commitment to reducing emissions and dedicating resources, expertise and funding to projects based on solutions-driven thinking. The importance of the coalition and its objectives was reinforced by the IPCC announcement on 8 October this year. The authors found that limiting global warming to 1.5°C would require a net zero emissions by 2050 target and went on to note that ‘the next few years are probably the most important in our history’ (IPCC Press Release, 2018, p. 2).

As a think tank focused on New Zealand’s long-term future, we are not able to exert the same level of influence as climate leaders, but we can focus on providing research to those who will shape the dialogue and effect change. To this end, we enclose a copy of *Think Piece 30 – Package of Climate Change Reporting Recommendations*. This think piece includes excerpts from *Working Paper 2018/03 – Analysis of Climate Change Reporting in the Public and Private Sectors*, which can be found in full at www.mcguinnessinstitute.org/working-papers. We hope this research proves useful to you and your organisation.

The working paper analysed almost 400 annual reports in the public and private sectors and found that, overall, only 10.4% of annual reports included information on climate change risks and only 4.9% provided information on climate change targets (see Figure 37 on p. 52 of the working paper). Sections 3 to 7 of the working paper illustrate that this is not solely a private sector problem. For example, while only 5% of Deloitte Top 200 companies shared information about climate change risks (p. 6), this can be compared to 19.4% of government departments (p. 17), 10.8% of Crown agents and Crown entities (p. 19), 21.4% of state-owned enterprises (p. 21) and 20.5% of local authorities (p. 25).

Given this analysis, the Institute has been exploring ways to improve the quality, timeliness, efficiency and comparability of climate change reporting across the public and private sectors, particularly in terms of risks, metrics, costs, controls, targets and initiatives. We are promoting the idea of a brief *Statement of Climate Change Information* (e.g. 5000 word maximum) to be included as part of regulatory filings and filed alongside financial statements on the Companies Register as well as, ideally, included in annual reports. We recommend that this be mandatory for all public sector entities, all entities already required to file financial statements and other significant climate change reporting entities (such as carbon polluters and major infrastructure providers). We also make the recommendation that the reporting framework should enable businesses to opt in and have their information made public alongside mandatory reporters.

We are also nearing completion of a major report titled *Report 17 – Building a Reporting Framework Fit for Purpose*, which looks at the wider reporting framework. The report is currently out for public consultation and is available on the McGuinness Institute website if you would like to offer any feedback. In this report we recommend that the NZX remove the requirement for companies to produce six-monthly reports and instead improve the system of NZX announcements. Other key recommendations are summarised on the back of the enclosed think piece.

Kind regards,



Wendy McGuinness
Chief Executive