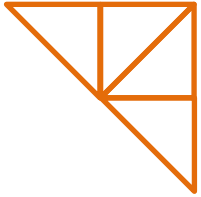
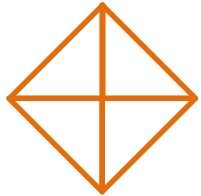


Brilliant Basics Reporting

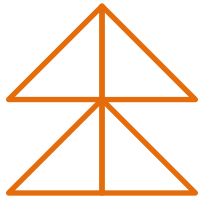
Agenda



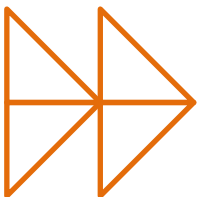
The 'Brilliant basics' of reporting



Evolution of Z energy's reporting



What SBC saw in its member review, and brief examples from membership



Q&A

Calum Revfem
Proxima, Executive Director

Gerri Ward
Sustainability and Community Manager, Z Energy

Alison Herft
SBC, Manager - Member Engagement

All



REPORTING BASICS

Calum Revfem

SBC Brilliant Basics Webinar

October 2018



53 sustainability reports
 33 NZX listed companies
 20 non-listed organisations



INTEGRATED REPORTING <IR>

38 reporters (72%) used a recognised reporting framework –
 26 GRI and 12 IR



The 33 NZX listed companies that report on sustainability performance account for 20% of all companies listed on the NZX and 75% of total market capitalisation



81% of reporters disclosed their stakeholder engagement approach
 74% of reporters disclosed their materiality assessment



The most commonly reported topics were Health and safety, Carbon, Energy, Waste, Diversity and Water.



26 reporters (49%) have reported alignment with the United Nations' Sustainable Development Goals

13 reporters (25%) undertook and published external assurance of their sustainability reporting

Key strengths of current reporting include more accessible and easy-to-read reports and disclosure on:

- Stakeholder engagement
- Materiality analysis
- Material topics

Key areas for improvement include presenting a systemic or integrated view of sustainability challenges and disclosure on:

- Sustainability context
- Defined sustainability goals
- Long term strategy
- Sustainability governance
- Forward looking outlook.

PURPOSE OF REPORTING



WHAT TO

Strategic Sustainability Frameworks

The art of *simplicity* - NZ Post and Air New Zealand

Strategic sustainability frameworks provide an insight into how an organisation frames its thinking around sustainability. When effectively communicated they provide the reader with an overview of the organisation's critical sustainability challenges within its specific operating context. The definition of long-term, sustainable success that the framework presents is reflected in the goals and aspirations it sets. The actions, measures and timelines indicate the pathway to success the organisation has chosen.

New Zealand Post and Air New Zealand have invested in the development of their strategic sustainability frameworks. Their ability to communicate their detailed strategies simply is an indication of the careful thinking behind them.



A five-point checklist for setting a sustainability strategy:

1. Define long-term success for sustainable value creation
2. Understand your context and key challenges
3. Clarify the key performance areas
4. Set near-term targets
5. Identify lead and lag indicators

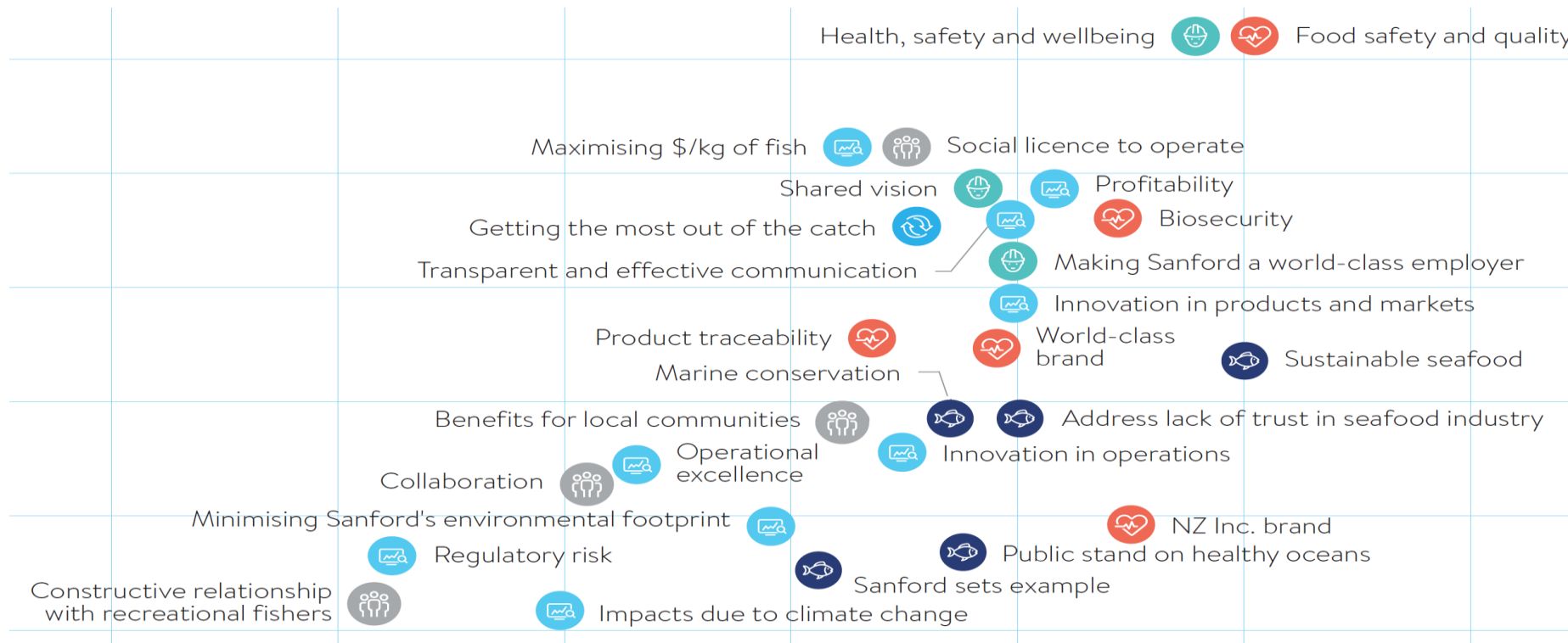


Lead Targets and Activities

Our Purpose
Sustaining New Zealand's success socially, environmentally and economically.

	2030 Goals	Lead Targets	Activities (what we're doing)
Our People	Air New Zealanders Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...	Increase proportion of Māori in leadership positions... 80% reduction of Critical Risk Management Plans... 100% female Leadership Team... 100% of our Senior Leadership Team...	Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...
Our Place	Communities Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...	Increase proportion of employees participating in community programmes... 100% compliance with ISO 26000 standards...	Support the region's... Engage, inspire and connect... Reduce our carbon footprint...
Our Place	Carbon Carbon neutral from 2025... 100% electric light vehicle... 100% electric... 100% electric...	100% electric light vehicle... 100% electric... 100% electric...	Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...
Our Place	Nature & Science Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...	100% positive assessment of... 100% positive assessment of...	Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...
Our Economy	Tourism Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...	Increase proportion of... Support...	Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...
Our Economy	Trade & Enterprise Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...	100% positive assessment of... Increase annual volume of...	Attract, engage and retain the best talent... Develop and enhance capabilities... Create a safe and healthy workplace...

REPORTING FOCUS



HOW TO REPORT



Our approach



Protecting water resources



Reducing CO₂ emissions



Promoting health, safety and wellbeing



Sourcing sustainably



Growing with communities



Advocating responsible consumption





INTEGRATED REPORTING <IR>



Energy

1. Increase the number of projects that can achieve Net Zero Energy (NZE) Solar 'ready' projects use 70-90% less energy than Building Code



Materials

2. Only use Safe Materials that do not contain worst in class toxic 'Red List' chemicals
3. Divert at least 70% of construction waste from landfill
4. Where possible use timber structures to sequester carbon in the project



Green Infrastructure

5. Transport – we advocate for connectivity and promote cycling, walking, and public transport
6. Support a healthy ecosystem with native planting and urban food growing
7. Integrate living infrastructure for beauty, health, clean water, climate change and urban resilience



Wellbeing

8. Create healthy interiors and places as habitat for humans and other life



New Design Process - Integration

9. Our Integrative Design Process takes 'AIM' by early exploration of the opportunities and restraints to create programme, building and service system optimisations that save us money, time and health now adding value for our future

Jasmax acknowledges the leadership, expertise and enthusiasm of our Green Team in turning these goals into a reality

We inspire our people to imagine and create beautiful outcomes that enhance nature and society.

Jasmax Sustainability Vision 2008

Kahukura, Engineering and Architecture Studies, ARA Institute of Canterbury - A Case Study



Above: Kahukura, Cross Sectional Perspective

Design Highlights:

- | | | | |
|--|---|--|---|
| <ol style="list-style-type: none"> 1 High performance insulated skin 2 Operable windows with sun-shade to reduce glare and heat gain 3 400 solar electric panels generate around 70% of energy needs 4 'Warm roof' build up for airtightness and zero thermal breaks | <ol style="list-style-type: none"> 5 South facing clerestory window for diffuse daylight and venting stale air from the atrium or 'heat recovery' in winter 6 Sealed building skin to South to avoid noise and exhaust pollution 7 Concrete mass floors for good acoustics and thermal buffering comfort | <ol style="list-style-type: none"> 8 Industry exhibition and interaction space 9 Timber structure - CLT panels for walls, laminated veneer lumber (LVL) beams and columns to help sequester carbon, resist seismic events and add natural beauty 10 Open Studio teaching space with opening windows for natural ventilation | <ol style="list-style-type: none"> 11 Enclosed teaching space with mechanical ventilation for warm and cool fresh air 12 Efficient air handling unit with heat recovery and heat pump for heating and cooling 13 Healthy buildings; all materials are selected to avoid 'Red List' chemicals |
|--|---|--|---|

Kahukura 'a chiefly cloak'

One of the greenest buildings in the Christchurch rebuild, Ara's three storey 6,500m² architecture and engineering school is made mostly out of timber. It's one of NZ's earliest completed examples of multi-storey timber structural designs.

The entire building and its exposed systems are a study aid to generations of students to explore and research

The facade is CNC-routed cross laminated timber (CLT) internally and glassfibre reinforced concrete (GRC) cladding. This depicts the concept of the chiefly cloak. The story for Kahukura was developed alongside Ara's Te Puna Wānaka team and local iwi.

Awards

- 2018 Learning environments Australasia Awards - Excellence
- 2018 Property Council NZ Awards Best in Category + Excellence
- 2018 NZ Commercial Project Awards Gold

This is the fifth annual sustainability report for Jasmax and has been prepared in accordance with the GRI Standards (core option). It covers the period 1 April 2017 – 31 March 2018. This report has not been externally assured.

Kaitiakitanga: Our 2021 Focus

Jasmax has made the commitment to being a truly bi-cultural architecture and design firm. We see the importance in prioritising our living system in a way that supports greater health and viability in our communities, whilst supporting businesses and government to create schools, workplaces and homes of wellbeing, set in habitats where we and nature can flourish.

We are transforming our approach to design by increasingly adopting an Integrated Design Process. A key focus is to formalise our bi-cultural design framework alongside our cultural engagement team, Waka Maia. We aim to be inclusive and to embrace our diversity.



Matthew Glubb
Principal

Interim Targets 2018 - 2020

10

% CARBON
REDUCTION
OVER 2018

<15

KG WASTE PER
PERSON

10

% DECREASE IN ENERGY
USE PER SQM
OVER 2018

80

% OF DESIGNS
ASSESSED AGAINST
SUSTAINABILITY
CRITERIA

Kaitiakitanga 2021

The time has come for all of us to play our role, and together take care and responsibility for our future and our living system. Our legacy, despite the existential challenges must be greater health and viability in our communities and the places we inhabit must flourish too. Jasmax is evolving, we are the business that offers partnership to creatively explore how development can nourish Aotearoa, New Zealand.

Let's stop the old fragmented thinking that allows us to degrade our living system. Let's work instead as 'Kaitiakitanga', stewarding the potential of places, communities and ecosystems to inspire us, whilst expanding our vision to reframe the opportunities. When we change our thinking and see development opportunities within the whole system our value creating ability is magnified.

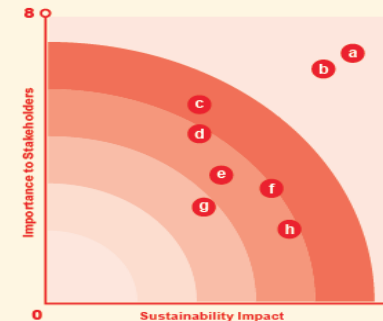
- Jerome Partington, Associate Principal, Sustainability Manager, Jasmax



Above: BREATHE Urban Living Village for Christchurch - Co-created with locals, the mixed-use village generates wellbeing and community. It's simple and affordable with onsite energy and water systems sourcing a stream that sparkles with life.



Above: Waste Management HQ Auckland - This significant office and infrastructure project for a leading resource company used an integrated design process to accelerate the design. It is targeting 5 Green Star rating and Net Zero Energy.

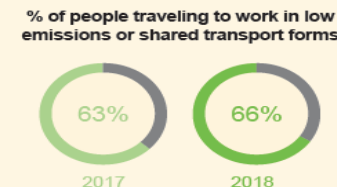
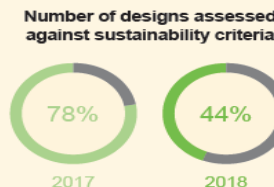
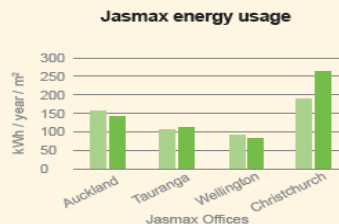
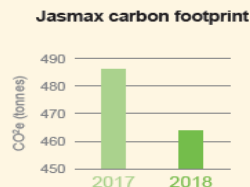


Material Topics

What our Stakeholders told us is important to share

- a** Industry Leadership and Influence
- b** Green Building Expert
- c** Knowledge and Education
- d** Collaboration and Support
- e** Jasmax Culture and Commitment
- f** Green Business Practice
- g** Communication Disclosure
- h** Economic Sustainability

Shrinking our Footprint

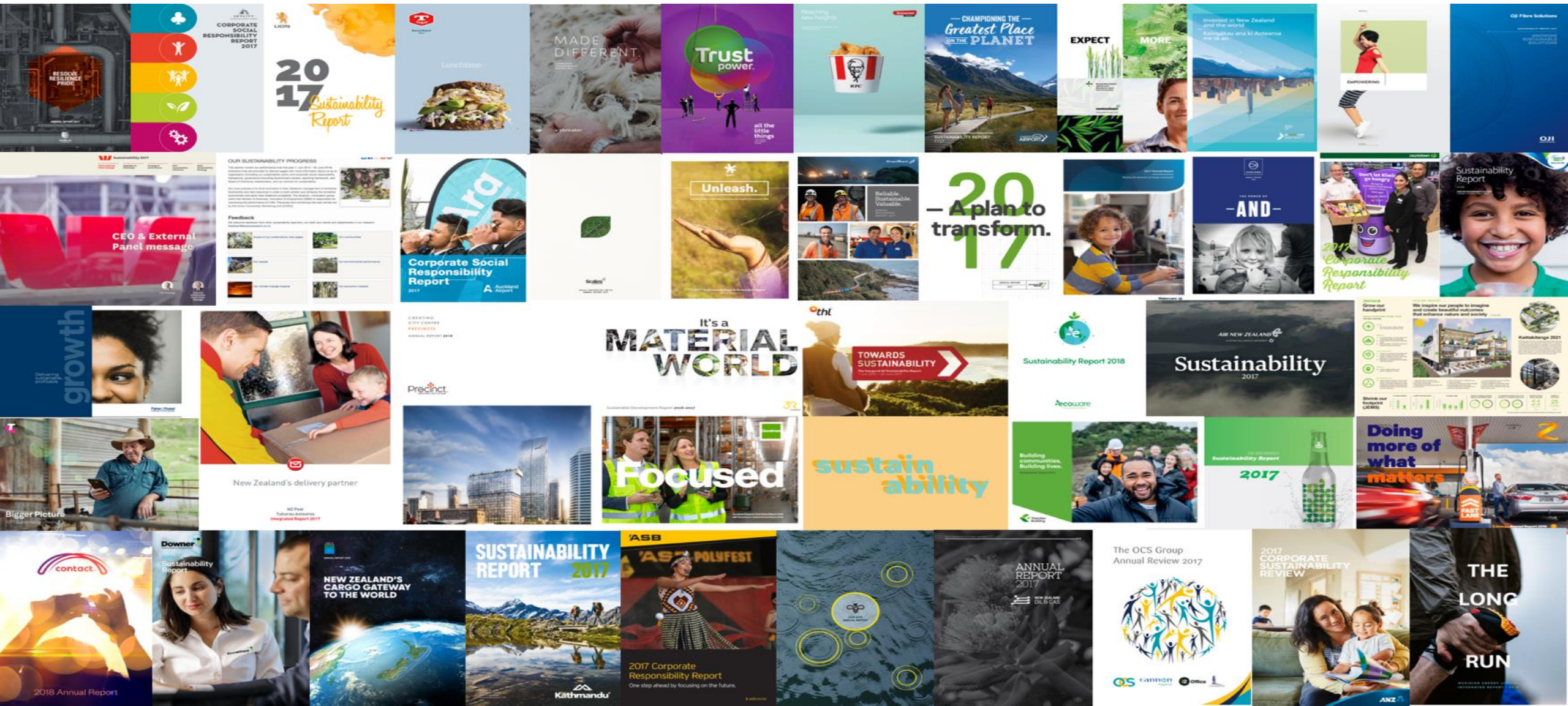


REPORTING OPPORTUNITY

Strengths: Strong stakeholder engagement, improving access and focus

Things to work on:

- Long term strategy
- Context
- Systemic or integrated view
- Defined sustainability goals
- Sustainability governance
- Forward looking outlook.



THANK YOU

calum@proxima.global

Sustainability Reporting at



SBC Brilliant Basics Webinar; 25 October 2018

Gerri Ward, Sustainability Manager, Z Energy

Purpose and Values



Our purpose, vision and values guide all that we do.

A Purpose is the fundamental reason why a company exists, and it is sometimes called a mission.

This is the company's single organising idea that guides both our actions and our behaviours, and reflects our commitment to doing the right thing for New Zealand. Our purpose provides us with direction, and gives us the courage to take on the big things.

In Z we have a simple purpose:



Solving what matters for a moving world.

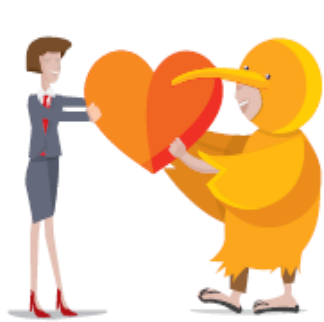


Purpose and Values



What do we believe in and why?

A company has to have Values that it is prepared to stand by. This is the soul of our firm and these are the things that make us so very Z. Here they are and we're standing by them.



Share everything:

We believe that so much more can be achieved if we are united. If we share our thoughts, our knowledge and our passion then we'll all share the success.

Have the passion:

It is impossible to be the best unless you are absolutely passionate about what you are doing. And we are. Our business keeps the country running. Literally. And we intend to do it better than anyone and to bring more benefits to the whole economy.

Be bold:

There's no point being in this business to be just another energy company. We intend to be the best. We can only do that by taking the initiative, by challenging the status quo, by being bold and courageous and backing ourselves. So that's exactly what we do.

Be straight up:

As far as we're concerned there is only one way to do business, and that is the New Zealand way. So we make it our mission to be honest, open, transparent and real.

Back our people and help them grow:

We all want to work in a place where our contributions are valued and where we are encouraged to share ideas and help each other. It must be a place where all of our people feel they can succeed.

We want to work with people who embody these values. We ask you to question actions that are inconsistent with any of these values, no matter who and when it is. That's because we are all responsible for consistency of values.

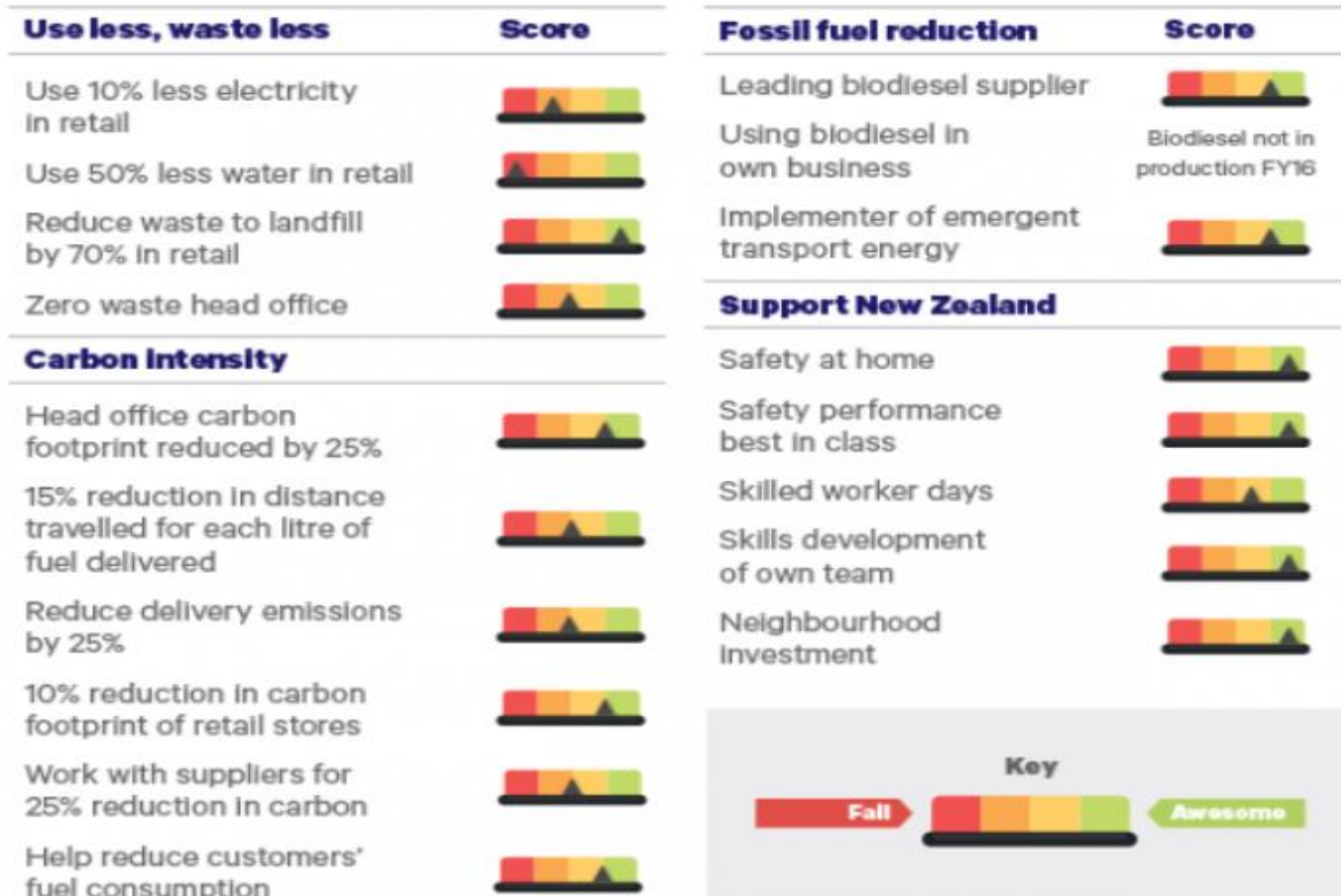
Our values are reinforced in our recruitment, 360° reviews, compensation decisions, performance appraisals, talent management, development planning and promotions.

Z Sustainability



Where we've come from – 2012-2015

How did we go against our targets?



Z's Sustainability Reporting journey



- Sustainability journey began in 2010/11: first iteration of Stands
- Started carbon footprinting in 2012
- Started GRI reporting in 2016 AR (so process in 2015) – mostly in response to stakeholder interest in progress. Wanted rigorous reporting framework to reflect commitment to Stand and in line with our values.
- Progressed to <IR> in 2017 AR.
- Invited to submit DJSI report in 2017 (only 3rd NZ company) to do so). Missed out by small margin.
- Won Best Plain English Annual Report for 2017 report.

<IR> Guiding principles



- *Strategic focus and future orientation:* An integrated report should provide insight into the organization's strategy, and how it relates to the organization's ability to create value in the short, medium and long term, and to its use of and effects on the capitals
- *Connectivity of information:* An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time
- *Stakeholder relationships:* An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests
- *Materiality:* An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term
- *Conciseness:* An integrated report should be concise
- *Reliability and completeness:* An integrated report should include all material matters, both positive and negative, in a balanced way and without material error
- *Consistency and comparability:* The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization's own ability to create value over time.

ARIG covered most of these last year apart from;

1. **Strategic** focus – Z's org strategy and how we plan to create value (and showing Z is actually ABLE to, in the short, medium and long term. This links in nicely with sustainability focus. Also what this strategy playing out will **effect the capitals** (more on the capital soon)
2. Not picking and choosing – need to tell the good and more challenging stories with a standard **materiality** lens.

<IR> Content elements



CONTENT ELEMENTS

An integrated report includes eight Content Elements that are fundamentally linked to each other and are not mutually exclusive:

- *Organizational overview and external environment:* What does the organization do and what are the circumstances under which it operates?
- *Governance:* How does the organization's governance structure support its ability to create value in the short, medium and long term?
- *Business model:* What is the organization's business model?
- *Risks and opportunities:* What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?
- *Strategy and resource allocation:* Where does the organization want to go and how does it intend to get there?
- *Performance:* To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
- *Outlook:* What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
- *Basis of presentation:* How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

AR16 touched on a few of these last year – we need to step up with;

1. **Business Model** – what is our business model
2. Risks and **opportunities** – we talked a lot about risks in AR16 but not so obviously about opportunities
3. **Strategy** – where do we want to go and how will we get these – see back a slide for context
4. Performance – what are **performance outcomes** in terms of the capital deployed
5. **Outlook** – macro / uncertainties / challenges / implications on business model and future expected performance

Z Sustainability



2015/2016 AR SBC feedback:

- A very good balance of reporting throughout at a comprehensive level of detail for areas including Health and Safety and community focus.
- Report is easy to use and follow, and allows access to further information through the website links.
- Include your current materiality work in the next report to show how material issues have been prioritised.
- Need some *more clarity around future focus and strategy as you transition from the sustainability stands to the next phase.*
- Discussed ideas for connecting stories and business activities e.g. global mega trends on sustainability, what this means in a NZ context, and the market sector in particular, and how the business is currently working to affect this, and how it plans to continue to do so in the medium and long term.

Z Sustainability



Where we're going: 2017-2020

“We stand for an environmentally sustainable New Zealand that is an example to the rest of the world and an inspiration to Kiwis. Z will move from being a part of the climate change problem to the heart of the solution.

We will be bold and provide leadership and a range of solutions to enable our customers, stakeholders and communities to join us on the journey to a low carbon future.”

Six SDGs incorporated into revised Stand: <http://z.co.nz/about-z/what-matters/sustainability> (SDGs 6, 7, 8, 11, 12, 13).



**SBC member
review insights
& examples**

What we found

Trends & emerging issues

- Evolving report format
- Storytelling is coming to the fore
- More topics covered
- Reporting on megatrends remains rare
- More work needed to engage stakeholders in a meaningful way
- More partnerships and collaborations are being communicated
- Not enough reporting some sectors
- More visible and extensive reporting on emissions measurement and reduction
- Not enough disclosure of risk from climate change
- Human rights and labour issues
- More reporting on diversity, inclusion, and transparent governance
- Majority focus on upstream supply chain impacts and value , not much on consumer use and disposal
- Alignment with United Nations Sustainable Development Goals – in development



Latest business examples



CEO Message | Highlights | Stakeholders | Focus Areas | Supply Chain | thi at a glance

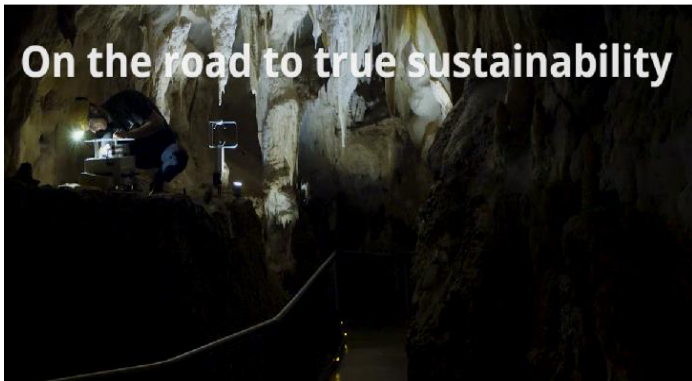
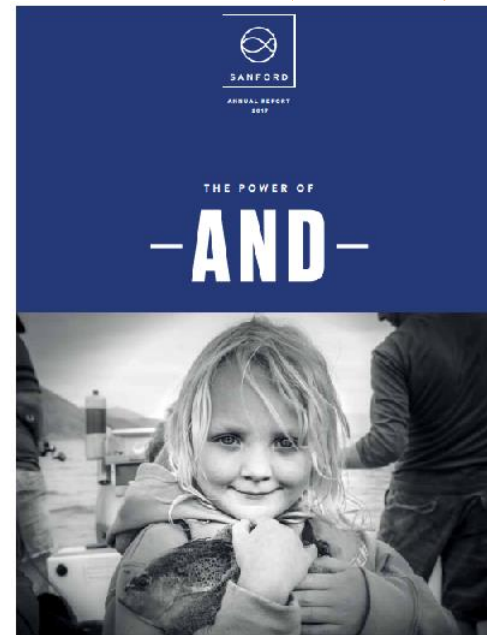


Image: TE RŪNANGANUI O NGĀTI POROU



Q & A

Calum Revfem (Proxima) calum@proxima.global

Gerri Ward (Z Energy) Gerri.Ward@z.co.nz

Alison Herft (SBC) aherft@businessnz.org.nz

Robert Perry (SBC) rperry@businessnz.org.nz