



## **New Zealand's Exchange and S&P Dow Jones Indices launch carbon-efficient indices**

***S&P/NZX Carbon-Efficient Indices designed as tools to measure and encourage companies to act on emissions***

**3 MAY 2021** – New Zealand's Exchange ("NZX") today launched New Zealand's first carbon efficient indices in partnership with the world's leading index provider, S&P Dow Jones Indices ("S&P DJI"), amid rapidly growing investor interest, and action globally to reduce carbon emissions and address climate change.

### **New Zealand's first 'carbon light' index**

Aligned with best global practice, the two new indices, [S&P/NZX 50 Carbon Efficient Index](#) and [S&P/NZX 50 Portfolio Carbon Efficient Index](#), utilise Trucost's environmental dataset to weigh companies listed on the NZX according to their carbon intensity and sector impact. The key objective behind the indices is to incentivise New Zealand companies to compare their carbon intensity to their industry group peers around the world. Based on the carbon intensity of each constituent company, a company's weight may be adjusted positively or negatively, however, it will not screen out a company from the index solely due to its carbon intensity.

At launch, the S&P/NZX 50 Carbon Efficient Index and the S&P/NZX 50 Portfolio Carbon Efficient Index will be about 25% and 19% lighter on carbon emissions (carbon-dioxide equivalent: CO<sub>2</sub>-e) than their parent indices, respectively, while providing similar risk/return characteristics as the parent indices.

### **Showcase opportunity for Kiwi businesses**

NZX Chief Executive, Mark Peterson, says many New Zealand companies are already strongly-focused on emissions, and well-advanced in disclosing and discussing their approach to sustainability and how they are managing ESG risks and opportunities.

"We see these S&P/NZX Carbon Efficient indices as an incentive for New Zealand issuers that will help accelerate greater transparency."

Mr Peterson says the new indices are inclusive – meaning that currently all S&P/NZX 50 companies are covered – and recognised disclosures of emissions, and comparatively better performance than global peers, will be reflected in weightings.

"An important role for New Zealand's Exchange is to ensure capital can be invested with confidence into companies that provide opportunities for sustainable growth."

"There is global consensus around climate change – and, with carbon intensity a key concern, we expect investment products to be quickly created off the back of these indices."

## **Rising demand for carbon benchmarks accelerates disclosure**

S&P DJI Managing Director and Global Head of ESG Indices, Reid Steadman, says that there has been a rising demand from asset owners and investors for benchmarks that take into account companies' carbon impacts, and the S&P Global Carbon Efficient Index Series fills the gap and offers local listed companies a transparent tool and pathway for addressing climate risks.

“With growing awareness from both institutional and retail investors, companies are increasingly measuring and managing their environmental impacts. For example, since the launch of the S&P/JPX Carbon Efficient Index in 2018, we have seen a 34.6% increase in the number of Japanese companies that have disclosed their GHG emissions.”

“The S&P Carbon Efficient Indices and data help encourage behavioural change among companies and shape the overall ESG landscape.”

ENDS.

### **For further information, please contact:**

NZX Media – David Glendining +64 27 301 9248, [david.glendining@nzx.com](mailto:david.glendining@nzx.com)

NZX Investors – Graham Law +64 29 494 2223, [graham.law@nzx.com](mailto:graham.law@nzx.com)

S&P Dow Jones Indices – Nadja Jiang +852 2841 1017, [nadja.jiang@spglobal.com](mailto:nadja.jiang@spglobal.com)

### **About NZX**

For more than 150 years we have been creating opportunities for Kiwis to grow their personal wealth and helping businesses prosper. As New Zealand's Exchange, we are proud of our record in supporting the growth and global ambitions of local companies. NZX operates New Zealand's equity, debt, funds, derivatives and energy markets. To support the growth of our markets, we provide trading, clearing, settlement, depository and data services for our customers. We also own Smartshares, New Zealand's only issuer of listed Exchange Traded Funds (ETFs), and KiwiSaver provider SuperLife. NZX Wealth Technologies is a 100%-owned subsidiary delivering rich online platform functionality to enable New Zealand investment advisors and providers to efficiently manage, trade and administer their client's assets. Learn more about us at: [www.nzx.com](http://www.nzx.com)

### **ABOUT S&P DOW JONES INDICES**

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies, and governments to make decisions with confidence. For more information, visit: [www.spglobal.com/spdji/en/](http://www.spglobal.com/spdji/en/)