Submission template

Adjustments to the climate-related disclosures regime

This is the submission template for the discussion document, *Adjustments to the climate-related disclosures regime*. The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in the discussion document by **5pm on 14 February 2025**.

Please make your submission as follows:

1. Fill out your name, organisation and contact details in the table: "Your name and organisation".
2. Fill out your responses to the consultation document questions in the table. Your submission may respond to any or all of the questions in the discussion document, as appropriate.
3. When sending your submission:
    a. Delete this page of instructions.
    b. Please clearly indicate in template if you do not wish for your name, or any other personal information, to be disclosed in any summary of submissions or external disclosures.
    c. Note that submissions are subject to the Official Information Act 1982 and may, therefore, be released in part or full. The Privacy Act 2020 also applies.
    d. Note that, except for material that may be defamatory, MBIE intends to upload PDF copies of submissions received to MBIE's website. MBIE will consider you to have consented to uploading by making a submission, unless you clearly specify otherwise in your submission. If your submission contains any confidential information:
        i. Please state this in the template, and set out clearly which parts you consider should be withheld and the grounds under the Official Information Act 1982 that you believe apply. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.
        ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
4. Please send your submission (or any further questions):
    - as a Microsoft Word document to ***climaterelateddisclosures@mbie.govt.nz*** (preferred), or
    - by mailing your submission to:

      Corporate Governance and Intellectual Property Policy
      Business, Resources and Markets
      Ministry of Business, Innovation & Employment
      PO Box 1473
      Wellington 6140
      New Zealand

Submission on discussion document: Adjustments to the climate-related disclosures regime

Your name and organisation

Name	S9(2)(a) [redacted]
Date	14 February 2025
Organisation (if applicable)	Centuria Funds Management (NZ) Limited
Contact details	S9(2)(a) [redacted]

Privacy and publication of responses

[To tick a box below, double click on check boxes, then select ‘checked’.]

☒ The Privacy Act 2020 applies to submissions. Please check this box if you do not wish your name or other personal information to be included in any information about submissions that MBIE may publish.

☐ MBIE intends to upload submissions received to MBIE’s website at ***www.mbie.govt.nz***. If you do not want your submission to be placed on our website, please check the box and provide an explanation in the box below.

I do not want my submission placed on MBIE’s website because… [*Insert text*]

Please check if your submission contains confidential information

☒ I would like my submission (or identified parts of my submission) to be kept confidential, and **have stated below** my reasons and grounds under the Official Information Act that I believe apply, for consideration by MBIE.

S9(2)(b)(ii) [redacted]

Responses to discussion document questions

Please enter your responses in the space provided below each question.

Chapter 2: Reporting Thresholds	
1	Do you have any information about the cost of reporting for listed issuers?
	S9(2)(b)(ii) [redacted]
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	Yes, given the thresholds are lower than in Australia where listing on the ASX is a serious option for a number of companies. The necessary resources and costs to prepare climate statements is unlikely to vary on a proportionate basis depending on a market capitalisation.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 2 ($550m) as it is the best threshold of the options proposed to capture those entities more likely to have the necessary resources to prepare climate statements and who are more likely to have an impact on moving to a low emissions economy. It is important that NZ's listed markets are attractive to prospective new listed issuers. Prospective listed issuers are more likely to have a lower market capitalisation initially given the size of the NZ economy and a lower threshold of $60 million or $250 million may discourage those companies from listing. Prospective issuers which meet the NZ threshold but not the Australian thresholds, may be encourage to list on the ASX instead. .

4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No
5	Do you think that a different reporting threshold for listed issuers should be considered (i.e., not one of the options above) and, if so, why?
	Yes, differential reporting should still be considered if there is no change to the existing threshold. In addition, even if the threshold is increased, differential reporting should still be considered to reflect the nature of a listed issuer's operations/number of assets. Currently, there is no distinction in terms of reporting requirements between a company that owns a single asset and a company with multiple business divisions across a range of assets.
6	If Option 2 or 3 was preferred do you think that some listed issuers would still choose to voluntarily report (even if not required to do so by law)? And, if so, why?
	Yes, we expect that some issuers will choose to voluntarily report to address the expectations of certain investors. Voluntary reporting is likely to be tailored specifically to meet investor expectations and feedback, rather than the generic approach adopted to date.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	We consider the disadvantages are: - Additional costs and internal time and investment required compared to unlisted companies and companies listed in other regions with higher reporting thresholds; - Additional liability risk for directors
8	Do you have information about the cost of reporting for investment scheme managers?
	S9(2)(b)(ii) [redacted]
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	The additional costs described above have ultimately been borne by investors in the relevant schemes.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?

	Option 3 – $5 billion per scheme to align more closely with the Australian climate-related legislation. Options 1 and 2 both set thresholds based on total assets under management, rather than per scheme. The impact of this is that while a manager may meet the threshold in totality, this may trigger reporting for schemes with significantly lower levels of assets. S9(2)(b)(ii) [redacted]
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No
12	Do you think that a different reporting threshold for investment scheme managers should be considered (i.e., not one of the options above) and, if so, why?
	Yes, consistent with our response to question 5 above, we believe differential reporting should still be considered if there is no change to the existing threshold. In addition, even if the threshold is increased, differential reporting should still be considered to reflect the nature of a listed issuer's operations/number of assets. Currently, there is no distinction in terms of reporting requirements between a company that owns a single asset and a company with multiple business divisions across a range of assets.
13	When considering the location of the thresholds, which Option do you prefer and why?
	We believe the thresholds should be moved to secondary legislation as this will allow for greater flexibility to address anomalous applications of the thresholds where there is a disproportionate impact. S9(2)(b)(ii) [redacted] We believe this is an example of the thresholds having a disproportionate impact which currently can only be adjusted by amending primary legislation.
14	For Option 2 (move thresholds to secondary legislation) what statutory criteria do you think should be met before a change may be made, e.g., a statutory obligation to consult. What should the Minister consider or do before making a change?
	We believe the below should be considered as statutory criteria: (a) An obligation to consult; (b) Consideration of whether reporting thresholds are requiring reporting by entities which is unduly costly or burdensome taking into account the likely impact of the entity on the transition to a low emissions economy.

Chapter 3: Climate reporting entity and director liability settings	
15	When considering the director liability settings, which of the four options do you prefer, and why?
	Option 3 and Option 4. As climate statements are inherently forward looking and based on a number of uncertainties, deemed director liability is not a proportionate position and has led to a conservative approach to disclosures, with ultimately more disclosure which may be more difficult for investors to understand. In addition, given the climate related disclosure regime is a very new regime which entities are only starting to understand and practice is developing, we support a safe harbour from liability consistent with Australia to allow entities time to focus on developing and improving disclosures without a focus on liability. We note that the Discussion Document comments that there is not the same prevalence of class actions in New Zealand as Australia. However, class actions do occur in New Zealand and reliance should not be placed on class actions continuing to not be as prevalent as Australia.
16	Do you have another proposal to amend the director liability settings? If so, please provide details.
	No
17	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?
	No, as the climate reporting entity remains liable and we believe investors have a number of factors they consider when deciding whether to trust statements produced by a reporting entity. The absence of any liability may affect this but it is important to remember that the entity itself remains liable.
18	If you support Option 3, should this be extended so that section 23 is disapplied for both climate reporting entities and directors? If so, why?
	Yes, it should be extended to section 23 to avoid the possibility that any amendments to section 534 are undermined by potential liability under section 23.
19	If you support Option 4 (introduce a modified liability framework, similar to Australia) what representations should be covered by the modified liability, i.e., should it cover statements about scope 3 emissions, scenario analysis or a transition plan, and/or other things?
	As noted above, we support adopting both Option 3 and Option 4. In terms of Option 3, this safe harbour should extent to all forward-looking statements, scope 3 emissions data, scenario analysis and transition planning based on the uncertainty in future climate outcomes.
20	If you support the introduction of a modified liability framework, how long should the modified liability last for? And who should be covered, ie., should it prevent actions by just private litigants, or should the framework cover the FMA as well? (Criminal actions would be excluded)
	We believe this should be for a minimum of three years, consistent with Australia.
Chapter 4: Encouraging reporting by subsidiaries of multinational companies	
21	Do you think that there would be value in encouraging New Zealand subsidiaries of multinational companies to file their parent company climate statements in New Zealand?
	No, investors will be able to easily locate climate statements submitted in other regions or available on corporate websites.

22	Do you think that, alternatively, there would be value in MBIE creating a webpage where subsidiaries of multinational companies could provide links to their parent company climate statements?
	The climate statements are very easy to find on corporate websites or through a simple online search. We believe developing a NZ webpage would provide limited additional value against the likely cost.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.