

Submission on discussion document:

Adjustments to the Climate-related disclosures regime

Your name and organisation

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Date	Feb 13 2025
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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?
	Yes. The average cost of reporting climate-related disclosures for Hong Kong-listed companies in 2024 varies significantly based on company size, industry, and the complexity of their operations. However, a study by PwC indicates that the costs can range from HKD 500,000 to HKD 2 million per year for comprehensive ESG reporting.
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	No. This is becoming a global practice so hard to see this is considered a barrier for candidates when seeking listing destinations.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 3, listed issuers with between \$250 and \$550 million in market capitalisation will continue reporting until early 2026 (approximately) and then will be exempt from reporting for approximately two years before re-joining the mandatory reporting regime in 2028. This staged approach will give issuers some buffer to adjust their reporting regimes and build relevant capacity with a sense of urgency.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	Yes. If the XRB could issue new standards for smaller listed issuers, remaining the status quo (option 1) would be better in our view.
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. For option 3, it will be good from early 2028 (approx.) threshold reduces from \$550 million to \$60 million market capitalisation, instead of \$250 million market capitalisation. We reckon since the status quo is applied already, two-year's time will be enough for issuers to make the preparations.
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. Because the current threshold of \$60 million market capitalisation is already applied, some issuers may just carry on with the current reporting practice for future years.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	We think the biggest advantages are enhanced transparency and risk management that led to better access to capital. The biggest disadvantages are increase costs as the document discussed and greater scrutiny from investors and the public from the disclosures made.
8	Do you have information about the cost of reporting for investment scheme managers?
	Yes. The average cost of reporting for investment scheme managers in Hong Kong can vary widely depending on the size and complexity of the schemes. However, it is generally estimated that the costs can range from HKD 300,000 to HKD 1.5 million per year. These costs typically include expenses for compliance, data collection, reporting, and assurance.
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?

	No. But we believe that some companies may indirectly pass on the costs of climate reporting to consumers through higher prices to keep their margins.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why? Option 2 is a better alignment with Australian standards.
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? No. We think \$5 billion total assets under management is a reasonable threshold in the NZ context as shown in Table 6.
13	When considering the location of the thresholds, which Option do you prefer and why? Option 1 as we feel it is important for the reporting thresholds to remain in the FMC Act.
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? n/a
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 4. The safe harbour provision will provide directors some time to get training for the necessary knowledge and capacity-building, but directors should be liable for disclosures in climate statements as they do for disclosures in financial statements.
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, if it is just a safe harbour provision to provide some time for directors to fit in.
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? n/a
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?

	It could cover any statements that contain uncertain disclosures about the future such as scenario analysis and a transitional roadmap.
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)
	The modified liability could last till 2028 to make it consistent with the reporting scheme. It should cover the FMA as well to make it more comprehensive.
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?
	Yes. Many of these MNCs would have been required to make such disclosures in their domiciled market already, the filing will not increase their cost significantly but provide more information for investors and for local companies to compare with.
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?
	Yes. Improving the accessibility to material information is always welcome.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.
	No.