

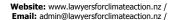


Submission on Proposed Adjustments to the Climate-Related Disclosures Regime

14 February 2025

Executive Director: Jessica Palairet
Committee Members: Jenny Cooper KC (President) /
James Every-Palmer KC (Treasurer) / Sophie Meares (Secretary)
Sally Gepp KC / Bjørn-Oliver Magsig/ Bryce Lyall/ Debra Dorrington/
Frankie McKeefry / Martin Smith/ Majka Cherrington/ Nicola Hedge

Website: www.lawyersforclimateaction.nz / **Contact:** jessica@lawyersforclimateaction.nz /





Executive Director: Jessica Palairet/

Introduction

In 2021, Aotearoa New Zealand became the first country in the world to introduce a mandatory climate-related disclosures regime (**CRD Regime**).

However, due to <u>claimed</u> "significant problems with the regime", the government is proposing to weaken it significantly, including by nearly halving the number of listed entities currently included.

Climate change presents material risks to the global financial system and economy. Earlier this year, the <u>Institute and Faculty of Actuaries</u> issued a stark warning: the global economy could face a 50 per cent loss in GDP between 2070 and 2090 from climate impacts *unless* appropriate action is taken now. These risks need to be managed by the capital market, regulators, as well as companies and their directors.

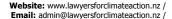
The CRD Regime is a well-recognised and important tool for managing and responding to climate-related financial risks. It is also relatively new. It is no surprise that some of the settings may need to be adapted and tweaked now that the first year of mandatory reporting has ended. However, many of the proposals considered in the Discussion Document are blunt instruments and a knee-jerk response to some of the loudest critics of the CRD Regime. The Discussion Document also almost solely relies on comparison with Australia, rather than other comparator jurisdictions.

Rather than making significant changes to the regime and creating significant instability, we support making smaller changes. Key points we make in this submission include:

- The proposals to increase the threshold for Climate Reporting Entities (CREs) are based on
 the false premise that the proposed increase will better align New Zealand's CRD Regime to
 Australia's and reduce regulatory arbitrage. However, the risk of regulatory arbitrage is
 illusory, including because the coverage of Australia's regime captures a wider range of
 entities than the Discussion Document proposes.
- We support introducing differential reporting to ensure that climate-related disclosure requirements are well-suited to different types of entities and sectors. We also strongly encourage the government to widen the definition of CREs to include large unlisted entities. This would support the purpose and goals of the CRD Regime.
- The proposals to remove or significantly reduce directors' and/or CREs' liability are an overreaction to the real risks of liability, and will significantly reduce incentives for CREs and their directors to produce accurate and substantiated Climate Statements. Instead, greater support and guidance should be provided to CREs and their directors to help with compliance such as providing more guidance on scenario testing and/or providing standardised scenarios, and also providing guidance on substantiation requirements and the fair presentation principles set out in NZ CS3.

The purposes of the CRD Regime are to ensure Aotearoa New Zealand is an attractive destination for international capital and to help Aotearoa New Zealand companies be well positioned for a net zero future. Many of the options set out in the Discussion Document undermine those goals, and will mute the price discovery ability of investors. They are not in the best interests of New Zealand's economy or our businesses.

Other options canvassed in this submission are available to the government to reform and improve the CRD Regime that would be more effective and less radical.





Executive Director: Jessica Palairet/

About Lawyers for Climate Action NZ

Lawyers for Climate Action NZ is an incorporated society with over 370 members across New Zealand. Our members include Kings Counsel, barristers, solicitors, legal academics, and students. We use the law to drive effective action on the climate crisis. We have no vested interest other than seeing New Zealand contribute to the goals of the Paris Agreement in light of the science of climate change as expressed by the IPCC. More information about us can be found on our website: https://www.lawyersforclimateaction.nz/

This submission has been written in partnership with several Lawyers for Climate Action members with direct experience working on climate-related disclosures. We have answered all the questions where we consider we have helpful input.

Chapter Two: Changing Reporting Thresholds

Question 2: Do you consider that listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand

No. There are many other, more fundamental reasons why some entities choose not to list in New Zealand. CRD settings should not be singled out as a scapegoat.

Question 3: When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?

The Discussion document proposes increasing reporting thresholds for listed issuers on the basis that the current NZD \$60m market capitalisation (market cap) threshold is too low - particularly when compared to Australia's.

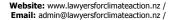
It sets out three options:

- Option 1: Status quo (no change from \$60m market cap threshold);
- Option 2: Threshold increase from \$60m to \$550m market cap from early 2026;
- 3. **Option 3:** Staged reporting:
 - a. From early 2026: Threshold increase from \$60m to \$550m market cap;
 - b. From early 2028: Threshold reduces from \$550m to \$250m market cap.

We support maintaining the status quo and making other amendments to the CRD Regime that better and more effectively address the issues with the regime.

The problems with the current "one size fits all" approach

The existing regime imposes the same reporting requirements on all CREs, regardless of differences in size or risk exposure. However, this means that some entities are required to report according to a





Executive Director: Jessica Palairet/

higher threshold than perhaps is needed, while for others the reporting standards are wholly appropriate.

At the same time, the existing regime is also *under-inclusive*. Many large entities with high emissions and exposure to climate-related financial risks remain outside the regime if they are unlisted or subsidiaries of overseas companies.

None of the options considered by the Discussion Document appropriately address these concerns.

Comparison to Australia's regime

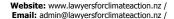
Part of the rationale behind Options 2 and 3 is to reduce the risk of regulatory arbitrage: the risk that "given the differences between the New Zealand and Australian disclosure regimes, an issuer may choose to list in Australia rather than New Zealand".

See a comparison of the settings below - just comparing the differences as they relate to listed and unlisted companies:

New Zealand (Option 2)	New Zealand (Option 3)	Australia
Listed issuers with market cap of \$550m	Group 1 : From 2026, large listed issuers with >\$550m market cap	Group 1: From 1 January 2025, large listed and unlisted entities with at least two of the following: • >\$500m consolidated revenue • >\$1B consolidated gross assets; and/or • >500 employees.
	Group 2: From 2028, listed issuers with >\$250m market cap	Group 2: From July 2026, large listed and unlisted entities with at least two of the following: > \$200m consolidated revenue > \$25m consolidated gross assets; and/or > 250 employees. Group 3: From July 2027, > \$50m consolidated revenue > \$25m consolidated gross assets; and/or > 100 employees.

It is incorrect that Options 2 and 3 would achieve greater alignment with Australia.

The coverage of Australia's regime is far broader than all three options considered in the Discussion Document. Australia's CRD Regime covers large private companies, National Greenhouse and Energy





Executive Director: Jessica Palairet/

Reporting (NGER) reporting entities, superannuation and MIS schemes with AUD\$5B or more in assets under management, *and* listed companies that trigger size thresholds.

The criteria for inclusion within the different groups is also more nuanced. Where Options 1, 2, and 3 in the Discussion Document solely use market capitalisation as the threshold, Australia instead uses the metrics of consolidated revenue, consolidated gross assets and/or number of employees. For the sake of completeness, it is also worth noting that market cap and consolidated revenue are *not* equivalent – one cannot be simply substituted for the other when comparing the different standards.

Option 2 raises the threshold for listed issuers to \$550m but relies solely on market capitalisation, which is a blunt tool. It continues to exclude many entities that the CRD Regime should cover and is far more simplistic than Australia's more nuanced criteria.

Option 3 is the only option that proposes introducing staged reporting. However, there are myriad issues with this option, including:

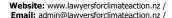
- Unlike when Australia's regime was introduced, New Zealand's regime is already up and running. Introducing a staged approach now could mean that almost half of the CREs would pause reporting temporarily, creating inefficiencies. The first few years of producing Climate Statements are the most difficult and resource-intensive for CREs, including because they require upskilling. However, CREs under the current regime have already invested their resources in this process, and will have produced two climate statements before any changes to the regime are implemented. The "stop-start" approach in Option 3 will be highly disruptive.
- Unlike in Australia, the proposed Option 3 only captures listed issuers with over \$250m market cap. Australia's Group 3 threshold extends to a third group, covering both listed and unlisted entities with >\$50m revenue, >\$50m, and/or >100 employees. This is far more inclusive than what Option 3 would cover, with the 'lowest' threshold being >\$250m market cap.

Table 2 of the Discussion Document claims that approximately 110 NZ entities would be captured by Australia's Group 3 if adopted in New Zealand. That means that Option 3 would result in roughly 29 fewer climate-reporting entities than if New Zealand adopted Australia's group thresholds - and significantly fewer than our current standards. However, this is likely a significant underestimate, as Table 2 only considers listed entities - whereas Australia's Group 3 also includes unlisted entities.

Our preferred approach is to maintain the status quo (Option 1), alongside two additional changes:

- In the first instance, we strongly support the XRB introducing different standards for different classes of entities. This would allow New Zealand to leave the threshold under the FMCA unamended but still provide greater flexibility regarding reporting requirements. We also support the introduction of differential reporting requirements in regulation rather than legislation, to provide greater flexibility in the future.
- Second, we strongly encourage the government to use this opportunity to amend the Financial Markets Conduct Act 2013 (FMCA) to broaden the definition of "climate reporting entity" to better align with Australia's regime. At the very least, it should be extended to large unlisted entities.

At present, the definition fails to capture several types of entities that the CRD Regime





Executive Director: Jessica Palairet/

should capture to achieve its purposes. The current definition draws several arbitrary lines between similar entities that make little sense – the Port of Tauranga Ltd, for instance, is defined as a CRE, while the unlisted Eastland Port is not; The Warehouse Group is covered, whilst the Farmers Trading Company Ltd is not.

Among other things, broadening the definition will ensure that listed competitors and investors in capital and private markets are able to understand the potential financial impacts of climate change across sectors and that a lack of transparency on the part of others does not disadvantage listed entities. It is also in the interests of unlisted entities who are likely to face increased financial risk from climate change due to exposure to transition and physical risks but are currently excluded from the regime.

Question 4: If the XRB introduced differential reporting, would this impact your choice of preferred option?

In theory, yes (as per above). However, whether we support differential reporting depends on the proposed differential reporting criteria and requirements - this has to be considered on its merits.

Question 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?

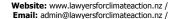
Yes, some listed issuers would choose to voluntarily report, as it would be in their commercial interests to do so. However, relying on voluntary reporting may make it more difficult to achieve the aim of "allocating capital towards activities that are consistent with a transition to a low-emissions and climate-resilient future", as for this purpose to be most effectively realised, it requires broad and comprehensive coverage and buy-in from as many entities as possible.

In addition, consistent with our answer to question 15, if amendments to directors' and CREs' liability settings only affect entities subject to mandatory reporting requirements, this will create a strong disincentive on entities to engage in voluntary reporting as they will be subject to higher potential liability than entities that are required to report. This would be distortionary and presumably an unintended effect of the proposed changes to liability settings.

Question 7: What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?

There are several advantages of having listed issuers in the CRD Regime, including:

- It helps ensure that the effects of climate change are routinely considered in business and investment decisions in New Zealand, allowing for more environmentally friendly business practices and investment decisions.
- Scaling up climate-aligned finance and investment is critical to accelerating global emissions reductions and building climate resilience. To this end, the World Economic Forum, for instance, has estimated that \$4-\$5T per year of investment is needed to meet global decarbonisation goals. And this past week, a group of 26 financial institutions and pension funds globally have asked their asset managers to more actively engage with the companies they are invested in to address climate risk, given the long-term financial risks that climate





Executive Director: Jessica Palairet/

change presents. The CRD Regime makes it far easier for investors and other stakeholders to make informed decisions about how their investments support the transition towards a climate-resilient future and reflect climate-related risks.

• Maintaining broad coverage in our CRD Regime, and ensuring the regime remains robust, is critical for protecting New Zealand's global competitive advantage. Climate and sustainability disclosures are growing internationally, and New Zealand companies will be <u>best placed</u> to seize opportunities and protect market access if they are engaged in climate related reporting. The Chapman Tripp/Aotearoa Circle Report, "<u>Protecting New Zealand's Competitive Advantage</u>", also makes the point that ESG performance and climate reporting requirements are increasingly playing a role in capital raising, international trade agreements, and global supply chains.

Question 10: When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?

The Discussion Document outlines three options for reform:

- a. Option 1: Status quo (\$1B total assets under management)
- b. Option 2: \$5B total assets under manager
- c. Option 3: \$5B per scheme.

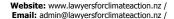
Of the three options, we support Option 1.

As for listed issuers, we would prefer that the XRB address concerns through differential reporting rather than changing the threshold for investment scheme managers. This would be a better way of responding to some valid concerns that the current standards are not always appropriate for investment scheme managers. Amendments to the CRD Regime should not come before the XRB's consultation on differential reporting standards (per paragraph 68 of the Discussion Document).

The thresholds set by Options 2 and 3 are unduly high. As the Discussion Document notes, they will *significantly* reduce the value of funds under management covered by the reporting regime, reducing the information available for decision-making. This, in turn, will affect the ability of the CRD Regime to achieve its purpose of supporting the transition to a low-emissions economy. It is also at odds with demand from retail investors, 86 per cent of whom strongly support investment funds providing information on the impact of their investments on climate change (see paragraph 73 of the Discussion Document).

Part of the reason why the thresholds set in Options 2 and 3 are too high is because they are based on a shallow comparison to Australian thresholds. The Australian and New Zealand fund management markets are distinct in terms of size, market position, and impact. For instance, in terms of scale alone, the Australian fund management industry is roughly 10x the size of the New Zealand industry - which explains the significantly higher thresholds that apply in Australia.

In addition, the options considered in the Discussion Document generally suffer by solely comparing New Zealand's settings with Australia's, when other jurisdictions should also be considered. For instance, the European Union's Corporate Sustainability Reporting Directive does not set a distinct threshold for investment managers, but rather folds them into the general corporate entity thresholds, requiring $> \in 20$ million assets, > 250 employees, or $> \in 40$ million turnover. This is more inclusive than even New Zealand's existing investment managers threshold.





Executive Director: Jessica Palairet/

Question 11: If the XRB introduced differential reporting for investment scheme managers, would this impact your choice of preferred option?

Yes. We understand that the XRB intends to consult on the development of a differential reporting strategy for climate-related disclosures later this year (paragraph 68 of the Discussion Document). Decisions on thresholds should not be taken in advance of that process.

Question 13: When considering the location of the thresholds, which Option do you prefer and why?

In theory, we would support the reporting thresholds being set out in regulation to make it easier to adjust the standards without the need for legislative amendment. This, of course, would be dependent on the statutory criteria to ensure that there was adequate transparency and scrutiny.

We would also suggest that the Government allow the definition of "climate reporting entity" to be amended through regulation.

Question 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?

It is critical that the criteria supporting Ministerial regulatory decision-making is robust.

It must include a requirement for formal and robust consultation, as well as a duty on the Minister to:

- a. consider and respond to the outcomes of such consultation; and
- b. publish a summary of the rationale for, and implications of, any proposed change.

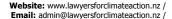
If the Minister were to be given the power to amend reporting thresholds by regulation, before making any change, the Minister should be satisfied that the change is in th epublic interest, and supports and is consistent with the overarching purpose of the CRD Regime. That is, to support the allocation of capital towards activities that are consistent with a transition to a low-emissions future.

The Minister should also be required to have regard to:

- a. whether the proposed threshold is appropriate given the size, scale, and exposure to climate-related risks and opportunities of affected entities;
- b. whether the proposed threshold imposes a compliance burden on affected entities that is proportionate to the benefits of the CRD Regime;
- c. whether the proposed threshold aligns with comparable, best-practice international CRD Regimes.

If the Minister were given the power to broaden the definition of climate reporting entity by regulation, the Minister should be satisfied that:

- The change supports and is consistent with the overarching purpose of the CRD Regime;
 and
- b. The amended definition is necessary to capture entities whose activities, size, or risk profile





Executive Director: Jessica Palairet/

materially affect New Zealand's emissions and/or are materially affected by climate change, both in terms of transition and physical risks.

The Minister should also be required to have regard to:

- a. the extent to which the amended definition is consistent with comparable, best-practice international climate-related disclosures regimes;
- b. whether the proposed change imposes a compliance burden on affected entities that is proportionate to the benefits of the CRD Regime.

Chapter 3: Climate Reporting Entity and Director Liability Settings

Question 15: When considering the director liability settings, which of the four options do you prefer, and why?

The Discussion Document outlines four potential changes to director liability settings:

- a. Option 1: Status quo (no change to liability settings);
- **b. Option 2:** Amend the FMC Act so that section 534 no longer applies to climate-related disclosures
- **c. Option 3**: Amend the FMC Act so that section 534 no longer applies to climate-related disclosures; and amend the FMC Act so that directors can no longer be liable for aiding and abetting an unsubstantiated representation;
- d. **Option 4**: Introduce a temporary safe harbour provision, or modified liability provision, to protect climate reporting entities and their directors from civil actions for a certain period of time.

We support Option 1, but on the basis that additional guidance is issued to assist CREs and their directors in complying with the CRD Regime, and also additional guidance on the scope and ambit of directors duties to alleviate confusion about when a breach of directors' duties may be found.

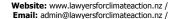
However, as a middle ground, we would suggest that the Government reduce the penalty for breach of directors' duties. We will outline this more in response to question 16.

Removing, or providing a safe harbour, directors' liability would significantly impede the effective functioning of the CRD Regime

The purpose of having director liability for climate statements is to ensure that directors have the right incentives to provide sound governance of CREs' climate reporting obligations. As climate risk only increases, this is only becoming more important.

Removing directors' liability - and, remarkably, even going so far as to propose amending the Fair Trading Act - removes this incentive, and risks giving directors a licence for greenwashing. It also sends a strong signal to directors about the reduced level of importance that the Government places on the CRD Regime, and the degree of care and importance that directors ought to place on it, in turn.

Removing directors' liability from the FMCA (Options 2, 3, 4) does not remove directors'





Executive Director: Jessica Palairet/

liability for climate change

Directors' existing legal obligations require them to consider, identify and manage climate-related risks if those risks are matters that a reasonable director exercising appropriate care, diligence and skill would consider, identify or manage. In this way, for diligent company directors, the CRD Regime and its corresponding directors' liability does not increase directors' exposure.

There is also a developing international discussion about whether the fiduciary duties owed by directors encompass obligations not only to investors but also to other stakeholders such as suppliers, customers, employees and the general public. If so, the obligation of directors to consider, identify and manage climate-related risks, or to disclose climate-related information, might extend beyond simply addressing those risks that are potentially financially material.

Given the current state of knowledge about climate change and the foreseeable risk of harm to many aspects of our environment and economy, our view is that all directors have, at a minimum, a present obligation to consider whether climate-related risks are potentially material to their company, and to take appropriate steps to manage any such risks which are identified as a result.

Removing directors' liability under the FMCA will not remove directors' liability with respect to climate-related risks and disclosures. However, it could provide directors with a false sense of security, and also convey a concerning and perverse perception that directors need not take climate-related disclosures and risks seriously.

One of the biggest achievements of the CRD Regime to date has been to ensure that directors and senior managers understand and regularly consider climate-related risks and opportunities. Having a mandatory reporting regime ensures that maturity and education on these issues lifts across the economy. Winding back the CRD Regime in the ways proposed in the Discussion Document would be incredibly harmful messaging from the Government.

Concerns are an overreaction as breaches of directors' duties already require a high threshold

From our perspective, there has been a gross overreaction to the risks of directors being found in breach of their duties under Part 7A of the FMCA.

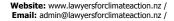
The FMCA creates a high threshold for finding a breach of directors' duty; the circumstances in which directors could face litigation in respect of climate-related disclosures are limited and will only arise where there has been a clearly identifiable breach. And globally, it is clear that there have been numerous barriers to litigation against directors on climate grounds.¹

Directors also have the benefit of a range of potential defences, including if they prove they took "all reasonable steps" to ensure that the CRE for which they are a director complied with the FMCA requirements.

Significant parallels can be drawn between the way the defence applies in the CRD context and the financial reporting context - where breach of directors' duties require a high threshold.

In Prain v Financial Markets Authority, for instance, the Court of Appeal set a fairly low threshold for

Analogies exist in other jurisdictions. For instance, Client Earth, as an activist shareholder, attempted to seek permission from a UK Court to bring a derivative claim against the directors of oil company Shell for apparent breaches of duty. The Court refused leave on the basis that ClientEarth failed to make a prima facie case of breach, including that Shell's actions on climate change did not fall outside the range of reasonable responses to climate risk. See *ClientEarth v Shell Plc* [2023] EWHC 1897 (Ch).





Executive Director: Jessica Palairet/

what amounts to a director taking "all reasonable steps". In this case, the company, Prain, had failed to register audited financial statements, in clear breach of the Financial Reporting Act 1993. The Court of Appeal found that the directors were entitled to rely on their accountants' advice not to file audited statements as they had obtained the advice in good faith, honestly relied on it at all times, and acted reasonably in not obtaining a second opinion as there was no reason to doubt or question the merits of their accountants' advice. This should give comfort to directors concerned about their potential liability - and is an example of where current concerns about directors' liability are overblown.

It would create a perverse imbalance between voluntary and required climate disclosures

The proposals canvassed in the Discussion Document would only apply to mandatory climate-related disclosures. However, for any entities that make voluntary disclosures, they would be perversely be subject to *higher* duties of care and potential penalties. Not only is this unfair, but it would be a strong disincentive for entities choosing to make climate statements.

It would be out of step with other jurisdictions

From our review of proposed and existing climate-related disclosure frameworks in other jurisdictions, Australia is the only jurisdiction to offer immunity from private litigation. We would be aligning ourselves with a climate-related reporting regime that has already been widely criticised for introducing a safe harbour provision of this nature - and it would be a significant backward step.³

Introducing a safe harbour for civil enforcement against *both* directors and CREs is particularly harmful

Option 4 is the most radical, and most concerning, proposal. Providing an immunity for civil liability for both directors *and* CREs would significantly weaken the CRD Regime - restricting access to justice, undermining New Zealand's emissions reduction goals, and significantly restricting the ability for investors to allocate capital towards climate-resilient and future-proof companies. This reform would be a self-serving attempt to stymie the kind of legitimate legal action that has occurred elsewhere in the world that ultimately protects investors and market integrity, and supports the transition to a low-emissions future.⁴

Question 16: Do you have another proposal to amend the director liability settings? If so, please provide details.

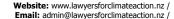
We appreciate that the current directors' liability settings is leading to some unintended and counter-productive consequences, including a degree of conservativism and timidity on the part of entities within the regime in terms of assessing the potential impacts of climate change on their business and responding to them.

It is important that the regime encourages directors and executives to understand the value of climate-related risk reporting and facilitate open and honest conversations without an overwhelming fear of non-compliance.

² Prain v Financial Markets Authority [2016] NZCA 298.

[&]quot;Climate Plans of Australian Companies would be Exempt from Private Litigation for Three Years Under Proposal" The Guardian (15 July 2024).

See, for example, McVeigh v Retail Employees Superannuaion Trust (ultimately settled on 11 February 2020); Abrahams v Commonwealth Bank of Australia (2021) FCA No NSD864/2021.





Executive Director: Jessica Palairet/

As the lowest-hanging fruit, we suggest that the FMA publish additional guidance to help support directors and CREs in complying with the CRD Regime, and also publish materials clarifying the nature and scope of directors' duties. For instance, guidance on the degree of substantiation of representations in climate statements and meeting the fair presentation principles set out in New Zealand Climate Standard 3 (NZ CS3) would be helpful.

In addition, we suggest that the Government consider reducing the penalties for director liability under the regime, at least for an initial period, while New Zealand CREs and their directors develop greater confidence in complying with the regime. This would be a better response to directors' concerns than winding back or pausing liability altogether.

Question 17: If the director liability settings are amended do you think that will impact on investor trust in the climate statements?

Yes - it will almost certainly decrease investor trust in climate statements.

Question 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?

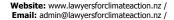
For the same reasons that we outlined in Question 16, we strongly disagree with extending any immunities to both CREs and directors. This would be an extreme step to take.

Question 19: If you support Option 4, 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?

We do not support Option 4 - there should be no modified liability framework like that introduced in Australia.

Question 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 do not support Option 4 - there should be no modified liability framework like that introduced in Australia.





Executive Director: Jessica Palairet/

Chapter 4: Encouraging reporting by subsidiaries of multinational companies

Question 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?

Question 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?

We see value in encouraging subsidiaries of multinational companies to file their parent company climate statements in New Zealand. This would cover several significant entities in New Zealand - such as Woolworths New Zealand Ltd, the NZ subsidiary of Woolworths Group Ltd (not currently a listed issuer in NZ). However, if the statements were prepared under the CRD Regime of the parent company's jurisdiction, they could vary significantly from the NZ requirements - creating confusion.

It may be that the option contained in Question 22 is more helpful - providing a central repository so that the information is easy to find. However, a lot of this information is already fairly easy to find online, so we see this option as more of a 'nice to have' than something that would significantly improve the CRD Regime.