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

Your name and organisation

Name	S9(2)(a)
Date	13 February 2025
Organisation (if applicable)	Meridian Energy Limited
Contact details	S9(2)(a)

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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?
	Meridian incurred approximately $200,000 in external fees in complying with the regime in 2024. The majority of these costs were spent on consultancy and advisory services to ensure Meridian had in place expert assistance and obtained appropriate sign-offs, which we considered to be the best way to achieve compliance with the regime. While we expect these costs to decrease to some extent as we evolve our processes and become more familiar with the reporting requirements the nature of the regime means that we will still incur reasonably significant compliance costs. It is important therefore that, so far as reasonably practicable, opportunities are taken to limit such costs while still meeting the broader goals of the regime.
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	As set out further below, we consider the current listed issuer thresholds and director liability settings should align with international standards, particularly with the Australian regime. Aligning with international standards is crucial for attracting and raising capital in New Zealand and ensuring New Zealand companies are able to attract directors of appropriate calibre. New Zealand directors should not in our view be exposed to significantly greater risks of liability than directors of companies in Australia.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Meridian generally supports Options 2 and 3 and recommends that changes to the existing thresholds are appropriate – particularly to ensure alignment with international standards, (primarily to Australia) to ensure there is no opportunity for arbitrage.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No – Options 2 or 3 still appear to be the best approach to Meridian, but we acknowledge that the introduction of differential reporting requirements by the XRB may help smaller issuers and would be a valuable additional change to consider.
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?
	No.
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?
	Meridian encourages more organisations becoming familiar with the climate disclosure obligations and embedding climate risks into their business. However, for those issuers who do voluntarily report, there needs to be a clear expectation that their disclosures clearly state that they are made voluntarily, are not regulated by the FMA, and may not be in compliance with the Climate Standards. From an investor perspective, we would be cautious that an assumption is made that all publicly available climate related disclosures are compliant with the regime.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?

	A regulated climate reporting regime ensures that businesses are providing greater visibility of the physical and transitional climate-related risks and that these risks are considered in key business decisions. It ultimately creates a deeper organisational focus on climate awareness. We acknowledge that compliance with the regime requires a substantial amount of work and cost. While it is important to have listed issuers subject to a climate reporting regime, more work needs to be done to ensure the cost to small-medium listed issuers is not disproportionately high.
8	Do you have information about the cost of reporting for investment scheme managers?
	No.
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	No.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?
	N/A
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	No – as above, Option 2 or 3 still appear to be the best approach to Meridian, but we acknowledge that the introduction of differential reporting requirements by the XRB may help smaller issuers and would be a valuable additional change to consider.
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?
	N/A
13	When considering the location of the thresholds, which Option do you prefer and why?
	Meridian's view is that given the regime is still in its infancy, there is benefit in the thresholds initially being set out in secondary 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?
	If Option 2 is selected, it is imperative that some form of consultation is undertaken with the CRE community.
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?

	Meridian agrees with the concerns highlighted in the consultation document and agrees that the current director liability settings may cause entities to take a risk-averse approach to reporting. We support Option 4 during a transitional period to ensure we align with Australia (and to that end we submit that Option 4 should be changed to more directly align with Australia) but over the medium to long term we suggest Options 2 or 3 are the right approach. We do not consider however that removing deemed director liability would necessarily result in a reduction of legal and consultancy costs, as the climate-related entity itself and directors may still be found liable in certain circumstances and entities will still (we expect) want to reduce this legal risk by undertaking comprehensive due diligence processes and obtaining appropriate sign-offs.
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, provided climate disclosures are still compliant with the XRB's requirements we do not expect there to be a reduction in investor trust. Options 2 and 3 still include liability at the entity level and director liability in limited circumstances, so investors should still have confidence in the statements included in an entity's climate disclosures.
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?
	We consider that section 23 should be disapplied for both climate reporting entities and directors, to encourage more fulsome reporting. If section 23 were only disapplied for directors then it's likely that there would still be some level of limited disclosures in order to avoid potential liability.
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?
	We support alignment with the Australian regime and the protection relating to statements about scope 3 emissions, scenario analysis and transition plans.
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 support alignment with the Australian regime and including a three-year period of modified liability.
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?
	Meridian supports the reporting by subsidiaries of multinational companies but considers the best way to do this is via a central repository (i.e. MBIE's webpage).
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?

	Meridian supports the establishment of a repository with links to parent company climate statements. We expect investors are similarly engaged in parent company operations and supply chain optics, and not just those New Zealand organisations caught by the regime. Any central repository would be able to clearly identify that these statements are not regulated in New Zealand and avoid confusion in the market if entities take it upon themselves to voluntarily prepare climate disclosures.
Final comments	
	Please use this question to provide any further information you would like that has not been covered in the other questions.
23	We consider that there is a significant amount of additional reporting required for the climate related disclosures that is already captured in other reporting requirements (e.g. annual report and financial statements) and recommend that work is done to ensure there is minimal overlap and repetition of information already required to be publicly provided.