

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)
Date	14 February 2025
Organisation (if applicable)	Millennium & Copthorne Hotels New Zealand Limited
Contact details	S9(2)(a)

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.

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)

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)
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	Based on feedback from peer and related companies, our answer is no, if there is already a robust and mature sustainability framework within the group in which the NZX-listed entity is part of. On that basis, such an entity is able to lean into / draw from that overseas entity and undertake its own framework. The imposition of criminal liability on directors is certainly a barrier to listing in New Zealand as New Zealand is the only country in the world to impose criminal liability on directors in this way.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Having invested much time and effort on the CRD regime to date, we are comfortable with Option 1. Had Option 2 been available at the time when the CRD regime was brought in, we would have preferred that threshold but as 2024 is the second year of our climate disclosures. We see more benefit in continuing than suspending them and then picking them up again at a later date, as this would likely cause issues with track record and comparable information overtime; and would also not promote sustainable outcomes or enable transition planning.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	It is not likely to impact our choice of option 1. The consultation paper does not put forward a definition of "differential reporting" for us to comment on. Paragraph 44 of the Discussion Paper simply notes that the XRB is able to issue different standards for different classes of entities. We believe that this was an issue raised as part of the initial consultations on the CRD regime when it was proposed. If this means taking into account the relative size of a company, then in principle we think that this would be beneficial but given the fact that the current Standards apply to all companies who are required to report, the question arises as to what the thresholds should be between small, medium and large reporting entities. There would still need to be a level of commonality on key metrics but larger companies with access to more capital and resources could be required to provide more detail on their emissions inventory and reduction plans, level of climate risk assessment, quantification of impacts and/or requirements for assurance.
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?
	We think that it should and look forward to the XRB consultation later this year. Our view is that the greater number of entities who are able to report can do so, the better our framework becomes and the more embedded sustainability reporting and improvement are likely to be.

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?
	We believe that some listed issuers may choose to voluntarily report. From our experience as part of a global group with a deep commitment to sustainability over the past two decades, we could publish voluntarily given the level of investment and commitment we ourselves have to the new NZ climate-related disclosures. The issue is of critical importance globally to our wider organisation and to our customers and stakeholders. It is an expectation from some of our customers that we commit to sustainability targets and initiatives and these disclosures would be part of that.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
	The advantages for a listed issuer such as MCK is that the framework formalises some of the work we are doing in the sustainability area such as energy and resource efficiency and requires a step up in terms of climate risk and anticipated impact assessment. We are committed to making improvements in this area and prepared to make necessary investments in order to meet our targets and goals. In this regard, publicising our emissions information, sustainability framework may give us an advantage against our competitors who are not required to do so. The disadvantages are the additional time, cost and resource required to meet the obligations from the Standards under the FMCA. Arguably, the adoption timeline was too short and what we have learned from other organisations and sector peer groups appears to be that listed organisations throughout New Zealand are facing similar pressure/challenges with disclosures. While this consultation appears to be an attempt to right-size the reporting obligations, given that many organisations have made the commitment and investments to meet their compliance obligations, it would seem that there is limited value in making changes to the regime now that would in effect waste time and resource by discontinuing effort now invested in these disclosures and the focus could be better directed at incentivising rather than punishing / disincentivising companies who are required to report mandatorily. The impact of Scope 3 emissions measurement and reporting will be huge, and assistance needs to be provided to both reporting entities and those entities captured by a direct / indirect requirement to assist reporting entities with emissions reporting and making improvements.
8	Do you have information about the cost of reporting for investment scheme managers?
	We have no information to allow us to answer this question
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	Not to our knowledge. To date, we have managed to contain the increased costs as part of our operations. They do not currently impact on our profitability or financial performance. We have made no changes to the cost of our products and services, nor have we introduced customer fees, as a result of resourcing climate reporting.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?
	We are not in a position to comment on this question.
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	We believe that our answer to Q5 above would apply in this case.
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?
	We are not in a position to comment on this question.

	When considering the location of the thresholds, which Option do you prefer and why?
13	Having invested much time and effort on the CRD regime to date, we are comfortable with Option 1 despite the potential difficulties in making changes to primary legislation. Had Option 2 been available at the time when the CRD regime was brought in, we would have preferred that threshold but as 2024 is the second year of our climate disclosures, we see more benefit in continuing than suspending them and then picking them up again at a later date.
	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?
14	MCK: We have indicated a preference for Option 1 in response to Q13 above. If thresholds are shifted to secondary legislation or other differential reporting is introduced via secondary legislation then we would expect public consultation on changes (and sufficient timeframes in which to respond).
Chapter 3: Climate reporting entity and director liability settings	
	When considering the director liability settings, which of the four options do you prefer, and why?
15	Our preference is for Option 2 or 4. We take the point highlighted at paragraph 118 that without the possibility of deemed liability, Options 2 and 4 may help encourage directors to make fulsome climate disclosures in line with the intended objective but speaking generally, this area requires a whole new skillset and knowledge which will take time for directors to be fully across (and perhaps could be filled by specifically skilled, rather than all, directors).
	Do you have another proposal to amend the director liability settings? If so, please provide details.
16	We do not have another proposal which differs from the options presented in the consultation paper.
	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?
17	Based on some limited feedback received, there may be some reaction from institutional investors whose mandates have a climate-related component but we do not expect massive pushback from retail investors at this stage,
	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?
18	As our preference is not for Option 3, we do not comment on this question.
	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?
19	Without going into detail, we believe that the safe harbour should cover matters which directors are not reasonably expected to have knowledge about. Representations that are more speculative, external data driven or those outside of the entities span of control such as scope 3 emissions, scenario analysis and <u>anticipated</u> climate and financial impacts could be covered by modified director liability, as these are more subjective/uncertain.
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 have a definitive view on the length of the modified liability given the length of time covered by the scenario analysis. As an initial guide, we would have thought that the standard civil limitation period would be sufficient.
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, we do not. What we have learned through the process is that climate scenarios are heavily dependent on localised / particularised information related to the reporting entity. While there is of course usefulness in looking and comparing global information against what is relevant for New Zealand, adopting standards and methodologies or publishing information reported under such different standards, which may have no relevance to New Zealand, is not meaningful and may be misleading for investors. Parent company climate statements will be published online and accessible to investors in any case.
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? Such a site might allow additional transparency and accessibility of information and enable some useful comparatives to be made. We believe that focussing on New Zealand-related information makes more sense. That said, multinational companies should be strongly encouraged to publish their New Zealand climate statements.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.