

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	Craig Alexander
Date	14 February 2025
Organisation (if applicable)	Octagon Asset Management, as the Investment Manager of the Octagon Investment Funds and the Summer Kiwisaver Scheme. Forsyth Barr Investment Management is the Manager of both schemes.
Contact details	021 227 9783

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.

I would like my submission (or identified parts of my submission) to be kept confidential because...
[Insert text]

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?
	We have not formally canvassed / scoped the cost of CRD for listed issuers. Information received casually / in conversation from reliable sources (in our view) is consistent with the costs presented in your discussion document, under point 15
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	Yes, when considered in totality with all other regulatory requirements. Indeed, CRD may be the straw-that-broke-the-camel's-back but there are a number of other issues that has led to the paucity of new listings on the NZX, in our view.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Options 2 and 3 to free smaller entities from regulatory burden, acknowledging that they can elect to voluntarily adopt some of / all of the disclosure standards.
3	As an active Investment Manager undertaking fundamental research, we are indifferent to the reporting thresholds as we investigate investee entities (indirectly and directly) to source all relevant information required in our investment decision-making process.
	Preference would be option 3: better Australasian harmonisation.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	We believe it would be in the best interests of users and producers of CRD if regulators actively directed and the XRB followed official instructions
4	XRB activities to-date (e.g. October's consultation on Proposed 2024 Amendments to Climate and Assurance Standards) appear to be more reactive than proactive, in our view, as does the XRB's intention to bring forward certain aspects (Differential climate-related reporting, December 2024, XRB) of its post implementation review of the CRD framework.
	Rather than a piece-meal approach to any CRD amendments, we would prefer to see "sensible improvements" (the term used in your consultation document) delivered in a single deep reset; ultimately we favour (1) less complexity and (2) more disclosure discretion, where the CRE has greater discretion in balancing regulatory requirements, preparation cost and user benefit.
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. We are supportive of options 2 and 3, as proposed in point 40.
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?

	Unsure. Investment Managers / Managers of registered managed investment schemes (MIS) along with other motivated users of climate-related information, will likely directly request climate-related information, if otherwise not available, in our view. The CRE may determine that rather than deliver information on an ad hoc basis it could be more efficient to simply adopt voluntarily disclosure.
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime? We have no further comments beyond noting your observations and assessments.
8	Do you have information about the cost of reporting for investment scheme managers? No formal information.
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting? No formal information.
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 as detailed in point 65, to better align 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.
13	When considering the location of the thresholds, which Option do you prefer and why? Option 2; thresholds should be moved to secondary legislation, in our view. Agree with your point 77, as thresholds could be changed more efficiently. Our assumption is that the hurdle to amend thresholds would be high and largely determined by significant industry feedback, rather than regulator finessing.
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? Only a statutory obligation to consult with industry and interested parties would be required, in our view. Determining / hardcoding specific criteria would likely limit efficiency by excluding unforeseen issues and events from consideration when contemplating further amendments to legislation.
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?

	As an Investment Manager (and not the Manager) of a registered managed investment scheme (MIS) we've determined that this section is not directly relevant to us. i.e. there are other market participants / entities better placed to respond to the questions in this section.
16	Do you have another proposal to amend the director liability settings? If so, please provide details. N/A.
17	If the director liability settings are amended do you think that will impact on investor trust in the climate statements? N/A.
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? N/A.
20	If you support the introduction of a modified liability framework, how long should the modified liability last for? And who should be covered, i.e., should it prevent actions by just private litigants, or should the framework cover the FMA as well? (Criminal actions would be excluded) N/A.
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? We do not see any value- add as (1) the cost to administer a local registry is unlikely to be paid by the international entities listed in that register and (2) the information is likely to be made available in response to a direct request to the local subsidiary and / or publicly available on the international entity's website or similar / associated database.
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? No; see our response to question 21.
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 further comments.