

14 February 2025

Ministry of Business, Innovation & Employment

15 Stout Street
Wellington Central
Wellington 6011

RE: Consultation on Climate-related Disclosures Regime Adjustments - February 2025

Precinct Properties Group ("**Precinct**") appreciates the opportunity to provide feedback on the proposed adjustments to the climate-related disclosures (**CRD**) regime.

We understand that MBIE is seeking input on the following:

- **Reporting thresholds** – whether the thresholds for listed issuers and investment scheme managers should be raised, potentially reducing the number of entities required to report.
- **Director liability settings** – whether liability under the CRD regime should be adjusted to reduce, but not remove, directors' potential liability for climate statements.
- **Parent company filings** – whether subsidiaries of multinational corporations should be encouraged to file their parent company's climate statements in New Zealand.

Precinct Overview

Precinct is an NZX-listed real estate business with a market capitalisation of \$1.9b (as of February 2025), operating solely within New Zealand.

Reporting Thresholds

We support amending the reporting threshold from \$60 to \$550 million market capitalisation (i.e. Option 2 in the consultation paper) but do not have a strong view on whether reporting thresholds should be referenced in the Financial Markets Conduct Act (**FMCA**) or secondary legislation. Although any change in the reporting threshold would not affect Precinct, we believe a higher threshold would ensure that onerous (in terms of time and cost) climate reporting requirements are not a deterrent for private companies considering listing. We are supportive of a strong NZ capital market and better alignment between the Australian and NZ reporting thresholds to ensure smaller New Zealand issuers are not unfairly disadvantaged compared to their Australian peers.

Director Liability Settings

In respect of Director Liability settings, we support an amendment to the status quo in favour of Option 3, which proposes:

- Amending the FMCA so that section 534 no longer applies to climate-related disclosures.
- Amending the FMCA to ensure that directors cannot be liable for aiding and abetting an unsubstantiated representation.

Subject to our comments below on an interim modified liability period, Precinct supports section 23 being disapplied for directors only, not for reporting entities.

Rationale for Supporting Option 3

We believe that repealing section 534(1)(cb) and amending section 23 of the FMCA would positively impact the intent of the CRD regime.

As highlighted in the consultation document, the current director liability regime is counterproductive to the goals of NZ CS 1, 2 & 3. Rather than fostering transparent, forward-looking climate disclosures, the legislation has led to a risk-averse, compliance-driven approach, where reporting is shaped by legal caution rather than meaningful engagement with adaptation and decarbonisation efforts.

Objectively, it is misaligned to impose such severe personal liability on directors given the complexity of the scenario analysis and the long-term financial modelling required over very long-time horizons with inherently uncertain outcomes. Climate risk and opportunity reporting by its nature is fundamentally different from backward-looking financial information that can be verified and readily assured. The current liability regime results in the disproportionate allocation of costs and management resources to ensure appropriate defences are available for both the reporting entity and individual directors, diverting resources from climate action initiatives.

Our strong view is that adjusting the director liability regime would not undermine investor confidence in climate statements. On the contrary, right-sizing what is currently an overly onerous liability regime is likely to encourage more comprehensive, meaningful disclosures and avoids many of the costs associated with preparing defences, ultimately benefiting the investment community. The significant penalties for the reporting entity, together with the retained personal liability for directors for misleading and deceptive conduct, involvement in a breach of a climate-related disclosures provision and criminal offences will ensure that the climate statements continue to be prepared, reviewed and assured in a robust and comprehensive manner.

Temporary Safe Harbour Provisions

We do not believe that a temporary safe harbour provision or reducing the liability regime for only a limited period of time (i.e. Option 4) will adequately address these concerns in the longer-term. Reporting entities will likely develop more mature reporting systems and processes during that interim period and consultancy firms will be better placed to provide full assurance over the entire CRD statement. However, this in itself will drive more cost and an expectation that reporting entities prevail themselves of expensive solutions in order to obtain the benefit of director defences, perpetuating the misallocation of costs and resources.

However, we believe, consistent with the Australian approach, there is merit in considering protecting climate reporting entities from civil liability for certain forward-looking statements for a period of time to allow the development and embedding of appropriate systems and processes. In line with the proposal in the consultation paper, we see it as appropriate for this temporary relief to apply to statements about Scope 3 emissions, scenario analysis and transition planning. These are the most inherently uncertain parts of the climate reporting regime and a relief period of e.g. 3 years would encourage meaningful and quality disclosures, rather than limited and heavily caveated information.

Parent Company Filings

We note that the consultation questions on parent company filings are not applicable for Precinct, as we are not a subsidiary of a multinational corporation.

Further Feedback

We appreciate MBIE's consideration of these points and welcome further discussion if required.

Yours sincerely,



Louise Rooney
General Counsel & Company Secretary
Precinct Properties New Zealand Limited & Precinct Properties Investments Limited