



Corporate Governance and Intellectual Property Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140

14 February 2025

Feedback - Proposed adjustments to the climate-related disclosures regime

Dear Sir/Madam

PricewaterhouseCoopers (PwC) welcomes the opportunity to respond to the Ministry of Business, Innovation and Employment's (MBIE) Discussion Document on the proposed adjustments to the Climate-Related Disclosures regime (the regime).

While we have no firm view on the options you have presented, we do have experience to share from working with clients preparing climate related disclosures (CRD) under the regime and applied learnings from our international counterparts who help global clients meet different reporting obligations across the world. We believe these will be valuable to help you in your consultation process.

You have asked respondents to address the following key elements for consideration:

1. Reporting Thresholds

When considering thresholds that affect what entities are captured by the regime, we note these important considerations:

A) Global Alignment and Competitiveness

- Increasing global and trans-Tasman alignment by reducing disparities in regulation or reporting standards simplifies the reporting landscape. It makes it easier and more efficient for companies to invest, trade and access international markets.
- New Zealand companies could find themselves at a competitive disadvantage operating under a weaker sustainability reporting regime than other jurisdictions that have adopted more extensive requirements, such as the sustainability reporting standards issued by the E.U.'s Corporate Sustainability Reporting Directive (CSRD) or the International Sustainability Standards Board (ISSB). New Zealand companies may be less favourable in competition for contracts or partnerships, particularly with multinational companies who are under pressure to ensure their supply chains are sustainable.

B) Reputation and Economic Impact

- Regulation has a role in maintaining our 'NZ Inc' green reputation, enduring economic prosperity and to protect and promote sectors that contribute to New Zealand's GDP, employment, and export revenue and are particularly susceptible to climate change, such as agriculture (including food and fibre), forestry, and tourism.
- Reputation is important to New Zealand's global trade. Companies lacking transparency about their sustainability practices risk reputational damage, particularly among consumers who are becoming increasingly environmentally and socially conscious.

- Incomplete or inadequate reporting of climate risk, and financial impact may make it harder for smaller entities and their directors to strategically plan to manage risks and opportunities, affecting access to, and cost of, insurance, finance and trading partners, both globally and locally.

C) Investor and Stakeholder Decision making

- PwC's 2024 Global Investor Survey showed that investors, especially those focused on ESG factors, are increasingly demanding transparency and comparable data and relying less on financial statements in their decision making¹. In fact, most investors surveyed would increase investment with clearer information on businesses taking climate-related actions².
- The same can be said for emissions reporting: not measuring goals or climate-reporting entities' (CREs') progress to achieve carbon-reduction may impact the ability to transition our economy effectively.
- Relevant CRD information is important for policy-makers and industry bodies in order to inform decisions with awareness of the impact and outcomes on New Zealand business.

D) Transition and Implementation

- We acknowledge resources may be constrained in preparing CRD in the early years of the regime. However, regardless of whether companies are in the CRD regime or not, for the reasons above, CREs, and also private companies are likely to be asked by various stakeholders, including investors, to monitor and report this information¹.
- The existing regime requires an upfront investment to report, based on our experience, that will quickly transition into a normal and necessary cost of doing business.

E) Long-term Economic Value and Resilience

- Emphasising the value-add contribution from monitoring and reporting under the CRD regime may assist companies to focus less on compliance and instead design systems and processes that will facilitate reporting that adds value (in the form of useful decision making, as above). Elements of the reporting regime to prioritise and retain are those that most impact the use-cases above.
- Benefits of a stable and predictable climate-related disclosure legislation are vital for maintaining business and investor confidence in our economy and the value in our CRD regime. It provides a framework for companies to build trust, attract investment, and navigate the complexities of the global market.
- A long-term view is essential that looks beyond cost savings, and prioritises New Zealand economic growth and long-term resilience of our local and export economy, and 'NZ Inc' reputation including smaller cap entities and private business who make up a significant portion of our economic prosperity.

¹PwC [Global Investor Survey](#) 2024 Significantly fewer investors (55%) than in 2023 (66%) report relying on financial statements and note disclosures to a large or very large extent.

² PwC [Global Investor Survey](#) 2024 Question: To what extent would you increase your investment in companies that are taking the following climate-related actions? Between 71% and 80% of investors would moderately or significantly, increase their investment across 5 climate-related actions.



2. Climate reporting entity and director liability settings

We recognise that legal advisers and directors who are personally affected possess subject matter expertise and will share their views during this consultation process. Limitation of liability for auditors is also an important matter which has not been addressed in the current New Zealand regulatory settings.

3. Encouraging reporting by subsidiaries of multinational companies

Many multinationals already make this information accessible on their websites or in offshore repositories. With impending regulations in Australia, the EU (CSRD), and across Asia, accessibility will increase as more multinational groups and parents of New Zealand subsidiaries publish reports internationally.

The time and cost associated with creating a central repository of information should be balanced with what is readily available to users to avoid unnecessary duplication of effort by companies.

Thank you for taking the time to read our comments.

Yours sincerely

s 9(2)(a)

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

Your name and organisation

Name	s 9(2)(a)
Date	14 February 2025
Organisation (if applicable)	PricewaterhouseCoopers New Zealand
Contact details	s 9(2)(a)

Privacy and publication of responses

☒ 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.

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 do not disclose confidential client information, however we believe the following factors should be considered:

- Evaluating the cost-effectiveness of a reporting regime goes beyond the initial implementation and incorporates long-term benefits to both companies and investors.
- Start-up costs do not reflect the ongoing expenses of maintaining compliance. Over time, reporting costs are expected to decrease due to technological advancements, streamlined processes, and increased familiarity.
- The value derived from climate reporting will grow as companies embed the reported data into decision-making processes. This will enable both companies and investors to make better-informed decisions that reduce carbon and cost: efficient resourcing management, operational efficiencies, enhanced return on assets, and more effective investment strategies related to climate related matters. As trust in data and reporting increases, so too will the ability to generate value from it.
- Global standard alignment can create further efficiencies by allowing companies to draw on international information and expertise.

2

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

While director liability settings fall outside our direct remit as an assurance provider, we acknowledge alignment with the Financial Markets Conduct Act 2013 is one way to ensure directors' responsibilities in climate reporting are consistent with financial reporting obligations.

Regarding listed issuer thresholds, these are currently higher than those in Group 3 of the Australian regime, indicating that by 2028, New Zealand's thresholds may be less of a barrier to listing. However, reporting obligations driven by threshold is just one factor among many influencing listing decisions.

We recommend MBIE to consider additional factors such as:

- The specific content required in reports
- Differences in reporting frameworks
- Market coverage implications if thresholds are adjusted.

We support alignment with global reporting standards, including those of Australia, but caution against using threshold comparisons as the sole measure of alignment.

3

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

PwC New Zealand does not wish to comment on specific thresholds for reporting. Instead, we have provided considerations that will help you progress your consultation in a way that reflects New Zealand's unique economic landscape.

	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
4	We believe the following should be considered: • An additional layer of disclosure creates variations in reporting across New Zealand entities (impacts alignment, comparability, transparency). • Reduction in cost or effort might be lessened for entities who may still prepare this information regardless because it is valuable to the business and investors. • We encourage a regime that helps more entities produce meaningful reporting.
	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?
5	PwC New Zealand does not wish to comment on specific thresholds for reporting. Instead, we have provided considerations that will help you progress your consultation in a way that reflects New Zealand's unique economic landscape.
	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?
6	We believe the following should be considered: • Publishing voluntary reporting to date has been mixed and might not fill the gap for potential investors or market users. • A voluntary regime without an overarching reporting standard or framework to report to, introduces the potential for disparity in reporting measurement and disclosures (impacts alignment, comparability, transparency).
	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
7	Refer to our cover letter.
	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?
8	Refer to our cover letter.
	Do you have information about the cost of reporting for investment scheme managers?
9	We do not disclose confidential client information.
10	Do you have information about consumers being charged increased fees due to the cost of climate reporting?

	We do not disclose confidential client information.
11	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why? PwC New Zealand does not wish to comment on specific thresholds for reporting. Instead, we provide considerations that will help you progress your consultation in a way that reflects New Zealand's unique economic landscape.
12	If the XRB introduced differential reporting, would this impact on your choice of preferred option? See response to question 4.
13	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? PwC New Zealand does not wish to comment on specific thresholds for reporting. Instead, we have provided considerations that will help you progress your consultation in a way that reflects New Zealand's unique economic landscape.
14	When considering the location of the thresholds, which Option do you prefer and why? Consistency in practice across various reporting regimes is helpful to those participating in the regime.
15	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? Refer response in question 13.

Chapter 3: Climate reporting entity and director liability settings

16	When considering the director liability settings, which of the four options do you prefer, and why? We do not wish to comment on a specific setting. We recognise that legal advisers and directors who are personally affected possess subject matter expertise and will share their views during this consultation process. Limitation of liability for auditors is also an important matter which has not been addressed in the current New Zealand regulatory settings.
17	Do you have another proposal to amend the director liability settings? If so, please provide details. N/A
18	If the director liability settings are amended do you think that will impact on investor trust in the climate statements? N/A
19	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
20	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
21	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) N/A

Chapter 4: Encouraging reporting by subsidiaries of multinational companies

22 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?

Many multinationals already make this information accessible on their websites or in offshore repositories. With impending regulations in Australia, the EU (CSRD), and across Asia, accessibility will increase as more multinational groups and parents of New Zealand subsidiaries publish reports internationally.

The time and cost associated with creating a central repository of information should be balanced with what is readily available to users to avoid unnecessary duplication of effort by companies.

23 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?

Refer response in 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.

We have included a cover letter with additional considerations.