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.
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      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

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Privacy and publication of responses

[To tick a box below, double click on check boxes, then select 'checked'.]

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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?
	The cost of reporting for listed issuers typically includes expenses for data collection, external assurance, and reporting system upgrades. For instance, in our experience, a medium-sized listed company in Aotearoa New Zealand will spend between $50,000 and $100,000 annually on compliance with climate disclosure requirements. However, these costs are offset by benefits such as increased awareness of the climate-related risks and opportunities facing the entity and so improved risk management, improved strategic planning, improved access to green financing, enhanced investor confidence, and alignment with international standards like the ISSB.
2	Do you consider that the listed issuer thresholds (and director liability settings) are a barrier to listing in New Zealand?
	There is limited evidence to suggest that the thresholds or liability settings deter companies from listing in Aotearoa New Zealand. Instead, these measures enhance market integrity and investor trust. For example, jurisdictions such as the European Union, with robust disclosure regimes, continue to attract new listings, demonstrating that transparency requirements are not necessarily a barrier but rather a market strength.
3	When considering the listed issuer reporting threshold, which of the three options do you prefer, and why?
	Option 1 (retaining the existing threshold) is preferred as it ensures inclusivity, capturing entities that materially influence the market and climate outcomes. For example, Aotearoa New Zealand's current approach aligns with global trends, ensuring that entities of varying sizes contribute to comprehensive climate data.
4	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	Differential reporting could complement Option 1 by tailoring requirements to entity size and capacity. For example, small-cap listed entities could provide high-level disclosures on governance and strategy, while larger entities disclose more detailed metrics, including Scope 3 emissions.
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 alternative thresholds are proposed. The current thresholds ensure broad participation while maintaining feasibility for listed entities.
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?
	N/A
7	What are the advantages and disadvantages of a listed issuer being in a regulated climate reporting regime?

	Enhances access to global capital markets as investors increasingly demand robust climate disclosures. For example, global investment funds such as BlackRock prioritise entities with strong ESG performance. In addition, as mandatory climate-related disclosure regimes are implemented across Asia, comprehensive disclosures will be essential to accessing funding form these sources. Strengthens risk management by identifying and addressing climate-related financial risks, reducing potential losses from transition risks. Aligns with international best practices, fostering competitiveness and reputation.
8	Do you have information about the cost of reporting for investment scheme managers?
	Investment scheme managers face similar costs to listed issuers, including data collection, assurance processes, and system updates. The average cost for compliance may range from \$20,000 to \$70,000 annually depending on the complexity and size of the schemes. These costs are passed through to investors as part of management fees.
9	Do you have information about consumers being charged increased fees due to the cost of climate reporting?
	Yes, we understand there is anecdotal evidence that some investment schemes adjust their fee structures to recover the costs of compliance. For example, schemes with rigorous reporting requirements might expect marginal increases in management fees (e.g., 0.05% to 0.1%), which, while modest, can impact long-term investor returns.
10	When considering the reporting threshold for investment scheme managers, which of the three options do you prefer, and why?
	Option 1 is preferred. Maintaining the current thresholds ensures consistency and comprehensive market coverage. Reducing thresholds may exclude smaller managers, resulting in data gaps that undermine the integrity of climate risk assessments.
11	If the XRB introduced differential reporting, would this impact on your choice of preferred option?
	Differential reporting could enhance Option 1 by introducing proportional requirements. For example, smaller schemes might focus on qualitative disclosures while larger schemes provide quantitative data.
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 alternative threshold is recommended. The current threshold ensures broad and equitable participation across the industry.
13	When considering the location of the thresholds, which Option do you prefer and why?
	Option 1 (retaining thresholds in primary legislation) is preferred. This provides stability and clarity for the market while ensuring that any changes are subject to robust parliamentary scrutiny.
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 thresholds are moved to secondary legislation, the Minister should: • Undertake mandatory public consultation to assess stakeholder impacts. • Require a cost-benefit analysis demonstrating the need for adjustment. • Ensure alignment with international best practices and standards. • Consider a phased implementation to allow entities sufficient time to adapt
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?

	Option 2 (reduce director liability by introducing a modified liability framework) is preferred. This approach strikes a balance between accountability and practicality, ensuring directors remain incentivised to engage in meaningful reporting without the undue fear of litigation. For example, adopting provisions similar to Australia's liability framework would provide protection for directors making reasonable and good-faith efforts while maintaining investor trust in the disclosures.
16	Do you have another proposal to amend the director liability settings? If so, please provide details.
	Introduce a “safe harbour” provision for directors who demonstrate due diligence and good faith in preparing climate disclosures. This approach is similar to Canada’s liability framework, which provides protection for directors making reasonable efforts to comply.
17	If the director liability settings are amended do you think that will impact on investor trust in the climate statements?
	Yes, amendments that clarify but do not remove liability will likely enhance investor trust. For example, clear rules reduce the likelihood of conservative reporting practices that obscure material risks, thereby improving disclosure quality and investor confidence.
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?
	The modified liability framework should cover complex and evolving areas of reporting such as Scope 3 emissions, scenario analysis, and transition plans. These representations often rely on significant external data and assumptions, which are subject to change. Providing a modified liability framework for these areas will encourage comprehensive and transparent disclosures without penalising directors for reasonable reliance on uncertain or third-party data.
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)
	The modified liability framework should be in place for an initial period of five years, allowing for industry adaptation and regulatory refinement. During this period, liability protections should cover actions by private litigants to encourage robust disclosure practices. However, the Financial Markets Authority (FMA) should retain the ability to bring enforcement actions to ensure compliance with reporting standards.
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?
	Yes, provided that the statements include Aotearoa New Zealand-specific data. For example, a multinational parent may report global emissions reductions, but Aotearoa New Zealand subsidiaries should disclose localised risks such as vulnerability to sea level rise or changes in agricultural productivity.

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?
	Yes, this would enhance accessibility and reduce reporting burdens. For example, a centralised webpage could simplify stakeholder access to climate data, promoting transparency and informed decision-making.
Final comments	
23	Please use this question to provide any further information you would like that has not been covered in the other questions.
	Te Whakahaere supports the retention and refinement of Aotearoa New Zealand's CRD regime. Jurisdictions across the Indo-Pacific region are increasingly adopting mandatory climate-related reporting regimes, which underscores a global trend toward robust sustainability governance. If Aotearoa New Zealand were to scale back its regime, there is a significant risk that Aotearoa New Zealand entities would fall behind these international standards. This would not only undermine their attractiveness to global investors but could also erode confidence in the transparency and accountability of the country's financial markets. To maintain its leadership in climate governance, Aotearoa New Zealand must: • Retain current reporting thresholds to ensure inclusivity. For example, capturing small and medium entities provides a fuller emissions profile. • Clarify director liability settings to encourage transparency and reduce litigation risks. For instance, allowing proportional liability based on entity size. • Encourage localised reporting by multinational subsidiaries to capture New Zealand-specific risks. For example, requiring disclosures on physical climate risks unique to the region. By adopting these recommendations, the Aotearoa New Zealand CRD regime can continue to align with emerging regimes (and not been left behind by them) while remaining attractive to international investors as a trusted and resilient market within the global financial system.