

9 November 2021

External Reporting Board
PO Box 11250, Manners St Central,
Wellington 6142

by email

Submission on Governance and Risk Management Consultation Document (NZ CS 1)

The XRB has invited submissions on its Governance and Risk Management Consultation Document issued on 20 October 2022. This submission is made by Argosy Property Limited (Argosy), an NZX listed property investment company.

Argosy is concerned that the XRB's proposed approach to implementing the TCFD's "recommended disclosures" represents a departure from the framework proposed in the TCFD's Final Report issued in June 2017, on the two points below:

1. The Final Report proposes a relatively small set of "recommended disclosures" intended to provide decision useful information. These were in turn supported by "guidance" to provide context and suggestions for implementation (refer Figure 3 on page 13 of the Final Report).
2. The Final Report emphasises the "impact on" the reporting entity rather than outward "impacts of" the entity (as noted at page 5 of the Consultation Document).

In relation to our first point about the TCFD's "recommended disclosures", the XRB seems to propose that they will be implemented as "disclosure objectives" and the TCFD's "guidance" will be used as the basis for more detailed compulsory disclosures (with various amendments). This approach does not reflect the TCFD framework of "disclosures" and "guidance"; it is much more prescriptive and less flexible. Such a prescriptive approach mandates the type of "compliance exercise" the XRB says it does not intend (at page 6 of the Consultation Document). Argosy submits that New Zealand's climate related disclosure framework should be implemented using the more flexible disclosure/guidance framework proposed by the TCFD.

In relation to our second point about "outward impacts", the TCFD's recommended disclosures are not intended to be outwardly focused. There are other disclosure regimes, such as GRI Standards, which encourage stakeholder engagement to identify and address outward impacts. Attempting to implement TCFD-based reporting on outward impacts will distract from its intended purpose, and the decision-usefulness of the disclosures to primary users, while offering little benefit since the TCFD's framework is not based on identified stakeholder interests and many New Zealand businesses are or will soon be reporting under fit-for-purpose outwardly focused sustainability reporting initiatives, such as the GRI Standards. Argosy submits that New Zealand's climate related disclosure framework should not address outward impacts.

If you would like to discuss any aspect of this submission please contact me by email to dsnelling@argosy.co.nz or call me on (09) 304 3482.

Yours faithfully



David Snelling

► ARGOSY PROPERTY

► 39 Market Place
Auckland 1010

► PO Box 90214
Victoria St West
Auckland 1142

► t/ +64 9 304 3400
f/ +64 9 302 0996

► www.argosy.co.nz