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Silver Fern Farms are comfortable with the inclusion of existing and potential investors, lenders and insurance underwriters in the primary user category.

Silver Fern Farms are of the view that the proposed Governance section of NZCS1 meets the primary user needs. However, it is suggested that under Governance Disclosure paragraph 4(c), the wording “whether and how performance metrics are incorporated into remuneration policies” be removed and included in the section related to Metrics and Targets (yet to be drafted). This wording feels too specific for the Governance section and we suspect it will align more naturally with the disclosures likely to be required under the Metrics and Targets section.

As with the Governance section, the Risk Management section of NZCS1 seems appropriate and reasonable. The requirement to include information on time horizons under paragraph 4(b) is important given that climate-related risks are likely to manifest over a much greater timeframe than other risks within an organisation. However, we question the inclusion of paragraph 4(c) which requests information on the value chain stage(s) covered. Silver Fern Farms are of the view that organisations should be considering the climate-related risk and opportunities across their full value chain and we would be interested in understanding when it would be appropriate to exclude certain parts of an organisation’s value chain in any disclosure. However, we appreciate that different processes may be applied across different parts of a value chain to evaluate climate-related risks and opportunities and it would be good to include information on this in an entity’s disclosure. Further information on disclosing climate-related risks and opportunities across an entity’s value chain could be included in guidance. Lastly, we feel the word ‘processes’ should be added at the end of paragraph 3(c) to improve readability (ie. integrated into its overall risk management “processes”).

Silver Fern Farms agree that close alignment to the TCFD definitions is beneficial.

While Silver Fern Farms are highly supportive of retaining the term “climate-related opportunities,” we are not in favour of the term “climate-related issues” being used to refer collectively to climate-related risks and opportunities. Risk is defined under ISO31000 “Risk Management Guidelines” as being the ‘effect of uncertainty on objectives’ while an issue is something that has already occurred (ie. an issue is an existing problem, not a future possibility). Silver Fern Farms are supportive of including definitions for transition risks and physical risks and are comfortable with the proposed wording.

While noting NZCS1’s definition of risk management is very similar to the one used by the TCFD, Silver Fern Farms believe it could be improved. We see risk management as being broader than “a set of processes;” we also promote the view that risk management is everyone’s responsibility, and does not simply rest with senior staff and the board as suggested by the wording “carried out by an entity’s board and management.” Risk management is not merely a process but integral to the way Silver Fern Farms does business. To drive risk management maturity, we are equally focused on risk culture and the promotion of behaviours that ensure business integrity and transparency, as well as risk design in the form of risk management tools and processes.

Silver Fern Farms agree with the XRB view that the adoption provisions are not required in relation to the Governance and Risk Management disclosures.

Silver Fern Farms support NZCS1 being concise and sector neutral, with any sector specific requirements being included in the guidance.

Overall, Silver Fern Farms are supportive of the approach being proposed by the XRB and mirror the XRB’s view that climate-related disclosures should be used to support better informed decision-making as a catalyst to drive robust adaptation planning (not treated as a compliance exercise). For simplification, we think the explanatory paragraph could be presented at the start of NZ CS1 without it being repeated across each section given the wording will essentially be the same.

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