

External Reporting Board
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via e-mail: climate@xrb.govt.nz

22 November 2021

Beca's submission to the XRB - Governance and Risk Management Consultation – NZ CS 1

Company details

Advisory – sustainability practitioners of Beca Ltd ('Beca') make this submission on the External Reporting Board's proposed Governance and Risk Management sections for the proposed *Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)*.

From our founding in Auckland one hundred years ago, the Beca Group of companies has grown to be one of Asia Pacific's largest independent advisory, design and engineering consultancies. We have more than 3,200 employees in 21 offices around the world and have delivered projects in more than 70 countries.

Beca's client services include preparing climate-related disclosures aligned with the Task Force on Climate-Related Disclosures (TCFD) framework. We are also voluntarily preparing our first climate-related disclosures using the TCFD framework, because we agree with the XRB: embedding consideration of climate-related risks and opportunities into an entity's strategy allows for better decision-making.

Submission

We are broadly supportive of NZ CS 1. In response to some of the XRB's questions, we offer a few further considerations.

2) Do you think the proposed Governance section of NZ CS 1 meets primary user needs?

The XRB asks whether the standard's Governance section will result in decision-useful information, is clear and unambiguous, and sufficiently prescriptive and specific.

We are broadly supportive of this section. In our experience as an organisation and with clients who use good governance practices, governance of climate-related risks and opportunities may be occurring in fact, even if not in name. On the other hand, some entities may erroneously assume that climate-related risks and opportunities would be subject to the same governance arrangements as other risks and opportunities.

Entities may benefit from an express requirement that they explain how similar or different their governance of climate-related risks and opportunities is from their governance of other risks and opportunities. That would reduce the risk of entities assuming, without enough consideration, that climate-related risks and opportunities are covered by existing governance arrangements.

3) Do you think the proposed Risk Management section of NZ CS 1 meets primary user needs?

The XRB also asks whether the standard's Risk Management section will result in decision-useful information, is clear and unambiguous, and sufficiently prescriptive and specific.

We are broadly supportive of the Risk Management section. As with the Governance section, the Risk Management section may benefit from a more express requirement that entities explain how similar or

different the management of climate-related risks and opportunities is from their management of other risks and opportunities.

4) *The XRB has primarily drawn from the TCFD's definitions for its defined terms. Do you agree that we should align closely with the TCFD's definitions?*

Because Beca and many of our clients operate in multiple geographies, we agree that the XRB should align its definitions for the New Zealand standard with the TCFD's internationally applicable definitions.

5) *The XRB is particularly interested in feedback on the following defined terms as they are currently proposed: 'climate-related risk', 'climate-related opportunities', 'climate-related issues', 'physical risk', and 'transition risk'.*

a) *Do you consider that the XRB should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues', or should we only refer to 'climate-related risks'?*

Based on our experience, we would suggest using 'climate-related risks' and 'climate-related opportunities' and avoiding the more ambiguous 'climate-related issues'. TCFD reporting is about disclosing how organisations are managing their financial risks and opportunities from climate change. Referring to the combined 'climate-related risks and opportunities' is clearer than 'climate-related issues'.

9) *Do you have any other comments?*

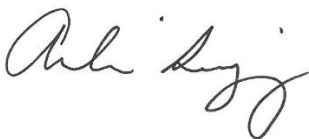
The consultation document explains that the XRB is developing a definition of 'material' and related requirements for the application of materiality. In doing so, the XRB could consider using the concept of 'double materiality'. Double materiality recognises that, just as climate-related impacts on an entity can be material, an entity's impacts on the climate can also be material.

Beca applied double materiality to our own TCFD process. Beca's sustainability strategy also reflects our understanding that we affect the climate directly and indirectly through our own actions. Through the advice we provide, we can influence others' actions. The greatest impact Beca can have towards limiting global warming to 1.5°C is to enable our clients to rapidly reduce their emissions. We call this our carbon handprint.

Closing

In closing, we broadly support XRB's development of NZ CS 1 and continued progress towards economy-wide climate-related disclosures in New Zealand.

Yours sincerely



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on behalf of

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