

GRM027 Livestock Improvement Corporation Submission on NZ CS 1 Climate-related Disclosures Governance and Risk Management Consultation Document sent 22 November 2021

Thank you for the opportunity to respond to the XRB's consultation document on the draft Governance and Risk Management sections of the proposed Climate-related Disclosures Standard.

Who we are:

Livestock Improvement Corporation (LIC) is a NZ dairy farmer-owned co-operative and world leader in pasture based dairy genetics and herd management and is quoted on the NZX with a market capitalisation in excess of \$60M. LIC exists to deliver superior genetics and technological innovation to help its shareholders sustainably farm a profitable animal.

LIC published its first [sustainability report](#) in October 2021. The report was prepared in accordance the Global Reporting Initiative (GRI) Standards.

Feedback:

In general, LIC is supportive of the approach being taken by the XRB. We provide specific feedback below on one or two of the questions raised in the document.

Q4: LIC agrees that the XRB should align closely with the TCFD's definitions to provide clarity and to avoid misunderstanding. Many companies are currently disclosing their climate-related risks using the TCFD framework and as such modifying definitions may lead to confusion.

Q5a: As noted above, LIC supports alignment with terms used by the TCFD including using "climate-related risks" and "climate-related opportunities". Use of both these terms will provide clarity for reporting entities and primary users alike and emphasise the need for reporting entities to also focus on potential opportunities.

Q5b: The proposed definitions of climate-related risks and opportunities are sufficiently clear and do not require further detail or explanation. LIC supports the detail being included in the guidance.

Q8: LIC supports the proposal that the Standard be concise and sector neutral, with sector specific requirements to be contained in guidance. The development of the proposed sector-specific guidance documents in association with specific sectors will ensure all aspects are considered and changes can be easily made without having to undertake extensive consultation required to update a standard across all sectors.

Q9: other comments

Section 6: domestic and international compatibility

Unsurprisingly, LIC is concerned with the possibility that NZ companies could be faced with meeting more than one set of standards when it comes to reporting climate related risks and opportunities. We are encouraged by the approach being taken by the XRB and agree that alignment with the TCFD should minimise this risk.

Section 10: issues under consideration

While the XRB is not directly seeking feedback at this stage on the issues set out in section 10 of the consultation document, LIC supports efforts to make widely available any relevant base scenario models established by government departments (eg the Treasury) or other public sector bodies (eg the Reserve Bank). Individual companies could then leverage this work and use the assumptions in their own models/tools, thereby promoting greater comparability between reporting entities (for example, estimated impact on low-lying farms). Future assurance of climate related reporting could benefit from being based on a centralised/standardised set of assumptions.

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Timeframes for reporting

We trust that the XRB will consider the current timelines for the publication of annual results and annual reports as well as the proposed climate statements and relevant disclosures. Wording in the standard that allows companies to point primary users to where climate-related disclosures will be found would be helpful given that annual reports will often be released prior to the proposed timing of climate statements.

Kind regards

Web: www.lic.co.nz

