

22 November 2021

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

Email: climate@xrb.govt.nz

Dear Sir/Madam,

NZ XRB Consultation on Climate-related Disclosures (Governance & Risk Management)

The Asia Securities Industry & Financial Markets Association (ASIFMA)¹ welcomes the opportunity to comment on the proposed Governance and Risk Management sections of the *Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1)* consultation document following the New Zealand's Parliament passing of the *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill* on 27 October 2021.

Our objective in sustainable finance is to promote harmonisation of sound market practices across the region. We applaud New Zealand's leadership to date, and support XRB's proposal to introduce mandatory annual disclosures of financially material climate-related risks and opportunities for most financial market participants. The financial industry will benefit from a regulatory regime that produces high-quality disclosures from listed issuers. Ensuring consistent disclosure by industry participants will be a critical part of understanding industry's own climate related risks.

We note the submission of the New Zealand Bankers Association (NZBA) to the Economic Development, Science and Innovation Committee on the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill, and to the XRB also as part of this consultation. We support maximum flexibility for reporting entities in order to recognise the evolving nature of climate-related disclosures.

Aligned with NZBA, we are supportive of the XRB's commitment to align the Standard with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations, including the structuring of the standard according to the four pillars developed by the TCFD – Governance, Risk Management, Strategy, Metrics, and Targets. As some of the international standards are still under development, we support using transitional provisions for disclosures that are beyond TCFD recommendations. Any disclosure requirement that is not aligned with current or proposed international standards should be recommendations and not mandatory requirements.

¹ ASIFMA is an independent, regional trade association with over 140 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

ASIFMA looks forward to working with XRB and the official sector in New Zealand as ESG and Sustainable Finance standards evolve. Relevant papers by ASIFMA and its global affiliates include [Climate Finance Markets and the Real Economy](#) (GFMA/BCG, Dec 2020), [Data Challenges for ESG and Sustainable Finance in APAC](#) (ASIFMA/FOSDA, Dec 2020), [Global Guiding Principles for Developing Climate Finance Taxonomies](#) (GFMA/BCG, Jun 2021), [Unlocking the Potential of Carbon Markets to Achieve Global Net Zero](#) (GFMA/BCG, Oct 2021).

Please feel free to contact us for more information.

Yours sincerely



Matthew Chan

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Asia Securities Industry & Financial Markets Association