

QUEENSTOWN AIRPORT SUBMISSION ON CLIMATE RELATED DISCLOSURES

Queenstown Airport Corporation (QAC) welcomes the opportunity to provide feedback on the External Reporting Board's (XRB) consultation document Climate Related Disclosures – Aotearoa New Zealand Climate Standards.

We support ambitious action to address the risks of climate change. All businesses contribute to and stand to be affected by climate change. Understanding these risks and taking steps to address them is the key to creating a resilient future and prosperous economy. The window for understanding the implications of climate change and corresponding financial planning is short. QAC therefore supports swift and ambitious action in this space. To this end, we largely support the proposed provisions for Climate Related Disclosures, with the exception being the exclusion of separate GHG emission reporting requirements.

Our Journey

In recent years we have been taking proactive and decisive action in relation to climate change. Our [Sustainability Strategy](#), publicly released in June this year, is based on three core pillars, People, Planet and Prosperity, in recognition of the interdependent nature of these elements. Each pillar contains three core priorities which includes mapping and measuring our carbon footprint and completing a climate risk assessment.

We are a council controlled trading organisation (CCTO) and are therefore subject to Section 5ZW of the Climate Change Response Act 2002 in which the Minister may request certain entities, inclusive of CCTOs, to submit climate related disclosures. In July this year we took steps to complete our first climate risk assessment and intend to report our climate related financial and legal risks as part of our FY23 annual report.

We consider the preparation of GHG inventory reports a vital part of the equation as required to reduce contributions to, and mitigate impacts from, climate change. In 2020 we completed our first GHG audit and obtained Toitū carbon reduce certification in accordance with ISO standard 14064. Our FY22 audit demonstrated a 58% reduction in GHG emissions from our FY19 baseline year, partly attributable to reduced operations under COVID-19 restrictions. We have and continue to make positive change across our airport campus. We are in the process of upgrading our facilities with energy efficient alternatives and are aligning our business processes and long-term investment decisions to support our decarbonisation targets.

We recognise that as a large infrastructure and service provider, we can influence and drive positive change amongst our stakeholders and wider community. Our current focus is to ensure our own business is adequately prepared to address the impacts of climate change. Our intention is then to support other operators to do the same such that we have a low emission and climate-resilient regional economy and industry.

Proposed Climate Reporting Framework

The framework proposed by the XRB for assessing and reporting on climate-related risks and opportunities, as outlined in the Exposure Draft, are a necessary and positive step towards developing a

low emissions and climate resilient future for Aotearoa (New Zealand). We note the following changes have been proposed following feedback received for the exposure draft:

Governance

- Amended the disclosure on the 'board accessing expertise' to ensuring the governance body has 'appropriate skills and competencies available to them'.
- Clarified that the focus is on developing and overseeing an entity's strategy, rather than incorporating issues into governance processes.

Strategy

- For scenario analysis, the XRB has increased the minimum number of climate-related scenarios from two to three.
- The upper bound scenario has also been increased from two to three degrees Celsius, to ensure more challenging physical risk scenarios are covered.
- Updated the disclosure objective to include the intention to move towards a low-emissions and climate-resilient future state.

Risk management

- The XRB has amended the disclosure on value chain stages covered to disclosure of whether any parts of the value chain are excluded in disclosures.
- Deleted the disclosure on making decisions to mitigate, transfer, accept or control climate-related risks

Metrics & Targets

- Added a disclosure requirement for GHG emissions targets in relation to the use of offsets.
- The requirement to prepare a separate greenhouse gas emissions report or inventory report has been removed.
- Removed the requirement to disclose the source of emission factors and the global warming potential (GWP) rates used or a reference to the GWP source.
- Moved the disclosures relating to methodologies and assumptions for Metrics and Targets from draft NZ CS 1 to draft NZ CS 3.

We support the proposed changes with the exception of the removal of the requirement to prepare a separate greenhouse gas emissions report and disclosure of emission sources. Climate change risk is a two-way relationship in which we must understand the climate impact of our operations as well as the impact of climate change on the business.

As stated, we measure our GHG emissions annually and prepare a report to communicate the results. We find this an incredibly useful tool for directing our efforts and investments to reduce our emissions. Emission reductions also contribute toward reduced operational costs, environmental impacts and aligns with shareholder and stakeholder expectations. Whilst we elect to prepare GHG inventory reports, introducing mandatory reporting over time creates a greater level of accountability across sectors, helps investors and consumers to make informed decisions and ultimately, discloses the full cost of business activities.

In addition to the above, we encourage the XRB to provide consistent and transparent reporting standards across all sectors. In our experience, beyond the mandatory Scope 3 emission sources set by

ISO Standard 14064-2018 (Categories 3-6), a company may elect to include as many voluntary sources related to their value chain as they like. However, as additional emission sources will increase the total amount of GHG emissions of the reporting entity, there might be reduced incentive to expand the range of categories and emission sources included within 'Scope 3'; a smaller GHG footprint is perceived as better, particularly if off-sets are being used. To counter this perception issue, we rely on the mandatory and voluntary emission categories, as defined by ISO Standard 1404-2018 to communicate our achievements and our ambition. We note that the proposed Aotearoa New Zealand Climate Standards require Scope 3 emission categories to be included but does not go so far as to advise 'mandatory' and voluntary Scope 3 emission sources. We would encourage the XRB to provide greater direction in this regard such that uniform reporting standards are established, and reporting entities are not discouraged from expanding the range of emission sources included in their reporting boundary.

Lastly, we strongly support the sharing of information and resources where sensitive information does not have to be disclosed. In particular, the sharing of templates, methodologies and example reports. Such resources will assist other entities understand the expectations, requirements and processes to prepare climate related financial disclosures. Guidance documents are helpful but often do not provide the practical outcomes necessary to understand the process.

Summary

In summary:

- We consider the proposed reporting standards for climate related financial disclosures will meet the primary needs of users.
- We do not have any practical concerns regarding the feasibility of preparing climate related disclosures and agree with the proposed first-time adoption provisions outlined in NZ CS 2.
- We support GHG emission reporting requirements as necessary to transition towards both a low-emissions and climate resilient future and encourage the XRB to provide direction on mandatory and voluntary scope 3 emission sources.
- We support the proposed standards and consider further clarification of mandatory and voluntary value chain emissions (Scope 3) would be beneficial to encourage greater ambition and therefore greater emission reductions amongst businesses.

We have read the Exposure Draft for CS1-CS3 in full. We welcome further discussion and look forward to seeing the final standards.

Ngā mihi nui ki a koutou. Nā,



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