#20

COMPLETE

Collector:
Started:
Last Modified:
Time Spent:
IP Address:

Page 1

Q1

Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

Yes,

Comment:
Fonterra elected not to use these adoption provisions in its FY24 Climate Statements, as we have assured Scope 3 GHG emissions data and have been publishing this as part of our annual reporting for some years now. However, we acknowledge the difficulty of obtaining quality data for Scope 3 GHG emissions, especially for first-time reporters, and support providing CREs with an additional year to gather and assure this data before disclosing it.

Q2

Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

Yes,

Comment:
See response to Question 1.

Q3

Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

Yes,

Comment:
Fonterra recognises that the calculation of GHG emissions is based on assumptions and estimations. Fonterra considers that the one-year delay helps to support the development of sufficiently reliable data, however, we expect that GHG systems are likely to mature over a longer timeframe as reporting continues to develop. While Fonterra does not have a view on whether the one-year delay will enable increased consistency across the assurance market, to provide confidence to Primary Users, we are supportive of the timeframe for mandatory reporting of Scope 3 GHG emissions being aligned to the requirement for assurance.

Q4

Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Yes,

Comment:

Fonterra agrees with Proposal 3. We request that the XRB issues additional guidance on the metrics relating to risk vulnerability and opportunity alignment (paragraphs 22 (c) – (e) of NZ CS1). In our view, these provisions within the Metrics & Targets thematic area are inherently linked with, and draw from, the reporting of anticipated financial impacts within the Strategy thematic area. Ideally, an adoption provision would have been available from the first accounting period to align the timing of these reporting requirements and to better follow the principles established in paragraphs 12 and 13 of NZ CS 3. We request that the additional guidance defines key concepts (i.e., vulnerability, exposure, sensitivity and adaptive capacity), provides example disclosures, and suggests disclosure options in the period where anticipated financial impacts are not yet known, namely a CRE's second accounting period. As further background, in FY24 Fonterra undertook considerable effort to understand, define and report on disclosures relating to the vulnerability of climate-related transition and physical risks (paragraphs 22 (c) and (d) of NZ CS1) and the amount or percentage of assets or business activities aligned with climate-related opportunities (paragraph 22 (e) of NZ CS1). In the absence of detailed guidance, considerable judgement was applied in determining the appropriate information to report to our Primary Users. In our view, reporting on these provisions will likely become more insightful to Primary Users once CREs have quantified their anticipated financial impacts.

Q5

Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Yes,

Comment:

Fonterra agrees with Proposal 4. Fonterra notes that, despite already having a business strategy that prioritises sustainability and a plan in place to reduce emissions across all scopes, preparing a quality transition plan will require significant new work from numerous business functions. An additional accounting period should allow CREs to develop more thorough transition plans that drive business change and adaptation as well as meeting minimum disclosure requirements. In addition, financial quantification of climate-related risks and opportunities will support prioritisation of adaptation measures. We therefore see value in aligning quantification and transition planning disclosure timelines. General comment not specific to Question 5: Fonterra is supportive of the NZ CS and its objectives. We note, though, the scale of resource and the volume of new work and analysis required to meet the disclosure requirements. Our view is that the proposed adoption provision extensions will support CREs to more comprehensively build the capability and capacity required to analyse and respond to climate-related risks and opportunities, and to publish quality climate-related disclosures.

Q6

Please provide your contact details:

Name	**Ella Tunnicliffe-Glass**
Company	**Fonterra Co-operative Group**
Email Address	
Phone Number	