



23 October 2024

External Reporting Board
Level 6/154 Featherston St
Wellington 6011

By email only to: climate@xrb.govt.nz

Dear Sir / Madam,

RE: Proposed Amendments to Climate and Assurance Standards

1. This submission is made by Property for Industry Limited (**PFI**). PFI is an NZX listed property vehicle focused on the industrial sector, and is also a climate reporting entity (**CRE**). We have a portfolio of 91 properties valued at over \$2 billion dollars.
2. PFI is supportive of the policy rationale behind the establishment of the CRD regime, and wishes to see the continued development of the regime in a way that achieves policy objectives.
3. Owing to a change in balance date earlier this year, PFI has now completed and lodged two climate related disclosures (**CRD**). We understand that this places us in something of a unique position.
4. PFI is pleased that the XRB has recognised that disclosure requirements should be "*less prescriptive and more flexible in general to meet entities where they [are] at in terms of their reporting journey*". We also agree with the XRB's recently published view that "*it has become increasingly clear that additional relief is needed*" in relation to certain adoption provisions. We are grateful that the XRB has acted on feedback received from CRE's and issued a consultation paper in short order.
5. In relation to the specific proposals set out in the XRB's consultation paper, PFI supports each of the four proposals (subject to the comments set out later in this submission).
6. In our view, the proposals appropriately balance the continued progress required of CRE's in relation to CRD, with a recognition that data, cost and resource challenges exist for many issuers as their reporting obligations rapidly increase.
7. PFI has observed a wide spectrum of CRE's in terms of their CRD maturity. We consider that providing additional time for CRE's to increase their capability in the near term will ultimately result in higher-quality CRD's over time.

Availability of Adoption Provisions

8. We note that the drafting of the proposed adoption provisions (other than the proposed adoption provision 8) provides substantive relief to CRE's in relation to their first two reporting periods.
9. To our knowledge, PFI is the only, or potentially one of very few CRE's, that has now completed CRD's for two reporting periods (due to our change of balance date in 2024). It therefore appears that due to the way that the adoption provisions have been drafted, almost all of the proposed adoption provisions would not be available to PFI, if the drafting remains unchanged.
10. We also note the following statements from the XRB in the consultation document:

- a. *“The proposed timing will provide continuity for CREs and ensure that **CREs are treated equally regardless of balance date**”*; and
- b. *“Therefore, we anticipate that the relief proposed in this consultation document would be available to **all CREs**”*

[emphasis added].

11. The sentiments expressed by the XRB (above) are consistent with PFI's position that all of the relief provided in the consultation document should be available to **all** CREs, regardless of which point in their reporting journeys they are at. It also appears that the exposure draft of the amending Standard and the XRB's statements (above), are not entirely consistent with one another.
12. We consider that making the proposed reporting relief available to all CREs would require the addition of a simple clarification footnote to the amending Standard. We strongly encourage the XRB to make this simple amendment and we would be happy to assist the XRB in this regard, if helpful.

NZX Proposal

13. Finally, we understand that NZX (in its capacity as both an Issuer and Market Operator) has or will be responding to the consultation with support for the proposals, and a request for an extension of Scope 3 emissions reporting and assurance to the end of 2026. NZX has publicly advised that the basis for this proposed extension is to *“bring the NZ reporting requirements more into line with Australian reporting requirements”*.
14. PFI is supportive of NZX's proposal, on that basis that it will allow CRE's to better balancing reporting obligations with practical implementation of sustainability strategies, while also creating greater alignment with the Australian market.
15. If you have any questions about this submission, please contact either of the writers.

Yours sincerely,
Property for Industry Limited



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