

**RESPONSE FROM MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED TO THE PROPOSED  
2024 AMENDMENTS TO CLIMATE AND ASSURANCE STANDARDS**

**Background to MCK:**

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) is a hotel owner – operator based in New Zealand with 18 owned / leased / franchised hotels under the Millennium, Grand Millennium, M Social, Copthorne and Kingsgate brands. As part of the Millennium & Copthorne Hotels group, we are proud to be part of a global network of over 120 properties in gateway cities across Asia, Europe, North America, the Middle East and New Zealand. MCK is also the majority shareholder in land developer CDL Investments New Zealand Limited (NZX:CDI). With a history going back over two decades in the hospitality, tourism and land development businesses in New Zealand, MCK is able to comment on a number of matters with regard to the climate and assurance standards having completed its first climate-related disclosures in 2024 for 2023.

**To simplify the process, we provide answers to the questions as put in the Consultation Paper:**

**Question 1: 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?**

**MCK Answer:** Yes, we strongly agree with Proposal 1. Scope 3 emissions are the most challenging area and ensuring that we have adequately captured the required information to inform stakeholders and obtain assurance has been a significant exercise which we are still working through.

As the Consultation Paper correctly notes, there are concerns regarding the availability of sufficiently accurate information on scope 3 GHG emissions from external data providers. Contacting our suppliers and ensuring that they understand, agree to, and have the capacity and capability to provide the relevant information we need for our disclosures is and will continue to be challenging. While we will adopt a materiality principle to capture and disclose scope 3 GHG emissions we would also prefer to focus our limited resources on disclosing and reducing emissions with our direct

control (scope 1 &2). Lack of international and industry standards and guidance in this space is a barrier and will be problematic for users to compare across organisations. An additional year’s relief before the requirement to complete mandatory disclosures would be very helpful and welcome – however we acknowledge that scope 3 data is unlikely to be any more available or of a better quality in another 12months time.

Our current preference is therefore to opt out of full disclosure of scope 3 GHG emissions for Year 2 (for us that would be 2024). While we are progressing with scope 3 in 2024, this relief would provide us time for insight into the breadth and quality of information available and allow time for refinement or improvement before disclosure is required. We note that the Australian regime does not apply (for similar sized entities) until ~2028, which we believe is another reason to support the proposed extensions.

First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least <u>two of three</u> criteria:			National Greenhouse and Energy Reporting (NGER) Reporters	Asset Owners
	Consolidated revenue	EOFY consolidated gross assets	EOFY employees		
<b>1 July 2024</b> Group 1	\$500 million or more	\$1 billion or more	500 or more	Above NGER publication threshold	N/A
<b>1 July 2026</b> Group 2	\$200 million or more	\$500 million or more	250 or more	All other NGER reporters	\$5 billion assets under management or more
<b>1 July 2027</b> Group 3	\$50 million or more	\$25 million or more	100 or more	N/A	N/A

**Question 2: 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?**

**MCK Answer:** While our position will be that we will look to opt out of full disclosure of scope 3 GHG emissions in Year 2, we consider that the Proposal 2 will be very helpful for those CREs who choose not to take advantage of the proposed Proposal 1 relief. Given that scope 3 GHG emissions measurement is unlikely to be more accurate / mature in another 12months time - we also suggest aligning with Australia’s disclosure regime timeframes.

**Question 3: 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?**

**MCK Answer:** We hope so. At the very least, it will allow us to put in place additional systems to provide data which we can test and also allows time for us to engage with and possibly educate our suppliers and stakeholders in this space. Our experience to date is that suppliers and stakeholders who are not directly involved with the Standards or who are not CREs are not aware of the requirements and what needs to be provided and disclosed.

We would also note that our experience with the assurance firms has been interesting with a collective reluctance to provide climate-related assurance services independent of the financial audit services. We also suggest that aligning with Australia's disclosure regime timeframes would enable more established and experienced assurance offerings to become available and more mature scope 3 emissions measurement in place for assurance to be meaningful in the future.

**Question 4: Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?**

**MCK Answer:** Yes, we strongly agree with Proposal 3. The Consultation Paper identifies the relevant challenges faced by the majority of CREs including MCK. The lack of guidance on how to address these disclosures and the level of specificity required, makes meeting this disclosure requirement extremely challenging, especially for listed entity CREs. It also means that disclosures are unlikely be comparable across CREs and so somewhat less useful to users.

We look forward to the additional guidance on anticipating financial impacts to be released in 2025 which we consider absolutely necessary for us to understand how to meet the financial impact disclosure requirement.

**Question 5: Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?**

**MCK Answer:** We agree with Proposal 4. While we are able to identify a number of transition risks, we do need additional time to do a comprehensive assessment so Proposal 4, if approved, would be very useful to us and to our stakeholders and shareholders. The additional year will allow us to commence integrating climate-related risks into our overall strategy.

We acknowledge that transition planning is a process that will continue to evolve overtime in terms of level of planning over future years. As a business we had not been voluntary reporting under TCFD, so this work represents a steep learning curve for us incurring significant cost. Given that we are an NZX-listed company, our shareholders and stakeholders have high expectations regarding links to capital deployment in general. This relief would enable us to be in a position to disclose higher quality information on transition planning progress in 2025.

**Conclusion:**

We thank the XRB for the opportunity to respond to the Consultation Document and for proposing sensible solutions to meet the disclosure challenges faced by CREs.

**Submitter contact details:**

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