



RESPONSE FROM CDL INVESTMENTS NEW ZEALAND LIMITED TO THE PROPOSED 2024 AMENDMENTS TO CLIMATE AND ASSURANCE STANDARDS (CONSULTATION OCTOBER 2024)

Background to CDL:

CDL Investments New Zealand Limited (NZX:CDI) has a proud track record of acquiring and developing residential sections in New Zealand for over two decades. With a focus on creating and developing a range of high-quality residential sections to New Zealanders, CDI has successfully completed numerous subdivision projects in Auckland, Hamilton, Tauranga, Hastings, Havelock North, Taupo, Nelson, Christchurch, Rolleston (Canterbury) and Queenstown. More recently, CDI has successfully completed commercial property projects including industrial warehouses in Wiri, South Auckland and neighbourhood centres at Prestons Park, Christchurch and Stonebrook in Rolleston.

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?

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 (many of whom are SMEs with limited resources) 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 use 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 12 months 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).

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?

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 12 months time. The XRB could also consider some level of alignment with the Australian regime.

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?

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, typically SMEs, 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. 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.

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?

Answer: Yes, we strongly agree with Proposal 3. The Consultation Paper identifies the relevant challenges faced by the majority of CREs including CDI. 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?

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 development curve for us incurring significant cost. This relief would enable us to be in a position to disclose higher quality information on transition planning progress in 2025.

Conclusion:

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

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