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29 October 2024

External Reporting Board
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By email: climate@xrb.govt.nz



SAFETY FIRST

PROPOSED 2024 AMENDMENTS TO CLIMATE AND ASSURANCE STANDARDS

- 1 South Port New Zealand Limited (**South Port**) is a Climate Reporting Entity (**CRE**) as it is a large listed issuer with its shares quoted on the NZX Main Board and is therefore subject to Part 7A of the Financial Markets Conduct Act 2013. Accordingly, South Port is currently required to report under the Climate-related disclosures (**CRD**) regime.
- 2 South Port appreciates the opportunity to provide feedback on the XRB consultation on the *Proposed 2024 Amendments to Climate and Assurance Standards* [NZ CS 2 (Adoption of Aotearoa New Zealand Climate Standards)].



ONE TEAM

Summary

- 3 In summary, while South Port supports the proposals to extend relief under the adoption provisions, South Port considers the implementation transitional relief should be further extended, and that scope 3 disclosure remain optional, due to the additional difficulties and significant costs faced by smaller CREs such as South Port in implementing expected financial impacts, transition planning and Green House Gas (**GHG**) disclosures and emissions assurances.



ACT WITH INTEGRITY

Response to consultation questions

- 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?**
- 4 South Port welcomes the changes under Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two. However, South Port considers that scope 3 disclosure (and therefore assurance) should remain optional only.
 - 5 As XRB has indicated, establishment and improvement of internal processes is required for many CREs to achieve accurate scope 3 GHG emissions disclosures. The development of these processes poses challenges for smaller CREs, including significant costs.
 - 6 In addition, the relative narrow application of the New Zealand Climate-related disclosure regime to large financial market institutions, and large and small listed companies, means significant parts of the New Zealand economy comprising private and



GO THE EXTRA MILE



WORK SMARTER



MANAAKITANGA

Governmental-owned businesses are outside the reporting regime. Accordingly, it is very difficult, and expensive, particularly for smaller CREs such as South Port to obtain sufficiently reliable data from up and downstream entities, and data costs are very high.

- 7 South Port notes that after initially considering a scope 3 disclosure rule, the Securities and Exchange Commission's final rule on Climate-related disclosure does not mandate scope 3 disclosure.
- 8 For these reasons, South Port considers that scope 3 disclosure should remain optional under Adoption Provisions 4, 5 and 7.

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?

- 9 Again, while South Port welcomes the change under Proposal 2 to add a new Adoption Provision 8 providing relief of one accounting period before scope 3 GHG assurance is mandatory, South Port considers that this relief should be permanent because of the significant costs associated with GHG emissions disclosure and assurance.
- 10 South Port has received a high-level estimate for costs associated with GHG emissions disclosure and assurance in FY25:
 - 10.1 for scope 1 and 2, GHG emission disclosure and assurance costs are estimated to be between \$75,000 and \$90,000; and
 - 10.2 for scope 1, 2 and 3, GHG emission disclosure assurance costs are estimated to be between \$90,000 and \$110,000.
- 11 Additionally, the cost of external expert review of South Port's GHG calculations has been estimated as \$12,000, and tracking GHG emissions data is approximately \$19,000 annually for the purposes of scope 3. Therefore, in addition to the above reporting costs, calculating GHG emissions assurance for scope 3 is estimated to cost South Port at least \$31,000 in external review and data costs.

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?

- 12 South Port does not consider that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature.
- 13 South Port submits that a permanent extension recognises the disproportionate costs of preparing scope 3 disclosure and arranging an assurance engagement, compared to the benefit when only a small proportion of the New Zealand economy is covered by the reporting regime with significant difficulty obtaining reliable upstream and downstream data, and having regard to the significant cost involved.

Q4. Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

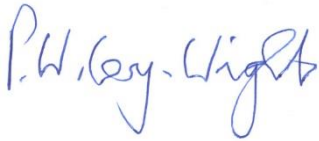
- 14 While South Port supports the changes under Proposal 3 to extend Adoption Provision 2 from one accounting period to two accounting periods, South Port considers that this relief should be extended to at least three accounting periods. This is due to the

significant challenges faced by smaller CREs in establishing effective internal processes to gather necessary information about 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?

- 15 While South Port supports the changes under Proposal 4 to extend Adoption Provision 3 from one accounting period to two accounting periods, South Port considers that this relief should be extended to at least three accounting periods. This is due to the significant challenges faced by smaller CREs in conducting suitable strategic processes in order to achieve high-quality transition planning disclosures.

Yours faithfully

A handwritten signature in blue ink that reads "P. W. Cory-Wright". The signature is written in a cursive, flowing style.

Philip Cory-Wright
Chair of the Board