



**TCF Submission to XRB on proposed amendments to the Climate and Assurance Standards
30 October 2024**

Introduction

1. Thank you for the opportunity to comment on the consultation concerning [proposed amendments to the climate and assurance standards](#).
2. This submission is provided by the Climate Change Working Group of the New Zealand Telecommunications Forum (TCF). The TCF is the telecommunications sector's industry body which plays a vital role in bringing together the telecommunications industry and key stakeholders to resolve regulatory, technical and policy issues for the benefit of the sector and consumers. TCF member companies represent 95 percent of New Zealand telecommunications customers.
3. We welcome the XRB's recognition of concerns regarding the current climate related disclosure (CRD) regulatory framework, and the proactive approach it is taking in its proposals for additional guidance and interim relief.
4. The TCF agrees with the issues identified by the XRB, concerning the "challenges with obtaining reliable data, high costs, and how to disclose in the absence of comprehensive guidance on certain topics" associated with New Zealand's current climate-related disclosure (CRD) settings.
5. In this submission we offer thoughts on the proposals for interim relief and recommend areas where more guidance is needed. Both guidance and extension of time are essential.

Additional interim relief

7. The TCF supports the XRB proposal to provide additional interim relief while reporters adapt to the new disclosure environment.

8. For New Zealand's regime to provide enduring benefit it is important that disclosure requirements are fit for purpose having regard to both domestic and international conditions. Some aspects of the current NZ CS 1 requirements are complex, and require detailed technical analysis and significant preparatory work to produce reliable disclosures for primary users. For these reasons, we support the proposed extension to adoption relief, and make more specific remarks about proposals 3 and 4 below.

Proposal 3 - extend adoption provision 2 of NZ CS 2 for a further reporting period

9. The TCF supports Proposal 3 to extend Adoption Provision 2 of NZ CS 2 for anticipated financial impacts for a further reporting period. This will provide time for guidance and best practice to emerge, while promoting the quality and comparability of disclosures, noting the inherent uncertainty associated with quantifying certain 'anticipated' impacts over long time horizons.

Proposal 4 - extend adoption provision 3 for transition planning for a further reporting period

10. The TCF also supports Proposal 4 to extend Adoption Provision 3 for transition planning for a further reporting period. Current guidance on transition plan reporting is high-level, focused more on the why than the how. Extending this adoption relief will allow time for additional guidance to be published, and for best practice to emerge.
11. For example, at present many organisations are interpreting the transition plan disclosure requirement to require the creation and disclosure of a stand-alone transition plan. Clearer guidance on how to disclose transition planning as an integrated part of strategy would be welcome, to support more integrated thinking and reporting of climate transition planning activities.
12. We do not see the provision of extra time as delaying the introduction of transition planning. Rather, additional time will ensure the disclosure is appropriate and meets market and regulator expectations.

The need for further guidance

6. We welcome the XRB's intention to provide further guidance to support climate reporting entities (CREs) make future disclosures. Further guidance will help ensure clarity, consistency and accessibility of disclosures over time, as Aotearoa New Zealand, and the world, navigates the challenges, but also the opportunities, associated with climate related disclosures.
7. As noted above, we think more guidance is needed in the following areas:

- a. how sectors should approach quantification of anticipated financial impacts and selecting metrics to measure this
 - b. timeframes, ranges, and the level of detail expected when reporting against specific risks and opportunities
 - c. transition planning
 - d. trends analysis.
13. A lack of best-practice guidance, combined with the significant potential liability motivates reporters to publish 'least-risk' disclosures, not necessarily best practice disclosures. Without further guidance, common practice is likely to emerge around least-risk disclosures, which could stifle innovation, progress and ambition in this area.
14. We recommend that XRB guidance be developed jointly with the FMA or at least in consultation with the FMA. While XRB guidance is helpful, it is also useful to understand the regulator's expectations.

Understand investor view

15. We encourage the XRB to also seek feedback from the investment community, as primary users, on what the reporting standards have produced so far. The Australasian Investor Relations Association survey of listed issuers suggests first year disclosures are of limited value to investors and this should be explored with the investment community to assess, for example, whether the reporting burden on companies is proportionate to investor requirements.
16. Any investor-focused review should also consider factors such as the usability or readability of initial climate statements, to help shape future reporting requirements and improved reporting guidance. For example, some listed issuers have noted that the reporting requirements may drive repetition of content.

Compliance costs and liability burden

17. We share concerns raised by Chapter Zero and Institute of Directors members about the compliance costs and liability burden placed on company directors resulting in complex and inefficient processes.
18. Although we understand this issue is outside the scope of the XRB's current consultation, and a matter for the FMA and/or Parliament as it relates to Part 7A of the Financial Markets Conducts Act 2013, we do consider the XRB consultation to be related.

19. While we support the XRB proposed amendments to give more time to adapt to reporting requirements to give businesses confidence in approaching their disclosures, we believe further consideration should be given to following Australia's approach to director liability, to support organisations to take a less conservative and risk-averse approach to climate reporting. Guidance from the XRB on the topics suggested earlier in this submission may also help to address this liability concern, by providing comfort that reporters are meeting the required standard.
20. The TCF is happy to answer any questions the XRB may have on the views set out in this submission. Please contact kim.connolly-stone@tcf.org.nz in the first instance.