



Proposed Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024

Submission to XRB – External Reporting Board

30 October 2024

1. Thank you for the opportunity to comment on the proposed amendments to the adoption of the New Zealand Climate Standards.

Support for Proposal 3

2. Spark New Zealand supports Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods. This will provide additional time for global guidance and best practice to emerge.
3. We believe that additional XRB guidance on how to report and present anticipated financial impacts will support higher-quality and more consistent disclosures across New Zealand climate reporting entities.
4. Guidance would be welcome on timeframes, ranges, and the level of detail expected when reporting against specific risks and opportunities. Although we understand XRB's approach is to leave reporting standards broad and allow best-practice to emerge, given the potential liability attached to these disclosures we are concerned that a lack of guidance will lead to climate reporting entities shaping their disclosures to limit potential liability, rather than disclosing information of most value to primary users.
5. The level of 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.

Support for Proposal 4

6. Spark New Zealand supports Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods. Current guidance on transition plan reporting is high-level. A delay in the requirement to report will allow time for additional guidance to be published, and for global best practice to emerge.
7. At present many organisations are interpreting the transition plan disclosure requirement to require the creation and disclosure of a stand-alone transition plan. Spark New Zealand has integrated transition actions into its overarching strategy. 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 plans.

Noting director liability concerns

8. As part of our submission we would also like to note our support of the concerns raised by Chapter Zero and the Institute of Directors members in their letter to the Climate Change and Commerce and Consumers Affairs Ministers in September. The concerns raised were with regard to the liability burden placed on directors resulting in due diligence processes and associated costs and duplication of processes.
9. Although we understand that this is outside the scope of the XRB consultation, and a matter for the FMA as it relates to Part 7A of the Financial Markets Conducts Act 2013, we do believe the XRB consultation to be related.
10. While we support the XRB proposed amendments to give more time to adapt to reporting requirements, we believe further consideration should be given to director liabilities to support organisations to take a less conservative and risk-averse approach to climate reporting. Guidance from the XRB may also help to address this liability concern.