



**AIRA**

AUSTRALASIAN  
INVESTOR RELATIONS  
ASSOCIATION

## **SURVEY RESULTS**

### **NZX Listed Entity Practices on Climate Reporting**

OCTOBER 2024

These are the results of a survey conducted by the Australasian Investor Relations Association of NZ listed entity practices on climate reporting following the first mandatory reporting period.

Results confirm NZ companies approaches to climate-related financial disclosures, the resources required, and the overall impact on business operations.

Disclaimer: While the Australasian Investor Relations Association endeavours to provide reliable analysis and believes the material it presents is accurate, it will not be liable for any claim by any party acting on such information.

# Executive Summary

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## Executive Summary

# Executive Summary: NZ Climate Statement Reporting Survey Results

This report provides insights into the experiences and challenges faced by companies in New Zealand as they prepared and published their first Climate Statements, in accordance with Aotearoa New Zealand Climate Standards. NZX 50 companies were invited to participate and 38% responded.

## Adoption Provisions

Most companies adopted key provisions, with 90% addressing anticipated financial impacts and transition planning, and 85% providing comparatives for various metrics. However, fewer companies (55%) included Scope 3 GHG emissions comparisons.

## Review and Assurance Processes

The Climate Statements underwent thorough review processes, with 95% of respondents confirming legal review and 74% obtaining limited assurance. Despite this, only 5% subjected their statements to full audits.

## Internal Resources and Costs

Preparing Climate Statements demanded significant internal resources. The median external cost was reported as \$251,000 to \$300,000, with internal time requirements varying significantly across roles. For example, CEOs typically spent 11-20 hours, while CFOs spent 21 - 30 hours, and sustainability teams often dedicated over 100 hours.

## Board Involvement and Statement Length

Board members also invested substantial time, with median hours spent on Climate Statements ranging between 26 and 30. The median length of the Climate Statements was 31-40 pages compared to 4 - 10 pages for a TCFD Report, and 58% of companies had previously reported against the TCFD framework.

## Investor Feedback and Engagement

Investor engagement with the Climate Statements was limited, with only 47% of respondents reporting any investor questions. Feedback was generally positive, though some investors raised concerns about the costs involved. The median across all survey respondents rating the value of these statements to investors was 6 out of 10, with 10 being the highest in value.

## Key Challenges and Cost Drivers

Several factors contributed to the high costs of Climate Statement preparation, including the quantification of financial impacts, expanding metrics for Scope 3 GHG emissions, and the requirement for independent assurance. As companies become more familiar with the reporting standards, internal costs may decrease, though external costs related to consultancy and assurance are expected to remain significant.

## Conclusion

In conclusion, while the majority of companies successfully met the requirements for their Climate Statements, the process was resource-intensive, both in terms of internal hours and external costs. Ongoing efforts to streamline the process and reduce costs will be important as companies continue to comply with evolving climate reporting standards.

# Survey Results



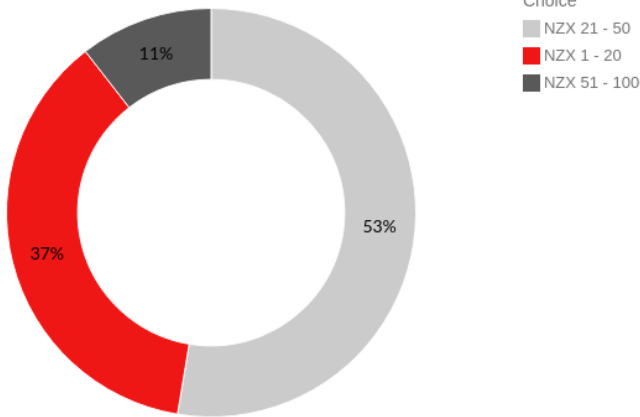
## SURVEY RESULTS NZX Listed Entity Practices on Climate Reporting OCTOBER 2024

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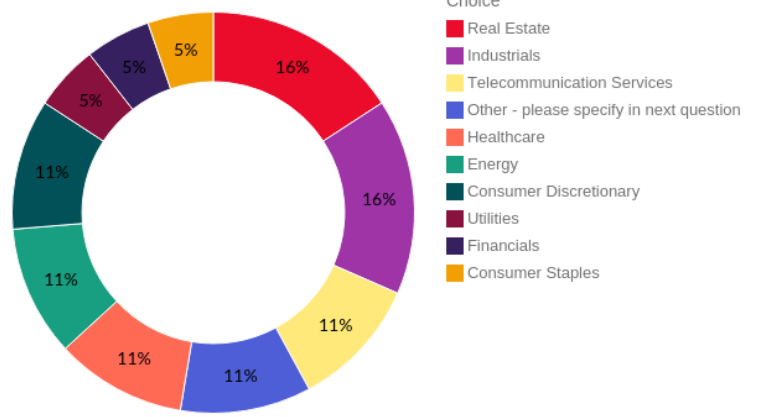
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## Survey Results

### NZ Company Rank



### Respondents Sector



Which, if any, adoption provisions did you apply for your first Climate Statement (Please check all applicable)?

Adoption provision	Percentage
Adoption provision 1: Current financial impacts	70%
Adoption provision 2: Anticipated financial impacts	90%
Adoption provision 3: Transition planning	90%
Adoption provision 4: Scope 3 GHG emissions	60%
Adoption provision 5: Comparatives for Scope 3 GHG emissions	55%
Adoption provision 6: Comparatives for metrics	85%
Adoption provision 7: Analysis of trends	80%

Was the Climate Statement subject to:

Category	Percentage
Audit	5%
Legal review	95%
Limited assurance	74%
Other consultant input/advice	63%

What was the approximate cost (excluding internal time/cost) of your published Climate Statement?

	Minimum	Maximum	Median
Approximate cost - excluding internal time / cost of your published Climate Statement	<\$100	>\$500k	\$251 - \$300k

What was the approximate internal time (in hours) for company resources (excluding Board) used in preparing the Climate Statement?

Title	Minimum	Maximum	Median
CEO	0 - 10 hours	51 - 60 hours	11 - 20 hours
CFO	0 - 10 hours	>100 hours	21 - 30 hours
ESG / Sustainability	41 - 50 hours	>100 hours	>100 hours
Investor Relations	0 - 10 hours	>100 hours	0 - 10 hours
Legal	0 - 10 hours	>100 hours	21 - 30 hours
Other	0 - 10 hours	>100 hours	>100 hours

If you allocated hours for Other, please provide job function

Responses
Allowance to cover various team members.
Business Analyst
Finance
Finance Leaders of Business Units with the Group
Finance area (excluding CFO). Note: we estimate our sustainability team spent 600 hours preparing for and completing our climate statements
Finance teams, network operations teams, supply chain teams, data analysts
Finance, Procurement and Operations
Financial accounting, climate accounting
Functionally teams (specially supply chain, HR, Development and Finance), ESG Committee members, etc.
GM - Group Risk Advisory, Risk analyst, Head of Sustainability, Senior Sustainability Specialist, Group Reporting Manager
Group Financial Controller, Group Risk and Compliance Manager
Nil
Risk - doing risk assurance work of the CRD statement. Executive and SME time in workshops.
Strategy team, finance team, operations team
Supply Chain
We estimate that approx 2,000 hours were required to prepare our climate statements. This encompasses total executives and employee time

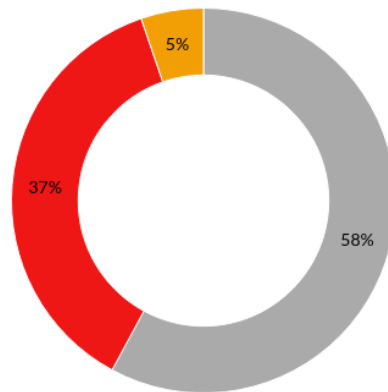
What was the aggregated total amount of Board time spent on all activities related to the Climate Statement (please include time in preparing for climate reporting as well as time in reviewing the Climate Statement)?

	Minimum	Maximum	Median
Board Time	< 10 hours	> 40 hours	26 - 30 hours

How many pages was your Climate Statement?

	Minimum	Maximum	Median
Climate Statement - # of pages	11 - 20 pages	> 50 pages	31 - 40 pages

Did you report against TCFD framework previously chart?

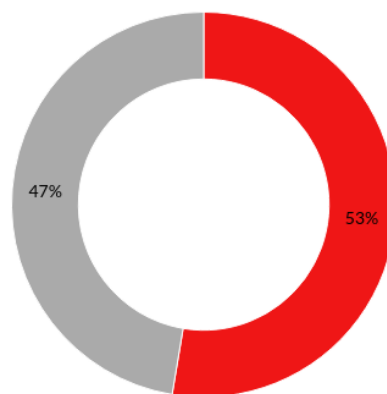


Choice  
 ■ Yes  
 ■ No  
 ■ Unsure

How many pages was your previous TCFD report?

	Minimum	Maximum	Median
TCFD Report Length	4 - 6 pages	> 10 pages	4 - 10 pages

Have you had any investor questions on your Climate Statement?



Choice  
 ■ No  
 ■ Yes

If YES, how many investors have questioned the content of your Climate Statement?

# of Investors	Percentage
1 - 3 Investors	37%
4 - 6 Investors	11%

Have you received any investor feedback on the Climate Statement?

Responses
Adhoc comments from a small number of institutional investors
Either the standards themselves or company interpretation of them have resulted in detailed and repetitive content in climate related disclosures
Future expected impact in the business
Interest in how much it cost.
Interest in actual impact versus reporting.
No
No feedback in more than 45 investor meetings we have had since release of the Climate Statement earlier this year.
None
Not yet released
Not yet. We are aware some investors are querying cost of the regime but haven't been asked directly. We are asking an ESG-focused investor for their feedback on the new format/statement because they had previously provided very positive feedback on our TCFD reporting. One of our large investors has said they consider our business low-risk so would not focus on climate statement content unless we were pointing out aa significant risk.
Shareholders concerned about the cost / benefit equation
The feedback has been positive.
Unprompted, not a question asked
We have had feedback from the Head of ESG at an investment firm to say our CRD was one of the better reports they have seen.
Whilst people understand the importance of sustainability generally, there is very limited understanding of the TCFD / CRD reporting. Hence there is very little feedback apart from "wow, that must take a lot of time / cost a lot of money". I imagine this changes as people understand it better, but it is early days.
Yes, basic feedback that in general disclosures were comprehensive
Yes, liked the disclosures

On a scale of 1 (lowest) to 10 (highest) what was the value of Climate Statement to investors

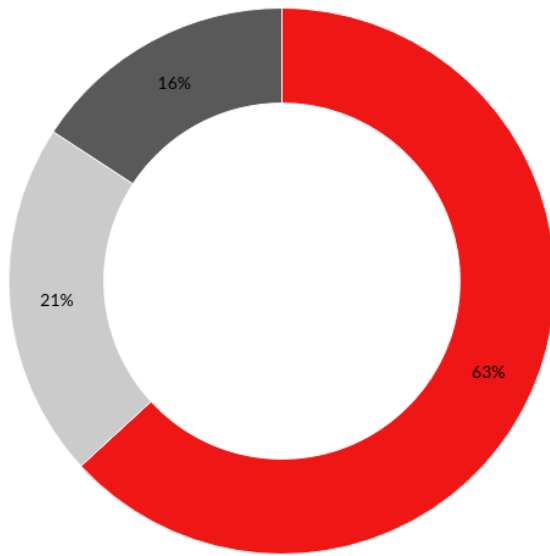
1 - 10 Scale Rating	Percentage
1	16%
2	16%
3	5%
5	11%
6	11%
7	21%
8	16%
10	5%
<b>Total</b>	<b>100%</b>



The median score across all respondents in rating the value of Climate Statements to investors was 6 out of 10 (with 10 being the highest score).

Note: there were 0 responses for the missing numbers of 4 & 9.

### FY2025 related costs to produce Climate Statement?



Choice  
■ Higher  
■ Lower  
■ Other - please specify in the next question

### FY2025 Costs - Other

Responses
-
About the same
About the same - because we changed our year-end we have had to do two now and the costs have not changed dramatically as you lose some of the exemptions so there is more work...
Higher externally as change in GHG auditor, Lower internally as built foundation
N/A
NA

### Key drivers in expected costs

Responses
Additional work and analysis to report without using the provisions
As above
Delisted the bonds.
Expansion to quantification of financial impact, additional costs involved in preparation, assurance and legal review.
Expect may be higher due to requirement to report on targets, transition plans and assurance
Further analysis
Legal sign off process should be smoother and cheaper. Money already spent on scenario analysis.
Lower legal costs but likely higher assurance as the regime requires additional metrics to be reported.
More consultant, internal and governance costs due to added compliance for Scope 3
More knowledge internally within the business in the second year of applying the new Aotearoa New Zealand Climate Standards
N/A
Quantification of anticipated impacts, extending the work on physical risks and metrics to monitor physical risks, potentially increasing GHG assurance from limited to reasonable for scope 1 & 2. Updating scenarios and scenario analysis for NIWA downscaled data, new energy sector scenarios etc.
Reduction in level of consultancy spend
Requirement for independent assurance and roll off the reporting exemptions requiring more work/cost.
System implementations, collecting data (specially on Scope 3 emissions in some countries and from companies outside of scope), headcount, consultant and audit fees
The adoption of the financial quantification and impact of climate change.
The extra cost will come in legal costs, pre-assurance and limited assurance. It is because the liability settings are on Directors; not the entity. Also, we will no longer have adoption provisions which adds, additional time, cost and effort into our reporting.

We have a December year end, so we only had to partially comply this year.