

26 November 2021

April Mackenzie  
Chief Executive  
External Reporting Board

Tēnā koe April

**RE: Climate-related Disclosures Consultation: NZCS1**

Thank you for the opportunity to provide ACC's feedback on the *Climate-related Disclosures: Governance and Risk Management Consultation Document, NZ CS 1*.

**Background**

As a Crown Entity, ACC is committed to supporting the New Zealand Government in achieving its carbon reduction objectives and international commitments. In August 2020, ACC released our Climate Change Framework with the aim to be proactive in leading New Zealand's commitment to net zero emissions by 2050, including supporting efforts to limit average temperature rise to less than 1.5 degrees above pre-industrial levels. In October 2021 we published climate related disclosures in our Annual Report using the TCFD framework and have registered as a "TCFD supporter".

**Feedback**

ACC is supportive of the Climate-related Disclosures and outlines specific feedback in the section below.

Nāku iti noa, nā

Michael Byrne  
**Head of Business Performance and Planning**  
Accident Compensation Corporation

## Governance – 7.2:

- 1) **Primary users have been identified as existing and potential investors, lenders and insurance underwriters. Do you think that all of these users should be included in the primary user category?**

Yes

- 2) **Do you think the proposed Governance section of NZ CS 1 meets primary user needs?**

These sections make sense but because they are (necessarily) not prescriptive there will be differences in interpretation and application, and consistency in approach and detail provided across companies is unlikely.

- a) **Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.**

Yes, these sections make sense and will provide assurance appropriate structures are in place.

- b) **Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?**

Yes

- c) **Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?**

The guidance is high level but needs to be given it is mandatory but based on voluntary guidelines and global standards are still evolving. It needs to be relevant across a range of sectors. The patchy nature of information and data across sectors would also make specificity challenging.

The sector specific guidance that is to follow will be very helpful here. For instance, what makes sense for the reporting of an energy company is different to a Bank or an insurance company.

**Additional notes for Governance section:** ACC agrees that it should not be necessary to disclose the specific climate-related skills and competencies of Board members.

## Risk Management – 7.3:

- 3) **Do you think the proposed Risk Management section of NZ CS 1 meets primary user needs?**

Yes, see question 2 answers above which apply to both areas.

**Additional notes for Risk Management section:**

- ACC agrees with not prescribing the specific types of risks in detail in the standard, and requiring disclosure at a physical and transition risk level only.
- Specific guidance will be useful for this section to determine how far into the value chain an organisation should go when describing the processes for identifying and assessing climate related risks. Guidance on materiality would be helpful given the breadth of some entities' supply chains.

**Defined terms – 7.4:**

- 4 The XRB has primarily drawn from the TCFD's definitions for its defined terms. Do you agree that we should align closely with the TCFD's definitions?**

Yes. Global consistency will be valuable.

- 5 The XRB is particularly interested in feedback on the following defined terms as they are currently proposed: 'climate-related risk', 'climate-related opportunities', 'climate-related issues', 'physical risk', and 'transition risk'.**

- a) Do you consider that the XRB should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues', or should we only refer to 'climate-related risks'?**

Differentiating between 'climate-related opportunities' and 'climate-related issues' is valuable. Using 'risks' as a catch all, when this is not a global standard with regards to climate-related reporting, has the potential to introduce confusion.

- b) Do you consider that the proposed definitions for these terms are accurate, sufficiently clear and well-explained? Do they need further detail or explanation? If so, should that detail be included in the defined terms or in guidance?**

High level definitions are helpful in making them applicable across sectors, and given the area is relatively new and rapidly evolving.

- c) Do you have any other views on the defined terms as they are currently proposed?**

More information on the *value chain* would be useful in guidance documents to support the defined term. However, we understand that definitions need to be simple within the standard itself and not overly prescriptive.

- d) The XRB is currently of the view that adoption provisions for some of the specific disclosures in NZ CS 1 will be required. However, the XRB does not believe it is necessary to provide any adoption provisions for entities in relation to the Governance and Risk Management disclosures. Do you agree with this view? Why or why not?**

Yes, adoption provisions for Governance and Risk Management should not be necessary if disclosure is good.

- e) The XRB currently intends NZ CS 1 to be concise and sector neutral, with sector specific requirements to be contained in guidance. Do you agree with this approach?**

Sector specific requirements are valuable, especially given the currently considerable inconsistencies in data and approach across sectors, but given the area is changing so rapidly putting this in the guidance notes makes sense.

- f) Do you have any other comments?**

The high-level principle-based approach makes sense in such a rapidly changing area