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Respondent

8 Anonymous

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Time to complete

Name *

Ben Cunliffe

Email *

Organisation

Fonterra Co-operative Group

1. Which standards, overseas jurisdictions or other specific elements of international alignment are the most important for you (as a CRE or a primary user of climate statements), and why?

• As a CRE and global exporter with operations in multiple countries, Fonterra will be required to report against multiple climate standards.
• The overseas jurisdictions in which we are or are likely to become a climate-reporting entity or local equivalent are among the most important for us.
• We are currently reporting under the New Zealand Climate Standards and the Australian National Greenhouse and Energy Reporting Scheme.
• We will have to provide climate-related disclosures in Australia, California, and Washington from 2026, and will also have to report against the EU Corporate Sustainability Reporting Directive and the EU Corporate Sustainability Due Diligence Directive by 2029 and 2030 respectively. Fonterra may also have to provide climate-related disclosures under the Singapore Climate Related Disclosure regime in 2027, and may be exposed to the Japan regime in 2027.
• Other key export markets have signalled they may soon introduce climate-related disclosure requirements (e.g., China and Thailand).
• These global standards are largely TCFD and ISSB-aligned, but nevertheless vary significantly. Particular areas of difference include number of climate scenarios, assurance requirements, level of detail of reporting, and scope of reporting (global operations vs local operations).

2. Is now the right time for New Zealand to amend or replace NZ CS to achieve closer international alignment with any other standards, and why?

• Fonterra believes it is too soon to amend or replace the NZ CS for the purposes of achieving closer international alignment.
• The NZ CS are still new – so new that several NZ CS 2 adoption provisions are still in place. CREs are still building the capability to report against the NZ CS and market practice has not yet settled.
• International standards are still emerging and in many markets they have not yet come in to force (e.g., California) or are just now coming in to force (e.g., Australia). Our view is that there is no single "international standard" that the NZ CS could align to at this time, despite the emergence of IFRS S2, and that global practices will take some years to converge.
• It would be preferable to retain the current NZ CS to enable CREs to focus on the business change and analysis required to complete quality climate statements, rather than shifting focus to understanding and meeting the requirements of a new set of standards.
• Separately to the question of international alignment, Fonterra would support amendments to NZ CS 2 to further extend adoption provisions around elements of NZ CS 1 that are proving particularly challenging (e.g., quantification of anticipated financial impacts) and amendments to NZ CS 1 to improve internal alignment (e.g., vulnerability metrics vs quantification of anticipated impacts).
• Fonterra would also support a more fully defined set of reporting terms, such as vulnerability and capital deployment, which are not aligned to international climate reporting, to facilitate transparency and consistency across CREs in the way in which they approach the NZ CS 1 requirements.

3. If closer international alignment is desirable, what process to achieve this degree of alignment is most desirable (e.g., greater alignment of NZ CS or revoking NZ CS)? Why?

• Closer international alignment is essential as it reduces the burden of reporting on businesses, allowing them to focus their sustainability resources on adapting to and mitigating the effects of climate change.
• Re-alignment of the NZ CS is not necessarily required – unless a single global set of standards emerges, in which case alignment would clearly be valuable.
• Noting the challenges with coming up to speed with new standards, we would prefer to see mutual recognition rather than changes to the NZ CS at this time. We would support retention of the NZ CS but allow entities to submit climate statements prepared in accordance with foreign standards (where those standards are substantially similar to the NZ CS) in lieu of separate NZ CS climate statements. Noting the challenges with coming up to speed with new standards, we would prefer to see mutual recognition rather than changes to the NZ CS at this time.
• We would also support the NZ Government advocating for mutual recognition internationally and with key trading partners, to enable NZ CREs to submit their NZ CS aligned climate statements in fulfilment of overseas reporting requirements. Including mutual recognition in the NZ regime sets a positive example for others, and support from the NZ Government to build global understanding of the quality and depth of the NZ approach could also help lay the ground work for the NZ CS being recognised as equivalent overseas.

4. What information can you provide that this closer international alignment would better achieve the stated purpose of climate reporting as per section 19B of the Financial Reporting Act 2013?

5. Are there any climate-related disclosure requirements that you comply with that are not standards set by other jurisdictions (for example, via supplier agreements)? How important are those disclosures to you? Should the XRB take those requirements into consideration and how?

• Fonterra provides information about its greenhouse gas emissions and emissions reduction targets to a number of customers and other external stakeholders, separately to the CRD. For example:
- Product level reporting is provided contractually to two customers, with ISO14067 certificates for their dairy ingredients, and inventory level reporting is provided contractually to another customer.
- NZMP Carbon Footprinter publishes voluntary product level LCA, and the associated Product Footprint ISO certificates provided voluntarily to 32 customers globally
- ETS reporting, which is mandatory.
- Providing emission data for DIRA supplied raw milk to these partners.
- Scope 3 (NZ and Australia on-farm) data provided via the Sustainable Dairy Partnership platform used by members internationally.
- SBTi target verification and annual reporting requirements.
- Supplying farmers in NZ are provided with bespoke emissions data. In addition, every supplying farm receives a farm-specific insights report.
- Individualised data sets for customers requested as part of their due diligence assessments or development of their own targets.
• Meeting customers' expectations around transparent reporting of emissions is an important part of winning and retaining high-value business for Fonterra, and in some cases our quality climate data provides a competitive advantage and/or access to incremental revenue.
• The expectations of global stakeholders vary greatly and it would likely be impractical for the XRB to attempt to take these into consideration.

6. Is mutual recognition important to you and, if so, how would it impact any of your above answers?

• Mutual recognition is critical and, for Fonterra, more important than international alignment of the NZ CS at this point in time.
• In an ideal world, mutual recognition would allow NZ CREs to continue to prepare climate statements in accordance with the NZ CS, and then file these in multiple jurisdictions. Fonterra has advocated for recognition of climate statements prepared in accordance with the NZ CS in California, for example.
• A good outcome would be mutual recognition of substantially similar reporting approaches, such as IFRS S2, so that global companies can focus on reducing emissions and adapting to climate change (and providing transparency over those activities via a single set of climate statements) rather than diverting resource to preparing multiple parallel climate statements. Learning multiple standards, reporting against those standards, and having multiple reports assured represents a significant time and financial burden for businesses, particularly given that the incremental value add of preparing jurisdiction-specific reports versus a single group report is negligible.

7. Do you have any other comments?

The Privacy Act 2020 applies to submissions. Please check this box below if you do not wish your name or other personal information to be included in any information about submissions that the XRB may publish.

I would like my submission (or identified parts of my submission) to be kept confidential, and have stated below my reasons and grounds under the Official Information Act 1982 that I believe apply, for consideration by the XRB.

If yes, what information do you consider to be confidential and why?