

DRAFT CLIMATE REPORTING ROADMAP – VECTOR SUBMISSION

Introduction

1. Vector Limited (**Vector**) welcomes the opportunity to comment on the XRB's draft climate reporting roadmap and proposed NZ IFRS S2 Climate-related Disclosures standard (**NZ IFRS S2**).
2. Vector broadly supports alignment with NZ IFRS S2, aimed at improving the usefulness and international comparability of climate reporting. Alignment should be accompanied by appropriate New Zealand modifications and implementation support. Vector suggests a shorter transition to one mandatory regime, supported by targeted adoption provisions and exemptions, rather than maintaining two regimes in parallel until 2033.
3. Vector notes that the change is not simply a relabelling of the Aotearoa New Zealand Climate Standards (**NZCS**). While the frameworks are similar, IFRS S2 is more specific and prescriptive in several areas. Climate reporting entities (**CREs**) will need to invest in learning new requirements, revisiting methodologies and judgements, updating systems and controls, retraining contributors and developing assurance-ready evidence, just as NZCS processes are becoming embedded.

Vector's submissions

4. Vector recommends that the XRB:
 - a. **Use targeted adoption provisions in NZ IFRS 2, similar to the XRB's approach to NZCS, rather than a long transition period.** This would give CREs time to develop meaningful climate-resilience and anticipated financial-effects disclosures.
 - b. **Permit omission of anticipated financial-effects information related to risks or opportunities where reliable disclosure is not possible or disclosure would be commercially sensitive or potentially misleading.** A CRE relying on the exemption should explain the omission (similar to the concept in NZCS 12(c) and 15(d)), provide information to the extent practicable without causing the relevant prejudice (e.g., the information is commercially sensitive), and reassess the exemption at each reporting date. This is important because, for example:
 - i. mandatory disclosure of expected cash flows associated with climate-related opportunities could undermine the commercial and negotiating position of businesses investing in those opportunities; and
 - ii. for regulated infrastructure, anticipated financial effects may depend on future regulatory allowances, recovery timing and price-quality decisions. Disclosure could reveal confidential regulatory positions or imply that proposed expenditure or recovery is settled.

- c. **Align with Australia by treating Sustainability Accounting Standards Board (SASB) derived industry guidance as non-mandatory.** The guidance may not fit New Zealand's regulatory context or an entity's business model. For example, the SASB Electric Utilities & Power Generators guidance does not always distinguish clearly between generation, transmission and distribution. Some metrics may therefore not be relevant to New Zealand electricity distributors, which already report operational and network-performance measures, including "SAIDI" and "SAIFI", under existing regulatory requirements.
- d. **Permit NZCS comparatives to be carried forward without retrospective reconstruction,** with a clear explanation of material changes in basis.
- e. **Provide sector-specific guidance, including for regulated infrastructure, and coordinate with the FMA and assurance practitioners.** This would promote consistent disclosure, regulatory and assurance expectations, particularly for anticipated financial effects.

Conclusion

- 5. Vector supports NZ IFRS S2, subject to a shorter transition supported by targeted adoption provisions and exemptions, including for genuinely commercially sensitive anticipated financial-effects information. These modifications would recognise the material implementation uplift without undermining decision-useful reporting for primary users.
- 6. Vector welcomes the opportunity to engage further as the XRB develops the exposure draft and implementation guidance.

Yours sincerely

For and on behalf of Vector Limited



Mark Toner

Chief Public Policy and Regulatory Officer