

Feedback form

Consultation: Climate-related disclosures timing mismatch

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Climate-related disclosures timing mismatch: [your organisation's name]' in the subject line. Thank you. **Submissions close on Monday 7 August 2023.**

Date: 7th August

Number of pages:

Name of submitter: Tim Grafton

Company or entity: Te Kāhui Inihua o Aotearoa Insurance Council of New Zealand

Organisation type: Sector representative organisation

Contact name (if different):

Contact email and phone: tim@icnz.org.nz 027-270-9084

Question number	Response
1. Do you think we should grant an exemption for listed issuer CREs from the requirement to include a copy of or a link to their climate statements in their annual report (subject to the proposed conditions)? What are the reasons for your view?	<p>Yes, we support an exemption for listed issuer CREs. We agree with the reasons outlined by the FMA, namely, that in the initial reporting period it will be demanding for some entities to produce their climate statements and have them available in their annual reports from the first reporting periods as this effectively gives them three months and not four allowed by the Act. The exemption though should not be restricted to listed issuers (see Q2 response).</p>
2. Do you agree the exemption should be limited to listed issuers CREs and not extend to registered bank CREs? What are the reasons for your view?	<p>No, we strongly oppose the exemption being limited to listed issuers. There is no reason why the rationale should not be applicable to all CREs. While some may be able to report within the three-month timeframe and have the climate disclosures available in their annual reports, others may not. We simply do not know which CREs will be challenged. Further, as we note in our response to Q1, we would expect the exemption to be extended to insurers who are not listed issuers.</p> <p>There are insurers that are still bound by the 'timeliness principle' in NZCS3. This requires them to make their climate-related disclosures at the same time as their financial reporting. However, as they are part of a larger Group, their financial reporting is determined by their Group's reporting so their timeframes are constrained. We propose an exemption to the timeliness principle in NZCS3 to give flexibility in the first few years to publish climate statements after their financial reporting if necessary, but still within the four months required by the FMC Act.</p>
3. Are you a CRE who will be affected by a mismatch of timing of other reporting requirements and preparation of climate statements? If so, would you rely on the proposed exemption notice?	<p>No, but ICNZ does represent general insurers who are CREs some of whom will be affected by a mismatch of timing. We know that these members would need to rely on an exemption.</p>

<p>4. If you are an affected CRE per question 3, please tell us if compliance with a three-month timeframe rather than four-month would be difficult, specifying why and how. Please also explain the impact if the exemption is not granted.</p>	<p>Those of our members that would encounter difficulties complying within a three-month timeframe tell us that this would occur in the initial few years and as described in our response to Q2.</p>
<p>5. Are the proposed conditions for the exemption appropriate? Should there be any additional conditions imposed? If so, please provide details.</p>	<p>We believe the proposed exemptions are appropriate if they are broadened to include other CREs facing the same timing constraints. We are not aware of any additional conditions that would be appropriate.</p>
<p>6. Do you expect any issues to arise from requiring CREs that rely on the exemption to include in their annual report the address of (or a link to) the Internet site where a copy of their climate statements will be accessible within four months after the entity's balance date? If so, please let us know your views on an alternative way to provide this information.</p>	<p>No, we do not see any material issues arising from the exemption.</p>
<p>7. Do you think a two-year term is appropriate for the proposed exemption relief? Please provide reasons why or why not. If not, please let us know your views on a suitable term.</p>	<p>Yes, we support the two-year exemption period.</p>
<p>8. Will the introduction of the GHG emissions assurance requirement from October 2024 make a difference to the necessary term of relief? Please specify why and how.</p>	<p>No.</p>
<p>9. If you think the class exemption should be granted, do you think that the proposed class exemption would be consistent with one or more of the purposes of the FMC Act? Please provide reasons for your answer.</p>	<p>Yes. The aims of the Act are to:</p> <ul style="list-style-type: none"> ensure the effects of climate change are routinely considered in business, investment, lending and insurance underwriting decisions.

	<ul style="list-style-type: none"> • help climate reporting entities better demonstrate responsibility and foresight in their consideration of climate issues. • lead to more efficient allocation of capital, and help smooth the transition to a more sustainable, low-emissions economy. <p>By allowing climate statements to be reported within a month after the financial reports or annual report still means these aims are met. The exemption simply recognises a practical timing challenge for a totally new reporting regime. Primary users will not be materially affected as they will know when the climate reporting will be made and how to access it.</p>
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<p>10. Are there any unintended consequences that may occur by implementing this proposal?</p>	<p>We are not aware of any unintended consequences that may occur.</p>
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Feedback summary – *if you wish to highlight anything in particular*

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Personal information gathered in this consultation will be handled in accordance with our Privacy Statement on our website www.fma.govt.nz.

Thank you for your feedback – we appreciate your time and input.