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BY EMAIL

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Climate Disclosure Unit
Market Conduct Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam

Climate-related Financial Disclosures Consultation
Summerset Group Holdings Limited ABN 59 164 228 399

Summerset Group Holdings Limited (**Summerset**) (hereafter "we" and "our") appreciates the opportunity to comment on climate disclosure reforms as part of the development of a broad sustainable finance framework for Australia. We have set out below some context on our business, and our response to the 'Climate-related financial disclosure Consultation Paper - December 2022' (**Consultation Paper**).

ABOUT SUMMERSET

Summerset was founded in New Zealand in 1997 and is now one of New Zealand's largest operators in the retirement village and aged care sector. We have 38 retirement villages either complete or under construction, and another twelve greenfield sites across New Zealand and Australia in the pipeline for further growth. Summerset is incorporated in New Zealand and listed on the New Zealand Stock Exchange (**NZX**) as SUM, with a secondary listing on the Australian Securities Exchange (**ASX**) as SNZ. As a company, we have shown consistent growth and are positioned strongly for the future.

Sustainability is well integrated into Summerset's business strategy, and we have a scientifically-aligned emissions reduction target that utilises the Science Based Initiative target setting tool. We are also the first net 'carbon zero' retirement village operator in New Zealand and offset any unavoidable emissions with gold standard carbon credits for our operations in New Zealand and Australia. Climate change risks, including emissions reporting, are regularly reported to our Board as part of our risk management process, and we are well placed to meet forthcoming disclosure requirements.

SUMMERSET'S SUBMISSION ON THE CONSULTATION PAPER

Summerset is broadly supportive of the standards and objectives outlined in the Consultation Paper. Our submission below is not intended to squarely respond to any enumerated question in the Consultation Paper, but touches upon key themes that are likely to be relevant in Treasury's consideration of responses to question 1 (the costs and benefits of aligning with international practice), as well as 'Potential Structures':

- **Support for compliance with common global baseline standards** - The current practice for climate and sustainability-related reporting includes a number of standards and interpretations, creating a global disclosure system that is inefficient and difficult to navigate for report preparers, and does not provide comparable information for report users. As a foreign-exempt issuer under Australian law, we strongly encourage the development of global baseline standards and encourage collaboration with regulators in other jurisdictions. Implementation of global baseline standards will improve consistency and comparability of reporting, produce more useful information for investors and eliminate the regulatory burden of complying with multiple mandatory disclosure frameworks with differing requirements. For this reason, we strongly endorse an approach that would enable use of a single report that would comply with the highest applicable disclosure standard to the entity (**International Standards**). This would deliver substantial efficiency savings for entities and avoid investors having to compare an entity's climate-related disclosures across multiple jurisdictions.
- **Avoiding the potential for burdensome duplication** – As Treasury would be aware, companies incorporated outside of Australia are currently exempt from the financial reporting requirements under Chapter 2M of the Corporations Act.¹ We note that page 10 of the Treasury Consultation states that: "*It is proposed that the overall regulatory framework for these requirements should be broadly consistent with the existing regulatory framework for financial reporting.*" Summerset lends its strong support to any proposal for the International Standards to be promulgated within Australia's prevailing financial reporting regulatory framework. This is to avoid the potential for foreign listed / registered entities to face burdensome duplicative reporting obligations under different (although substantively similar) requirements in multiple jurisdictions. Relevantly, from 2023 Summerset will already be required to comply with mandatory climate reporting standards issued by New Zealand's External Reporting Board pursuant to the Financial Reporting Act 2013 (NZ).
- However, in Australia, there remains the potential for the International Standards to be promulgated under laws that sit outside the scope of the prevailing financial reporting architecture. Treasury should remain alive to that potential and ensure that specific provisions to exempt foreign issuers are included where that is required to prevent the burden of dual sustainability reporting obligations from falling on entities with secondary listings on the ASX. A specific need to do so may arise, for example, should Treasury adopt Potential Structure 2 (Establish a Separate Sustainability Standards Board), or otherwise should the relevant sustainability reporting standards be structured to sit outside Australia's existing financial reporting framework architecture under the Corporations Act.

¹ Companies incorporated outside Australia, even though they might be a 'disclosing entity' for the purposes of Chapter 2M of the Corporations Act, are nevertheless not subject to Australian financial reporting and audit obligations - see section 285(2)(a) of the Corporations Act. This is subject to ASX Listing Rule 1.15.3, which requires an entity listed as an ASX Foreign Exempt Listing to continue to comply with the listing rules of its home overseas exchange, and to make a statement to ASIC and the market as to its continuing compliance.

FINAL COMMENTS

We thank you for your consideration of our feedback, and emphasise our support of initiatives that enhance the likelihood of achieving standardisation for all forms of climate-related disclosures across jurisdictions.

On behalf of Summerset,



Chief Financial Officer & GM Corporate Services
Summerset Group Holdings Limited