Response

Are you responding on behalf of an organisation, or as an individual? Individual (skip to Q8)
The full name of the organisation you are responding on behalf of (f relevant)
Will you be a climate-reporting entity after the definition is changed through the Financial Markets Amendment Bill?
Which of the following best describes your organisation?
Responding to this survey as: neither a primary user nor preparer
9. Do you agree with the proposed amendments to NZ CS 1 to permit exclusion of some financial activities? Partially
10. Why or why not? It makes sense to align with international standards. I would argue that excluding derivatives makes sense with the current data availability and methods, but should be included again later. Insurance related emissions should be maintained, while facilitated emissions could be removed as a requirement. However, it is also important that these different types of scope 3 emissions are not aggregated as they are so different in estimation and meaning of the metric that they are not additive measures. Financed emissions, insurance related emissions and facilitated emissions should never be summed into a single figure but rather reported seperately. All of these activities express emissions in the same physical unit (metric tonnes of carbon dioxide equivalent), but combining them into a single figure is prohibited by the Partnership for Carbon Accounting Financials (PCAF) and the GHG Protocol because it conflates fundamentally different forms of financial involvement, resulting in severe double-counting and misleading disclosures.
11. Do you agree that the proposed list of permitted exclusions (derivatives; insurance and reinsurance underwriting activities; capital market issuance activities) appropriately captures investment-related emissions that are not ‘financed emissions’? Partially
12. If not, what should be added or removed, and why? [see Exposure draft – Appendix B, paragraphs B6 and B9] I am not sure if I would say these are "investment-related". Especially for facilitated emissions, these are not considered "investment-related" emissions. While both financed and facilitated emissions sit within the broader context of financial sector carbon accounting, standards frameworks like the Partnership for Carbon Accounting Financials (PCAF) and the GHG Protocol strictly distinguish between the two based on the role the financial institution plays. Investment-related emissions stem directly from assets held on a financial institution's balance sheet. You own a fraction of the company or its debt, so you indirectly own a fraction of its

operational carbon footprint via your capital investment. Facilitated emissions arise from off-balance-sheet fee services. When an investment bank underwrites a corporate bond issuance, it acts as an intermediary or advisor. It helps the issuer raise money from the market, but the bank itself does not retain those bonds on its balance sheet as a primary investment. So I would not call these investment-related emissions.
13. Is the proposed 'may exclude' drafting clear and operable for your entity given the measurement standard you use (e.g., GHG Protocol Scope 3 Standard, ISO 14064-1, PCAF Standards)? [see Exposure draft – Appendix B, paragraph B9] Don't know
14. If not, what specific wording changes would improve it?
15. The ISSB added additional disclosures (IFRS S2 paragraphs 29B–29C) when an entity applies the IFRS S2 paragraph 29A relief. Do you agree that we should not add these additional disclosures into NZ CS 1, given NZ CS 1 already requires disclosure of exclusions under paragraph 24(d)? Yes
16. If not, what additional disclosure(s) would you consider useful for primary users (and why)?
17. Do you agree with the proposed inclusion of content from our existing staff guidance *Excluding GHG emissions sources — Considerations for preparers*, as authoritative (mandatory) application material within NZ CS 1? [see Exposure Draft – Appendix B, paragraphs B1 to B8] Don't know
18. If not, why not, and what would you suggest should be included or deleted?
19. Do you agree with the proposed mandatory date of 1 January 2027, with early adoption permitted? Yes
20. If not, what date would you suggest and why?
21. Do you agree with our assessment of the benefits and costs of the proposed amendments to NZ CS 1 including the impacts on primary users and climate reporting entities? Yes
22. Why or why not? In your response, please include any examples that illustrate the practical effects, such as costs or impacts on the usefulness or comparability of the proposed amendments.
23. Do you have any other feedback on the ED proposals?