

Perdure Carbon response to XRB consultation: request for information on climate reporting 2025

Perdure Carbon Limited is a sustainability project management consultancy based in Ōtautahi - New Zealand. We support multinational clients with combined approximate global turnover of USD\$1.1Trillion in 2024/2025. We focus on implementation and management of Greenhouse Gas Inventories, and both voluntary and mandatory sustainability reporting.

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?

In preparing global climate-related disclosures, the most important standards for us are the **ISSB's IFRS** and **GRI**. We particularly focus on the Metrics and Targets areas of these disclosures. Alignment with these standards helps ensure our clients' disclosures are comparable, credible, and globally relevant. We also monitor developments under the **EU CSRD** and **US SEC climate rules** (although currently dropped), as many of our clients have cross-border operations or supply chain exposure in both the US and Europe.

IFRS requires an entity to report against the **Green House Gas Protocol (GHGP)**, unless a jurisdiction requires another methodology. NZ-CS does not require a single methodology, but requires disclosure of the methodology applied. We recommend to change this to alignment with the GHGP standard, if not explicitly aligning with IFRS, because the GHGP is the most relevant globally. Although there is a risk as the GHGP is currently undergoing a review of both the corporate standard and Scope 3 standard so some elements may change. This would be alleviated with the XRB submitting feedback during any review processes the GHGP run, or aligning with IFRS to submit feedback that is consistent with their perspectives.

NZ-CS does not explicitly require disclosing Scope 2 Market-based emissions. If not aligning with IFRS then we recommend to add Scope 2 Market-based reporting into NZ-CS. This is especially relevant when contractual instruments such as NZ-REC's –and other Power Purchase Agreements are gaining traction as method of reducing Scope 2 emissions and this information is included in target setting.

IFRS does not state the number of years that should be disclosed and compared. NZ-CS requires three years (Current Year (**CY**) and previous two years) and we recommend retaining this. We recommend reporting Base Year (**BY**) data to enable accurate tracking of CY against BY and target achievement. The reason why is this is particularly useful when cross checking near and long-term Scope 1 & 2, and Scope 3 SBti approved targets, against base year data and viewing trends across multiple years.

Although some reporting frameworks require **sector specific disclosure, for example GRI**, we prefer the generic reporting across multiple sectors of NZ-CS to allow for consistent comparisons and ease of implementation across CRE's.

Materiality is an important consideration and an issue where different jurisdictions have different requirements. GRI has impact materiality, versus IFRS using financial materiality and CSRD is double materiality. Alignment between reporting frameworks helps with global corporate strategy and risk management, and reduces the resourcing required for reporting. We recommend continuing alignment with IFRS materiality.

Financial materiality relies on internal financial and risk data, whereas double materiality requires both internal and external data and involves broader governance structures, with new processes and partnerships to gather and validate data including cross functional collaboration. Although CSRD and member states are moving to a double materiality approach, and we find this tends to provide rich data from a (financial and impact) risk management perspective, the double materiality approach is far more resource intensive to implement and maintain. It increases the cost and complexity of performing the materiality assessment and external assurance/audit.

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?

Within NZ, we have only supported clients voluntarily reporting with NZ-CS and voluntarily obtaining limited assurance. Many of our international clients are already preparing for, or responding to, international disclosure requirements such as **GRI, IFRS, CDP, SECR** in the UK (SECR may be replaced by **UK SRS**), and clients voluntarily align with **EU CSRD**.

Aligning NZ-CS more closely with global standards now would reduce duplication of reporting and resourcing requirements, streamline governance/risk management and reporting processes, and enhance the utility of disclosures for domestic and international stakeholders. Early alignment to amend NZ CS positions NZ entities competitively in global markets and certainty for preparers. It is important alignment does not compromise the existing processes and understanding that entities have already gained since the introduction of NZ-CS. Therefore we recommend any changes should not be substantial.

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?

We recommend a **phased approach to greater alignment** of NZCS, rather than revoking NZ CS. This allows for a smoother transition for entities, consulting partners and assurance providers, and the ability to build capacity and provide guidance as standards evolve. This approach balances international relevance with domestic

applicability. We strongly recommend to not revoke NZ-CS as this would undermine the work and progress already achieved in setting up governance and reporting structures.

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?

From our experience, closer alignment with international standards:

- Improves the **quality and comparability** of disclosures domestically and internationally. This is particularly notable when benchmarking against peers with associated risks and opportunities using climate scenarios and comparing intensity and absolute metrics as there is better comparability and interoperability of reporting.
- Enhances **stakeholder confidence** in climate-related information.
- Supports **informed decision-making** by investors and boards.
- Encourages **strategic integration** of climate risk into governance and risk management frameworks for companies with global operations, where a consistent framework can be applied across geographies. Currently tailored risk management and climate governance is applied in separate geographic regions to align with local reporting requirements.

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?

Our clients are subject to many **voluntary or contractual disclosure obligations**, such as those under the **SBTi**, **SBTi NZ standard**, **TNFD**, and **CDP**. Signing up to supply chain disclosure platforms like **SEDEX** and **EcoVadis** is also sometimes required. Clients are often driven by supply chain requirements or investor mandates that are critical for maintaining business relationships, supply contracts and accessing capital.

We don't recommend that XRB focus on any of these. When CRE are required to report risk/opportunity including up and down the supply chain and Scope 1, 2 and 3 GHG emissions, the associated supply/value chain will have to adjust processes/procurement practices to collect supply chain risk/opportunity and GHG emissions.

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

Mutual recognition is very important. It would:



- Reduce the reporting burden for preparers operating in multiple jurisdictions.
- Enhance the credibility and acceptance of New Zealand disclosures internationally, and enable comparison of entities globally.

Perdure Carbon's team have been working in the sustainability reporting space for the past 15 years and the biggest issue we see is the resourcing required to align with myriad international disclosures. Reporting is an important task but with so many disclosures, a reporting team can end up being burdened with keeping up to date with global geographic changes, rather than the more important work of transition and decarbonisation. If mutual recognition alleviates reporting burdens across geographies, then this would be a great win for organisations to focus on what really matters to achieve net-zero.

We appreciate the opportunity to submit our views as part of the XRB's request for information.

Kind regards,

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