

Mindful Money submission:

RFI on International Alignment of Climate Reporting 2025

Mindful Money is a charity providing transparency on investment holdings and research for the investment sector. Climate change is a focus for our work, including publication of [annual surveys](#) on climate action by the NZ investment sector, undertaken jointly with the Centre for Sustainable Finance and the Investor Group on Climate Change. Mindful Money's focus is on providing information to support retail investors and asset owners, primary users of CRD reporting.

We commend the XRB for undertaking this review. It is a good time to do so, given the greater degree of clarity in international standards, particularly through IFRS S1 and S2, as well as AASB S2.

The following are three issues that would favour a greater degree of alignment. We consider the priority for alignment should be in strengthening comparability across CRD reporting, one of the key aims for climate disclosures.

1. More prescriptive standards are helpful for primary users

Mindful Money is currently undertaking research to provide information to primary users, so they can compare between fund managers. The ability to compare performance across Reporting Entities (REs) is at the heart of the aim of Climate Standards: “.... the objective of this Standard is to enable [primary users](#) to assess the merits of how entities are considering those risks and opportunities, and then make decisions based on these assessments. The ultimate aim of [Aotearoa New Zealand Climate Standards](#) is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.”

We will be required to make approximations in our comparative analysis. It is not possible to derive fully comparable data from CRD reports since there are considerable methodology differences between REs. We would favour the use of common methodologies to facilitate comparable reporting data where possible, and certainly for metrics such as GHG emissions.

As described in the XRB's Interoperability Overview between Australian and New Zealand reporting standards: “AASB S2 requires the application of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)³ for the measurement of GHG emissions, whereas NZ CS does not prescribe a particular standard.” This is particularly important for Scope 3 reporting where there are a wide range of decisions that need to be taken on measurement.

We would support alignment where there are benefits for comparability.

2. Specific quantitative measures are important for primary users

Our analysis of the CRD reports to date is they are lengthy and wordy but there are few specific measures that can be used to understand potential risks or opportunities, and to provide comparability. The requirement for specific summary information in international standards can be very helpful for users.

For example, the XRB's Interoperability Overview between Australian and New Zealand reporting standards notes that Australian standards include quantification:

- Additional information on current financial impacts and anticipated financial impacts after planned responses
- Additional disclosures around transition planning, especially in relation to mitigation and adaptation efforts and dependencies as well as quantitative and qualitative progress against those plans disclosed in prior periods
- Requirement to disclose both the amount and percentage of assets or business activities vulnerable to climate-related transition risk and physical risk, and those that are aligned with climate-related opportunities
- Specific information on financed emissions for those managing financial assets
- Additional disclosure on all targets, including the use of carbon credits
- Revised comparatives for changes in estimates and new metrics

3. Avoidance of additional reporting

New Zealand is a recipient of portfolio investments from abroad, and particularly from Australia, UK and the EU. Given that reporting under NZ CS does not fully comply with standards in those countries, overseas investors are likely to be required to add additional information on their New Zealand investments. This is potentially a barrier to inward portfolio investment and should be avoided wherever possible.

4. Inclusion of climate Impacts

Mindful Money has previously submitted on the need to provide information on climate impacts for primary users, not only the risks and opportunities that may affect the value of companies and asset portfolios. The impacts that companies and managers of financial assets have on the climate is important information for primary users in allocating investment, as shown in [annual surveys of the New Zealand public](#).

This approach (double materiality) in climate reporting is embodied in the EU's standards. We recommend that this be considered for alignment with the EU, an important trading partner for New Zealand and a source of portfolio investment.

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