Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Proposed 2025 Amendments to Climate and Assurance Standards

Consultation document

Consultation closes
5pm, 24 September 2025

3 September 2025

Contents

Part 1: We are consulting on the proposed extension of certain adoption provisions

1. Purpose of this document

We are seeking views about our proposal to extend the adoption provisions (APs) relating to the reporting and assurance of scope 3 greenhouse gas (GHG) emissions and the AP for the reporting of anticipated financial impacts (AFIs) by two further reporting periods.

2. These requirements are important and we acknowledge the efforts being made

The disclosure and assurance of scope 3 GHG emissions and the disclosure of AFIs are integral components of the climate-related disclosure framework.

The disclosure and assurance of scope 3 GHG emissions is important because these emissions often represent significant climate-related risks and opportunities for entities, support credible transition planning, and are an increasingly common international ask for access to capital. Mandatory reporting enhances transparency to support investor decision making, and assurance enhances trust and confidence in the information, reducing the risk of greenwashing.

The disclosure of the AFIs of climate-related risks and opportunities enables investors and stakeholders to assess how these factors may affect an entity's financial position, financial performance, and cash flows over time. These disclosures improve transparency, support informed decision making, and help demonstrate the credibility of an entity's strategy and transition planning.

We acknowledge the significant implementation efforts of climate reporting entities (CREs) in disclosing scope 3 GHG emissions and AFIs. We also acknowledge the efforts of assurance practitioners to assure scope 3 GHG emissions. Sometimes, it is only when implementation efforts are undertaken that the nature and extent of any challenges become apparent.

3. Make a submission using our online survey

The consultation closes at 5pm on Wednesday 24 September 2025. We are seeking submissions through an online survey given the short duration of the consultation period. All submissions will be published on the XRB website unless confidentiality is requested.[1]

The consultation period is three weeks because of the targeted nature of the consultation and because we want to communicate any decisions based on the feedback received as soon as possible as any amendments to the relevant standards would need to apply for reporting periods beginning on or after 1 January 2025. We are intending to make and communicate our decisions on any amendments to the standards in October 2025.

We have not prepared an exposure draft of the proposed changes to the standards because it is clear how the amendments associated with the change options would be drafted in the relevant standards. They would be the same as the changes that were made in November 2024, but with different reporting periods and/or dates. See Proposed 2024 Amendments to Climate and Assurance Standards. The below sections explain the timing consequences of the proposed changes.

The FMA have indicated that they would issue any necessary exemptions to support the implementation of any AP extension(s).

[1] Submissions are subject to the Official Information Act 1982 and the Privacy Act 2020. The XRB will handle information in accordance with these Acts. If you object to the release of any information in your submission, please identify the specific parts and the reasons under the Official Information Act 1982. We reserve the right not to publish defamatory submissions.

Part 2: Scope 3 GHG emissions reporting and assurance

4. We propose extending the scope 3 reporting and assurance APs by a further two years

We propose extending together the following APs in NZ CS 2 *Adoption of New Zealand Climate Standards* by two further reporting periods (proposed amendments are shown by underlining new text and ~~striking through~~ deleted text):

Adoption provision	Status quo	Proposal
AP 4: Scope 3 GHG emissions	Although disclosure of scope 3 greenhouse gas (GHG) emissions is encouraged for all entities on adoption of Aotearoa New Zealand Climate Standards, this Standard provides an exemption from this disclosure requirement in an entity's first reporting period and second reporting period. An entity may choose to apply the adoption provision in this paragraph to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. If an entity discloses a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.	Although disclosure of scope 3 greenhouse gas (GHG) emissions is encouraged for all entities on adoption of Aotearoa New Zealand Climate Standards, this Standard provides an exemption from this disclosure requirement in an entity's first reporting period, ~~and~~ second reporting period, third reporting period and fourth reporting period. An entity may choose to apply the adoption provision in this paragraph to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. If an entity discloses a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.
AP 8: Scope 3 GHG emissions assurance	For accounting periods ending before 31 December 2025, this adoption provision allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1). This means that the assurance of the entity's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December 2025. For the avoidance of doubt, if adoption provision 8 is used, the entity's scope 1 and scope 2 GHG emissions disclosures must be the subject of an assurance engagement (see paragraphs 25, 26(a)(i) and (ii), 26(b) and 26(c) of NZ CS 1).	For accounting periods ending before 31 December ~~2025~~2027, this adoption provision allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1). This means that the assurance of the entity's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December ~~2025~~2027. For the avoidance of doubt, if adoption provision 8 is used, the entity's scope 1 and scope 2 GHG emissions disclosures must be the subject of an assurance engagement (see paragraphs 25, 26(a)(i) and (ii), 26(b) and 26(c) of NZ CS 1).

We are proposing the same extension for both the reporting and assurance APs, similar to the way in which we amended the APs in November 2024.

See Appendix 1 for a table showing the effect of these proposals and a comparison with the timings of the Australian climate reporting regime.

Note that:

- AP 5 which relates to comparatives for scope 3 GHG emissions, and AP 7 which relates to analysis of trends, would also be extended for the same period as any extension to AP 4
- paragraph 26 in NZ CS 2 that states that if an entity elects not to use AP 4 it may still use AP 8, would remain unchanged

- NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* would also be amended to ensure consistency with AP 8. The proposed amendment to NZ SAE 1 would require a change to one date stated in two places in paragraph 7A (see Figure 1).

Figure 1: Amendment to NZ SAE 1, assuming any changes are made

7A. In accordance with paragraph 24 of NZ CS 2, a Climate Reporting Entity may use adoption provision 8 so that scope 3 GHG emissions disclosures are excluded from the scope of the assurance engagement in relation to accounting periods ending before 31 December ~~2025~~2027. This means that the assurance of scope 3 GHG emission disclosures will apply in relation to accounting periods ending on or after 31 December ~~2025~~2027.

5. We are consulting based on feedback from CREs and assurance practitioners

The XRB's role as a standard setter requires us to stay informed about issues relating to implementing new standards and responding as appropriate. During our recent consultation on the international alignment of climate reporting, we heard that the disclosure and assurance of scope 3 GHG emissions was continuing to be a challenge for CREs.

In August 2025, we conducted a series of targeted follow-up meetings with CREs, assurance practitioners and data providers, to understand these issues in more detail. We consider that what we heard warrants the XRB consulting on extending these APs.

6. We heard that the disclosure of scope 3 GHG emissions is more complex and burdensome than anticipated

CREs told us that implementation issues arising from efforts to disclose scope 3 GHG emissions are, at present, causing undue costs and reducing comparability between CREs, and that these requirements are more complex and burdensome than had been anticipated. They raised issues including:

- significant uncertainties in relation to boundary definition and scope creep, particularly in relation to facilitated emissions (both for investment banking and the provision of services), insurance-associated emissions, and the application of GHG Protocol categories such as 'use of sold products'
- methodological gaps and interpretation issues, especially due to the absence of sector-specific guidance in an uncertain and evolving international landscape, most notably in relation to investment banking facilitated emissions and insurance-associated emissions
- concerns about the potential misinterpretation of absolute financed emissions disclosures due to misalignment of disclosure with actual climate impact (and a lack of investor understanding of this misalignment). The quantity of financed emissions reported is primarily driven by the volume of the loan book rather than real economy emissions reductions or increases
- general data availability and quality issues, including in relation to financed emissions
- New Zealand being potentially 'out of step' with international requirements. The ISSB has recently consulted on limiting the disclosure of financed emissions to those defined in IFRS S2, which excludes derivatives and other financial activities including those related to investment banking (facilitated emissions), and insurance and reinsurance underwriting (insurance-associated emissions). This means that disclosure of these emission sources is required under

NZ CS but (potentially) not under IFRS S2. This is important for entities that have an international parent, including an Australian parent

- high cost and resource burden, including data collection and system upgrades, where the work to quantify some categories of emissions may not provide useful information, or may be of limited value, for primary users or the entity itself
- disproportionate impact on smaller CREs, particularly with the current lack of clarity in relation to scope and boundaries for the reporting of GHG emissions
- resources being diverted from actual emissions reduction or adaptation efforts.

We also note that due to these data quality, methodological gaps and boundary uncertainties, the disclosure reliability and comparability may not be as useful as anticipated to primary users.

7. We heard that the assurance of scope 3 GHG emissions assurance is challenging and costly

We have been actively monitoring the assurance obtained over scope 3 GHG emissions disclosures in the climate statements. Increasing numbers of CREs are reporting scope 3 GHG emissions sources and having these assured, noting however that most managers of registered schemes have not yet reported or obtained assurance over scope 3 GHG emissions disclosures.

During our targeted follow-up meetings, we heard that:

- Service Organisation Control Type 2 (SOC 2) reports, which cover the description, design and operating effectiveness of controls in place, and that can be used by assurance practitioners, are still not widely available. An important reason for the extension by one year for the assurance requirements in the 2024 amendments to the standards was that we were informed by data providers that SOC 2 reports would be available in 2025. In our recent meetings, we were informed that these reports are either not currently available in a useful format or for useful periods, and in general, are also not likely to be available in 2026. From an assurance perspective, evidence may be obtained in other ways to support financed emissions disclosures, but we heard that this may have associated cost or resourcing impacts
- scope 3 GHG emissions information can be obtained from sources outside of the entity's control, for example, directly from suppliers or other parts of the value chain. Systems are still emerging to enable reliable data. Some entities have received feedback from their assurance practitioners that the current quality of the data would result in a qualified assurance report. These entities have indicated that they believe this makes the assurance of limited value
- New Zealand is 'out of step' with the timing of international requirements in relation to assurance over scope 3 GHG emissions. For example, the assurance timing requirements that were confirmed by the issue of Australian Standard on Sustainability Assurance ASSA 5010 requires assurance of scope 3 GHG emissions disclosures for entities from their second year of reporting (reporting periods starting between 1 July 2026 and 30 June 2027 for group 1 entities and one and two reporting periods later for group 2 and group 3 entities respectively). See Appendix 1.

8. We heard that further time for scope 3 reporting and assurance would provide benefits

We are aware that what is happening in other jurisdictions impacts New Zealand. Other jurisdictions (such as Singapore and the European Union) are either delaying the introduction of, or amending the requirements for, scope 3 GHG reporting. These changes have the potential to impact on the availability of data and development of calculation methods for scope 3 GHG emissions reporting.

And, as noted above, some CREs (or their parent) have reporting and assurance obligations under the Australian climate-related disclosure framework. Aligning the New Zealand disclosure and assurance timing more closely to Australia may reduce their costs.

Domestically, we heard that more clarity and support are needed in relation to scope 3 GHG emissions disclosure and assurance. We were also told that CREs need more time to obtain access to quality data.

Specifically, we heard that an extension to both AP 4 and AP 8 together would provide time for:

- the XRB to produce and support additional guidance material and clarifications, and introduce differential reporting if warranted depending on Government's decisions about the CRD regime
- helpful information to become available from other local and international sources
- greater clarity to emerge about inclusions and boundaries for scope 3 GHG emissions, together with specific climate-related disclosure obligations in other jurisdictions
- CREs to upskill and improve their systems and processes
- data providers to continue to work towards an industry-wide solution for assurance requests from multiple customers (SOC 2 reports).

We acknowledge the efforts being made to report and assure scope 3 GHG emissions and note their integral importance to the climate-related disclosure framework. However, we are hearing that for some entities, the costs of reporting and assurance are, at present, outweighing the benefits of obtaining this information and the benefits to users of this information.

Based on what we heard, to achieve a better cost-benefit outcome, and to achieve better alignment of the New Zealand and Australian reporting frameworks, we consider a two-year extension to AP 4 and AP 8 together to be appropriate.

We consider that the same extension for reporting and assurance is appropriate to provide additional time for methods and systems to improve to enable both the reporting, and the required assurance, over scope 3 GHG disclosures. There is flexibility in the APs to encourage entities to continue to progress reporting, with or without assurance for a limited time. During the proposed extension of the APs, CREs may consider engaging their assurance practitioner in assurance readiness assessments.

Part 3: Anticipated financial impacts

9. We propose extending the AFIs AP by a further two years

We propose extending AP 2 by two further reporting periods (proposed amendments are shown by underlining new text and ~~striking through~~ deleted text):

Adoption provision	Status quo	Proposal
AP 2: Anticipated financial impacts	This Standard provides an exemption from this disclosure requirement in an entity's first reporting period and second reporting period.	This Standard provides an exemption from this disclosure requirement in an entity's first reporting period ~~and~~, second reporting period, third reporting period and fourth reporting period.

Note that paragraphs 13 and 14 of NZ CS 2 that provide related exemptions regarding time horizon descriptions and being unable to disclose quantitative information would remain unchanged.

10. We are consulting because of significant international uncertainty about AFIs and the need to provide more clarity and support to CREs

Very recent developments have highlighted significant international uncertainty about what is expected from AFIs disclosures. We have heard that this uncertainty creates a challenging context for CREs, particularly when comprehensive 'how to' guidance is still in development.

International uncertainty

The XRB aims to ensure our standards are aligned with internationally recognised standards. This approach ensures the credibility of our standards, and the consistency, and comparability of financial and non-financial information across borders, fosters investor and user confidence and supports efficient capital markets. However, in this context, recent developments suggest significant uncertainty about how international practice will evolve in relation to the disclosure of AFIs, including whether it will remain necessary to quantify AFIs.

The ISSB very recently published educational material on the disclosure of AFIs[2] to provide further clarity on their expectations of quantitative AFIs disclosure. This guidance has explained that IFRS S2 (and therefore AASB S2 which is based on IFRS S2) does not require entities to disclose quantitative AFIs information if:

- the impacts are not separately identifiable; or
- the level of measurement uncertainty involved in estimating those impacts is so high that the resulting quantitative information would not be useful; or
- the company does not have the necessary skills, capabilities or resources.

ESRS E1 requires companies to quantify AFIs. However, it is possible that this will also change. EFRAG will provide advice to the European Commission by 30 November 2025 about how to revise and simplify all 12 ESRS. This will include advice about whether to retain or remove the AFIs quantification requirement under ESRS E1.

How these international developments may impact primary user expectations about AFIs disclosures made in New Zealand climate statements is unclear.

[2] AFIs are known as anticipated financial effects in IFRS S2 and AASB S2.

In NZ CS, AFIs disclosure is required under paragraph 15(b) of NZ CS 1, but paragraph 15(d) states that, if an entity is unable to disclose quantitative information for paragraph 15(b), the entity must explain why that is the case. In our NZ CS 1 Guidance for all sectors, we note that:

> *Where financial impact information is provided quantitatively, an entity should consider using range estimates. Disclosing a range enables an entity to communicate the estimation uncertainty of potential outcomes. If the outcome is considered to be relatively certain and unambiguous, a single value may be more appropriate than a range. (page 29)*

We also note, in relation to the quantification of current impacts:

> *where quantitative financial impact data cannot be reliably sourced, primary users will see the value in qualitative, descriptive information, providing they feel confident regarding the rigour and transparency of the entity's efforts to provide it. (page 19)*

Providing more clarity, support and time

As noted above, we have heard concerns from CREs regarding AFIs disclosure, particularly the uncertainty of the expectations regarding this disclosure requirement before comprehensive 'how to' guidance is made available. In July 2025, we published staff guidance on framing the internal conversations on AFIs which we consider gives entities a sufficient basis from which to begin their disclosure journey. However, we are aware that more detailed 'how to' guidance is not yet available.

We are working with the New Zealand Society of Actuaries to develop further AFIs guidance. Nonetheless we acknowledge that even if it is published by the end of 2025, this is unlikely to provide sufficient time to embed this more practical guidance before disclosures are required.

Particularly where practice is new and expectations are uncertain, our implementation experience of NZ CS to date shows how important it is to give sufficient lead in time to new mandatory requirements. This also applies to giving adequate time to embed guidance materials, and to ensure an understanding of the range of disclosures that may provide material information to primary users (noting that some methods/disclosures can be more sophisticated or granular and others less so, depending on user needs).

We consider a two-year extension to AP 2 to be appropriate to allow guidance materials to become embedded and more clarity on international requirements to be available.

Part 4: Consultation questions

These are the consultation questions in the online survey

Scope 3 GHG emissions disclosure and assurance (AP 4, AP 5, AP 7 and AP 8)	
1.	Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended? Please give reasons for your answer. – *No* – *Yes, by one year* – *Yes, by two years (the XRB's proposal)* – *Yes, by three years* – *Yes, by four or more years*

Anticipated Financial Impacts (AP 2)	
2.	Should AP 2, which relates to anticipated financial impacts, be extended? Please give reasons for your answer. – *No* – *Yes, by one year* – *Yes, by two years (the XRB's proposal)* – *Yes, by three years* – *Yes, by four or more years*

Any other comments	
3.	Do you have any other comments?

Glossary

AASB S2	Climate-related disclosures – A mandatory standard issued by the Australian Accounting Standards Board in September 2024
AFIs	Anticipated financial impacts of climate-related risks and opportunities reasonably expected by an entity
AP	Adoption provision(s) – Adoption provisions, which are defined in NZ CS 2, provide time-limited exemptions from certain requirements in NZ CS 1
AP 2	Adoption provision 2: Anticipated financial impacts
AP 4	Adoption provision 4: Scope 3 GHG emissions
AP 5	Adoption provision 5: Comparatives for Scope 3 GHG emissions
AP 7	Adoption provision 7: Analysis of trends
AP 8	Adoption provision 8: Scope 3 GHG emissions assurance
ASSA 5010	Australian Standard on Sustainability Assurance ASSA *5010* – *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Australian Auditing and Assurance Standards Board in January 2025
CRE	Climate reporting entity – See the definitions for each category of CRE in sections 461O-S of the Financial Markets Conduct Act 2013
EFRAG	European Financial Reporting Advisory Group – EFRAG makes recommendations to the European Union about financial reporting and sustainability reporting standards
ESRS	European Sustainability Reporting Standard[3]
ESRS E1	The ESRS on Climate Change
FMA	Financial Markets Authority
GHG	Greenhouse gas(es)
IFRS S2	Climate-related disclosures – A standard issued by the International Sustainability Standards Board in June 2023
ISSB	International Sustainability Standards Board
NZ CS	Aotearoa New Zealand Climate Standards
NZ CS 1	Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures
NZ CS 2	Aotearoa New Zealand Climate Standard 2: Adoption of Aotearoa New Zealand Climate Standards
NZ SAE 1	New Zealand Standard on Assurance Engagements 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures
SOC 2	A System and Organisation Control Type 2 report is an independently assured report on the description, design and operating effectiveness of controls at a service organisation
XRB	External Reporting Board

XRB STANDARDS NAVIGATOR

Standards are available on the XRB Standards Navigator
https://standards.xrb.govt.nz/standards-navigator/

[3] As referred to in section 10, the proposed simplification of sustainability reporting under the Corporate Sustainability Reporting Directive is part of an Omnibus package of reforms published by the European Commission on 26 February 2025 to simplify European Union rules, boost competitiveness and unlock additional investment capacity.

Appendix 1: Scope 3 GHG emissions – How New Zealand and Australia would compare

New Zealand	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**
Reporting periods starting during…	The 2025 calendar year	The 2026 calendar year	The 2027 calendar year	The 2028 calendar year	The 2029 calendar year	The 2030 calendar year
Status quo retained	Disclosure and limited assurance of scope 3 required					
1 year extension of all scope 3 exemptions	No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required				
2-year extension (the proposal)	No scope 3 disclosures or assurance required		Disclosure and limited assurance of scope 3 required			
3-year extension	No scope 3 disclosures or assurance required			Disclosure and limited assurance of scope 3 required		

Australia	**Year 1 (18 months) ***	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
Reporting periods starting between…	1 January 2025 and 30 June 2026	1 July 2026 and 30 June 2027	1 July 2027 and 30 June 2028	1 July 2028 and 30 June 2029	1 July 2029 and 30 June 2030	1 July 2030 and 30 June 2031
Group 1 entities	Reporting starts. No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required		
Group 2 entities	No scope 3 disclosures or assurance required	Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required	
Group 3 entities	No scope 3 disclosures or assurance required		Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required

* Year 1 has been defined as 18 months in Australia. This means that Year 1 applies twice for Group 1 entities with reporting periods starting between 1 January and 30 June and once for Group 1 entities with reporting periods starting between 1 July and 31 December. For an explanation of the Group 1, 2 and 3 entity thresholds, see page 13 of the Australian Securities & Investments Commission's Regulatory Guide 280 on Sustainability Reporting.