



## **Submission to the External Reporting Board (XRB)**

### **Re: Proposed 2025 Amendments to Climate and Assurance Standards**

### **Submitted on behalf of the Boutique Investment Group (BIG)**

**Date: 24 September 2025**

The Boutique Investment Group (BIG), on behalf of the licensed MIS managers listed in Appendix 1, welcomes the opportunity to comment on the XRB's proposed 2025 amendments to climate and assurance standards.

### **Support for Proposed Amendments**

BIG supports the XRB's proposal to extend the adoption provisions for:

- Scope 3 greenhouse gas (GHG) emissions reporting and assurance; and
- Reporting of anticipated financial impacts (AFIs);

by two further reporting periods.

We acknowledge the XRB's responsiveness to feedback from Climate Reporting Entities (CREs) and assurance practitioners, and agree that additional time will help address the practical challenges and complexities associated with these disclosures.

### **In particular, we note:**

- The methodological and data challenges in quantifying Scope 3 emissions, especially financed and facilitated emissions in the investment management context.
- The resource burden and potential for disproportionate impact on smaller CREs (noting MBIE's work on thresholds for regime inclusion).
- The limited availability of assurance-ready data, which may otherwise result in qualified assurance reports.
- Ongoing international uncertainty, with global standards still evolving.

Given the significant uncertainty and inconsistency in current methodologies and data availability, mandating reporting and assurance currently risks undermining trust and confidence in the regime. It is difficult for end users (primarily our investors) to compare and interpret results, which leads to limited practical reliance on the disclosures. We commend the XRB for proposing pragmatic relief that maintains the integrity of the climate reporting regime while allowing entities time to build capability and systems.

## **Broader Climate Reporting Review**

While supportive of these temporary amendments, BIG strongly encourages that this relief should not deter MBIE from progressing its broader review of the climate reporting regime in New Zealand.

We believe some immediate changes are needed to address the disproportionate burden the regime places on MIS Managers, in particular entities below a certain scale. The regime was not originally established with Managed Investment Schemes as its primary focus, and the work involved in preparing disclosures substantially differs from that required for other Climate Reporting Entities, as has been recognised by the XRB. Even with the proposed relief, the regime may fail to produce actionable insights for end users or effectively support the allocation of capital towards activities aligned with the transition to a low-emissions, climate-resilient future. We support revisiting thresholds to exclude sub-scale entities and schemes from the regime, alongside a continued focus on producing meaningful information for end users.

In the longer term, a comprehensive review is essential to:

- Ensure proportionality and scalability across different types and sizes of entities.
- Address sector-specific challenges, particularly for investment managers.
- Support effective and meaningful disclosures that engage investors.
- Ensure director liability provisions appropriately reflect the inherently qualitative and uncertain nature of climate reporting.
- Promote processes that genuinely help businesses consider and respond to climate risk, driving real-world positive climate outcomes.
- Resolve the apparent mismatch between the long-term speculative nature of climate risk and current auditing concepts.
- Incorporate learnings from other jurisdictions that make sense in the New Zealand scale and context.
- Minimise burdens and complexity while achieving the above goals.

BIG looks forward to engaging constructively with MBIE and XRB in future consultations to help shape a climate reporting framework that is robust, practical, and fit for purpose.

## **Further Changes to XRB Adoption Provisions**

There remain several uncertainties around how the climate reporting landscape will evolve. In particular:

- MBIE's broader review may or may not result in changes to the statutory framework.
- Australia has developed its climate reporting regime on paper, but has yet to implement it. It is unlikely that every aspect of their regime will be right first time.
- Practical considerations remain around how quickly and efficiently uncertainties—such as data availability and auditor capacity for Scope 3 and future impacts—will be resolved.

In light of this, while we support the XRB's proposal for a two-year delay to certain standards, we encourage the XRB to remain open to further reconsidering these timelines as the broader context evolves.

**Conclusion**

We appreciate the XRB's continued leadership and consultative approach in developing New Zealand's climate-related disclosure standards. The proposed amendments are a welcome step, and we urge that they be implemented in a way that complements and informs the broader policy and regulatory review underway.

Please do not hesitate to contact us should you require further input or clarification.

Submitted by:

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Chair, Boutique Investment Group (BIG)

## Appendix 1

Amova Asset Management New Zealand Limited

Booster Investment Management Limited

Fisher Funds Management Limited

FundRock NZ Limited

Generate Investment Management Limited

Harbour Asset Management Limited

Kernel Wealth Limited

Mint Asset Management Limited

New Zealand Funds Management Limited

Pie Funds Management Limited

Salt Investment Funds Limited

Simplicity NZ Limited