

From:
To:
Subject: FW: Proposed 2025 Amendments to Climate and Assurance Standards submission
Date: Thursday, 25 September 2025 11:37:09 am

FYI

From: KPMG
Sent: Thursday, 25 September 2025 11:36 am

1. Should AP4, AP5, AP7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions be extended? Please give reasons for your answer.

We do not support a blanket extension of these adoption provisions for all Climate Reporting Entities (CREs).

Key comments:

- **Acknowledgement of Challenges:** We recognise that producing high-quality Scope 3 emissions data is complex and that improvements in data quality take time. For some entities, particularly those reporting financed or insurance-associated emissions, deferral may be beneficial while they work to obtain reliable data. However, we do not support a universal deferral across all Scope 3 emission categories, as we have found that sufficient data regarding most Scope 3 emissions categories is available and these emissions can and is being assured for certain entities already.
- **Importance of Scope 3 Emission Reporting:** Scope 3 emissions often form the majority of a CRE's total GHG emissions. Excluding them would lead to their GHG inventory being less meaningful and diminishes the usefulness of disclosures for stakeholders assessing climate impact and progress against reduction targets. This would not align with the intent of the climate reporting regime.
- **Existing Flexibility in Methodologies:** Internationally recognised standards such as the GHG Protocol Corporate Value Chain (Scope 3) Standard already provide flexibility in measurement approaches, including the use of estimation methods where accurate data is unavailable. This enables entities to report meaningfully even in the absence of accurate data.
- **Guidance on Emissions Exclusions:** The XRB's recent guidance on emissions exclusions addresses scenarios where data or methodologies are lacking. This provides a legitimate pathway for entities to transparently disclose limitations without needing to defer reporting entirely. We feel that this guidance should be included into the Standard itself to provide certainty to entities.
- **Accountability During Deferral:** Consistent with our previous submissions (dated 23 September 2022 and 30 October 2024), we believe that any CRE deferring Scope 3 emissions reporting should also be required to disclose their roadmap to full compliance. This need not

be onerous but rather a summary at a level for primary users to understand the entity's commitment to improvement, to enhance accountability and reduce the risk of non-compliance in subsequent periods.

In summary, rather than a blanket extension, we recommend a more targeted approach that allows deferral only where justified, accompanied by mandatory disclosure of a plan to reporting a full GHG inventory this is aligned with our prior submissions. This would support CREs facing genuine challenges while maintaining the credibility and momentum of New Zealand's climate reporting framework.

2. Should AP2, which relates to anticipated financial impacts, be extended? Please give reasons to your answer.

Yes – by four years.

- **Alignment with ISSB Standards:** We note that the current NZ CS wording on AFIs is substantively aligned with the ISSB standards, though phrased differently. To avoid confusion and potential misinterpretation, we recommend that the XRB consider harmonising the language with the ISSB standards where the underlying requirements are the same.
- **Time to mature:** Additional time will allow entities to mature in their other disclosures and for them to fully and appropriately identify their Risks and Opportunities and therefore their Anticipated Financial Impacts.
- **Need for Guidance:** While we support the extension, we emphasise that CREs require more detailed guidance to comply effectively with the anticipated financial impacts (AFI) requirements. The XRB should consider the time required to develop and consult on this guidance to ensure it is practical and sector-relevant. The release of further guidance is similar to what is being seen in the international market.
- **Time to Build Capability:** Even after guidance is issued, CREs will need sufficient time to develop internal frameworks, processes, and controls to be assurance-ready. In our view, a three or four-year extension provides a more realistic timeframe for this transition.

3. Other comments

Our overall views on first-time adoption of the climate standards as expressed in our submission dated 23 September 2022 have not changed.

If you have any questions or would like to discuss any of the points above please reach out to us and we can arrange a call.

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