Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 14

Company Name

Chapter Zero New Zealand / Institute of Directors

Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

The Institute of Directors and Chapter Zero New Zealand strongly support mandatory climate-related financial disclosures, including the disclosure and assurance of Scope 3 emissions, as these provide critical insights into transition risk, value chain dependencies and the credibility of transition plans. However, we agree with the XRB’s pragmatic proposal for a two-year extension. We note that: • Scope 3 reporting and assurance is proving significantly more complex and burdensome than anticipated, both in terms of data availability, methodological gaps and assurance readiness. • International frameworks, including IFRS S2 and the emerging Australian regime, are still evolving. A short extension ensures New Zealand remains aligned with practice emerging globally while avoiding imposing requirements that may soon diverge from international standards. •The proposed extension is supported by direct feedback from climate reporting entities and assurance providers and recognises the disproportionate impact on smaller entities at this stage of implementation. We also note that the standards already encourage disclosure and that entities may continue to report Scope 3 emissions and may undertake assurance readiness assessments, but the extension allows flexibility while systems, data and methodologies mature.

Should AP 2, which relates to anticipated financial impacts, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

We support the proposed two-year extension given the significant international uncertainty around anticipated financial impacts (AFIs) reporting. As the ISSB has recently clarified, qualitative information is permissible where quantitative data is not separately identifiable or where estimation uncertainty is too high to provide decision-useful information. This aligns with NZ CS 1, which already allows qualitative disclosure where quantitative information cannot reasonably be produced. Ultimately, the aim of climate-related reporting is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future – and we recognise that anticipated financial impacts are a core component of this. While the extension would technically allow entities not to disclose anticipated financial impacts during the adoption period, we consider it important to reinforce that these disclosures are central to the purpose of the regime. The additional time should therefore be seen as an opportunity to build readiness, ensuring that once the provisions take effect, entities are able to provide meaningful disclosures, whether qualitative or quantitative. It also provides an opportunity for the XRB to prepare further guidance.

Any other comments

We remain fully supportive of the climate-related disclosures regime, however, we reiterate points made in our earlier submissions: • Timing and implementation: If capital markets reform and differential reporting settings had already been resolved, there may have been less need for “stop gap” measures such as further adoption provision extensions. • Consistency with international practice: Alignment with Australia and IFRS S2 remains critical for New Zealand’s credibility, efficiency and access to capital markets. • Policy context: We are aware that Government still intends to progress legislation around climate-related director liability and reporting thresholds, though this may be delayed due to legislative constraints. These wider policy signals should be considered alongside the Standards to avoid piecemeal adjustments. • Market confidence: Investors and stakeholders rely on Scope 3 and AFI disclosures as decision-useful inputs. Any extension should not weaken the message that these disclosures are integral to understanding financial risk and opportunity, nor slow progress by preparers in building systems and capabilities. In conclusion, we support the XRB’s pragmatic proposal for two-year extensions.