

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 50

Company Name

Investor Group on Climate Change

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

No

Please give a reason for your answer

IGCC recommends that the question of disclosure and assurance be dealt with separately. We do not support extension of Scope 3 disclosure but see a case for a minor extension of the assurance requirements. -- Disclosure (AP 4, AP 5, AP 7) -- The IGCC does not support the extension of APs related to Scope 3 disclosure. Investors are increasingly taking account of the size and sources of a company's material scope 3 emissions. Relevant disclosures provide investors with valuable insights into climate-related risks and opportunities in the company's value chain that could affect the company's financial performance and valuation if not appropriately managed. See: IGCC (2024) Uses and Limitations of Investee Scope 3 Emissions. <https://igcc.org.au/new-in-depth-resource-uses-and-limitations-of-investee-scope-3-disclosures-for-investors>. The IGCC notes that the scope 3 disclosure requirements under the NZ CS have already been delayed by one year following market consultation. The proposed extension of a further two (or more) years, is unlikely to resolve the challenges associated with collecting and estimating this data. Rather, by getting started with the implementation of scope 3 disclosures, Climate Reporting Entities (CREs) will be in better position to develop the necessary capabilities to identify the most material sources of scope 3 emissions, improve their ability to collect this data by engaging with entities in their value chain, and take up emerging market solutions. We note that the XRB's recent publications Excluding Emissions Sources and GHG Emissions Uncertainty and Data Quality offer CREs significant guidance in this area, including how to deal with imperfect and uncertain data. CREs also have access to educational material from other sources such as the AASB in Australia and IFRS Resource Database. For Managed Investment Scheme (MIS) managers with CRD reporting obligations, their scope 3 emissions related to their investments will be the most significant source of emissions. Many MIS managers are already choosing to disclose this information, as indicated in the XRB's recent assurance snapshot (Sept 2025). -- Assurance (AP 8) -- Assurance is an integral part of an effective climate disclosure regime, giving end-users confidence when making investment decisions based on that information. There is a case for further delaying assurance adoption provisions requirements by one year. The extension would give CREs time to improve their internal systems and processes for disclosure, and bring assurance timelines more in line with Australian assurance requirements (where limited assurance of scope 3 disclosures is required for the largest entities (Group 1) with reporting periods starting 1 July 2026). See: <https://auasb.gov.au/news/climate-and-sustainability-assurance-requirements-approved> Such an extension would also enable current unintended inefficiencies to be addressed in relation to the assurance of financed emissions. Currently, MIS managers that rely on third-party data vendors to obtain information about their Scope 3 emissions (the emissions associated with the companies they are invested in) must obtain assurance over the same third-party datasets relied on by other MIS managers. Introducing a streamlined approach with assurance at the point of the data vendor to avoid this duplication of assurance would save unnecessary costs and enable the CRD to function more efficiently towards its intended purpose.

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

No

Please give a reason for your answer

Disclosure of anticipated financial impacts is critical to demonstrate that a company understands and is taking steps to manage climate-related financial risks and opportunities. This information is financially material to investors. We note that a one-year extension to the adoption of this provision was already granted last year. While quantifying the anticipated financial impacts can be challenging, we note that NZ CS1 already includes flexibility in relation to the quantification aspect to accommodate entities that are unable to disclose quantitative information. Given the flexibility in NZ CS1, we consider that further extension of AP2 is unnecessary.

Any other comments

Investors are looking to corporate climate disclosures to inform their capital allocation decisions and investment stewardship. For this reason, the IGCC has been a vocal supporter of the introduction of mandatory climate-related disclosures in Aotearoa New Zealand. See: IGCC (2021) Submission to XRB https://igcc.org.au/wp-content/uploads/2021/11/221121_IGCC_Submission_XRB-Consultation-SF.pdf; IGCC (2022) Lessons from Global Trends for Aotearoa New Zealand <https://igcc.org.au/wp-content/uploads/2022/01/IGCC-Climate-Disclosures-New-Zealand-Global-Lessons.pdf>. The New Zealand government's continued leadership on climate-related disclosures is vital given the broad adoption of climate reporting requirements in various markets in our region and globally. In a world of finite and increasingly climate-aware capital, Aotearoa New Zealand has the opportunity to maintain its reputation as a market with the right settings in place to signal to investors that climate-related risks and opportunities are appropriately managed. The IGCC notes that the underlying concerns raised in the consultation paper demonstrate an urgent need for the XRB to consult on differential reporting for smaller CREs and MIS investors. We understand that this is not possible until the Capital Markets Reform has concluded. The IGCC observes that the lack of clarity about the outcomes of the Capital Market Reforms as consulted by the Ministry for Business, Innovation and Employment is creating uncertainty for CREs in terms of coverage and the operation of CRD going forward. To set the climate reporting regime on solid footing and create certainty for investors, the IGCC calls for a prompt resolution to the current deliberations