Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 43

Company Name

Individual

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 one year

Please give a reason for your answer

The overall net impact of measuring/knowing NZ entity GHG Scope3 emissions is relatively small. As such I don't see it as an urgent disclosure matter. In addition, to an extent I think there is greater public/stakeholder awareness as to potential duplication and overlaps linked to this reporting. The Scope 1 & 2 GHG emissions are now disclosed and I think more important for CREs to focus on improving these measurements.

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

No

Please give a reason for your answer

Several reasons: There has already been an extension granted to this aspect (amongst others) relatively recently. For CREs to become more aware of the potential financial impact of future Climate related risks (& opportunities) is very urgent and important - any delay is more critical here. It is conceptually hard for some CREs to envisage and assess the impact of future (relatively unknown) events - but existing CRDs indicate that organisations can do and have done this. The next stage is similarly achievable with a bit of organisational focus. Whilst I acknowledge it is conceptually hard, in practice building on the existing disclosures (scenarios, risks/opportunities and anticipated impacts) it is not really hard for an organisation to develop financial impacts. I suspect it more may be they just don't want to do this - not a good reason for any further delay. Anticipated financial impacts are by definition what the CRE themselves think so it really is not that hard to develop and produce to sensible quality. Furthermore by not delaying, organisations will be inevitably be producing better quality AFI results in 3/4 years time if they start sooner; starting later will not lead to better initial AFIs. By way of an example of an NZX company with which I have no links: I used as inputs the last 5 years of financial reporting and the most recent CRD to ask a (relatively sophisticated but publicly available) AI tool to produce some 40 year financial (Performance/Position - P&L/BS) projections for one of the scenarios provided under CRD for that CRE (along with a theoretical no future climate impact base). This took about 2 minutes to produce (with attaching formulae, assumptions, rationale, python code etc). On inspection it produced some interesting and unexpected (yet potentially valid on inspection) trends/issues. I realise it would of course need more inspection, discussion and checking/validation - but would likely be a very good strawman starting point for such an organisation. Whilst a projection like this may be more than needed for CRD AFIs - it demonstrates to me rationale about not having time/resources is likely not at all a valid reason. (I of course realise an organisation may well not wish to base disclosures on AI linked tools, but it demonstrates a way forward that is likely well within organisational capabilities). For these reasons I do not think there should be further delay to AFI disclosures.

Any other comments

No