Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 62

Company Name

MSCI ESG Research LLC

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

We support extending the adoption provisions for Scope 3 assurance by two reporting periods. We also support maintaining existing disclosure, comparative, and trend analysis requirements so that CREs continue to provide this information where it can be reported without undue cost or effort. While the consultation highlights the challenges entities face, our perspective is informed by our experience supporting global financial institutions both as users and reporters of Scope 3 emissions data. • AP 4 (Scope 3 GHG emissions): The consultation rightly notes the complexity of including facilitated and insurance-associated emissions under NZ CS, categories excluded from IFRS S2. However, delaying the disclosure of Scope 3 emissions risks precluding users from key climate risk data required for assessing a company's decision-making, risk-management and governance. While we acknowledge the implementation challenges, Scope 3 disclosure requirements should remain on the current timeline given the materiality to many CREs and to ensure continued focus on improving systems for preparation and presentation of this information. Exemptions where necessary could also be considered to avoid undue burden. Our support is focused on extending the assurance requirements to allow time for methodologies and data to improve. • AP 5 (Comparatives) and AP 7 (Trend Analysis): These provisions are designed to add context once Scope 3 disclosure is underway. As Scope 3 disclosure is already embedded in the regime, comparatives and trend analysis should also remain on the current timeline, helping to ensure continuity and providing investors with clearer insights over time. • AP 8 (Scope 3 GHG emissions assurance): Extending the assurance timeline until periods ending on or after 31 December 2027 is necessary to support assurance readiness for Scope 3 Category 15 financed emissions. The additional time will enable the development of Service Organisation Control Type 2 (SOC 2) reporting for GHG emissions data and improvements in financed emissions methodologies. We note that globally, most jurisdictions are adopting a phased approach to assurance, typically beginning with limited assurance before any progression to reasonable assurance. For example, Japan's Sustainability Standards Board (SSBJ) is aligning with ISSB standards through a phased implementation for Prime Market companies, with limited assurance currently under discussion in its working group. Australia has also adopted a phased approach under ASSA 5010, gradually bringing entities into scope for Scope 3 assurance, and Singapore has recently extended its timelines, introducing a staged approach to Scope 3 disclosure and deferring assurance requirements to allow companies more time to build capacity. While New Zealand requires limited assurance across all emissions categories, the proposed extension provides a valuable period for reporting entities and assurance providers to strengthen their processes and capabilities so that assurance can deliver reliable outcomes. Extending the adoption provisions will also help ensure that New Zealand's reporting and assurance timelines remain consistent with international practice. Please refer: https://www.acra.gov.sg/news-events/news-details/id/887 https://www.ifrs.org/content/dam/ifrs/publications/sustainability-jurisdictions/pdf-snapshots/japan-ifrs-snapshot.pdf We, therefore, support extending the adoption provisions by two years so that New

Zealand's climate reporting and assurance timelines progress in line with international developments. This will support CREs by reducing implementation challenges and will provide investors with disclosures that are more comparable across jurisdictions.

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

No

Please give a reason for your answer

We consider that CREs with robust governance and risk management systems should already be accounting for the anticipated financial impacts of climate change. Many New Zealand financial institutions are already using tools such as MSCI's Climate Value-at-Risk (CVaR) to assess these impacts, which demonstrates that disclosure is feasible and not unduly burdensome. Please refer: https://www.msci.com/data-and-analytics/climate-solutions/climate-data-and-metrics/scenario-analysis Anticipated financial impacts (AFI) are also required under IFRS S2, which allows entities to disclose information in qualitative or quantitative form depending on availability. Deferring AFI disclosure would reduce international interoperability and risk weakening alignment between New Zealand's climate reporting regime and global standards. Retaining the current timeline will ensure AFI disclosures remain timely, consistent, and useful to investors.

Any other comments

We welcome the XRB's pragmatic approach in consulting on these adoption provisions and its responsiveness to the challenges raised by CREs and assurance practitioners. Extending the timelines is important to ensure that disclosures are introduced when methodologies, data, and assurance practices are sufficiently developed to support consistent and reliable reporting. It will be important for New Zealand's climate-related disclosure standards to continue progressing in alignment with international developments so that entities are not subject to conflicting requirements. At the global level, assurance requirements are generally being introduced gradually, with limited assurance as the initial step before any progression to higher levels. In this context, the proposed extension creates valuable time for CREs to strengthen their reporting processes and for assurance providers to build the technical capability required to deliver reliable outcomes in New Zealand. Finally, additional practical guidance and illustrative examples could help CREs build capability and prepare disclosures that are of high quality and useful for investors. Providing such support during the extended period will promote stronger practices and greater confidence in reported information.