Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 58

Company Name

Milford Asset Management

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 believe that the disclosure and assurance of scope 3 GHG emissions should be addressed separately. We do not support the proposed extension of AP 4. We support the proposed extension of AP 8 by at least two years. AP 4 (Scope 3 Disclosure): As both a preparer and consumer of climate-related disclosures, we do not believe there is a sufficiently strong rationale to delay mandatory scope 3 emissions reporting. MIS Managers depend on companies' emissions disclosures to determine our own emissions profile. Delayed reporting forces reliance on estimates, perpetuating poor data quality and availability issues. It is unlikely that deferring scope 3 disclosure will encourage laggards to use the time to prepare, and will result in similar conversations regarding assurance readiness when adoption provisions lapse once again. The lack of scope 3 data also restricts data aggregators and providers, delaying the development of robust data platforms. AP 8 (Scope 3 Assurance): As both a preparer and consumer of climate-related disclosures, we believe there is a strong rationale to delay mandatory scope 3 emissions assurance. Current lack of sector-specific guidance and ongoing data quality and availability challenges may prohibit MIS Managers from obtaining meaningful and appropriate assurance. Given the high cost and resource demands of assurance, there should be clear and firm guidance for assurers before the adoption provision lapses.

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 amendments and recommend an extension of at least two years. We believe this leaves adequate time for mandatory climate reporting regimes in other jurisdictions to come into force, which will improve the quality of climate-related risk data in investee companies to feed into MIS Managers' analyses of anticipated financial impacts. However, we believe it would be appropriate to also consider a review of guidance provided to MIS Managers regarding anticipated financial impacts which adequately considers the liquid and diversified nature of a MIS Manager's asset exposure (vs. a company with significant physical asset exposure). We would support increased guidance regarding appropriate and comparable metrics which could increase the applicability of AFI to MIS Managers.

Any other comments