

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 85

Company Name

Simplicity NZ Limited

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 broadly agree with the reasons set out in the consultation document. Regarding Scope 3 Category 15 (Investments) emissions that apply to fund managers, we have concerns about the data quality that can be obtained through external data providers, and consider that, disclosing this data (even with disclosures about limitations and uncertainty of the data) will generally not be useful to our primary users (KiwiSaver and Investment Funds investors). In our view, obtaining assurance over this data has limited value, not warranting the cost and effort, until the reported emissions of investee companies have been subject to assurance.

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 broadly agree with the reasons set out in the consultation document. In particular for fund managers, the uncertainty of future fund / scheme returns encompasses much more than climate related impacts. Reporting on just this one aspect can create the false perception with primary users that these impacts are better understood than other market risks that are not subject to forward looking disclosure requirements.

Any other comments

While we are supportive of the proposed amendments, we believe that the current reporting framework is ill suited for fund managers with a predominantly passive investment strategy, and we look forward to the XRB's consultation on differential climate-related reporting. With regard to assurance we note that MIS managers are CREs on behalf of the schemes they manage and therefore Scope 1 and 2 emissions do not apply. The CRD framework has taken a phased approach to implementing assurance over Scope 1 and 2 emissions, requiring disclosure of these emissions in the first reporting period, and assurance in the second reporting period. This allowed CREs to get familiar with the disclosure requirement, without immediately subjecting it to external assurance. We support this phased approach and think it should similarly apply to MIS managers disclosing (only) Scope 3 emissions on behalf of their schemes. We therefore submit that (for MIS managers reporting on behalf of their schemes) adoption provision 8 should be extended with one more year than adoption provisions 4,5 and 7.