

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 27

Company Name

First Mortgage Trust

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 four or more years

Please give a reason for your answer

While we support the objective of improving transparency around greenhouse gas emissions and acknowledge the importance of Scope 3 emissions in providing a complete picture of climate-related impacts, we consider that requiring immediate disclosure and assurance of Scope 3 emissions presents significant challenges that risk undermining the quality and usefulness of our reporting at this stage. Our primary challenge is data availability and quality, which is likely to persist for several years. Scope 3 emissions for our entity depend heavily on information from borrowers of property finance, primarily small to medium sized property investors and developers. At present, the required data is virtually non-existent for most of our borrowers, meaning reported emissions would be purely based on estimates, subject to inaccuracy from the use of assumptions. While methodologies such as the PCAF standard are available, its application across our diverse property and investment portfolio remains complex and subject to ongoing refinement. Premature disclosure risks producing estimates that later require correction, potentially reducing confidence in our climate statements. A phased approach to Scope 3 disclosure and assurance would allow us more time to develop the necessary systems, strengthen engagement with borrowers, and develop credible transition strategies to accompany the emissions data. It would also allow costs of climate reporting (which have been significant to date and are forecast to increase), to be spread more sustainably over several reporting periods. There has been very limited interest in climate statements from investors in our funds to date (the primary users of our climate statements) with less than 30 downloads from our website (despite over 7,000 investors being invested in our funds). This indicates climate statements are not a key focus in the decision-making process of current or prospective investors at this stage, and investors are unlikely to be adversely effected from the omission of this information.

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

Yes - By four or more years

Please give a reason for your answer

We consider that an extension is necessary given the significant international uncertainty around anticipated financial impacts disclosures, with a need for more clarity and support for climate reporting entities in this area. Even if comprehensive 'how to' guidance on AFIs was to be published by the end of 2025, our experience with NZ CS implementation to date suggests that sufficient lead time to properly embed guidance into practice is required. Further, given the limited interest in climate reporting from our primary users to date (noted in Question 1 and as evidenced by very few downloads from our website to date), it is not apparent that extending AP2 would adversely impact the users of our climate statements.

Any other comments

We believe extending the adoption provisions strikes the right balance between maintaining the credibility of New Zealand's climate standards and ensuring we as a CRE have the time, resources, and confidence to produce disclosures that are robust, useful, and aligned with international developments. Allowing this additional transition period will support better outcomes for both reporting entities and primary users.