# Proposed 2025 Amendments to Climate and Assurance Standards

## Survey response 12

**Company Name**

BWD Strategic

**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**

We believe that AP8 should be extended by two years, as the XRB proposes, but that AP4 should be extended only by a single year. As the XRB has always been aware, the critical balance to strike is between maintaining ambition and the spur to maturation within CREs, and ensuring that compliance costs or efforts are not unreasonable. Given that many CREs are well advanced in their initial data collection and calculations with Scope 3, we fear that allowing a further two years before disclosure is required will be taken as a 'licence to stall' these efforts. Given how critical Scope 3 is for decarbonisation - including the setting of targets, and planning transition initiatives - this in our view is too lax. We are more convinced by the arguments put forward by the XRB on AP8 in relation to assurance. This is due in large part to the compliance costs CREs are liable for in getting assurance for their Scope 3 figures, which is a task that by definition cannot be completed internally (thus effectively mandating CREs bear these costs).

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

Yes - By one year

**Please give a reason for your answer**

We feel more strongly about this proposed change to AP2 than the previously posed question on AP4-8. We are swayed by the need for an extension for AP2 (beyond the current state), most of all by the need for recently released guidance to be absorbed and enacted. We would note that this process is already underway within many CREs. Our position strikes a balance between the urgency of fulfilling the regime's raison d'etre, which remains uncompleted, and acknowledging some legitimate bases for complaints from CREs around the optimal timing for this part of the regime. Ultimately, then, our view is that the XRB's proposal to extend AP2 by two years is a) unnecessarily long, and b) risks compromising a key component underpinning the integrity of the regime, and c) overlooks the fact that the practice of disclosing AFIs has inherent flexibility where quantification is difficult. As a result, we believe that the extension of AP2 by a single year would provide time for ISSB advice to be absorbed and actioned, and for the XRB to release its own more refined guidance, all while making it highly manageable and reasonable for CREs to disclose their AFIs. To deal with each of our reasons in turn: The proposal to extend the AP2 by two years would create a notable delay behind the Australian AASB S2 regime, arguably stripping the NZ CRD of its 'first-in-world' status. (For context, BWD is currently assisting Australian reporting entities to prepare their AFIs, which are mandatory in the first year of that regime, despite all of the other preparations and upskilling that is required to deliver a first disclosure.) Some questions therefore emerge... What would be the justification for NZ CREs to be afforded this much extra time beyond the Australian regime? Is this justification strong enough for the NZ regime to 'give up' its mantle - and an ongoing point of pride - in being the first jurisdiction to enact its climate disclosure regime? In our view, a 2-year extension would be so forgiving as to encourage stagnation within CREs, who - pending this consultation - are currently already preparing for AFIs in their next reporting period, and motivated to actively absorb the ISSB's guidance. (We are aware, and have helped, many clients have completed a 'dry run' of AFIs in this reporting year.) Secondly, and to drive home the importance of this question, we hold that information about AFIs sits at the heart of the CRD regime, the stated purpose of which is to 'support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future'. What does this allocation of capital depend on? Arguably, the most important piece of the puzzle is a precise enough understanding of the financial implications of entities' exposure to climate risks (and opportunities). In other words, the CRD has yet to complete its mission or fulfil its raison-d'etre in providing investors with the information they need, and will not do so until AFIs are in effect. Thirdly, and finally, several doors to non-disclosure of AFIs are deliberately left open within the ISSB's issued guidance (which we are already actively putting into practice with Australian clients, in conjuction with additional advice from the regulator of that regime). This means that, often in quite common circumstances, financial values do not need to be revealed for several of an entity's climate-related risks. This creates some inherent wriggle room in relation to the burden of mandatory compliance, which again contributes to negating the argument that a two year extension is warranted or needed.

**Any other comments**