

Sustainability Reporting Board

MEETING PACK

for

SRB Meeting - 31 Oct 2025 (PUBLIC PAPERS)

Friday, 31 October 2025

9:45 am (NZDT)

Held at:

XRB Boardroom

Level 6, 154 Featherston Street, Wellington

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AGENDA

SRB MEETING - 31 OCT 2025 (PUBLIC PAPERS)

Name:	Sustainability Reporting Board
Date:	Friday, 31 October 2025
Time:	9:45 am to 12:00 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Becky Lloyd (Committee Chair), Alec Tang, Alison Howard, Carolyn Mortland, Jackie Cheyne, Joe Hanita, Mathew Nelson
Attendees:	Dr Amelia Sharman, Geoff Connor, Jeremie Madamour, Judy Ryan, Lisa Kelsey, Nicola van Rooijen, Rikki Owen, Michael van Zijl, Wendy Venter

- 1. Private agenda item
- 2. Private agenda item
- 3. Proposed 2025 Amendments to Climate and Assurance Standards (public)

3.1 Scope 3 GHG emissions reporting and assurance 9:45 am (50 min)

Dr Amelia Sharman, Judy Ryan, Lisa Kelsey

For Decision

Supporting Documents:

3.1.a	1_Memo to SRB_Scope 3.docx	5
3.1.b	3_Memorandum to SRB with additional information 2025.docx	21
3.1.c	6_Amendments to Adoption of Aotearoa NZ Climate Standards 2025.docx	24

3.2 Anticipated financial impacts 10:35 am (50 min)

Dr Amelia Sharman, Lisa Kelsey

For Decision

Supporting Documents:

3.2.a	2_Memo to SRB_AFIs.docx	36
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- 4. Approval and signing memos (public)

4.1 Board approval and joint signing memo 11:25 am (15 min)

Becky Lloyd

For Decision

Supporting Documents:

4.1.a	7_Joint signing memo - Amendments to NZ CS 2 and NZ SAE 1.docx	50
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Supporting Documents:

4.1.b	8_Memo to SRB - Approval of Amendments to Adoption of Aotearoa NZ Climate Standards 2025.docx	56
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5. Updates (public)

5.1 Documents open for comment

11:40 am (15 min)

Judy Ryan

For Decision

Link to draft document for comments: [Draft submission letter SASB ED 2025 - form SRB comment.docx](#)

Supporting Documents:

5.1.a	Documents open for comment - 31 Oct 25.docx	58
5.1.b	Draft submission letter SASB ED 2025.docx	62

6. Close and Karakia

6.1 Close & karakia

11:55 am (3 min)

Becky Lloyd

6.2 Next meeting

Next meeting: SRB Meeting - 25 Feb 2026 - 25 Feb 2026, 9:00 am

XRB Board Room, Level 6, 154 Featherston Street, Wellington. Finishing at 5:00 pm.

Memorandum

To:	Sustainability Reporting Board
Meeting date:	31 October 2025
Subject:	Scope 3 GHG emissions Proposed 2025 Amendments to Climate and Assurance Standards – Analysis of feedback and recommendations
Memo date:	24 October 2025
From:	Amelia Sharman
Prepared by:	Lisa Kelsey and others
Copied to:	NZAuASB members

☒ **Action Required**
☐ **For Information Purposes Only**

Purpose

1. This paper:
 - (a) summarises the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of scope 3 GHG emissions disclosure and assurance
 - (b) makes recommendations to the Sustainability Reporting Board (SRB) based on the staff analysis of that feedback.

Recommendations

2. We recommend that the SRB:
 - (a) NOTES the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of scope 3 greenhouse gas (GHG) emissions disclosure and assurance
 - (b) CONSIDERS the staff analysis of that feedback
 - (c) AGREES to the proposal as stated in the consultation document to extend the adoption provisions for scope 3 GHG emissions disclosure and assurance (AP4, AP5, AP7 and AP8) for an additional two reporting periods.

Background

3. On 3 September 2025, the XRB published [Proposed 2025 Amendments to Climate and Assurance Standards](#) (the consultation paper). The purpose was to seek views about the proposal to extend, by two reporting periods, the adoption provisions relating to reporting and assurance of scope 3 GHG emissions and reporting anticipated financial impacts (AFIs). Submissions closed on 24 September 2025.

Responses received

4. 102 submissions were made. 97 submitters responded to question 1 on scope 3 GHG emissions disclosure and assurance and 99 submitters responded to question 2 on AFIs. All submissions are included in the supporting papers.

Profile of respondents

5. 57 (56%) submissions were made by climate reporting entities (CREs) comprising 38 listed issuers, 7 managers of registered schemes, 7 licensed insurers and 5 registered banks. Figure 1 below indicates the types of submitters. We have also provided a breakdown of each category in the supporting papers.
6. Two managers of registered schemes self-identified as both preparers and users/consumers of climate-related disclosures (see also paragraph 20). Note that the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment (PRI) are categorised as sustainability organisations rather than direct users of climate statements.

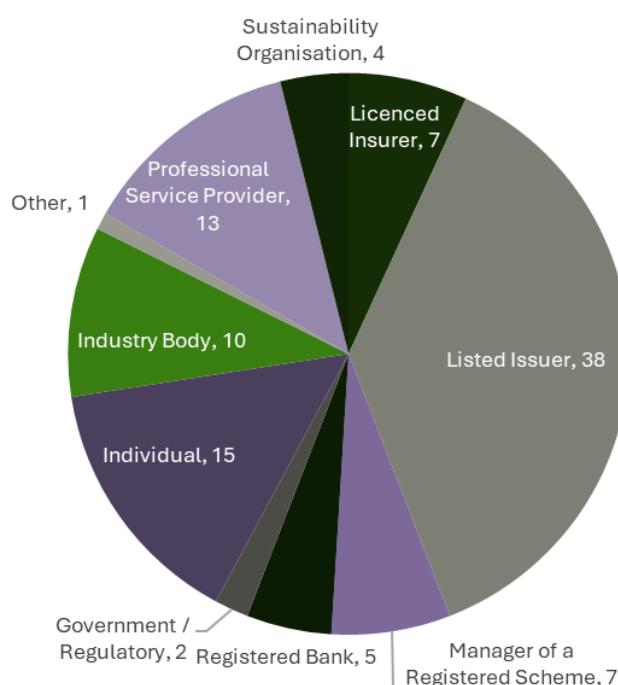


Figure 1: Respondents by type

How we describe the feedback

7. In this memo we use the following terms to describe the extent of feedback.

Term	Meaning	Approximate range
Almost all	All except a very small minority	>90%
Most	A large majority	70-90%
Many	A substantial portion	40-70%
Some	A noticeable minority	10-40%
A few	A small number	<10% ¹

¹ Note that this may be only one, two or three submitters.

Questions in consultation document

8. The consultation questions relating to scope 3 GHG emissions disclosure and assurance in the online survey are below.

Scope 3 GHG emissions disclosure and assurance (AP 4, AP 5, AP 7 and AP 8)	
1.	Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended? Please give reasons for your answer.
	<ul style="list-style-type: none"> – No – Yes, by one year – Yes, by two years (the XRB's proposal) – Yes, by three years – Yes, by four or more years

Structure

9. The remainder of this memo is structured as follows:
- (a) summary of feedback received on the topic of scope 3 GHG emissions disclosure and assurance
 - (b) Staff analysis
 - (c) Staff recommendation
 - (d) Appendix A: Detailed feedback received from CREs
 - (e) Appendix B: Detailed feedback received from non-CREs
10. Note that this memo is about scope 3 GHG emissions reporting and assurance only. A separate memo discusses AFIs.

Summary of feedback received

11. This section provides a high-level summary of feedback received on the proposed extension of the adoption provisions relating to scope 3 GHG emissions disclosure and assurance. Table 1 provides a quantitative analysis.

Table 1: Submitters who answered Question 1 – Scope 3 adoption provisions						
Options	All submitters		CREs		Non-CREs	
	#	%	#	%	#	%
No change	24	25%	3	6%	21	48%
Yes extend	73	75%	50	94%	23	52%
Totals	97	100%	53	100%	44	100%
Yes, by 1 year	5	5%	0	0%	5	11%
Yes, by 2 years (Proposed)	55	57%	41	77%	14	32%
Yes, by 3 years	4	4%	1	2%	3	7%
Yes, by 4+ years	9	9%	8	15%	1	2%
Total supporting extension	73	75%	50	94%	23	52%

Summary of CRE responses

12. Almost all CREs supported an extension, with most favouring a two-year extension. CREs cited several key reasons. Data availability and quality remain insufficient across value chains, with heavy

reliance on third-party estimates and low supplier coverage, making robust disclosure and assurance challenging. Some respondents emphasised the need to align timing and requirements with Australia's AASB S2 and ISSB standards to reduce duplication, improve comparability, and address uncertainty—particularly for dual-listed entities and insurers concerned about insurance-associated emissions.

13. CRE assurance readiness and assurance cost were also noted, due to the complexity and resource requirements of scope 3 reporting, with some CREs still developing systems and internal capability. Respondents also highlighted unresolved methodological issues (for example, lack of measurement methodologies for derivatives and facilitated emissions) and uncertainties regarding the boundaries for scope 3 inclusion. Some noted the need for time to build internal capability and systems, and the risk that current requirements could divert resources from mitigation and adaptation efforts. A few suggested extending assurance only while proceeding with disclosure, and a few noted that smaller entities face disproportionate challenges and would benefit from additional time.
14. Nine CREs supported an extension beyond two years, citing four main reasons: high compliance and assurance costs that currently outweigh benefits to users and investors; immature methodologies for calculating and assuring scope 3 emissions, requiring time to refine and align with global best practice; insufficient data availability and quality across value chains, leading to unreliable estimates; and assurance market readiness. Additional points included low investor interest in climate statements and the need to align with Australian implementation timelines to leverage more mature overseas practice.
15. Three CREs did not support an extension. One provided no rationale, while the other two emphasised the importance of scope 3 disclosure, noting that this amount is usually much higher than scope 1 and 2 combined and is critical for complete, decision-useful climate statements. They argued that established methods make scope 3 reporting relatively straightforward and that it drives supply chain action, so delaying would hinder market progress.
16. One issuer acknowledged the cost and complexity of obtaining assurance but opposed a blanket deferral, favouring targeted, case-by-case relief to maintain momentum on data quality and assurance readiness while addressing disproportionate burdens for smaller entities.²

Summary of non-CRE responses

17. 52% of non-CRE respondents support extending adoption provisions, citing assurance readiness and cost concerns, particularly for scope 3 emissions where methodologies, data quality, and assurance practices remain immature. Submitters highlight limited assurance capacity, risk of qualified opinions, and disproportionate burdens on smaller entities, emphasising the need for scalable, threshold-sensitive settings. Most stated that time is required to build systems, processes, and capability, and call for alignment with international standards, especially IFRS S2 and AASB S2, to ensure comparability and avoid duplication. Respondents warn that premature mandates could undermine investor confidence and market comparability, given current uncertainty and inconsistency in data and methodologies.
18. 48% of non-CRE respondents oppose extending adoption provisions, citing that further delays would undermine achieving the purpose of the climate-related disclosure framework, reduce momentum and weaken trust. They stress that scope 3 emissions are critical for decision-useful information, comparability, and effective risk assessment, and note that existing guidance (XRB staff guidance, GHG Protocol and PCAF) provides sufficient flexibility for meaningful reporting. Many stated that

² We note that the XRB does not have the statutory power to make case-by-case decisions. This approach would require entities to apply for exemptions from the FMA.

capability improves through practice, with many entities already disclosing or obtaining limited assurance, and warn that further deferral risks misalignment with international regimes and reduced market confidence. While most reject blanket extensions, some support short, time-bound assurance deferrals or targeted relief for specific categories (e.g., financed emissions), alongside practical support measures rather than delay.

19. Assurance practitioners confirmed that they have capacity to carry out the assurance work. They also stated that assurance brings to the surface method, boundary and data issues early, raising quality and confidence. Hence, deferral would dilute these benefits.

The user perspective

20. Very few users responded to the consultation. However, financial institutions and insurers serve as both preparers and users of climate-related disclosures. Two managers of registered schemes (submitters 33 and 58)³ provided dual perspectives in their submissions:
 - (a) One noted that GHG emissions data from listed issuers is useful for investment decisions and that assurance improves reliability, but highlighted preparer challenges such as limited data on financed emissions, reliance on external estimation methods, and the significant risk of receiving a qualified audit opinion —supporting a two-year extension for adoption.
 - (b) The other argued against delaying mandatory scope 3 reporting, as MIS Managers rely on company disclosures to assess their own emissions, but advocated delaying mandatory assurance due to insufficient sector-specific guidance and ongoing data difficulties.

Consistent messages from both CREs and non-CREs

21. Both CREs and non-CREs acknowledged the complexity and challenges of scope 3 reporting, including data quality, methodological gaps, and assurance readiness. Both groups also recognised the importance of international alignment and the disproportionate burden on smaller entities.

Staff analysis

Two-year extension

22. A two-year extension was the proposal provided in the XRB's consultation document. This proposal was based on information received through two main channels.
 - (a) In April 2025, the XRB issued [Request for information: The international alignment of climate reporting](#) (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 GHG emissions was continuing to be a challenge for entities.
 - (b) In August 2025, XRB staff conducted targeted follow-up meetings with CREs, assurance practitioners and data providers, to understand these issues in more detail.
23. The consultation document stated that the purpose of the proposed two-year extension would be to provide time for:
 - (a) the XRB to develop additional guidance, clarify boundaries for scope 3 GHG emissions, and consider differential reporting options. This work would need to be completed in 2026

³ See all publicly available submissions on the [XRB website](#).

- (b) CREs to upskill and improve systems, better manage the current data quality issues, methodological gaps and boundary uncertainties that limit the reliability and comparability of scope 3 GHG disclosures
 - (c) data providers to progress industry-wide solutions such as SOC 2 reports, and support alignment with international disclosure obligations.
24. The consultation paper also stated that a two-year extension would also better align timing with the scope 3 GHG emissions disclosure and assurance obligations in Australia and other overseas jurisdictions.
25. Staff consider that the information provided in the consultation feedback strongly supports the proposal for a two-year extension, with the reasons provided consistent with the issues as outlined in the consultation document. We consider that a two-year extension:
- (a) acknowledges the real and immediate challenges faced by CREs and assurance providers, allowing those CREs who need more time to use the optional adoption provisions as required, while providing time for capability building and methodological improvement to reduce risk and costs
 - (b) would provide sufficient time for the XRB to provide further guidance, and for CREs and professional service providers to work together to address many of the current challenges
 - (c) aligns with international developments.
26. Staff also note the arguments provided by many submitters that not amending the standards to account for the identified challenges risks negatively impacting their effective implementation. The information provided by the reporting must be trusted and considered useful by both entities and primary users to meet the stated purpose of climate standards and climate-related disclosures (in [section 19B of the Financial Reporting Act 2013](#)).
27. Finally, staff highlight that the adoption provisions are optional. A paragraph is included in the draft basis for conclusions that strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure and assurance.

No extension

28. Staff note the views provided by those in favour of no extension (such as the urgency of climate action, and the maturity of existing methodologies for many scope 3 categories). Staff also note the feedback from assurance providers that unqualified assurance conclusions are already in the market and the view that Service Organisation Control Type 2 reports are not required for this assurance and that evidence can be obtained in other ways.
29. Staff however consider that the practical implementation challenges of CREs outweigh these responses, particularly when considering costs and benefits and the need to ensure the climate-related disclosure regime is enabled by standards that meet the needs of both preparers and users. Staff also note that they consider it would be unreasonable to provide no extension based on the feedback received, as well as the short time between the decision on the extension of these adoption provisions and a requirement to report, particularly for 31 December balance date entities.

One-year extension

30. Staff note the views of the five submitters that supported a one-year extension, which centred on the argument that a longer extension would mean that New Zealand will fall behind global best practice and lose its leadership position. Staff do not support the one-year option for three reasons:
- (a) A one-year extension would apply for financial years commencing in the 2025 calendar year. This period is almost over for CREs with 31 December balance dates and would only provide weeks or months for CREs with other balance dates to address the significant methodological, data, and capability gaps, particularly for complex scope 3 categories and for smaller entities with limited resources.
 - (b) There are benefits to CREs with Australian parents to more closely align the assurance requirement with the Australian timeline for Group 1 and Group 2 entities.
 - (c) A desire to provide certainty and to avoid the risk of needing to extend the adoption provisions again in 2026 should data quality and other issues not resolve sufficiently.

Extension of three or more years

31. Staff consider that the arguments provided for a three or more-year extension have some merit, particularly for smaller CREs for whom the high cost is disproportionate. Staff also note that three-plus years would also significantly reduce the risk of the SRB needing to consider extending adoption provisions for a third time in 2027 and provide ample time for international standards and sector-specific guidance to mature and be implemented. However, staff do not recommend this option because it may excessively delay momentum.

International developments

32. The International Auditing and Assurance Board issued ISSA 5000 *General Requirements for Sustainability Assurance Engagements* in November 2024. This standard includes requirements and application material relevant to the value chain. The application of ISSA 5000 is for periods beginning on or after 15 December 2026, with early adoption encouraged. This date closely aligns with staff recommendation to extend the scope 3-related adoption provisions for two years. The NZAuASB's consultation on whether to adopt ISSA 5000 closed on 10 October 2025. Staff's expectation is that the NZAuASB will decide whether to adopt it at its meeting on 3 December 2025.
33. At its meeting on 25 September 2025, the [ISSB agreed](#) to finalise the proposed relief from the requirements to measure and disclose Category 15 GHG emissions beyond financed emissions (excluding derivatives, facilitated and insurance-related emissions). Once this proposed relief is available, entities applying IFRS S2 *Climate-related Disclosures* will not be required to measure and disclose GHG emissions from derivatives, facilitated and insurance-related emissions.

Staff recommendation

34. We recommend a two-year extension for scope 3 GHG emissions disclosure and assurance adoption provisions (AP 4, AP 5, AP 7, and AP 8).

APPENDIX A: Feedback received from CREs

1. This appendix focuses on responses received from CREs, then broken down by support or otherwise for the proposed extension.
2. Table 2 provides a heatmap of responses from CREs for the first question relating to AP 4, 5, 7 and 8 on scope 3 GHG emissions and assurance (and related AP).

Table 2: Heatmap of responses to Q1 by CREs

Q1 – Should AP4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?						
Submitter Type	TOTAL (type)	No	Yes, by 1 Year	Yes, by 2 Years	Yes, by 3 Years	Yes, by 4+ Years
Licensed Insurer	7			7		
Listed Issuer	34	3		23	1	7
Manager of a Registered Scheme	7			6		1
Registered Bank	5			5		
TOTAL (response)	53	3	0	41	1	8

CREs supporting a two-year extension

3. 41 CREs supported a two-year extension of the adoption provisions. The reasons provided by CREs in support of the two-year extension are summarised in this section.

Data availability and quality across value chains and third-party providers are not yet sufficient for reliable scope 3 disclosure and assurance

4. Many CREs stated that current scope 3 data, particularly from suppliers, investee companies, and external data vendors, is incomplete, unreliable, or delayed, making robust disclosure and assurance difficult. Entities reported reliance on third-party estimation methods, confidentiality constraints around vendor calculations, and low measurement coverage among large supplier bases. These limitations affect both operational categories (e.g., purchased goods and services) and financed emissions (Category 15).
5. This issue cuts across CRE types, with nuance around the nature of dependency (vendors for MIS managers; suppliers for issuers). Managers of registered schemes highlighted gaps and opacity in ESG data platforms. Listed issuers underscored supplier engagement challenges. Insurers pointed to data quality issues in invested and insurance-associated emissions.

Our support is primarily based on the current limitations in data availability and quality from third-party sources, which are essential for compiling our Scope 3 emissions profile. (listed issuer, #72)⁴

As a life insurer, we do face general data availability and quality issues, including in relation to invested emissions and insurance-associated emissions. (licensed insurer, #24)

⁴ Numbers refer to submission numbers as allocated in the [submission list](#).

Align with AASB/ISSB to reduce duplication and resolve cross-jurisdictional uncertainty (including insurance-associated emissions)

6. Some CREs, especially listed issuers and CREs with an Australian parent, want timing and content aligned with AASB S2 and IFRS S2 to avoid duplicated work, reduce compliance costs and improve comparability. Some CREs stated that it would be helpful to wait for the current uncertainty to be resolved about whether the ISSB and AASB will require insurance-associated emissions (IAE) to be included. This theme spans insurers, listed issuers, managers and banks. Insurers and dual-listed issuers most often referenced parent-level efficiency and consistency, while scheme managers stressed the need for alignment to improve the quality of financed emissions inputs.

The proposed extension would better align New Zealand's requirements with those in Australia and other jurisdictions, reducing compliance costs and supporting comparability for entities with international operations or parent companies. (listed issuer, #84)

Assurance is not ready: methods lack transparency, costs are high, risks of qualified opinions persist, and guidance is needed

7. Some CREs described immature assurance practices for scope 3, citing limited transparency in vendor models, replication challenges for assurance providers, and a high likelihood of qualified opinions. They emphasised the need for clear assurance guidance and noted capacity constraints within New Zealand assurance providers. Listed issuers most often raised cost and readiness concerns. Managers of schemes pointed to third-party data limitations that assurance teams cannot verify. A listed issuer and a bank underscored the need for phased approaches and practical methods.

This creates a significant risk of a qualified audit opinion that is difficult to mitigate at this stage (manager of a registered scheme, #33)

More time is needed for the assurance market, both in New Zealand and internationally, to develop consistent approaches and methodologies for Scope 3 assurance (listed issuer, #53)

Methodology gaps and boundary uncertainty require time to settle (derivatives, facilitated emissions, industry-wide scope boundaries)

8. Some CREs pointed to unresolved methodological questions such as that PCAF lacks guidance on derivatives; facilitated emissions are still developing; and defining sensible, comparable operational boundaries remains challenging.
9. Several sector-specific issues were raised. Ports are working collectively to establish industry-wide scope 3 boundaries, while insurers focused on IAE scope and methods. Banks and insurers stressed evolving standards; listed issuers highlighted downstream boundary difficulties. Financial service providers emphasised financed/facilitated emissions methods. Infrastructure and logistics entities stressed boundary-setting for complex ecosystems.

We follow the PCAF standard for calculating financed emissions and note that they have yet to issue a methodology for calculating financed emissions related to derivatives (registered bank, #6)

Providing further time for industry participants to reach agreement on scope 3 boundaries and to develop systems for calculating emissions would significantly help (listed issuer, #73)

Build capability and systems first so disclosures and assurance are credible and scalable

10. Some CREs, particularly listed issuers, asked for time to upskill teams, strengthen data systems, embed procurement requirements, and establish materiality thresholds before mandatory scope 3 disclosure and assurance. They flagged recent base years, immature processes, and the need to develop supplier engagement systems. Insurers and the PBE echoed the need for more time to

develop robust internal controls and scalable processes. Some CREs also stated that they intend to disclose information about subsets of scope 3 or adopt staged approaches while systems mature.

We welcome more time to source robust and quality data sets ... and to make system improvements for the capture of this data, to meet mandatory scope 3 reporting and assurance requirements. (listed issuer, #13)

We therefore welcome the extension as it will allow us further time to upskill, develop and improve systems and processes for Scope 3 emissions. (licensed insurer, #24)

Reduce resource burden and avoid diverting effort from practical mitigation and adaptation

11. Some CREs (especially listed issuers, but also some banks and insurers) highlighted significant cost and effort to measure and assure scope 3 now, warning that resources might be pulled from mitigation and adaptation programmes. Some prefer focusing on emissions within their control while building scope 3 capability.

There is a high cost and resource requirement to calculate complex scope 3 categories... (licensed insurer, #1)

This allows companies to adequately prepare and improve the quality of their data as well as focus on emissions within their control (listed issuer, #23)

Extend assurance only (AP8) while proceeding with disclosure (AP4) to improve data quality and market functioning

12. A few CREs explicitly supported extending assurance but not disclosure. Their rationale is that delaying disclosure perpetuates poor scope 3 data quality, inhibits development of data platforms, and won't motivate laggards. However, assurance needs more time due to guidance and data limitations. Managers of schemes, which rely on investee company disclosures, were prominent. One listed issuer proposed mirroring the staged approach applied to scopes 1 and 2.

We do not support the proposed extension of AP 4. We support the proposed extension of AP 8 by at least two years (manager of a registered scheme, #58)

Smaller entities need relief

13. A few CREs highlighted that smaller entities face significant challenges meeting the reporting and assurance requirements for Scope 3 emissions, particularly due to limited internal systems, higher relative costs, and the need for additional time and support to build capability and standardise practices.

CREs supporting more than a two-year extension

14. One CRE supported a three-year extension and eight supported an extension of four-plus years. The reasons provided by the CREs in support of a more than two-year extension are summarised below.

High compliance and assurance costs outweigh current benefits to users and investors

15. Some CREs stated that the cost of calculating and assuring scope 3 emissions is substantial and, at present, not matched by benefits to users or investors. Specific points included assurance fees exceeding calculation costs, significant spend for smaller listed issuers, and named figures for recent disclosure and assurance outlays. Some also highlighted competitive disadvantages versus entities not currently required to report, and the need to spread costs over multiple periods. The pattern was strongest among listed issuers, with one manager of a registered scheme similarly emphasising cost pressures. A nuance was that cost concerns were tied both to calculation and assurance, with some arguing usefulness to investors is currently limited.

For smaller NZX listed companies, the costs of calculation and assurance of Scope 3 emissions far outweigh any potential usefulness to investors. (listed issuer, #81)

Methodologies and guidance for scope 3 calculation and assurance need time to mature or be refined

16. Some CREs said global methodologies for scope 3 are still evolving and require further refinement before mandatory disclosure and assurance. They pointed to spend-based methods being less accurate, sector/product factors being unavailable, and the need for sector-specific guidance. One noted that a longer runway would let New Zealand entities benefit from a more mature reporting environment (including Australian experience). This theme appeared mainly among listed issuers, with consistent emphasis on methodological immaturity rather than sentiment, and a clear call for time to let practice settle.

Lack of Mature and Standardised Methodologies: The methodologies for calculating and assuring Scope 3 emissions are still evolving globally... A four-year extension would allow for global best practice to emerge (listed issuer, #2)

Data availability and quality are insufficient across value chains, making scope 3 calculations unreliable

17. Some CREs described limited or non-existent data from suppliers, borrowers and overseas value-chain partners, leading to reliance on estimates, assumptions and spend-based approaches. They cautioned that such data would undermine reliability and could later require correction, reducing confidence. This concern was raised by listed issuers and a manager of a registered scheme, with a consistent emphasis on supplier/partner capability gaps and the knock-on effects on data quality.

Extreme Complexity and Data Unavailability... often from suppliers who may not have the capability to provide accurate or auditable emissions data (listed issuer, #2)

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 (manager of a registered scheme, #27)

Assurance market immaturity (limited provider capacity, readiness and quality)

18. Some CREs cited a nascent assurance market for scope 3, with shortages of experienced practitioners, immature methodologies, and provider processes not yet ready for consistent assurance. Some also noted assurance fees exceeding calculation costs and stated that issues with assurance will not be resolved soon. This was a predominantly listed-issuer concern, expressed in practical terms about provider capability and price signals rather than general sentiment.

Assurance Market Immaturity: The market for assuring Scope 3 GHG emissions data is nascent. There is a shortage of experienced practitioners and established, cost-effective assurance methodologies (listed issuer, #2)

Other reasons

19. A few CREs observed limited stakeholder interest in climate statements and questioned the current usefulness of scope 3 metrics for investors.

There has been very limited interest in climate statements from investors in our funds to date... with less than 30 downloads from our website (despite over 7,000 investors being invested in our funds) (manager of a registered scheme, #27)

20. A few CREs asked for alignment with Australian implementation timelines and the opportunity to draw on more mature overseas practice.

We consider the APs should be extended by at least three years to better align the timing requirements with those that apply to Group 2 Australian CREs (listed issuer, #69)

CREs who do not support an extension

21. Three CREs did not support an extension. One did not provide any rationale. The two other listed issuers gave the following reasons:
- Scope 3 emissions generally far outsize scope 1 and 2 emissions, and thus are highly important to be measured and managed (*listed issuer, #94*)
 - There are well established methods and standards make scope 3 reporting comparatively straightforward (*listed issuer, #94*)
 - Scope 3 reporting drives supply-chain action. Delaying would slow wider market impact (*listed issuer, #94*)
 - Scope 3 is essential for complete, decision-useful climate statements (*listed issuer, #31*)
 - The cost and complexity associated with obtaining assurance over scope 3 emissions is significant. However, there should not be a blanket deferral of assurance. Targeted, case-by-case relief using objective criteria (e.g., size, revenue, asset base) would be better. This approach would maintain momentum on data quality and assurance readiness, while recognising disproportionate burdens for smaller or less complex organisations (*listed issuer, #31*)

APPENDIX B: Feedback received from non-CREs

22. This appendix focuses on responses received from non-CREs, then broken down by support or otherwise for the proposed extension.
23. Table 3 provides a heatmap of responses from non-CREs for the first question relating to AP 4, 5, 7 and 8. The responses from non-CREs are almost evenly split between those who support an extension and those who do not.

Table 3: Heat map of responses by non-CRE submitters

Q1 – Should AP4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?						
Submitter Type	TOTAL (type)	No	Yes – By 1 Year	Yes – By 2 Years	Yes – By 3 Years	Yes – By 4+ Years
Government / Regulatory	2			1	1	
Individual	15	9	1	3	2	
Industry Body	9	2		6		1
Other	1	1	0	0		
Professional Service Provider	13	7	2	4		
Sustainability Organisation	4	2	2			
TOTAL (response)	44	21	5	14	3	1

Non-CREs that support an extension

24. 23 (52%) of non-CREs support an extension of the adoption provisions for the reasons summarised below.

Assurance readiness and cost

25. Some non-CREs point to limited assurance capacity, immature assurance practices for financed, facilitated and insurance-associated emissions, and the likelihood of qualified opinions if assurance were compelled too soon. Cost was also a recurring concern, especially where external assurance is unavoidable. Industry bodies and professional service providers cite readiness constraints. Individuals add cost and practicality concerns. Government and regulatory voices note timing pressures for auditors and preparers.

Scope 3 reporting and assurance is proving significantly more complex and burdensome than anticipated, both in terms of data availability, methodological gaps and assurance readiness (industry body, #14)

Disproportionate impact on smaller CREs

26. Some non-CREs highlight the disproportionate impact on smaller CREs.

The proposed extension is supported by direct feedback from climate reporting entities and assurance providers and recognises the disproportionate impact on smaller entities at this stage of implementation (industry body, #14)

Methodology and data challenges

27. Some non-CREs cite evolving methodologies, uncertain boundaries, changing emission factors and data gaps, particularly for overseas value chains. These issues affect assurance feasibility and

comparability. Industry bodies and professional service providers emphasise practical application problems. Sustainability organisations express concerns about system readiness and data quality.

Insurance-associated emissions are an area of complexity and uncertainty. Data quality, boundary definitions, and methodologies remain immature; insurers will likely have challenges with reliable measurement and assurance. Significant investment in systems and processes may not deliver reliable or comparable outputs (industry body, #49)

More time is needed to build systems, processes and capability

28. Some non-CREs stress the need to build or adapt data pipelines, reporting systems and internal controls, plus sector guidance and training. Submitters link capability building to better consistency, quality and investor usefulness. Industry bodies often connect time needs to proportionality. Professional service providers highlight maturing systems.

We also believe this would provide sufficient time for systems and processes to mature and for reliable data to be available of all sectors (government and regulatory, #70)

Timing and scope should be aligned with international standards and Australia to avoid divergence and duplication

29. Some non-CREs state that better timing alignment with Australia and other jurisdictions is needed for comparability, capital markets access and efficiency reasons. This would reduce duplicated effort for CREs that are subsidiaries within multinational groups. Industry bodies and professional service providers lead these calls.

Given the size of New Zealand entities relative to their international counterparts, alignment in all areas with those proposed in key international jurisdictions, and with Australia in particular, will provide investors with comparability of reporting, creating a more even playing field when accessing international capital or export markets (professional service provider, #21)

Market comparability and decision-useful information for investors

30. Some non CREs state that timing decisions should support like-for-like disclosure, continuity (comparatives and trends) and clarity for investors. Poor data and assurance readiness could undermine comparability and confidence. Industry bodies dominate this theme, with professional service providers adding investor-usefulness and continuity concerns. The government/regulatory submitter supports continuity across the regime.

Given the significant uncertainty and inconsistency in current methodologies and data availability, mandating reporting and assurance currently risks undermining trust and confidence in the regime. It is difficult for end users (primarily our investors) to compare and interpret results, which leads to limited practical reliance on the disclosures (industry body, #10)

Non-CREs that do not support an extension

31. 21 (48%) of non-CREs do not support an extension of the adoption provisions, including seven out of 13 professional service providers (54%) and nine out of 15 individuals (60%). Their reasons are summarised below.

Delaying scope 3 further would undermine the regime, erode momentum and send the wrong signal

32. Some non-CREs warn that late and repeated extensions weaken trust in the regime, reduce comparability, and risk deprioritising capability building. Industry bodies and professional service

providers stress market stability. Individuals emphasise urgency and signal effects.

Scope 3 is essential decision-useful information that gives the full emissions picture and supports better risk and opportunity assessment

33. Some non-CREs argue that scope 3 often comprises the bulk of an entity's emissions and is therefore critical for primary users seeking a complete view of climate risk and transition progress. They stress that excluding or delaying scope 3 diminishes usefulness and comparability of disclosures. Professional service providers, industry bodies, individuals and sustainability organisations agree on this point, with only minor differences in emphasis (investor decision-usefulness versus operational visibility).

We have heard from our members, investors and users of this information that scope 3 GHG emissions disclosures are decision-useful, particularly for certain industry sectors (industry body, #15)

Relevant disclosures provide investors with valuable insights into climate-related risks and opportunities in the company's value chain that could affect the company's financial performance and valuation if not appropriately managed (sustainability organisation, #50)

Existing guidance and standards provide enough flexibility to report scope 3 now

34. Some non-CREs point to XRB staff guidance, GHG Protocol and PCAF as sufficient frameworks to start reporting, including estimation methods and explicit allowances to exclude sources lacking applicable methods. Industry bodies, professional service providers, a sustainability organisation and an individual all made statements to this effect, with broad agreement that guidance is adequate for meaningful disclosure.

Our understanding is that NZ CS, the associated [XRB] Staff Guidance, and other publicly available resources address the issues outlined in the consultation document relating to scope 3 emissions reporting and so enable compliant reporting by all relevant entities (professional service provider, #22)

Internationally recognised standards ... provide flexibility in measurement approaches, including the use of estimation methods where accurate data is unavailable. This enables entities to report meaningfully even in the absence of accurate data (professional service provider, #54)

The disclosures already allow for developing capabilities and data quality (individual, #38)

Capability improves through learning by doing and initial imperfections are acceptable

35. Some non-CREs contend that reporting will improve over time, and early disclosure drives internal systems, supplier engagement and learning. Professional service providers and individuals are prominent voices. One industry body supports disclosure now with a short assurance deferral to ease the initial lift.

The biggest driver of supplier engagement has been the need for large companies to measure Scope 3 emissions (professional service provider, #96)

Maintaining the disclosure requirement... would allow for capability development through "doing" (not just "planning to do") (industry body, #82)

Many CREs have already disclosed or obtained limited assurance over scope 3

36. Some non-CREs cite actual market practice (full or partial scope 3 disclosure and unmodified limited assurance conclusions) as evidence of feasibility. Listed issuers managers of registered schemes and overseas examples attest to this. Industry bodies and professional firms stated that SOC reports are not prerequisites for obtaining an unmodified limited assurance opinion because other testing procedures are available.

Our understanding is that scope 3 limited assurance is commonly provided without qualification in New Zealand and internationally (professional service provider, #22)

Further delay risks falling behind overseas regimes

37. Some submitters identified concerns regarding alignment (e.g., with Australia) as well as the credibility of the New Zealand regime relative to Australia and the EU should adoption provisions be extended. Sustainability organisations and industry bodies expressed concerns that delays will adversely affect market confidence and the attractiveness of investment. Professional service providers also identified issues relating to timing of assurance phases and interoperability.

A delayed timeline in New Zealand, alongside a narrower long-term scope, creates short and long-term challenges including comparability with overseas entities' reporting, interoperability with evolving global regimes, and lower market confidence, which is supported by assurance (professional service provider, #78)

Allow a short time-bound extension for assurance to bed in systems

38. Some non-CREs propose taking different approaches to disclosure and assurance. These submitters state that there should be no disclosure-related extension, while allowing a short assurance deferral. Most stated that one year would be sufficient to improve systems and align with Australia. One individual and one sustainability organisation proposed two years.

Take a targeted or differential approach rather than providing a blanket deferral

39. Some non-CREs support targeted relief by emission category (e.g., financed emissions), or by entity type, with clear justification and accountability. Professional firms and a sustainability organisation emphasise practicality and level playing fields. One individual proposes applying any deferral solely to financed emissions.

Rather than a blanket extension, we recommend a more targeted approach that allows deferral only where justified, accompanied by mandatory disclosure of a plan to reporting a full GHG inventory this is aligned with our prior submissions (professional service provider, #54)

[Any] extension ... should apply to Scope 3 Category 15 emissions only (covering financed emissions) (individual, #41)

Other reasons

40. A few non-CREs favour the provision of practical support over delay through guidance, templates, workshops and streamlined approaches (including assurance over common data sources).

Memorandum

To Sustainability Reporting Board

Meeting date 31 October 2025

Subject **Additional information to support decision making**

Memo date 24 October 2025

Prepared by Amelia Sharman

Copied to NZAuASB members

☐ **Action Required**

☒ **For Information Purposes Only**

Purpose

1. To provide additional information to the SRB to support their decision making on the proposed amendments to the climate and assurance standards.

Recommendations

2. That the SRB:
 - (a) NOTES this memo provides information on recent Government decisions on changes to the climate-related disclosures (CRD) regime
 - (b) NOTES that the contents of this memo do not change the staff recommendations provided under agenda items 3.1 and 3.2.

Background

3. On 21 October in a [media release](#) the Government announced its decisions on changes to the CRD regime which will:
 - (a) lift the mandatory climate reporting threshold for listed debt and equity issuers (listed issuers) from \$60 million market capitalisation to \$1 billion
 - (b) remove managed investment schemes from the CRD regime
 - (c) adjust director and company liability settings.
4. The decisions did not change the inclusion of, or thresholds relating to, the following other types of CREs: large banks, licensed insurers, credit unions or building societies.
5. The Ministry of Business, Innovation and Employment (MBIE) notes that legislation to put these changes into effect will be passed in 2026.

About this memo

6. Given these Government decisions, this memo provides additional information to the SRB. It provides information on:

- (a) why XRB decisions are still needed
- (b) information provided to our consultation from CREs expected to remain in the regime
- (c) the use of adoption provisions.

XRB decisions are still needed

- 7. It is still necessary for the SRB to make decisions on adoption provisions and the NZAuASB on related changes to NZ SAE 1 (and gazette any amending standards if applicable) because all CREs (including those with 31 December balance dates) remain subject to the current CRD legislation.
- 8. We also refer to the analysis in agenda items 3.1 and 3.2 that form the basis of staff recommendations for a further two-year extension for the adoption provisions relating to scope 3 GHG emissions reporting and assurance, and to anticipated financial impacts. Staff note that the contents of this memo do not change these staff recommendations.

Information provided to the consultation from CREs that are expected to remain in the regime

- 9. Information provided with the Government decision showed that 76 CREs are expected to remain in the regime.¹ The Financial Markets Authority (FMA) also provides exemptions from the regime to some of these 76 entities.²
- 10. Of the CREs that are expected to remain in the regime, 24 responded to the XRB consultation (12 listed issuers, five registered banks, and seven insurers).

Scope 3 GHG emissions disclosure and assurance

- 11. 20 of the 24 CREs answered question 1. All 20 CREs (100%) supported a two-year extension. Four either did not answer the question or specified that they had no comment on the extension of these adoption provisions. These responses support the staff recommendation in agenda item 3.1.
- 12. Five main reasons were provided:
 - (a) international alignment (especially with regards to learning from/cost reductions associated with Australian parent entities and that more time will allow more clarity on evolving international requirements) (13 submitters)
 - (b) data quality and availability issues (and that an extension will enable entities to work towards completeness, so that users can have confidence in reported data) (9 submitters)
 - (c) high costs (including being exacerbated by unavailable or unclear guidance/methodologies) (8 submitters)
 - (d) to provide more certainty (including with regards to very tight timeframes for 31 December year end entities) (3 submitters)
 - (e) for the reasons provided in the XRB consultation document (2 submitters).

Anticipated financial impacts

- 13. 24 of the CREs answered question 2. All 24 CREs (100%) supported an extension. One supported a one-year extension, 21 supported a two-year extension, and two supported an extension of three or more years. These responses support the staff recommendation in agenda item 3.2.
- 14. Six main reasons were provided:

¹ See the [factsheet provided](#) as part of the Government announcement.

² Further exemptions may occur based on the FMA's [consultation on a proposed overseas CRE class exemption](#).

- (a) guidance is a necessary input for quality AFI disclosure, and sufficient time is needed to both ensure guidance is internationally aligned and for CREs to understand and implement guidance internally (18 submitters)
- (b) significant uncertainty regarding disclosure expectations (especially international expectations) (7 submitters)
- (c) allowing time to learn from/collaborate with a parent entity (4 submitters)
- (d) more time is needed for CREs to obtain sufficient information and improve internal understanding of inputs/analysis needed for AFI analysis (3 submitters)
- (e) timeframes (that more time is a practical necessity to conduct the work before disclosure) (2 submitters)
- (f) for the reasons provided in the XRB consultation document (2 submitters).

Use of adoption provisions

15. Staff have analysed the use of *Adoption Provision 4: Scope 3 GHG emissions* and *Adoption Provision 2: Anticipated financial impacts* by CREs expected to remain in the regime (including after considering exemptions). Based on information available in their most recently lodged climate statement, 68% used AP 4 and 88% used AP 2. This shows that the use of adoption provisions remains high among the largest entities.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

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This amending Standard was made under section 12(aa) of the Financial Reporting Act 2013 by the Sustainability Reporting Board of the External Reporting Board after complying with section 22 of that Act.

This amending standard is secondary legislation for the purposes of the Legislation Act 2019.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
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Explanatory note

This note is not part of the standard.

This amending Standard has been issued to amend adoption provisions in NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

Copyright

This notice is not part of the standard.

This amending Standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

ISBN

[xxx]

Application

This note is not part of the standard.

This amending Standard has a mandatory date of 1 January 2025, meaning it must be applied by reporting entities for accounting periods that begin on or after this date.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
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DRAFT

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
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Part A – Introduction

This amending Standard makes changes to NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*. The amendments extend the adoption provisions for an additional two years for:

- anticipated financial impacts;
- scope 3 GHG emissions (and related extensions to the adoption provisions relating to comparatives for scope 3 GHG emissions and analysis of trends); and
- scope 3 GHG emissions assurance.

Part B – Scope

This amending Standard applies to entities that are required by Part 7A of the Financial Markets Conduct Act 2013 to prepare climate statements or group climate statements that comply with the climate-related disclosure framework.

Part C – Amendments to NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*

Paragraphs 8, 8.1, 12, 17, 18, 19, 22 and 24 are amended. Paragraphs 19(b), 19(c), 19(d) 22.1(b) and 22.1(c) are added. Paragraph 19.1 has been amended and renumbered as 19(a). The content of paragraph 22.1 has been split between paragraph 22.1 and subparagraph 22.1(a).

New text is underlined and deleted text is struck through.

Scope

...

8. Adoption provisions 2 and 4 to 7 are available to an entity when preparing and presenting climate statements or group climate statements for its first reporting period, second reporting period, third reporting period, ~~or fourth reporting period~~, fifth reporting period or sixth reporting period.

- 8.1 Adoption provision 8 is available to an entity when preparing and presenting climate statements or group climate statements in relation to accounting periods ending before 31 December ~~2025~~2027.

...

Adoption provisions

...

Adoption provision 2: Anticipated financial impacts

12. Paragraph 15(b) of NZ CS 1 requires the following disclosure:
- the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.

This Standard provides an exemption from this disclosure requirement in an entity's first reporting period ~~and, second reporting period, third reporting period and fourth reporting period~~.

Adoption provision 4: Scope 3 GHG emissions

17. Paragraph 22(a)(iii) of NZ CS 1 requires the following disclosure:

greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO₂e) classified as scope 3.

Although disclosure of *scope 3 greenhouse gas (GHG)* emissions is encouraged for all entities on adoption of Aotearoa New Zealand Climate Standards, this Standard provides an exemption from this disclosure requirement in an entity's first reporting period ~~and~~ second reporting period, third reporting period and fourth reporting period. An entity may choose to apply the adoption provision in this paragraph to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. If an entity discloses a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.

Adoption provision 5: Comparatives for Scope 3 GHG emissions

18. Paragraph 40 of NZ CS 3 *General Requirements for Climate-related Disclosures* requires the following disclosure:

For each metric disclosed in the current reporting period an entity must disclose comparative information for the immediately preceding two reporting periods.

~~If an entity elects to use the adoption provision in paragraph 17, this Standard provides an exemption from providing comparative information for scope 3 GHG emissions in an entity's third reporting period.~~

19. ~~If an entity elects to use the adoption provision in paragraph 17, this Standard permits an entity to provide one year of comparative information for scope 3 GHG emissions in an entity's fourth reporting period.~~

- ~~19.1 If an entity elects to use the adoption provision in paragraph 17 only~~

- ~~(a) for its first reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its second reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its third reporting period.~~
- ~~(b) for its first reporting period and second reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its third reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fourth reporting period.~~
- ~~(c) for its first reporting period, second reporting period and third reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fourth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fifth reporting period.~~
- ~~(d) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fifth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its sixth reporting period.~~

...

Adoption provision 7: Analysis of trends

22. Paragraph 42 of NZ CS 3 requires the following disclosure:

An entity must disclose an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

This Standard provides an exemption from this disclosure requirement in an entity's first reporting period and second reporting period.

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22.1 If an entity elects to use the adoption provision in paragraph 17:

- (a) for its first reporting period and second reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period and third reporting period;
- (b) for its first reporting period, second reporting period and third reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period and fourth reporting period; and
- (c) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period, fourth reporting period and fifth reporting period.

...

Assurance of GHG emissions disclosures

Adoption provision 8: Scope 3 GHG emissions assurance

24. For accounting periods ending before 31 December 2025~~2027~~, this adoption provision allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1). This means that the assurance of the entity's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December 2025~~2027~~.

...

New defined terms 'fifth reporting period' and 'sixth reporting period' are added to Appendix A. New text is underlined.

Appendix A Defined terms

This appendix is an integral part of NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards and has the same authority as the other parts of this Standard. Some defined terms are used in at least one other Aotearoa New Zealand Climate Standard, always with the same meaning.

...

<u>fifth reporting period</u>	<u>The reporting period immediately following an entity's fourth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.</u>
<u>sixth reporting period</u>	<u>The reporting period immediately following an entity's fifth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.</u>

Paragraphs B6 to B9 are added including their related headings. New text is underlined and deleted text is struck through.

Appendix B

Commencement and application

This appendix is an integral part of NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and has the same authority as the other parts of this Standard.

Commencement and application

...

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

- B6. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*, published in November 2025, amends paragraphs 8, 8.1, 12, 17, 18, 19, 22 and 24, adds paragraphs 19(b) 19(c), 19(d), 22.1(b), 22.1(c), adds new defined terms 'fifth reporting period' and 'sixth reporting period' to Appendix A, amends paragraph 19.1 and renumbered as 19(a), and splits the content of paragraph 22.1 between paragraph 22.1 and subparagraph 22.1(a). An entity must apply those amendments in accordance with the commencement and application date provisions in paragraphs B7 to B9.

When amending Standard takes effect (section 27 Financial Reporting Act 2013)

- B7. This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019.¹

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)

- B8. The accounting periods in relation to which this amending Standard commences to apply are those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.
- B9. In paragraph B8:
mandatory date means 1 January 2025.

The section below titled Basis for Conclusions on Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 is added to the Basis for Conclusions in NZ CS 2.
Paragraphs BC58 to BC76 are added including their related headings.
New text is underlined.

Basis for Conclusions on 2025 Amendments NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards

This Basis for Conclusions accompanies, but is not part of, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

...

¹ This footnote is not part of the standard. The amending Standard was published on **13 November 2025** and takes effect on **4 December 2025**.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025²

Sustainability Reporting Board

- BC58. The XRB Board issued NZ CS 2 in December 2022, and the amending standard — *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, which amended NZ CS 2 in November 2024. The Sustainability Reporting Board (SRB) was established by the XRB Board under clause 14 of Schedule 5 of the Crown Entities Act 2004 (CE Act). The XRB Board used the powers under section 73 of the CE Act to delegate to the SRB the function of preparing and issuing climate standards. The SRB has issued this 2025 amending Standard.
- BC59. This section of the Basis for Conclusions summarises the SRB's considerations in developing *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.

Scope 3 greenhouse gas emissions and disclosure and assurance

How and why we consulted on extending scope 3 adoption provisions

- BC60. The SRB and XRB staff obtained information through three consultation processes:
- (a) In April 2025, the XRB issued *Request for information: The international alignment of climate reporting* (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 greenhouse gas (GHG) emissions was continuing to be a challenge for entities.
 - (b) In August 2025, XRB staff conducted targeted follow-up meetings with climate reporting entities (CREs), assurance practitioners and data providers, to understand these issues in more detail.
 - (c) In September 2025, the XRB issued the consultation paper *Proposed 2025 Amendments to Climate and Assurance Standards* proposing a two-year extension to AP 4, AP 5, AP 7 and AP 8. These amendments to NZ CS 2 would provide additional time for CREs to continue progressing disclosures, with or without assurance, and engage in assurance readiness assessments during the transition period. The consultation paper also included questions about the other options: retain the status quo, a one-year extension and an extension of more than two years.

Targeted follow-up meetings

- BC61. During the targeted follow-up meetings, CREs told XRB staff that disclosing and assuring scope 3 GHG emissions is far more complex and costly than anticipated, reducing comparability and creating significant implementation challenges. They highlighted major uncertainties around defining boundaries and avoiding scope creep, particularly for facilitated emissions in investment banking, insurance-associated emissions, and applying GHG Protocol categories such as "use of sold products".
- BC62. CREs also raised concerns about methodological gaps and interpretation issues due to the absence of sector-specific guidance in an evolving international landscape. Misinterpretation risks were noted where absolute financed emissions disclosures do not reflect actual climate impact, as figures are largely driven by loan book size rather than real economy emissions changes. Data quality and availability remain problematic, and potential inconsistencies between New Zealand requirements and international standards such as IFRS S2 add complexity for climate reporting entities with overseas parents. High compliance costs, disproportionate impacts on smaller entities, and diversion of resources away from emissions reduction and adaptation efforts were also key concerns.

² This section of the Basis for Conclusions refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards).

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BC63. Other stakeholders expressed mixed views on whether to extend adoption provisions for the reporting and assurance of scope 3 GHG emissions.

- (a) Supporters argued that delays would allow time for Service Organisation Control Type 2 (SOC 2) reports to become available, improve data systems, and align with Australian and other international frameworks, reducing costs for entities with cross-border obligations. They noted ongoing uncertainty in global best practice and emerging changes in jurisdictions such as the European Union, Singapore, and Canada, which could affect data availability and calculation methods.
- (b) Opponents stated that further extensions could undermine the purpose of climate standards and delay necessary preparations. They stated that disclosures are becoming easier with experience, better upstream and downstream data, and new sector-specific guidance. Some opponents also stated that there is no demonstrable need for delay, as many entities are already disclosing scope 3 GHG emissions under NZ CS 1, most assurance opinions have been unmodified, and SOC 2 reports are not essential because alternative evidence can meet assurance requirements. Concerns were also raised that prolonged uncertainty could weaken the integrity of the climate-related disclosure framework.

The consultation paper

BC64. The consultation paper stated that the purpose of the proposed two-year extension would be to provide time for:

- (a) the XRB to develop additional guidance, clarify boundaries for scope 3 GHG emissions, and consider differential reporting options. This work would need to be completed in 2026.
- (b) CREs to upskill and improve systems, better manage the current data quality issues, methodological gaps and boundary uncertainties that limit the reliability and comparability of scope 3 GHG disclosures.
- (c) data providers to progress industry-wide solutions such as SOC 2 reports, and support alignment with international disclosure obligations.

BC65. The consultation paper also stated that a two-year extension would also better align timing with the scope 3 GHG emissions disclosure and assurance obligations in Australia and other overseas jurisdictions.

BC66. The XRB received 102 submissions, 57 from CREs and 45 from other stakeholders. 97 submitters, comprising 53 CREs and 44 other stakeholders responded to the question on scope 3 GHG emissions disclosure and assurance. More specifically:

- (a) 73 of the 97 submitters (75%) supported an extension. Of the 73 submitters that supported an extension, 75% agreed with the proposed two years. Views were split amongst the other 25% about whether a shorter (one year) or longer extension (three or more years) should be implemented.
- (b) 50 of the 53 CREs (94%) supported an extension. Of the 50 CREs that supported an extension, 82% supported the proposed two years. The other 18% supported three or more years.
- (c) Seven of 13 professional service providers (including assurance providers) (54%) and nine of 15 individuals (60%) did not support an extension.

BC67. In their responses, CREs and other stakeholders emphasised the complexity and challenges of scope 3 reporting, including data quality and availability across value chains, methodological gaps, and assurance readiness. Both groups also recognised the importance of international alignment and the disproportionate burden on smaller entities. The other stakeholders that did not support an extension contended that scope 3 GHG emissions information is essential for decision making and that existing guidance and standards provide enough flexibility to report despite data challenges.

BC68. On 21 October 2025 the Government announced its decisions on changes to the CRD regime which will:

- (a) lift the mandatory climate reporting threshold for listed debt and equity issuers (listed issuers) from \$60 million market capitalisation to \$1 billion

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

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- (b) remove managed investment schemes from the CRD regime
- (c) adjust director and company liability settings.

- BC69. The decisions did not change the inclusion of, or thresholds relating to, the following other types of CREs: large banks, licensed insurers, credit unions or building societies.
- BC70. The Ministry of Business, Innovation and Employment (MBIE) notes that legislation to put these changes into effect will be passed in 2026.
- BC71. Staff noted to the SRB that these decisions do not change the staff's recommendations for a two-year extension for the adoption provisions relating to scope 3 GHG emissions reporting and assurance. Staff also noted that all CREs remain subject to the current CRD legislation.
- BC72. The FMA has indicated that they would issue any necessary exemptions in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025.

The SRB's decision on extending scope 3 GHG emissions adoption provisions

- BC73. The SRB decided that a two-year extension for both scope 3 GHG emissions reporting and assurance optional adoption provisions as proposed in the consultation paper is appropriate. No significant new issues were raised in submissions. They largely confirmed what was learnt from the targeted consultation in August 2025. The SRB considers that a two-year extension acknowledges the real and immediate challenges faced by CREs and assurance providers, allowing those CREs who need more time to use the optional adoption provisions as required, while providing time for capability building and methodological improvement to reduce risk and costs. The SRB also considers that an extension maintains momentum and credibility in the regime, as not amending the standards risks negatively impacting their effective implementation and the decision usefulness of the reported information. It aligns with international developments, provides time for capability building and methodological improvement, and responds to most of the feedback received. The SRB notes the concerns regarding comparability but highlights that the adoption provisions are optional.
- BC74. Although the SRB decided to provide a two-year extension to the scope 3 GHG emissions adoption provisions, it strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure and assurance.

Anticipated Financial Impacts**Why we consulted on extending the anticipated financial impacts adoption provision**

- BC75. The XRB consulted on extending Adoption Provision 2: Anticipated financial impacts (AP 2) for two main reasons: (i) international uncertainty as to when and whether anticipated financial impacts (AFIs) must be quantified and (ii) implementation challenges on disclosure of AFIs in the absence of comprehensive 'how to' guidance.
- BC76. In September 2025, the XRB issued the consultation paper *Proposed 2025 Amendments to Climate and Assurance Standards* proposing a two-year extension to AP 2. The paper stated a two-year extension to AP 2 would provide time for guidance materials to become embedded and more clarity on international requirements to become available.

Response to consultation and SRB decisions

- BC77. The XRB received 102 submissions, 57 from CREs and 45 from other stakeholders. 99 submitters, comprising 57 CREs and 42 other stakeholders responded to the question on AFIs. More specifically:
- (d) 84 of the 99 submitters (85%) supported an extension. Of the 84 submitters that supported an extension, 62 (74%) agreed with the proposed two years. Views were split amongst the other 22 submitters (26%) about whether a shorter (one year) or longer extension (three or more years) should be implemented.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

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- (e) All 57 CREs supported an extension. 46 CREs (80%) supported the proposed two years. One CRE supported a one-year extension and the other 10 CREs (18%) supported three or more years.
 - (f) Six of 13 professional service providers (including assurance providers) (46%) and five of 15 individuals (33%) did not support an extension.
- BC78.** CREs and other stakeholders acknowledged the significant challenges associated with AFI disclosures, particularly around data quality, methodological uncertainty, and the need for robust and detailed 'how to' guidance. Both groups also recognised the importance of aligning New Zealand's approach with international standards and highlighted the disproportionate impact that new requirements could have on smaller entities.
- BC79.** CREs emphasised the practicalities of implementation, such as the need for more time to develop internal capability, systems, and processes (as well as to embed guidance), and to ensure comparability and reliability of disclosures. The other stakeholders argued that delays undermine transparency, that the existing standards allow compliance despite uncertainty and that imperfect early disclosures are preferable to postponement.
- BC80.** Staff noted to the SRB that the Government's decisions do not change the staff's recommendations for a two-year extension for the adoption provision relating to AFIs.
- BC81.** The SRB has decided that a two-year extension for AFIs as proposed in the consultation paper is appropriate. The SRB consider that this option provides preparers time to absorb forthcoming domestic guidance and to build necessary capability before disclosure is required, allows time for further clarity to develop on evolving international practice (and to more closely align with timings in other jurisdictions to reduce costs for those with offshore parent entities), and avoids the comparability risks of a longer delay. The SRB notes the concerns regarding the materiality of this information but highlights that the adoption provisions are optional.
- BC82.** Although the SRB decided to provide a two-year extension to the AFI adoption provision, it strongly encourages entities that use the adoption provision to continue to work internally so that they are prepared for mandatory disclosure.
-

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
| Amendment | 2025 |

Minimum Legislative Information

This information is not part of the standard.

This standard is secondary legislation issued under the authority of the Legislation Act 2019.

Title	Amendments to Adoption of Aotearoa New Zealand Climate Standards Amendment 2025
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	This standard was made under section 12(aa) of the Financial Reporting Act 2013 .
Replacement empowering Act and provision	Not applicable.
Maker name	Sustainability Reporting Board of the External Reporting Board
Administering agency	External Reporting Board
Date made	7 November 2025
Publication date	13 November 2025
Notification date	13 November 2025
Commencement date	This standard takes effect on 11 December 2025
End date	Not applicable
Consolidation as at date	Not applicable
Related instruments	NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards

Memorandum

To: Sustainability Reporting Board

Meeting date: 31 October 2025

Subject: **Anticipated financial impacts**
Proposed 2025 Amendments to Climate and Assurance Standards – Analysis of feedback and recommendations

Memo date: 24 October 2025

From: Amelia Sharman

Prepared by: Lisa Kelsey and others

Copied to: NZAuASB members

☒ **Action Required**

☐ **For Information Purposes Only**

Purpose

1. This paper:
 - (a) summarises the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of anticipated financial impacts (AFIs)
 - (b) makes recommendations to the Sustainability Reporting Board (SRB) based on the staff analysis of that feedback.

Recommendations

2. We recommend that the SRB:
 - (a) NOTES the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of AFIs
 - (b) CONSIDERS the staff analysis of that feedback
 - (c) AGREES to the proposals as stated in the consultation document to extend the adoption provision for AFIs (AP 2) for an additional two reporting periods.

Background

3. On 3 September 2025, the XRB published [*Proposed 2025 Amendments to Climate and Assurance Standards*](#) (the consultation paper). The purpose was to seek views about the proposal to extend, by two reporting periods, the adoption provisions relating to reporting and assurance of scope 3 greenhouse gas (GHG) emissions and reporting AFIs. Submissions closed on 24 September 2025.

Responses received

4. 102 submissions were made. 97 submitters responded to question 1 on scope 3 GHG emissions disclosure and assurance and 99 submitters responded to question 2 on AFIs. All submissions are included in the supporting papers.

Profile of respondents

5. 57 (56%) submissions were made by climate reporting entities (CREs) comprising 38 listed issuers, 7 managers of registered schemes, 7 licensed insurers, and 5 registered banks. Figure 1 below indicates the types of submitters. We have also provided a breakdown of each category in the supporting papers.
6. Two managers of registered schemes self-identified as both preparers and users/consumers of climate-related disclosures. Note that the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment (PRI) are categorised as sustainability organisations rather than direct users of climate statements.

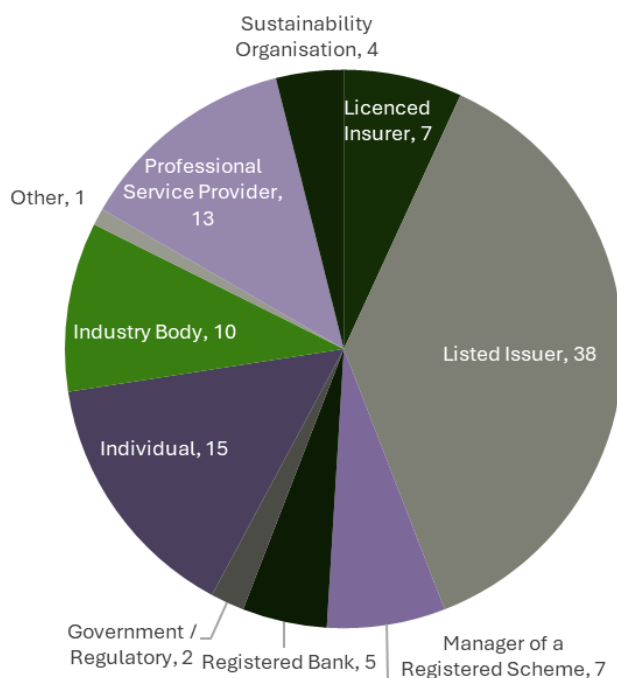


Figure 1: Respondents by type

How we describe the feedback

7. In this memo we use the following terms to describe the extent of feedback.

Term	Meaning	Approximate range
Almost all	All except a very small minority	>90%
Most	A large majority	70-90%
Many	A substantial portion	40-70%
Some	A noticeable minority	10-40%
A few	A small number	<10% ¹

Questions in consultation document

8. The consultation questions in the online survey relating to AFIs are below.

¹ Note that this may be only one, two or three submitters.

Anticipated Financial Impacts (AP 2)	
2.	Should AP 2, which relates to anticipated financial impacts, be extended? Please give reasons for your answer.
	– No
	– Yes, by one year
	– Yes, by two years (the XRB's proposal)
	– Yes, by three years
	– Yes, by four or more years

Structure

9. The rest of this memo is structured as follows:
- (a) Summary of feedback received on the topic of AFIs
 - (b) Staff analysis
 - (c) Staff recommendation
 - (d) Appendix A: Detailed feedback received from CREs
 - (e) Appendix B: Detailed feedback received from non-CREs
10. Note that this memo is about AFIs only. A separate memo discusses scope 3 GHG emissions reporting and assurance.

Summary of feedback received

11. This section provides a high-level summary of feedback on the proposed extension of the adoption provision for AFIs. Table 2 provides a quantitative analysis.

Table 1: Submitters who answered Question 2 – Anticipated financial impacts						
Options	All submitters		CREs		Non-CREs	
	#	%	#	%	#	%
No change	15	15%	0	0%	15	36%
Yes extend	84	85%	57	100%	27	64%
Totals	99	100%	57	100%	42	100%
Yes, by 1 year	8	8%	1	2%	7	17%
Yes, by 2 years (<i>Proposed</i>)	62	63%	46	81%	16	38%
Yes, by 3 years	3	3%	1	2%	2	5%
Yes, by 4 + years	11	11%	9	16%	2	5%
Total supporting extension	84	85%	57	100%	27	64%

Summary of CRE responses

12. 81% of CREs support a two-year extension of the adoption provision for AFI disclosures, citing the need for clear, practical guidance and international alignment before implementation. CREs emphasise that meaningful AFI reporting requires detailed “how to” guidance, worked examples, and standardised methodologies to ensure comparability and avoid misleading disclosures given high measurement uncertainty and limited data. Some stress alignment with ISSB/AASB/IFRS S2 standards, substantial resourcing and capability-building needs, and tailored approaches for managed investment scheme (MIS) managers. Additional concerns include liability risks, timing for entities with December/January year ends, and the opportunity to learn from Australian practice. A few CREs advocate qualitative disclosures where quantification would lack decision-usefulness.

13. 18% of CREs support extending the adoption provision for AFIs beyond two years, with one registered bank favouring three years and the remainder seeking four or more. Key reasons include the speculative nature and low decision-usefulness of AFI figures, given reliance on long-horizon scenarios and uncertain methodologies; the need for lead time to embed forthcoming guidance; unresolved director liability settings; immature risk management frameworks; lack of standardised methodologies; and limited professional expertise in climate-related financial analysis. CREs argue that mandating AFI disclosures prematurely could mislead investors and undermine comparability and reliability.

Summary of non-CRE responses

14. 27 non-CREs supported an extension (64% of non-CRE respondents). Of these, 20 supported an extension for two or more-years and seven for one year.
15. The reasons given by the 20 non-CRE respondents that supported extending the adoption provisions for AFI by two years or more included: the need for international alignment with ISSB and Australia's AASB S2 regime to ensure comparability and avoid rework; time to develop detailed, sector-specific guidance and build internal capability, systems, and assurance readiness; and high estimation uncertainty, which risks unreliable or misleading AFI disclosures. A few respondents also cited incomplete data and the need to first mature foundational steps such as emissions inventories and risk identification before mandating AFI quantification.
16. The reasons given by the seven non-CRE respondents that supported a one-year extension included: the need for time to absorb and apply evolving XRB/ISSB guidance and to establish robust processes for AFIs. Submitters emphasise that AFIs require new governance, modelling frameworks, and internal approvals, and argue that an additional year would enable credible methodologies without undermining momentum. Some note existing flexibility in standards and view a short delay as a pragmatic compromise to maintain stakeholder confidence while avoiding New Zealand lagging behind Australia.
17. 15 non-CRE respondents did not agree with extending the adoption provisions for AFIs, citing that AFIs are financially material and essential for investors' decision-making and capital allocation. They argue that delay undermines transparency, accountability, and alignment with international standards (e.g., IFRS/ISSB), reducing interoperability and comparability. Respondents note existing flexibility in NZ CS 1 allows compliance despite uncertainty, and that tools and data for AFI disclosure are already available. Some stress urgency, stating imperfect early disclosures are preferable to postponement, which risks eroding confidence, slowing capability building, and damaging New Zealand's reputation for leadership. Further deferral could hinder robust transition planning, peer benchmarking, and integration with financial reporting, ultimately weakening investor confidence and global capital flows.

Consistent messages from both CREs and non-CREs

18. Both CREs and non-CREs acknowledged the significant challenges associated with AFI disclosures, particularly around data quality, methodological uncertainty, and the need for robust guidance. Both groups also recognised the importance of aligning New Zealand's approach with international standards and highlighted the disproportionate impact that new requirements could have on smaller entities.

Staff analysis

Two-year extension

19. A two-year extension was the proposal provided in the XRB's consultation document. This proposal was based on:
 - (a) international uncertainty as to when and whether AFIs must be quantified
 - (b) implementation challenges on disclosure of AFIs in the absence of comprehensive 'how to' guidance.
20. The consultation document stated that the purpose of the proposed two-year extension would be to provide time for guidance materials to become embedded and more clarity on international requirements to become available.
21. Staff consider that the information provided in the consultation feedback strongly supports the proposal for a two-year extension, with the reasons provided consistent with the issues as outlined in the consultation document. We consider that a two-year extension:
 - (a) provides preparers time to absorb forthcoming domestic guidance and to build necessary capability before disclosure is required
 - (b) allows time for further clarity to develop on evolving international practice (and to more closely align with timings in other jurisdictions to reduce costs for those with offshore parent entities)
 - (c) avoids the comparability risks of a longer delay.
22. Staff also note the arguments provided by many submitters that not amending the standards to account for the identified challenges risks negatively impacting their effective implementation. The information provided by the reporting must be trusted and considered useful by both entities and primary users to meet the stated purpose of climate standards and climate-related disclosures (in [section 19B of the Financial Reporting Act 2013](#)).
23. Finally and importantly, staff highlight that the adoption provisions are optional. A paragraph is included in the draft basis for conclusions that strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure.

No extension

24. Staff note the arguments given in favour of no extension (such as that AFIs are central to the regime's purpose and are already feasible on a proportionate basis). Staff also note the point raised in submissions that NZ CS 1 allows qualitative disclosure where quantification is not reasonably possible, and international regimes (IFRS S2/AASB S2) expect AFI information from year one—so further delay risks undermining comparability and usefulness to capital markets.
25. Staff however consider that, as with scope 3 GHG emissions reporting and assurance, the practical implementation challenges of CREs outweigh these responses, particularly when considering costs and benefits and the need to ensure the climate-related disclosure regime as a whole is enabled by standards that meet the needs of both preparers and users. Staff also agree that requiring AFI disclosures before guidance is embedded and practice is sufficient to enable high-quality analysis is likely to result in low decision-usefulness.
26. Finally, staff also note that they consider it would be unreasonable to provide no extension based on the feedback received, as well as the short time between the decision on this

adoption provision extension and a requirement to report, particularly for 31 December balance date entities.

One-year extension

27. Staff note the arguments from some professional advisors and an actuarial body that a one-year extension may preserve momentum while allowing entities to absorb forthcoming guidance, test methods, and learn from early Australian practice. However, these responses do not outweigh cited arguments that a one-year extension is unlikely to be sufficient to build governance, data, and modelling, especially for December year ends, multi jurisdiction groups, and sectors with complex risk pathways. Staff also note the responses from some banks and insurers that highlighted alignment needs with Australian parents, noting that evolving ISSB materials that will take more than one cycle to embed.

Extension of three or more years

28. Staff agree that a three or more-year delay would place New Zealand behind peer markets and reduce comparability, and that an extension beyond two years is disproportionate to concerns faced (relating to methods or low immediate investor demands for AFIs in a particular sector).

Staff recommendation

29. We recommend a two-year extension for the AFIs adoption provision (AP 2).

APPENDIX A: Feedback received from CREs

1. This appendix focuses on responses received from CREs, then broken down by support or otherwise for the proposed extension.
2. Table 2 provides a heatmap of responses from CREs for the second question relating to AP 2 on AFIs. All CREs support an extension of AP 2.

Table 2: Heat map of responses to Q2 by CRE submitters

Q2 – Should AP 2, which relates to anticipated financial impacts, be extended?						
Submitter Type	TOTAL (type)	No	Yes – By 1 Year	Yes – By 2 Years	Yes – By 3 Years	Yes – By 4+ Years
Licensed Insurer	7			7		
Listed Issuer	38			30		8
Manager of a Registered Scheme	7			6		1
Registered Bank	5		1	3	1	
TOTAL (response)	57		1	46	1	9

CRE supporting a one-year extension

3. A registered bank, which is the only CRE submitter supporting a one-year extension states that this is sufficient due to the expected release of XRB guidance at the end of 2025 and the time needed for planning, execution and governance processes. The bank notes that current disclosure challenges and international uncertainty make flexibility essential. Clear guidance will enable voluntary disclosures where feasible, preserving existing AFI capabilities and aligning with cost-benefit and strategic objectives. This approach balances the urgency of climate action with operational realities to achieve the aim of the climate-related disclosure framework.

CREs supporting two-year extension

4. 46 of the 57 CREs (81%) support a two-year extension of the adoption provision for AFIs for the reasons summarised below.

Clear, practical AFI guidance and examples are needed before disclosures are required

5. Many CREs say meaningful AFI disclosures depend on clear 'how-to' guidance, worked examples, and clarity about methods and assumptions. Listed issuers emphasise comparability and timing. Insurers and banks point to the need for actuarial input and internationally coherent guidance so entities can plan, resource and embed AFI processes properly.

We share the concerns raised by other CREs that comprehensive AFI disclosures are difficult to prepare ahead of detailed guidance from the XRB (listed issuer, #8) ²

Requirements for AFIs should be suspended until more detailed guidance and reporting principles have been determined and are widely adopted (listed issuer, #13)

Difficulties in reliably quantifying AFIs

6. Many CREs describe high measurement uncertainty, wide ranges, and difficulty separating climate-related impacts, warning that early numbers may mislead primary users. Listed

² Numbers refer to submission numbers as allocated in the [submission list](#).

issuers and insurers dominate this theme, with managers of registered schemes and a bank also represented. There is a tension between decision-usefulness and avoiding false precision.

In many cases, the estimated financial impacts are proving to be difficult to separately identify, and the estimates themselves are subject to a high level of measurement uncertainty meaning quantitative information may not be particularly useful. (licensed insurer, #79)

The ability to source quantitative financial impact data is currently very limited, and there is a high degree of measurement uncertainty, which risks undermining the usefulness of disclosures. While we have begun developing our internal processes for quantification, a key challenge remains the difficulty of directly attributing specific climate events to financial impact (listed issuer, #53)

Different AFI methods would weaken comparability and consistency across entities

7. Some CREs caution that without common approaches and guidance, divergent AFI methods will undermine comparability and consistency.

There is also minimal guidance and international alignment on how anticipated financial impacts should be calculated, leading to highly caveated and non-comparable disclosures, often depicting wide ranges. (licensed insurer, #1)

New Zealand practice should align with IFRS S2 and AASB S2 as international guidance evolves

8. Some CREs argue New Zealand should align AFI expectations to IFRS S2 and AASB S2 to avoid conflicting requirements and ensure comparability. Insurers emphasise the need for cross-border alignment. Listed issuers emphasise coherence with global guidance while avoiding premature, divergent local rules.

Two years is a reasonable timeframe, allowing climate-reporting entities to review the first year of Australian AASB S2 disclosures of anticipated financial impacts (FY27). This period also gives insurers with Australian parent companies time to align their calculation methods (licensed insurer, #103)

AFI work needs significant resourcing and time to build capability and systems

9. Some CREs report substantial resourcing and cost requirements to build AFI capability, systems and processes, and want time to integrate methods with risk management. Listed issuers are most represented. Managers of registered schemes and insurers also identified investment and upskilling needs.

These disclosures require substantial resourcing, investment and methodological development to ensure they are meaningful. (listed issuer, #31)

The two-year extension would give us and other CREs time to provide appropriate integration of AFI methodologies with existing risk management processes (listed issuer, #8)

Managers of registered schemes need AFI metrics tailored to diversified, liquid portfolios

10. Managers of registered schemes said they need AFI methods and metrics that reflect fund structures and security-level exposures, not just company-level modelling. They flag attribution and baselines in diversified portfolios, and seek comparable, appropriate measures.

We would support increased guidance regarding appropriate and comparable metrics which could increase the applicability of AFI to MIS Managers. (manager of a registered scheme, #58)

AFI disclosure is unrealistic for the next reporting period

11. A few CREs with December/January year ends say AFI disclosure is unrealistic without guidance early enough to plan and implement methods, systems and assurance.

I think given the lack of detail guidance on AFI, to expect December to January year ends to report on this is unrealistic (listed issuer, #11)

CREs supporting an extension of three or more years

12. 10 of the 57 CREs (18%) support an extension AFI adoption provision for three or more years. Their reasons are summarised below.

AFI figures are too uncertain and speculative to be decision-useful at this stage

13. Some CREs say AFIs rely on long-horizon scenarios and judgement, producing numbers with a wide margin of error that could mislead if presented as precise. The core concern is reliability and comparability: uncertainty about timing and magnitude, difficulty separating impacts, and the risk of false precision.

Translating climate scenarios into quantifiable financial impacts is an emerging and highly speculative field... Mandating the disclosure of such speculative figures risks misleading investors (listed issuer, #2)

More lead time is needed to embed AFI guidance before it becomes mandatory

14. A few CREs suggest time is needed after guidance is released to properly embed the guidance into practice.

Our experience with NZ CS implementation to date suggests that sufficient lead time to properly embed guidance into practice is required (manager of a registered scheme, #27)

More time is needed for director liability settings to be adjusted

15. A few CREs argue that AFI disclosures should not be required until after Parliament amends the director liability settings.

Given the director liability settings haven't yet been adjusted, we support the maximum extension for AP2 (listed issuer, #48)

Allow more time for risk management frameworks to mature

16. A few CREs note that internal processes are still developing as CREs are building the link between climate risk and financial planning. A longer delay would allow frameworks to evolve and produce more robust disclosure.

Additional time before this disclosure requirement is mandatory would therefore be highly allowing [our] climate-related risk management frameworks and their connection with financial planning to mature (listed issuer, #91)

Allow more time for standardised methodologies to be developed

17. A few pointed out the absence of agreed, robust methodologies for calculating AFIs leads to concerns about comparability and reliability.

Allow more time to develop professional expertise

18. A few CREs highlight scarce specialist skills (climate science, econometrics, financial analysis) and the need to develop professional capacity.

APPENDIX B: Feedback received from non-CREs

19. This appendix focuses on responses received from non-CREs, then broken down by support or otherwise for the proposed extension.
20. Table 3 provides a heatmap of responses from non-CREs to question 2, relating to AFIs. 27 (64%) support an extension of anywhere from 1 year to 4 or more years. 15 of the 42 non-CREs answering this question (36%) do not support an extension of the adoption provision.

Table 3: Heat map of responses to Question 2 by non-CRE submitters

Q2 – Should AP 2, which relates to anticipated financial impacts, be extended?						
Submitter Type	TOTAL (type)	No	Yes – By 1 Year	Yes – By 2 Years	Yes – By 3 Years	Yes – By 4+ Years
Government / Regulatory	2			2		
Individual	15	5	3	4	2	1
Industry Body	8	1	1	6		
Other	1	1	0	0		
Professional Service Provider	13	6	2	4		1
Sustainability Organisation	3	2	1			
TOTAL (response)	42	15	7	16	2	2

Non-CREs who support a one-year extension

21. 7 of 42 non-CREs (17%) support an extension of the adoption provision for one year. The reasons provided by these respondents are summarised below.

Time to absorb and apply new guidance — short delay so entities can absorb and apply new XRB/ISSB guidance before disclosing AFIs

22. Some non-CREs argue that guidance is still landing and evolving, so a brief, time-bound extension helps entities interpret and operationalise requirements without losing momentum. A nuance is the balance between moving quickly and moving correctly: they accept urgency but say one year strikes a fair line while alignment and guidance mature.

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 (professional service provider, #12)

Time is needed to build processes, governance and modelling frameworks for AFIs

23. AFIs are integrative and forward-looking, so entities need time to embed governance, develop financial models and run them through internal approval cycles. There is a shared emphasis on quality: the extra year is not about delay for its own sake, but to enable better-designed methodologies and credible outputs.

It takes time to build the necessary processes, governance, and capability (42, individual, #42)
There may be some leeway to allow better financial modelling (individual, #75)

Other reasons

24. A few non-CREs noted the existing flexibility in the standards (i.e., allowing an explanation where quantification is not possible or meaningful) meant that a one-year extension is sufficient and a longer deferral as disproportionate.
25. A few non-CREs want to avoid New Zealand lagging Australia; a short delay allows learning without losing pace.
26. A few non-CREs see a one-year extension as a pragmatic compromise to maintain support while keeping momentum.

We commend the XRB for proposing pragmatic relief that maintains the integrity of the climate reporting regime while allowing entities time to build capability and systems (industry body, #10)

Non-CREs who support a two-year or more extension

27. 20 of the 42 non-CREs (48%) support an extension of the adoption provisions for two years or more. The reasons provided by these respondents are summarised below.

High estimation/measurement uncertainty means AFI numbers risk low reliability or misstatement

28. Some non-CREs warned that AFI quantification currently involves multiple assumptions, high estimation uncertainty, and difficulty in separately identifying impacts—conditions that could produce unreliable numbers and confuse users. Industry bodies, including insurers, underscored the very high levels of uncertainty in forward-looking projections, while professional advisers highlighted the risk of getting it wrong without clearer methods. Collectively, this group supports a pause to avoid premature, low-quality quantification.

In many cases, the estimated financial impacts are proving difficult to separately identify, and the estimates themselves are subject to a high level of measurement uncertainty. As a result, quantitative information may not be particularly useful to primary users at this stage. (industry body, #47)

Please extend AP2 or simply make AFI optional. The vast number of assumptions, judgements, scenarios etc that must be used to calculate a figure makes quantification just about worthless. Users would not be able to rely on the figures... (individual, #71)

International uncertainty and alignment (ISSB/Australia) require more time before AFI is mandated

29. Some non-CREs pointed to evolving international practice for AFI disclosure and the need to align with IFRS S2 and AASB S2 before mandating AFI locally. Observing early Australian disclosures and harmonising with international accounting and reporting expectations would improve comparability and reduce re-work. Several professional service providers emphasised alignment with Australia and broader policy settings (e.g., thresholds and liability), while industry bodies stressed the still-developing interface between AFI quantification and accounting standards. The nuance across submissions is that some wanted a pause primarily for alignment (learn then apply), whereas others framed it as uncertainty in standards themselves that makes immediate quantification premature.

We note that the quantification of anticipated financial impacts and how such quantification would intersect with International Accounting standards is still a developing space (industry body, #16)

We are supportive of further extensions to transitional provisions if this provides time to allow for international alignment in reporting and assurance standards, as well as alignment around who has to report (legislative thresholds) and director/auditor liability settings. We encourage the XRB (and MBIE) to progress on these initiatives as any extensions beyond two years would put

New Zealand out of alignment with Australia and other jurisdictions (particularly for larger entities) which may have unintended consequences (professional service provider, #18)

Need detailed guidance and time to build internal capability and systems

30. Some non-CREs called for practical “how-to” guidance on AFI and adequate time for entities to embed processes, internal controls and assurance-readiness. Many professional service providers asked for detailed, sector-relevant guidance and highlighted the need to upskill and establish systems before numbers are published. Industry bodies agreed that additional time would let organisations consolidate methods and ensure disclosures are fair and accurate. The nuance is whether two years suffices: some were content with two years tied to guidance roll-out; others signalled that even longer might be needed for capability to mature.

The XRB should consider the time required to develop and consult on this guidance to ensure it is practical and sector-relevant (professional service provider, #49)

The XRB’s comment that comprehensive ‘how to’ guidance is not yet available in New Zealand and agree this will be necessary with adequate time for reporters to embed it internally.

Extended adoption relief will allow reporters and other entities to upskill themselves and ready internal systems without being rushed.” (54, industry body)

Other reasons

31. A few non-CREs said the data required to support AFI disclosures is not yet available at the necessary quality or completeness. They asked for extra time to gather and improve datasets so that future AFI disclosures are credible and comparable.
32. A few non-CREs argued AFI disclosures should follow foundational steps: completing the emissions inventory and maturing risk/opportunity identification. Their view is that AFI is downstream of these inputs. Pushing ahead without them risks poor quality or inconsistent AFI content. Professional advisers emphasised the need for time to mature other disclosures. An individual submitter said companies should first establish a complete corporate carbon footprint.

Non-CREs who do not support an extension

Investors and other primary users need AFI to make decisions and allocate capital

33. Some non-CREs state that AFIs are financially material and central to understanding entities’ exposure and readiness, so delaying them deprives investors and lenders of decision useful information. They state that AFIs make the linkage between climate risks and opportunities and business performance transparent, improving capital allocation and stewardship. Professional service providers and sustainability organisations emphasise investor needs most directly, while some individuals frame this as transparency and accountability for stakeholders.

Our understanding is that the identification of material climate related risks and opportunities and their associated AFIs is the central disclosure item under all climate related reporting regimes and one of the most relevant disclosures for primary users (professional service provider, #22)

Disclosure of anticipated financial impacts is critical to demonstrate that a company understands and is taking steps to manage climate related financial risks and opportunities.

This information is financially material to investors (individual, #43)

The flexibility already in NZ CS 1 is sufficient

34. Some non-CREs including professional service providers state that no extension is needed because paragraph 15(d) of NZ CS 1 states that an entity does not need to quantify AFIs if it is able to explain why it is unable to do so.

The current framework already provides pragmatic quantification approaches (e.g., ranges, sensitivity analysis, and ‘explain if unable’) (sustainability organisation, #76)

Deferral would misalign and reduce interoperability

35. Some non-CREs emphasise alignment with ISSB-based regimes (including AASB S2). They state that AFIs are required “from year one” internationally, subject to specific reliefs, and that deferring in Aotearoa New Zealand would weaken interoperability and comparability across borders. Professional service providers, a sustainability organisation and an industry body made this point, reflecting a cross-sector interest in consistency for multinational users and preparers.

Deferring AFI disclosure would reduce international interoperability and risk weakening alignment between New Zealand’s climate reporting regime and global standards.” (professional service provider, #62)

[This] would extend phase-in ... beyond the vast majority of jurisdictions that have adopted (or are adopting) ISSB standards (76, sustainability organisation, #76)

AFI disclosure is feasible now

36. Some non-CREs contend that entities already have usable methods and data to quantify or qualitatively assess AFIs. Examples cited include established scenario-based tools (e.g., climate value at risk) and sector datasets.

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 (professional service provider, #61)

Imperfect early disclosures are acceptable and better than delay

37. Some non-CREs emphasise the climate emergency and the signalling effect of delay. They state that postponement undermines confidence and slows capability building, whereas starting now, even with uncertainty, fosters learning and improvement.

Our planet is on fire and companies need to get across this ASAP — even if the first iteration is not perfect (individual, #39)

Delaying disclosures in pursuit of perfect accuracy risks missing critical windows for mitigation and adaptation. Even imperfect data can guide capital allocation, risk management and strategic decision-making (sustainability organisation, #50)

Other reasons

38. A few non-CREs note that AFIs already received a one-year deferral and argue that another extension would further delay essential information and progress.
39. A few non-CREs warn that further deferral risks New Zealand’s reputation for leadership and could diminish investor confidence and capital attraction. An industry body explicitly links alignment and disclosure expectations to global capital flows; an “other” organisation frames this as maintaining a leadership stance; a sustainability organisation stresses signalling to investors.

Deferring disclosure would further impact the international interoperability and international alignment of the NZ CRD regime and negatively impact the ability of New Zealand businesses to compete globally and to attract incoming capital (industry body, #82)

40. A few non-CREs argue that robust transition planning depends on understanding AFIs. Without them, plans are incomplete and less decision-useful. They advocate pressing ahead with disclosure while refining methods over time.

Developing a robust transition plan is very difficult without a view of the anticipated financial impacts (industry body, #82)

41. A few non-CREs emphasise that early AFI disclosure enables peer comparison and benchmarking, supports accountability, and prevents entities from obscuring exposure. They caution that delay undermines comparability and confidence.
42. A few non-CREs explicitly note AFI's role in linking climate risks/opportunities to specific financial statement line items. They warn that deferral could misalign climate disclosures with financial reporting considerations that already incorporate climate matters.

Memorandum

Date 24 October 2025

To: John Kensington, Chair External Reporting Board

From: Becky Lloyd, Chair Sustainability Reporting Board
Graeme Pinfold, Chair NZAuASB

Subject: **Certificate Signing Memorandum**
Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

☒ **Action Required**
☐ **For Information Purposes Only**

Introduction

1. In accordance with the protocols established by the XRB Board:
 - (a) the Sustainability Reporting Board (SRB) seeks your approval to issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*, which amends NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*
 - (b) the New Zealand Auditing and Assurance Board (NZAuASB) seeks your approval to issue *Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025*, which amends New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) *Assurance Engagements over Greenhouse Gas Emissions Disclosures*.
2. On 30 April 2025, the XRB issued a request for information (RFI) on the international alignment of climate reporting. The consultation closed on 13 June 2025. The purpose of the RFI was to request information about the value of international alignment to climate reporting entities (CREs) and primary users, and to understand exactly what type of international alignment is most desirable and why.
3. Although not directly requested, some submitters expressed strong concerns about the complexity, cost, and limited usefulness of scope 3 greenhouse gas (GHG) emissions reporting, especially for sectors like ports, automotive, and intermediaries. They highlighted the high uncertainty and limited control over scope 3 GHG emissions sources and called for an extension of the adoption provisions on the disclosure and assurance of scope 3 GHG emissions for another year. Concerns were also expressed about differences in timing of the disclosure and assurance of scope 3 GHG emissions compared with Australia.¹
4. At its meeting on the 2 July 2025, the SRB was provided with all written submissions, verbal feedback summary reports and an analysis of both the verbal and written feedback. Staff also provided the XRB Board with the same analysis of feedback at its meeting on 3 July 2025. The Chair of the SRB also advised the XRB Board at that meeting that staff were intending to organise a series of follow up

¹ See page 11 of [What we heard—The international alignment of climate reporting](#)

targeted stakeholder meetings to obtain further information about the nature of the challenges relating to scope 3 GHG emissions reporting and assurance.

5. In August 2025, staff conducted targeted meetings with:
 - (a) seven CREs — one licensed insurer, two registered banks (one of which is also a KiwiSaver provider) and four listed entities;
 - (b) two assurance practitioners; and
 - (c) two data providers.
6. At its 14 August 2025 meeting, the NZAuASB received an update from Amelia Sharman, Director of Sustainability Reporting, who said staff would recommend that the SRB and the NZAuASB consult on extending adoption provisions for reporting and assurance of scope 3 GHG emissions. The NZAuASB agreed to delegate approval of the consultation document to the extent they relate to assurance matters to Acting Chair, Mike Bradbury to work with the Chair of the SRB and XRB's Chief Executive.
7. At its meeting on 26 August 2025, the SRB received a staff presentation on the feedback received from these targeted meetings. Considering the feedback from the RFI and the follow up targeted meetings, the SRB agreed with the staff recommendation to consult on a proposal for a two-year extension to the adoption provisions relating to the reporting and assurance of scope 3 GHG emissions. The SRB delegated finalisation of the wording of the consultation document to its Chair and an additional member of the SRB, and the XRB's Chief Executive.
8. The Chairs of the SRB and the NZAuASB, together with the XRB's Chief Executive, approved the consultation document for issue. They considered that proposing the same extension for reporting and assurance is appropriate to provide additional time for methods and systems to improve, and to enable both the reporting and the required assurance over scope 3 GHG disclosures. The XRB notes there is flexibility in the adoption provisions to encourage CREs to continue to progress reporting, with or without assurance for a limited time. During the proposed extension of the adoption provisions, CREs may consider engaging their assurance practitioner in assurance readiness assessments.
9. At its meeting on 26 August 2025, the SRB also received a staff presentation on anticipated financial impacts (AFIs). Staff noted that recent developments suggest significant uncertainty about how international practice will evolve in relation to the disclosure of AFIs, including whether it will be necessary to quantify AFIs. Staff also noted concerns from CREs regarding AFI disclosure, particularly the uncertainty of the expectations regarding this disclosure requirement before comprehensive 'how to' guidance is made available.
10. The SRB agreed with the staff recommendation to consult on a proposal for a two-year extension to the adoption provision relating to the reporting of AFIs as the preferred option. The rationale for two years was to provide sufficient time for guidance materials to become embedded and more clarity to emerge about the treatment of AFIs in other jurisdictions. The SRB agreed to a staff recommendation to also seek views about the alternative options of retaining the status quo or implementing shorter or longer extension periods.

Due process

11. The consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* (the consultation document) was issued on the 3 September 2025 for three weeks. The consultation closed at 5pm, 24 September 2025. The short consultation period was necessary to ensure that any resulting amending standards could be gazetted in time to come into effect prior to the end of December 2025. This would ensure that CREs with 31 December balance dates can take advantage of the additional relief for financial years commencing on 1 January 2025.
12. The SRB and NZAuASB did not issue exposure drafts for the proposed changes to the standards because it is clear how the amendments associated with the change options would be drafted in the relevant standards. The consultation document stated that any amendments would mirror those that were made in November 2024, but with different reporting periods and/or dates. For example, it noted that the amendment to NZ SAE 1: *Assurance Engagements over Greenhouse Gas Emissions Disclosures* would only require changing '31 December 2025' to '31 December 2027' in two places. The consultation document also included tables illustrating the status quo and the change proposals, with underlining used to indicate proposed new text and strikethrough to indicate proposed deleted text.
13. Stakeholders were informed about the consultation via the following communication channels:
 - (a) Climate Alert on 3 September;
 - (b) Audit and Assurance Alert on 3 September;
 - (c) LinkedIn post on 3 September; and
 - (d) emails to those CREs staff held targeted meetings with.
14. Staff also hosted a webinar about the consultation on 5 September — 92 people registered and 78 attended.
15. Misha Pieters, Director Assurance Standards and Karen Tipper, Technical Director Assurance Standards hosted webinars on 3, 11 and 17 September as part of their international alignment consultation – sustainability assurance, ethics and independence and using the work of an external expert. A slide was included on this open consultation in each of these webinars.
16. Amelia Sharman, Director Sustainability Reporting presented at the Climate Change & Business Conference 2025 and the Financial Services Council NZ Conference during the week 8 September to 12 September. Amelia provided information about the open consultation at both events.
17. Wendy Venter, Chief Executive provided information about the open consultation during her presentation at the RIAA Conference Aotearoa NZ 2025 on 18 September 2025.
18. The SRB and NZAuASB sought submissions through an online survey given the short duration of the consultation period. All submissions were published on the XRB website unless confidentiality was requested.
19. 102 responses were received. Staff conducted quantitative and qualitative assessments of submissions. Recommendations were made by staff to the SRB at its meeting on 31 October 2025 and to the NZAuASB at its meeting on 3 November 2025, based on the feedback received, including the strength and source of each argument. As such, the final amendments are the same as those proposed in the consultation document.
20. The SRB approved *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025* at its meeting on 31 October 2025. The NZAuASB approved *Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025* at its meeting on 3 November 2025. The due process followed by the SRB and NZAuASB complied with the due process requirements established by the

XRB Board and, in the view of the SRB and NZAuASB, meets the requirements of section 22(1) of the Financial Reporting Act 2013.

Privacy Commissioner

21. In accordance with section 22(2) of the Financial Reporting Act 2013 the SRB and NZAuASB considered whether the amending standards are likely to require the disclosure of personal information. In the view of the SRB and NZAuASB the amending standards do not include requirements that would result in the disclosure of personal information, and therefore no consultation with the Privacy Commissioner is required.

Consideration of costs and benefits

22. An overarching benefit is that optional adoption provisions allow for transition into new regimes and enable effective implementation of challenging requirements of new standards. Transitional provisions are not unusual when introducing new requirements.
23. Key benefits of the amending standards include more time for:
 - (a) CREs to obtain access to better quality data for the reporting and assurance of scope 3 GHG emissions;
 - (b) the XRB to produce and support additional guidance material and clarifications in relation to reporting and assurance of scope 3 GHG emissions;
 - (c) greater clarity to emerge about inclusions and boundaries for scope 3 GHG emissions, together with specific climate-related disclosure obligations in other jurisdictions;
 - (d) CREs to upskill and improve their systems and processes;
 - (e) data providers to continue to work towards an industry-wide solution for assurance requests from multiple customers (SOC 2 reports);
 - (f) 'how to' guidance material on AFIs to be produced and become embedded;
 - (g) clarity to emerge about the treatment of AFIs in other jurisdictions; and
 - (h) the introduction of differential reporting, if warranted and, if so, how².
24. The amending standards also presents potential risks from its adoption, including:
 - (a) the risk that users will not obtain useful information; and
 - (b) the risk that some CREs will continue to delay work to prepare for reporting and assurance of scope 3 GHG emissions.

Australian climate-related disclosure framework

25. Appendix 1 includes the table — *Scope 3 GHG emissions – How New Zealand and Australia would compare* that was included in the consultation document. The table shows how the two-year extension of the adoption provisions aligns the reporting and assurance of scope 3 GHG emissions more closely with the reporting and assurance timing for the Group 1 and 2 entities in Australia. This may reduce costs for those CREs (or their parent) that have reporting and assurance obligations under the Australian climate-related disclosure framework.

² Staff will provide a recommendation to the XRB Board in the first half of 2026 as to whether differential reporting is warranted based on the CREs expected to remain in the regime after legislative amendments and any other considerations (such as exemptions issued by the Financial Markets Authority).

Commencement and application date

26. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 and Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025* will both be applicable for annual reporting periods beginning on or after 1 January 2025.

FMA

27. The FMA has indicated that they would issue any necessary exemptions in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the *Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025*.

Other matters

28. The two amending standards have been drafted in the usual manner, by underlining added text and striking through deleted text. The reason for the deletions in NZ CS 2 as it relates to *Adoption Provision 5: Comparatives for Scope 3 GHG emissions* may not be intuitive. The deletions in paragraphs 18, 19 and 19.1 of NZ CS 2 have been made for ease-of-drafting and comprehension reasons, not because they are no longer relevant. The substance has been retained within paragraph 19(a) and new paragraphs 19(b), (c) and (d).

Recommendation

29. The SRB and NZAuASB recommend that you sign the attached certificates of determination on behalf of the XRB Board to approve the issue of *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 and Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025*.

Attachments

Standard	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Standard	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>
Certificate of determination	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Certificate of determination	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>
Approval Certificate	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Approval Certificate	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>

Becky Lloyd
Chair SRB

Graeme Pinfold
Chair NZAuASB

Appendix 1: Scope 3 GHG emissions – How New Zealand and Australia would compare

New Zealand	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Reporting periods starting during...	The 2025 calendar year	The 2026 calendar year	The 2027 calendar year	The 2028 calendar year	The 2029 calendar year	The 2030 calendar year
Status quo retained	Disclosure and limited assurance of scope 3 required					
1 year extension	No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required				
2-year extension (the proposal)	No scope 3 disclosures or assurance required		Disclosure and limited assurance of scope 3 required			
3-year extension	No scope 3 disclosures or assurance required			Disclosure and limited assurance of scope 3 required		

Australia	Year 1 (18 months) *	Year 2	Year 3	Year 4	Year 5	Year 6
Reporting periods starting between...	1 January 2025 and 30 June 2026	1 July 2026 and 30 June 2027	1 July 2027 and 30 June 2028	1 July 2028 and 30 June 2029	1 July 2029 and 30 June 2030	1 July 2030 and 30 June 2031
Group 1 entities	Reporting starts. No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required		
Group 2 entities	No scope 3 disclosures or assurance required	Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required	
Group 3 entities	No scope 3 disclosures or assurance required		Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required

* Year 1 has been defined as 18 months in Australia. This means that Year 1 applies twice for Group 1 entities with reporting periods starting between 1 January and 30 June and once for Group 1 entities with reporting periods starting between 1 July and 31 December. For an explanation of the Group 1, 2 and 3 entity thresholds, see page 13 of the Australian Securities & Investments Commission's [Regulatory Guide 280](#) on Sustainability Reporting.

Memorandum

To: SRB members

Meeting date: 31 October 2025

Subject: **Approval to issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025***

Date: 24 October 2025

Prepared by: Lisa Kelsey

Through: Amelia Sharman

☒ **Action Required**

☐ **For Information Purposes Only**

Recommendations

1. We recommend the Sustainability Reporting Board:
 - (a) APPROVES for issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*, which amends NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*
 - (b) APPROVES the attached joint signing memorandum, from the Chair of the SRB and the Chair of the NZAuASB to the Chair of the XRB Board, requesting approval to issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.

Background

2. At its meeting on 26 August 2025, the Board agreed to consult on whether to extend the adoption provisions for the reporting and assurance of scope 3 GHG emissions and the reporting of anticipated financial impacts, in light of stakeholder feedback and recent international developments.
3. The consultation document—*Proposed 2025 Amendments to Climate and Assurance Standards* was issued on 3 September 2025. Submissions closed at 5pm on 24 September 2025.

Due process

4. Section 22(1) of the Financial Reporting Act 2013 requires the XRB to take reasonable steps to consult with persons (or their representatives) who, in the opinion of the Board, would be substantially affected by the issue or amendment of a standard. Section 22(2) includes a requirement to consult with the Privacy Commissioner if a standard or amendment is likely to require the disclosure of personal information.
5. We consider that the process followed by the XRB complied with the due process requirements established by the XRB Board and the requirements of section 22(1) for the reasons stated in the signing memorandum to the Chair of the XRB Board. The amending standard does not require the disclosure of personal information. Therefore, we did not consult with the Privacy Commissioner.

Minor drafting issues

6. The two amending standards have been drafted in the usual manner, by underlining added text and striking through deleted text. The reason for the deletions in NZ CS 2 as it relates to *Adoption Provision 5: Comparatives for Scope 3 GHG emissions* may not be intuitive. The deletions in paragraphs 18, 19 and 19.1 of NZ CS 2 have been made for ease-of-drafting and comprehension reasons, not because they are no longer relevant. The substance has been retained within paragraph 19(a) and new paragraphs 19(b), (c) and (d).
7. We have also made a small editorial correction in paragraph 22. We have corrected “first and second reporting period” to “first reporting period and second reporting period”.

Commencement and application

8. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025* will be applicable for annual reporting periods beginning on or after 1 January 2025. This will enable those entities with 31 December balance dates to take advantage of the additional relief.

Questions for the Board

- Q1. Does the Board APPROVE for issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*?
- Q2. Does the Board APPROVE the signing memorandum to the Chair of the XRB Board requesting approval to issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*?

Attachments

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

Draft joint signing memorandum

Memorandum

To: Sustainability Reporting Board

Meeting date: 31 October 2025

Subject: **Documents open for comment**

Date: 24 October 2025

Prepared by: Judy Ryan

☒ **Action Required**

☐ **For Information Purposes Only**

Purpose¹

1. The purpose of this paper is to:
 - (a) INFORM the Sustainability Reporting Board (SRB) about documents currently open (or forthcoming) for comment; and
 - (b) CONFIRM which documents the SRB will comment on and, where relevant, provides feedback on our proposed approach for developing submissions.

Recommendations

2. That the SRB:
 - (a) PROVIDES FEEDBACK by 9 November on the draft submission in response to the ISSB exposure draft – *Proposed amendments to the SASB Standards*, to be approved by circular resolution;
 - (b) AGREES TO COMMENT on the Greenhouse Gas (GHG) Protocol Scope 2 and Electricity Sector public consultations, to be approved by circular resolution; and
 - (c) NOTES the forthcoming consultations as listed in Table 2.

Domestic

3. No domestic consultations that we are aware of that are relevant to the SRB.

International

4. Table 1 identifies relevant documents issued by international standard-setting bodies that are currently open for comment.

Table 1: International documents open for comment

Document	Organisation	International due date	Comments on SRB response
<i>Exposure draft of enhancements to 9 sector standards</i>	International Sustainability	30 Nov 2025	Draft response attached. Final response to be approved by circular resolution. See paragraphs 6 to 9.

¹ This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB), International Public Sector Accounting Standards Board (IPSASB) and uses registered trademarks, for example, IFRS® Sustainability Disclosure Standards, ISSB® papers and IPSASB SRS™.

Document	Organisation	International due date	Comments on SRB response
<i>and targeted amendments to 41 other standards</i>	Standards Board (ISSB)		
<i>Scope 2 public consultation</i>	GHG Protocol	19 Dec 2025	Staff recommend that the SRB submit a response. See paragraphs 10 to 16.
<i>Electricity-sector consequential methods public consultation</i>	GHG Protocol	19 Dec 2025	Staff recommend that the SRB submit a response if warranted based on outreach. See paragraphs 10 to 14, and 17.

5. Table 2 identifies relevant forthcoming documents that will shortly be issued by international standard-setting bodies.

Table 2: Forthcoming international documents open for comment

Document	Organisation	International due date	Comments on SRB response
<i>Exposure draft for Agricultural Products, Meat & Dairy, and Electric Utilities & Power Generators SASB Standards</i>	ISSB	end 2025 or early 2026	These exposure drafts are expected to be issued in the fourth quarter of 2025. These sectors are likely to be very relevant in the New Zealand context.
<i>Exposure draft for Economic Performance topic standard</i>	GRI	Not recommended for XRB response due to other higher-priority consultations.	
<i>Exposure draft for Anti-corruption topic standard</i>	GRI		
<i>Exposure draft for Competition topic standard</i>	GRI		
<i>Exposure draft for Public Policy topic standard</i>	GRI		

ISSB Exposure Draft on amendments to 9 SASB sector standards and targeted amendments to 41 other standards

6. As part of its 2024–2026 work plan, the ISSB is enhancing the SASB Standards to provide timely support to entities in applying *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and *IFRS S2 Climate-related Disclosures* (IFRS S2).
7. The proposed amendments in this consultation relate to:
- Enhancements to SASB standards in extractive sectors (coal operations, construction materials, iron & steel production, metals & mining, oil & gas – exploration & production, oil & gas – midstream, oil & gas – refining & marketing, oil & gas – services) and processed foods.

- (b) Targeted amendments to 41 other standards. These include metrics on GHG emissions, energy management, water management, labour practices and workforce health and safety. The proposed targeted amendments result from the proposed amendments to the nine priority industries that affect metrics frequently occurring in other SASB Standards.
- 8. The draft submission has been attached and is available as a shared document (via SharePoint here). SRB members are invited to review the draft and provide any comments or feedback by 9 November either directly to Judy or in the shared document. Note that as discussed in our previous meeting, the substance of the draft submission is about the ISSB's due process and the structure of the ISSB's standards, rather than specific comments on the metrics themselves.
- 9. Following the feedback period, the final submission will be circulated to the SRB for approval by circular resolution between 13 and 20 November.

GHG Protocol Scope 2 and Electricity-Sector Consequential Methods Public Consultations

- 10. The GHG Protocol just launched its first public consultations related to updating its suite of corporate standards and guidance. There are two parts to the consultation:
 - (a) Updates to Scope 2 Guidance (2015) which addresses inventory accounting
 - (b) Consequential accounting methods for estimating avoided emissions from electricity-sector actions.
- 11. There is a 60-day public consultation period – running from 20 October to 19 December 2025.
- 12. For the Scope 2 Public Consultation, all feedback will be analysed, and work will be undertaken to review and revise the Scope 2 Standard in consultation with the Scope 2 Technical Working Group as necessary. A second public consultation on scope 2 topics will follow in 2026, with final publication of the new standard expected in 2027.
- 13. For the Electricity-Sector Consequential Methods Public Consultation, stakeholder input will be synthesised and used to inform the Actions and Market Instrument (AMI) Technical Working Group which will develop requirements for reporting emissions impacts outside corporate inventories. This consultation invites targeted electricity-sector input to support AMI's cross-sector work, while keeping the separate scope 2 inventory consultation focused on location-based methods (LBM) and market-based methods (MBM). Publication and effective dates for Scope 2 and AMI are intended to be coordinated so that any new LBM/MBM requirements take effect alongside complementary AMI outcomes.
- 14. The proposed XRB engagement approach involves targeted outreach to key stakeholders, individual feedback sessions with organisations, and roundtable discussions. This multi-layered strategy is designed to ensure broad participation and meaningful input from New Zealand stakeholders, so their views are well represented in XRB's response.

Scope 2 consultation recommendation to submit

- 15. The Scope 2 consultation is particularly important to the XRB because the New Zealand Climate Standards (NZ CS) require entities to disclose their scope 2 GHG emissions. While NZ CS do not mandate a specific methodology, most entities rely on the GHG Protocol for their calculations, given its widespread acceptance and comprehensive approach. Furthermore, the ISO guidance on scope 2 emissions closely mirrors the existing GHG Protocol, ensuring consistency and comparability in reported data across entities. This alignment supports the credibility and reliability of climate-related disclosures in New Zealand.

16. Given the central role of the GHG Protocol in GHG emissions disclosures, staff recommend that XRB submit on this consultation to ensure New Zealand's perspectives and requirements are considered in any updates, thereby safeguarding the relevance and effectiveness of domestic reporting standards.

Electricity-sector consequential methods consultation provisional recommendation to submit

17. Staff recommend that SRB consider responding to the Electricity-Sector Consequential Methods Public Consultation if outreach activities reveal that New Zealand stakeholders have relevant feedback or concerns. Given New Zealand's high level of renewable electricity generation, the country may offer a unique perspective on how consequential accounting methods should be applied. Engaging in the consultation ensures that New Zealand's specific circumstances and needs are considered in the development of international standards, but a submission would only be made if warranted by stakeholder input.

Attachment

- Draft submission letter to ISSB on SASB consultation

27 November 2025

International Sustainability Standards Board (ISSB)

Submitted via [Submit a comment letter](#)

Dear ISSB Secretariat

Submission on Exposure Draft: Enhancing the SASB Standards

Thank you for the opportunity to comment on the *Exposure Draft: Enhancing the SASB Standards*. We appreciate the ISSB's efforts to improve the relevance and global applicability of industry-based sustainability disclosures.

General observations

- **Engagement:** The scale and complexity of the proposed amendments make meaningful consultation challenging. We have not been able to undertake stakeholder engagement in Aotearoa New Zealand, primarily due to the significant pressure to update our climate standard and the technical depth required to assess industry-specific metrics. We understand this challenge is not unique to our jurisdiction; other countries, such as Australia, Canada, and Japan, have faced similar issues with stakeholder engagement in this context.
- **Unclear logic:** the consultation's approach does not maintain a clear and consistent logic regarding how amendments are applied. The process jumps between addressing changes within specific sectors (amending 9 industry standards) and making consequential adjustments across a much wider set of 41 additional standards. This blend of sector-focused and cross-sector amendments is confusing, as it is unclear whether the intention is to target industry-specific issues or to create more generic, widely applicable metrics. When a metric is relevant to multiple sectors, it calls into question its classification as "industry specific," and instead it may be more appropriate as a standard metric for entities where material. The lack of a focused, consistent approach makes it challenging to understand and engage on the overall direction and intent of the amendments.
- **ISSB architecture:** We seek clarification on the status of the SASB Standards within the ISSB architecture. Specifically, their relationship to any additional sustainability standards the ISSB may develop, such as those focused on human capital or biodiversity, ecosystems and ecosystem services (BEES). Furthermore, we seek clarification regarding the intended process for ongoing updates to these standards.

We understand the SASB Standards were originally developed to facilitate consistent reporting of sustainability information that is financially material to investors, with a focus on disclosure rather than the identification or management of risks. These standards guide preparers in selecting industry-specific metrics for reporting purposes, but they are not designed or structured to help entities identify or assess the underlying material sustainability risks themselves.

The way sector standards will function alongside other sustainability disclosures may depend on where the reporting entity is located, rather than solely on its sector. This consideration is especially important for BEES disclosures. Since the ISSB is still conducting research on

BEES, we recommend holding off on any changes to SASB standards until this project has finished.

Implementation and interoperability

- **Alignment with other frameworks:** We support efforts to align with frameworks such as GRI and TNFD. However, the rationale for specific interoperability decisions is not always clear in the basis for conclusions. More transparency is needed on how these alignments are determined and we encourage the ISSB to make explicit the alignment with other major frameworks., In particular the GRI, including clear-cross references in SASB tables.
- **Support:** Small teams and limited industry expertise constrain the ability of jurisdictional standard setters to facilitate meaningful discussions with affected sectors.
- **Undue reporting burden:** If these standards are treated as mandatory disclosure requirements rather than guidance, preparers may face an unreasonable burden in explaining why certain metrics do not apply, especially when those metrics relate to risks that are not material to the reporting entity.

Recommendations

- **Clarify the role and status of SASB standards within the ISSB architecture:** Clearly explain how the SASB standards fit within the broader ISSB framework, including their relationship to any future standards on topics such as human capital or BEES. Provide transparency on the intended process for ongoing updates to the SASB standards.
- **Ensure consistency and logic in consultations:** Consultations should not combine both sector-specific standards and cross-sector metrics within the same process. Instead, consultations should be separated, with a clear distinction made between amendments intended to address industry-specific issues and those aimed at creating more generic, widely applicable metrics. This approach will help stakeholders better understand the objectives and implications of proposed changes, support more meaningful engagement, and avoid confusion regarding the scope and intent of each consultation.
- **Enhance transparency and rationale for interoperability decisions:** Provide greater transparency on the alignment with other frameworks such as GRI, including how decisions on alignment are made and how interoperability is achieved.
- **Support jurisdictional standard setters and small teams:** Recognise the resource and expertise constraints faced by smaller jurisdictions, and provide additional support and guidance to help facilitate meaningful engagement and implementation during any new consultations.
- **Address the reporting burden:** Ensure that preparers are not unreasonably burdened by the need to demonstrate non-relevance of certain metrics, especially where industry-specific circumstances differ.

We support the goal of enhancing industry-based sustainability disclosures but caution that the current process may not deliver the intended outcomes. We encourage the ISSB to address the concerns outlined above to ensure the standards are both effective and practical.

If you would like to discuss the comments in this letter in more detail, please contact Amelia Sharman (amelia.sharman@xrb.govt.nz).

Yours sincerely

Becky Lloyd
Chair Sustainability Reporting Board, External Reporting Board