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**To:** [XRB Climate Related Disclosures](#)  
**Subject:** Strategy and Metrics and Targets Consultation  
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Hi,

I don't currently have capacity to write a formal submission, but can I raise one concern and suggest a possible solution, in relation to the current proposals:

**Concern:**

Whilst it is good that smaller listed businesses and businesses listed on our growth market will be exempt from the reporting requirements, I am concerned that the costs of Scope 3 reporting will effectively be passed on to New Zealand SMEs (even though they are not legally required to report themselves). This will include thousands of SMEs who have never been in the direct scope of this legislation and therefore haven't even considered the potential costs.

The impact on SMEs will occur if climate reporting entities are each allowed (or even encouraged) to send out their own requests to their suppliers for Scope 3 information. This will effectively mean SME suppliers will end up having to comply with the same level of reporting, or possibly an even higher burden of reporting compared to the climate reporting entities, because each of the requests may ask for slightly different information and in different formats.

**Solution:**

To the extent that climate reporting entities need to collect information from non-climate reporting entities, there should be rules that effectively minimise the burden on those non-climate reporting entities.

This could be done by saying that the climate reporting entities can only rely on information from those third parties to the extent it is gathered through a standardised process that includes proportionate limits on the information that is requested, and standardises the format for these requests. XRB could then separately consult on those standards, which could evolve over time as reporting tools become cheaper and more accessible to SMEs.

Kind regards

Colin

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