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Q1

Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

Yes,

Comment:

While we support the proposal to defer the requirement to disclose scope 3 GHG emissions data by a further accounting period (first disclosure in 2026), we would urge consideration of further deferral to allow for the first disclosure to be made from 2028. We believe this is warranted due to the need for development and implementation of consistent climate reporting standards outside NZ (65% of our investment portfolio is offshore and not subject to NZ climate reporting standards). Such a deferral would also allow time for reporting infrastructure such as data providers, standards bodies and assurance providers to adopt consistent practices that render portfolio scope 3 data fit for purpose.

Q2

Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

Yes,

Comment:

While we support the proposal to defer the assurance requirements for scope 3 GHG emissions data by a further accounting period (first disclosure in 2026), we would urge consideration of further deferral to allow for the first disclosure to be made from 2028. We believe this is warranted due to the need for development and implementation of consistent climate reporting standards outside NZ (65% of our investment portfolio is offshore and not subject to NZ climate reporting standards). Such a deferral would allow time for: - data providers to obtain assurance for their data which NZ reporting entities can place reliance on, reducing the burden on local assurance. - NZ assurance providers to develop their capability and capacity through their work on scope 1 and 2 emissions data assurance, and by importing IP from their overseas offices.

Q3

Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

No,

Comment:

We do not consider a one year delay to be sufficient as NZ client demands on key global data providers will not have sufficient weight to drive these providers to standardise and obtain assurance over their data offering. We consider that when other much larger jurisdictions (Australia, North America, Europe) roll out climate data assurance requirements, this will be the prompt needed for data providers to standardise and offer appropriate assurance for the data they provide. Similarly, the reporting sourced from overseas corporate and government issuers is expected to be increasingly mandated, standardised, and subject to assurance, significantly improving the climate data quality and assurance chain for overseas portfolio investments.

Q4

Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Yes,

Comment:

While we support the proposed extension, we do not consider that anticipating financial impacts for portfolio investments is not a practical requirement for MIS managers. MIS managers can not make any statements regarding expected performance of portfolio assets as they are subject to a wide range of market factors and risks, and it is not possible to isolate the effect of climate impacts, and markets do not necessarily price all risks or function in a rational way. While trends can be considered qualitatively, assigning a value to climate impacts runs the risk of misleading investors by suggesting a degree of accuracy and precision that is not present.

Q5

Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Yes,

Comment:

We support the proposed extension, and additionally believe that tailored guidance on expectations for MIS manager reporting entities will be important for future periods. As portfolio investments are generally dynamic, underlying issuers and their valuations tend to constantly and automatically adapt to changing risks and opportunities based on market forces.

Q6

Please provide your contact details:

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