AIRA
AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION

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28 October 2024

The External Reporting Board
Level 6/154 Featherston St
Central Wellington
6011
NEW ZEALAND

By email: climate@xrb.govt.nz

Dear Director,

Submission: Proposed 2024 Amendments to Climate and Assurance Standards – Response to Consultation document and exposure drafts

The Australasian Investor Relations Association (AIRA) is pleased to submit this response to the **Proposed 2024 Amendments to Climate and Assurance Standards**. We support the External Reporting Board's engagement with climate reporting entities and its willingness to consider amendments to the climate-related disclosure regime to address the challenges faced.

AIRA is the peak body representing investor relations practitioners in Australia and New Zealand. The Association's 160 corporate members now represent over A$1.2 trillion of market capitalisation, over 80% of the total market capitalisation of companies listed on ASX.
We exist to provide listed entities with a single voice in the public debate on corporate disclosure and to improve the skills and professionalism of members. Our vision and purpose is that investor relations enables and creates sustainable value for all capital market stakeholders by building and strengthening market confidence in listed and unlisted entities.

We have obtained the following feedback from our members on the Proposals 1,2, 3, 4 and 5.

Proposal 1: Delaying mandatory scope 3 GHG emissions disclosure

Question 1: 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.
Disclosing scope 3 GHG emissions requires:

- Availability of reliable data (across a CRE's entire value chain); and
- Internal processes and controls to (1) collect source data and (2) apply appropriate methodology to calculate emissions. This requires significant time and resources to implement.
- Additional time before scope 3 GHG emission disclosures become mandatory enables CREs to build capabilities to ensure disclosures are credible.

Proposal 2: Delaying mandatory scope 3 GHG emissions assurance

Question 2: 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.
As recognised by the XRB, the assurance of scope 3 GHG emissions is challenging. This is in part due to the difficulties of obtaining sufficient reliable data, but also due to the developing nature of assurance standards in NZ and

internationally. The XRB has stated that the NZ assurance standard for GHG disclosures is intentionally temporary in nature, as the scope of assurance over GHG disclosures, licensing regimes and international standards are still being developed.

Requiring mandatory assurance when the assurance standards are still developing places additional burden on CREs who are already facing challenges to disclose scope 3 GHG emissions. Permitting CRE's to phase the adoption of assurance, enables CREs to prioritise credible disclosure of scope 3 GHG emissions, without having to navigate an evolving assurance framework.

Question 3: 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?

Unsure.

The development of a consistent assurance framework depends on the alignment and implementation of international climate reporting frameworks. It is unclear if a 1 year time period will be a sufficient length of time.

Proposal 3: Delaying anticipated financial impact disclosure

Question 4: Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Yes.

As the XRB has noted, the process of quantifying anticipated financial impacts of climate-related risk and opportunities is uncertain and difficult. Given the current maturity levels of data, forecasting anticipated financial impacts will involve generalised assumptions, which have the potential to be unhelpful or of limited value to primary users.

Quantifying anticipated climate-related transitional impacts is particularly challenging for CREs which have a global business, as this requires navigating complementary international regimes which are constantly evolving.

In order to undertake meaningful modelling, significant resource and effort from CREs is required. We question the value of this exercise given the quality and availability of data, and the continuing evolving landscape.

Proposal 4: Delaying transition planning disclosures

Question 5: Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Yes.

A further accounting period to disclose an entity's transition plan for addressing climate-related risk and opportunities will assist CREs to undertake a more thorough assessment; including time to improve the breadth and depth of data, refining scenario analysis and anticipated financial impact modelling.

Delaying the transition planning disclosures will also enable CREs to benefit from transitional planning guidance being developed and implemented for the purposes of complying with international climate (and wider ESG) reporting frameworks. It will also enable alignment for those CREs who are also required to report under international frameworks.

Conclusion

AIRA welcomes the opportunity to contribute to any consultation on this topic.

AIRA would be delighted to expand on this submission. Please do not hesitate to contact me on 0419 444 731 if you would like to take up such a discussion or require any further information.

Yours sincerely

Ian Matheson
Chief Executive Officer