

29 October 2024

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

ASB Bank Limited  
PO Box 35, Shortland Street  
Auckland 1140, New Zealand  
Telephone +64 9 306 3000  
Freephone 0800 803 804  
CX10087 Auckland DX Sort  
**asb.co.nz**

By email: [climate@xrb.govt.nz](mailto:climate@xrb.govt.nz)

### **ASB response - Consultation on the Proposed 2024 Amendments to Climate and Assurance Standards**

ASB welcomes the opportunity to provide feedback on the External Reporting Board's (**XRB**) consultation on the Proposed 2024 Amendments to Climate and Assurance Standards (**Consultation**). ASB's feedback is outlined in the Appendix to this letter.

ASB supports the Climate Related Disclosures (**CRD**) regime. We believe that demand for CRD information will continue to grow with more than 80% of New Zealand exports by value already going to countries with mandatory climate-related disclosure regimes proposed or in force. New Zealand's ability to make this data available in an easily accessible form will enable New Zealand exporters better access to international markets.

ASB published its first mandatory climate statement last month and has voluntarily published climate reports in 2022 and 2023 to help our customers and investors better understand climate-related risks and opportunities and the actions ASB is taking to support NZ's transition to a low emissions future. ASB Group Investments which oversees the ASB Kiwisaver Scheme and ASB Investment Funds also published its first set of climate statements in July 2024. This reflects ASB's commitment to playing our part in supporting the effort to limit climate change impacts in line with the goals of the Paris Agreement and the global transition to net-zero by 2050.

We support the XRB's proposed changes. We believe that the proposed deferrals will provide New Zealand reporting entities with more time to align with international developments while not impacting on actual progress towards emissions reductions. The proposed amendments will also support entities to develop and analyse data that should ultimately lead to more accurate and reliable quality information.

We are happy to speak with the XRB about any aspect of our submission.

Yours Sincerely,



Kristina Kilner  
Head of Government Relations and Regulatory Affairs  
**ASB Bank Ltd**

**Appendix A: Response to Consultation questions****1. 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?**

We agree. Given the wide range of methodologies available and data sources required to report on emissions for both financial institutions (**FI**) and managers of investment schemes (**MIS**), having this extension will give Climate Reporting Entities (**CRE**) more time to develop/collect data and enhance processes and controls required to provide meaningful and accurate Scope 3 GHG emissions disclosures.

**2. 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?**

We agree. Certain Scope 3 emissions categories such as financed emissions for FI and MIS entities, and supplier emissions are more challenging to collect data and measure it in a way that meets current assurance standards. Third party providers might also need to make changes to existing contract arrangements with their upstream data providers in relation to data sharing, which might create further barriers/delays for third party providers (used directly by the CRE) to allow assurers to access the source data and/or methodology required for assurance.

Provision 8 will allow FI and MIS entities more time to work internally and with third-party data providers to enhance their data, methodology, processes and controls to meet assurance requirements. It will also allow more time for third-party providers to work with their upstream data providers and CREs' external assurers to clarify expectations and enhance transparency.

**3. 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?**

Whilst we agree a one-year delay is sufficient for certain categories of scope 3 emissions assurance, for areas where third party information is commonly used to calculate scope 3 emissions (e.g. financed emissions for MIS entities), a two-year delay would be preferable, as it will still be challenging to influence global third party data providers within one year, to enhance their methodology, timing and frequencies of updates, and data/evidence to a standard sufficient in time for external assurance. This is especially true given that some jurisdictions are yet to require mandatory external assurance.

Given the immaturity of GHG emissions reporting and estimation processes, assurers may also require more time to understand and agree on the scope and level of scrutiny that is practicable and suited for the type of data they are providing assurance over. CREs will also continue to enhance comparability and consistency on scope 3 GHG emissions calculation after reviewing the industry's first year climate statements and improving its own methodology/data sources in FY25.

**4. 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?**

We agree. The key challenges in quantifying anticipated financial impacts for financial institutions include:

- the lack of benchmarks and generally accepted frameworks for quantifying anticipated impacts,
- significant time and resources required to develop robust climate-related financial modelling,

- long lead time in gathering sufficient historical and forecast data to enable quantification, and
- evolving stakeholder expectations (both within an organisation and amongst primary users).

Allowing CREs to have one more accounting period to develop the modelling required for quantifying anticipated financial impacts will assist in the provision of more accurate and robust disclosure to primary users of the climate statement.

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

We agree. Over the last reporting period we have seen development in international guidance on transition planning and target setting; as well as coverage changes or methodology updates from global third-party data providers. An additional year would allow CREs to develop substantiated interim targets/workplans and manage the risk of having to restate or re-baseline our plan and targets that is likely to result from enhancements in methodology and data coverage.

From an organisational perspective, integrating climate risks and opportunities into strategy, risk and financial planning processes will require changes to organisational structures, processes and technology which will have long lead times, particularly for bigger, more complex organisations. This extension will enable CREs to set up the appropriate operating model and rhythm so that climate risks and opportunities are routinely considered.