PROPOSED AMENDMENTS TO NZ CS 1 CLIMATE-RELATED DISCLOSURES 2026

Consultation Submission

July 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact

About this consultation

The New Zealand External Reporting Board (XRB) is consulting on targeted amendments to NZ CS 1 Climate-related Disclosures to align Scope 3 investment-related GHG emissions disclosure requirements with the December 2025 amendments to IFRS S2, permitting entities to exclude emissions from derivatives, insurance and reinsurance underwriting, and capital market issuance activities. The consultation also proposes to incorporate existing XRB staff guidance on GHG emissions exclusions into NZ CS 1 as authoritative application material.

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations' support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the XRB's consultation on proposed amendments to NZ CS 1. This response is consistent with the PRI's previous submission to the XRB's Request for Information on climate reporting standards, in which the PRI expressed support for alignment of Aotearoa New Zealand Climate Standards with ISSB Standards.

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To inform this paper, the following group has been consulted: PRI Signatories in New Zealand.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

Recommendation 1: Support the proposed amendments

Questions 9–14. The PRI supports the proposed amendments to permit exclusion of emissions from derivatives, insurance and reinsurance underwriting activities, and capital market issuance activities from Scope 3 GHG emissions disclosures.

The December 2025 ISSB amendments to IFRS S2 narrowed the scope of Category 15 disclosures to financed emissions. Aligning NZ CS 1 with this boundary is important for three reasons: it ensures New Zealand's climate reporting requirements do not impose costs on CREs that exceed those in comparable jurisdictions, particularly Australia; it improves the comparability of emissions data for investors making cross-border allocation decisions; and it reinforces New Zealand's credibility as a jurisdiction committed to internationally recognised standards.

The PRI also supports the proposed 1 January 2027 effective date with early adoption permitted (Questions 19–20). Making the amendments available before existing adoption relief in NZ CS 2 expires prevents a period of unnecessary regulatory divergence.

Recommendation 2: Adopt the ISSB's additional disclosure requirements

Questions 15–16. The PRI recommends that the XRB include the additional disclosure requirements in IFRS S2 paragraphs 29B–29C, or adopt equivalent provisions tailored to NZ CS 1.

The ISSB introduced these disclosures as a counterpart to the relief in paragraph 29A. They require an entity to explain what it has treated as a derivative, describe the financial activities it has excluded, and disclose the subtotal of financed emissions within total Category 15 emissions. These disclosures serve investors by providing a structured basis for comparing emissions data across entities and jurisdictions — particularly for investors with holdings in both New Zealand and Australia.

The XRB's rationale — that NZ CS 1 paragraph 24(d) already requires disclosure of exclusions — is noted. However, paragraph 24(d) is broadly framed and may not consistently deliver the specificity that the ISSB's additional disclosures are designed to provide. Adopting the relief without the accompanying transparency provisions creates partial alignment with the ISSB baseline. Full alignment would better serve both preparers and primary users.

Recommendation 3: Monitor evolving measurement standards

Question 23. The GHG Protocol is exploring the creation of a new Scope 3 category for facilitated and insurance-associated emissions, while narrowing Category 15 to financed emissions only. The XRB should monitor this work and consider how future amendments to NZ CS 1 can accommodate evolving international practice while maintaining a clear and consistent reporting boundary for CREs.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the New Zealand External Reporting Board.

Please send any questions or comments to policy@unpri.org.

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