Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Aotearoa New Zealand Climate Standards (NZ CS)
and
Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures (AASB S2)

Interoperability overview and tool for preparers

April 2025

XRB staff guidance

Contents

1. Introduction

1.1 Why have we issued an interoperability tool?

In December 2022, the External Reporting Board (XRB Board) issued *Aotearoa New Zealand Climate Standards* (NZ CS).

In September 2024, the Australian Accounting Standards Board (AASB) released its standard on climate-related disclosures, known as Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2).[1]

This tool aims to respond to preparer requests for support in understanding the trans-Tasman interoperability of climate reporting and reduce the reporting burden for entities working across Australasia.

This tool describes the alignment of disclosure requirements and information that an entity starting with each set of standards needs to know to enable compliance with both sets of standards, ensuring interoperability between them. Regardless of whether it starts with NZ CS or AASB S2, an entity can use this tool to assist it with compliance with the requirements of both sets of standards. NZ CS and AASB S2 remain the authoritative statements of requirements – an entity cannot rely on this tool to meet the requirements of NZ CS or AASB S2.

[1] Refer to the Appendix for more information on the development of NZ CS and AASB S2.

1.2 Who needs to read this?

Our interoperability tool is for preparers and is intended to help preparers who may be required to, or elect to, apply NZ CS alongside AASB S2 or vice versa.

1.3 Interoperability of standards, not regimes[2]

Please be aware that the primary focus of the interoperability tool is on the standards' requirements rather than the regimes in their entirety. There are notable differences between the regimes in New Zealand and Australia, such as reporting obligations, assurance requirements, and director liabilities, among others. It is crucial to emphasise that an entity subject to both regimes must comply with any applicable requirements under the primary legislation in both jurisdictions.

1.4 Status and disclaimer

This document and the accompanying interoperability tool were prepared by the staff of the External Reporting Board (XRB). This document and the accompanying interoperability tool are neither mandatory nor binding on entities. They do not have the force of law, nor do they amend, or provide any binding interpretation of NZ CS or AASB S2. NZ CS and AASB S2 are the definitive statement of requirements. This document and the accompanying interoperability tool do not constitute advice. An entity subject to NZ CS and AASB S2 must apply its own mind to the standards and take its own advice in considering and applying them. To the fullest extent permitted by law, the XRB disclaims and shall not be liable for any mistake or omission in this document or in the accompanying interoperability tool, nor does the XRB accept any liability to any reader or user in relation to this document and the accompanying interoperability tool.

[2] 'Regime' is used here to mean both the requirements in the primary legislation (for example, who is required to report) and the requirements in the standards themselves.

2. Key interoperability considerations

2.1 Overview

Overall, XRB staff consider that there is significant alignment between NZ CS and AASB S2, which is expected, as both are ultimately based on the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD).

In summary, AASB S2 encompasses nearly all the requirements from NZ CS (there are a few exceptions). However, there are more obligations for an entity that starts with NZ CS and seeks to comply with AASB S2.

The amount of effort and work involved for an entity starting with NZ CS to comply with AASB S2 will vary based on the entity's specific facts and circumstances and the processes and methods currently in use to comply with NZ CS. For example, AASB S2 requires the application of the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*[3] for the measurement of GHG emissions, whereas NZ CS does not prescribe a particular standard. Consequently, if an entity is already applying the GHG Protocol Corporate Standard, compliance with AASB S2 may involve relatively less effort.

2.2 An entity starting with AASB S2

XRB staff have summarised the key interoperability considerations in this section for an entity starting with AASB S2. For further detail refer to the accompanying interoperability tool.

An entity starting with AASB S2 will need to:

Objectives and purpose

- consider NZ CS objectives and purpose in materiality judgements.

Strategy – current impacts

- ensure the inclusion of current impacts from physical or transition events occurring in the reporting period that have not previously been identified as a climate-related risk or opportunity by the entity.

Strategy – climate-related scenario analysis

- analyse, at a minimum, three climate-related scenarios, including a 1.5°C scenario and a 3°C or greater scenario, and disclose additional information on the scenario analysis process.

Strategy – anticipated financial impacts

- provide anticipated financial impacts before planned responses.

Strategy – transition planning

- provide a description of an entity's current business model and strategy.
- consider the differences in transition risks and transition plans between NZ CS and AASB S2.

Risk management

- provide additional information about its risk management processes.

Metrics and targets – industry-based metrics

- ensure it has disclosed any industry-based metrics it uses to measure or manage climate-related risks and opportunities.

3 Unless an entity is required by a jurisdictional authority to use a specific method for measuring its GHG emissions – for example methodologies in NGER Scheme legislation.

Metrics and targets – GHG emissions

- report GHG emissions intensity metric.
- provide additional information in relation to its GHG emissions.

General requirements

- provide comparative data for the last two reporting periods and an analysis of the main trends for each metric disclosed.

2.3 An entity starting with NZ CS

XRB staff have summarised the key interoperability considerations in this section for an entity started with NZ CS. For further detail refer to the accompanying interoperability tool.

An entity starting with NZ CS will need to:

Governance

- provide additional information about the governance processes, controls and procedures.

Strategy – current financial impacts

- provide additional information on current financial impacts.
- provide alternative information on current financial impacts if exemption is used.

Strategy – climate-related scenario analysis

- consider whether its approach to climate-related scenario analysis complies with AASB S2 and the requirements in the Australian *Corporations Act 2001*, where relevant.
- provide additional information on the scenarios used.
- assess its climate resilience and disclose specific information on the results of its climate resilience assessment annually.

Strategy – anticipated financial impacts

- provide anticipated financial impacts after planned responses.[4]
- provide alternative information on anticipated financial impacts if exemption is used.

Strategy – transition planning

- provide additional disclosures around transition planning, especially in relation to mitigation and adaptation efforts and dependencies as well as quantitative and qualitative progress against those plans disclosed in prior periods.

Risk management

- provide additional disclosures on its process for identifying, assessing, prioritising and monitoring climate-related opportunities.
- provide additional information about its risk management processes.

Metrics and targets – GHG emissions

- measure its GHG emissions in accordance with the GHG Protocol Corporate Standard or, where relevant, the methods required by a jurisdictional authority (for example, methods in NGER Scheme legislation).
- ensure compliance with requirements on GHG emissions measurement and disclosure, including scope 3 measurement framework.[5]

[4] AASB S2 uses the term 'effects' not 'impacts'.

[5] It is possible that an entity that currently applies the GHG Protocol Scope 3 Standard would be some way towards complying with the scope 3 measurement framework in AASB S2, however an entity would need to work through the requirements in AASB S2 to determine this.

- provide specific information on financed emissions if the entity is participating in financial activities of asset management, commercial banking or insurance.
- provide additional information on GHG emissions, such as disaggregating scope 1 and scope 2 between the consolidated accounting group and other investees.

Metrics and targets – metric categories

- disclose both the amount and percentage of assets or business activities vulnerable to climate-related transition risk and physical risk, and those that are aligned with climate-related opportunities.

Metrics and targets – targets

- provide additional disclosures on all targets.
- provide additional disclosures on the use of carbon credits.

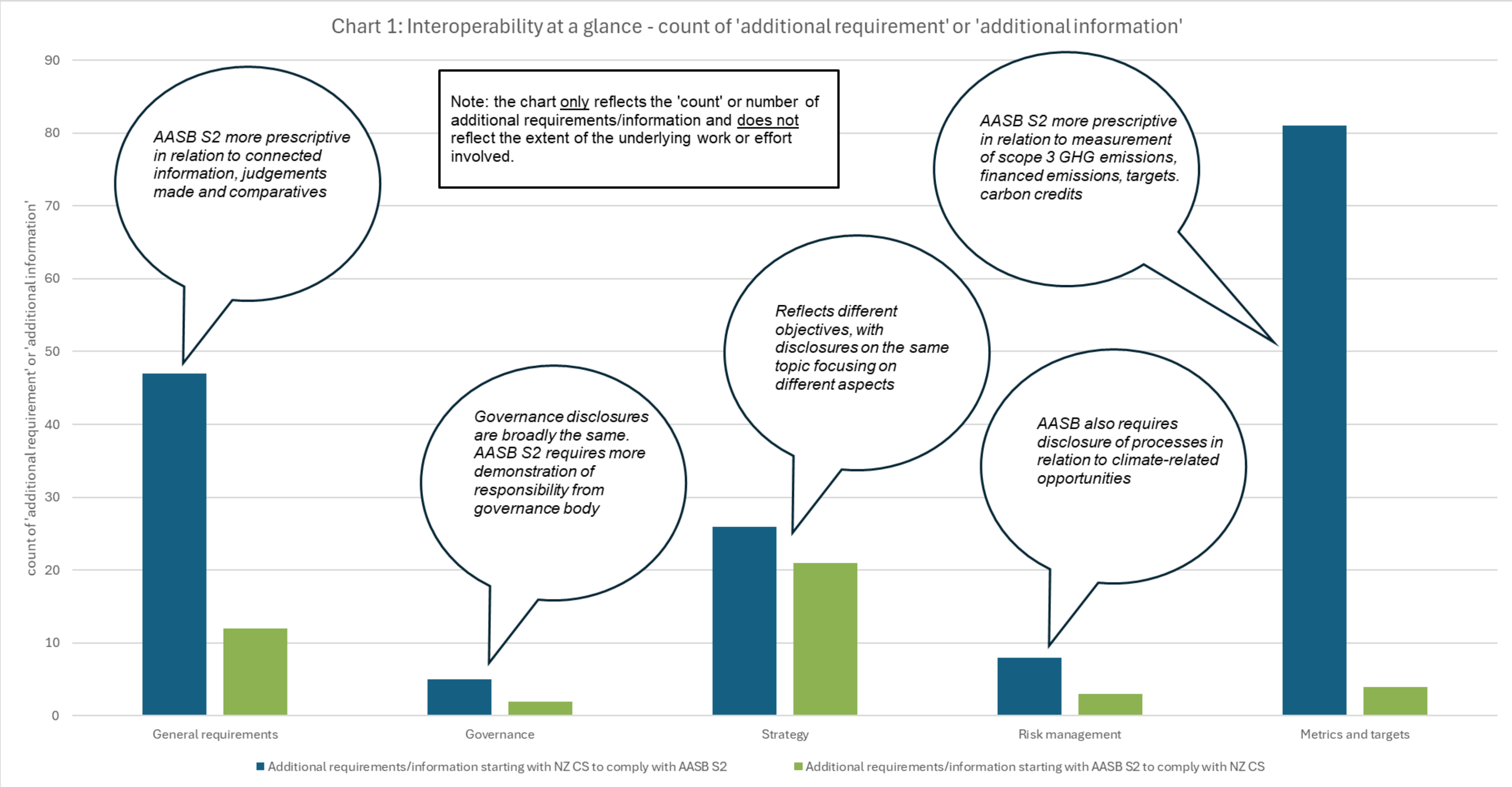
General requirements

- ensure compliance with specific requirements on connected information.
- disclose additional information about the judgements made in the process of preparing the disclosures.
- provide revised comparatives for changes in estimates and comparatives for new metrics (unless it is impracticable to do so).

2.4 At a glance

Chart 1 provides a visual representation of the 'count' of the additional requirements/information by topic (see section 3.6 for an explanation of the interoperability key). It does not count the requirements/information that are common between the standards.

The chart is intended to provide an 'at a glance' picture of the areas of difference and the additional requirements/information. It should be read with caution as it does not reflect the extent of the underlying work or effort involved, as this will always depend on the specific facts and circumstances of each entity.



3. The interoperability tool

3.1 Important – please read

It is important that users of this tool understand the following:

1. NZ CS and AASB S2 are the authoritative statements of requirements – an entity cannot rely on this tool to meet the requirements of NZ CS or AASB S2.
2. The identification of similarities and differences in the disclosure requirements is based on the judgement of XRB staff and is not a substitute for an entity working through the requirements itself.
3. Whether a specific disclosure requirement must be provided by an entity will be subject to the entity's facts and circumstances and is subject to materiality.
4. Preparers are yet to apply AASB S2 and it is possible that some interpretations of disclosure requirements may differ from those noted by XRB staff in this tool.

3.2 The standards

The interoperability tool has been prepared using the requirements from the following versions of the standards:

Table 1: Versions of standards the interoperability tool uses

Standard	Version
NZ CS 1 *Climate-related Disclosures* (pdf, html) NZ CS 3 *General Requirements for Climate-related Disclosures* (pdf, html)	Issued 14 December 2022, applies from 1 January 2023
NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* (pdf, html)	Issued 14 December 2022, applies from 1 January 2023, incorporates amendments to November 2024, that apply from 1 January 2024
AASB S2 *Climate-related Disclosures* (pdf, html)	Issued 20 September 2024, applies to Group 1 entities 1 January 2025[6]

3.3 Primary legislation

Both Australian and New Zealand primary legislation was amended to introduce the climate-related disclosure regimes. As noted in section 1.3 the focus of this interoperability tool is on the requirements in the standards, and it is not a comparison of the regimes in their entirety.

In Australia, Section 296D of the Australian *Corporations Act 2001* requires climate statements and notes to the climate statements, which include some specific disclosures, including GHG emissions and scenario analysis. We have therefore included the content of Section 296D in the interoperability tool. Section 296D refers to temperature outcomes in

[6] The *Corporations Act 2001* sets out which entities are required to comply with this Standard and specifies three application dates (financial years beginning on or after 1 January 2025, 1 July 2026 and 1 July 2027) for the various classes of entity.

paragraph 3 of the Australian *Climate Change Act 2022*. We have also included the content of paragraph 3 in the interoperability tool.

Note also that S296B of the Australian *Corporations Act 2001* provides an exemption for Group 3 entities from detailed sustainability reporting if an entity (group) has self-assessed that it does not have material financial risks or opportunities relating to climate.[7]

In New Zealand, Section 19B of the *Financial Reporting Act 2013* sets out the purpose of climate standards and climate-related disclosures. This is a specific New Zealand consideration, and we have therefore also included the content of Section 19B in the interoperability tool.

Table 2: Versions of primary legislation the interoperability tool uses

Act	Version
Australian *Corporations Act 2001*	Compilation date: 24 December 2024 Includes amendments: Act No. 136, 2024
Australian Climate Change Act 2022	Compilation date: 20 February 2025 Includes amendments: Act No.13, 2025
New Zealand *Financial reporting Act 2013*	Version as at 27 October 2022

Please note this interoperability tool has been prepared at a specific point in time based on the versions of the standards and primary legislation listed in Tables 1 and 2 above, future changes to the standards or primary legislation may require updates to the tool.

3.4 Other standards

For brevity, the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* is referred to in the interoperability tool as GHG Protocol Corporate Standard.

For brevity, the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)* is referred to in the interoperability tool as GHG Protocol Scope 3 Standard.

GHG Protocol Scope 2 Guidance is used in full in the interoperability tool.

3.5 Structure and use of the tool

Rather than producing a static PDF document we decided to develop a resource using an Excel workbook that can be downloaded and will enable users of the resource to interact with the content to suit their needs.

Every paragraph from NZ CS and AASB S2 has been downloaded into the Excel workbook, with the intent that this will allow a user of the tool to search and find any disclosure requirement.

The objective of the tool is to assist entities to comply with the climate-related disclosure requirements in NZ CS and AASB S2, whether an entity is starting from NZ CS or starting from AASB S2.

The workbook is presented in tabs that are aligned with the four thematic areas (governance, strategy, risk management and metrics & targets) with further worksheet tabs for objective and scope, principles, general requirements, assurance, adoption provisions and application date. There is also a separate worksheet tab for the defined terms used in each of the standards.

The tabs are generally organised in a consistent manner, although the defined terms and adoption provision tabs differ slightly. Most tabs include these columns:

- location of requirement (NZ/Australia)
- content of requirement (NZ/Australia)

[7] The size threshold for Group 3 reporting entities is any 2 of the following 3 criteria: ≥$50m (AU$) Consolidated revenue or consolidated gross assets ≥$25m (AU$) or 100 employees.

- interoperability key (starting with NZ CS, starting with AASB S2)
- interoperability considerations.

We have explained these columns in more detail below.

Table 3: Explanation of the content of columns

Column(s)	Content
Location of requirement	**Standard number and paragraph reference** for the location of the NZ/Australian requirement.
Content of requirements	**Full text of the NZ/Australian requirement**. Any text included in the tool from the primary legislation (refer to section 3.3) is shown in green text.
Starting with NZ CS or AASB S2	**Interoperability key** for an entity starting with NZ CS or AASB S2 – see section 3.6 below for an explanation of this key.
Interoperability considerations	**Information that an entity starting with each set of standards needs to know** to enable compliance with both sets of standards, ensuring interoperability between them.

3.6 Interoperability key

This section explains the interoperability key used in the interoperability tool.[8] An entity can apply filters on columns labelled as 'starting with NZ CS' or 'starting with AASB S2' to identify any additional requirements or information that it may need to disclose, depending on whether they are starting with NZ CS or AASB S2.

3.6.1 An entity starting with NZ CS

Fully – XRB staff have categorised a requirement as 'Fully' (i.e. fully interoperable) for an entity starting with NZ CS when there is a corresponding AASB S2 requirement, and in the XRB staff's view the corresponding requirement is common or aligned. This may be the case even if the AASB S2 requirement uses different language or terminology – XRB staff consider the application of the AASB S2 requirement would result in substantively the same disclosures as application of the NZ CS requirement. In other words, XRB staff's view is that an entity complying with the NZ CS requirement will also comply with the AASB S2 requirement.

AASB S2 additional requirement – XRB staff have categorised a requirement as 'AASB S2 additional requirement' for an entity starting with NZ CS if there is no corresponding requirement in NZ CS, therefore an entity starting with NZ CS will need to make additional disclosures to comply with AASB S2.

AASB S2 additional information – XRB staff have categorised a requirement as 'AASB S2 additional information' for an entity starting with NZ CS when there is a corresponding requirement in NZ CS, but the AASB S2 requirement may be more prescriptive or require the disclosure of additional information – XRB staff have highlighted these instances, noting that an entity may have already considered and disclosed the additional information if it had determined that the information was material to its primary users. The interoperability considerations column identifies the specific information that XRB staff deem as additional under the AASB S2 requirement.

3.6.2 An entity starting with AASB S2

Fully – XRB staff have categorised a requirement as 'Fully' (i.e. fully interoperable) for an entity starting with AASB S2 when there is a corresponding NZ CS requirement, and in the XRB staff's view the corresponding requirement is common or aligned. This may be the case

[8] The interoperability key has not been used in the 'Adoption provisions' worksheet, see section 3.8 for more information. Also see section 3.7 for information about the key used for proportionality mechanisms.

even if the NZ CS requirement uses different language or terminology – XRB staff consider the application of the NZ CS requirement would result in substantively the same disclosures as application of the AASB S2 requirement. In other words, XRB staff's view is that an entity complying with the AASB S2 disclosure requirement will also comply with the NZ CS requirement.

NZ CS additional requirement – XRB staff have categorised a requirement as 'NZ CS additional requirement' for an entity starting with AASB S2 if there is no corresponding requirement in AASB S2 therefore an entity starting with AASB S2 will need to make additional disclosures to comply with NZ CS.

NZ CS additional information – XRB staff have categorised a requirement as 'NZ CS additional information' for an entity starting with AASB S2 when there is a corresponding requirement in AASB S2, but the NZ CS requirement may be more prescriptive or require the disclosure of additional information – XRB staff have highlighted these instances, noting that an entity may have already considered and disclosed the additional information if it had determined that the information was material to its primary users. The interoperability considerations column identifies the specific information that XRB staff deem as additional under the NZ CS requirement.

3.7 Proportionality mechanisms

AASB S2 is based on IFRS Sustainability Disclosure Standard IFRS S2 *Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB).

When the ISSB was developing IFRS S2, it received feedback from stakeholders that the Standard should give more consideration to the range of capabilities and preparedness of entities around the world. Responding to this feedback, the ISSB included proportionality mechanisms in IFRS S2, and the AASB has incorporated these proportionality mechanisms in AASB S2. There are two proportionality mechanisms, which are included in specific requirements in the AASB S2. These proportionality mechanisms are:

Use all reasonable and supportable information that is available at the reporting date without undue cost or effort. This is applied to the following requirements: identification of climate-related risks and opportunities, determination of the scope of the value chain, preparation of disclosures about anticipated financial effects, determination of the approach to climate-related scenario analysis, measurement of scope 3 GHG emissions and calculation of metrics in particular cross-industry metric categories.

Commensurate with the skills, capabilities and resources that are available to the entity. This is applied to the following requirements: preparation of disclosures about anticipated financial impacts and determination of the approach to climate-related scenario analysis.

The ISSB has issued educational material on the proportionality mechanisms including a *Factsheet Series—Proportionality Digest*. The ISSB states in the factsheet that "The proportionality mechanisms do not exempt companies from providing disclosures nor introduce additional disclosure requirements". [9]

The XRB Board took a different approach to recognising the varying levels of capability and preparedness among New Zealand entities to produce high-quality climate-related disclosures. It designed NZ CS to be more principle-based and concise, with the less prescriptive requirements in NZ CS intended to allow entities the flexibility to make entity specific climate-related disclosures that achieve the objectives and purpose of NZ CS. Additionally, the XRB Board issued NZ CS 2, which includes

[9] https://www.ifrs.org/content/dam/ifrs/news/2025/sustainability/proportionality-factsheet.pdf

several adoption provisions, exempting entities from providing specific disclosures for a designated period (ranging from one to four reporting periods). This approach was considered the most effective means of offering support and relief to entities as they developed the necessary skills and capabilities.[10]

XRB staff have categorised the proportionality mechanisms in AASB S2 as 'AASB S2 proportionality mechanism' for an entity starting with NZ CS and 'NZ CS different approach' for an entity starting with AASB S2 as there is no direct equivalent.

3.8 Adoption provisions and transitional reliefs

NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* contains several adoption provisions that an entity may choose to apply. The AASB did not issue a separate standard containing adoption provisions; however, Appendix C in AASB S2 includes transitional reliefs. We have mapped the adoption provisions from NZ CS and the transitional reliefs from AASB S2 in the 'Adoption provisions' worksheet tab in the tool.

3.8.1 An entity starting with AASB S2

An entity starting with AASB S2 would not be able to use the transitional provisions in AASB S2 and comply with NZ CS, unless NZ CS also provided an equivalent adoption provision.

3.8.2 An entity starting with NZ CS

An entity starting with NZ CS would not be able to use the adoption provisions in NZ CS and comply with AASB S2, unless AASB S2 also provided equivalent transitional relief.

3.8.3 Common reliefs

Both NZ CS and AASB S2 contain the following reliefs in year one of reporting:

- relief from the requirement to disclose scope 3 GHG emissions;
- relief from the requirement to provide comparatives for the immediate prior year; and
- relief from the requirement to use the GHG Protocol Corporate Standard (AASB S2 offers a relief in year one and NZ CS does not require its use).

Download the interoperability tool

Interoperability tool NZ CS to AASB S2.xlsx (1,264KB)

[10] See paragraphs BC5 and BC6 of NZ CS 1 and paragraphs BC3 and BC4 of NZ CS 2.

4. Appendix

A1 Overview of New Zealand standards

In New Zealand the *Financial Sector (Climate-related Disclosures and Other Matters) Amendments Act 2021* was passed on 27 October 2021. It amended the *Financial Markets Conduct Act 2013*, the *Financial Reporting Act 2013*, and the *Public Audit Act 2001*, introducing new requirements for climate reporting entities to prepare and disclose climate statements.

Climate reporting entities must prepare climate statements or group climate statements that comply with the climate-related disclosure framework issued by the XRB.

The XRB Board issued its climate-related disclosure framework in December 2022. The climate-related disclosure framework is made up of three climate standards which are collectively known as *Aotearoa New Zealand Climate Standards* (NZ CS):

- NZ CS 1 contains the climate-related disclosure requirements for each of the four thematic areas (Governance, Strategy, Risk Management and Metrics and Targets) and the assurance requirements for GHG emissions disclosures.
- NZ CS 2 provides optional adoption provisions.
- NZ CS 3 contains the principles, the underlying concepts such as materiality, and the general requirements.

NZ CS are based on the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD recommendations).

In November 2024, the XRB Board issued an amending standard – *Amendments to the Adoption of Aotearoa New Zealand Climate Standards 2024*. This amending standard extended the adoption provisions for scope 3 GHG emissions and anticipated financial impact disclosures by one year and introduced a new one-year adoption provision for the assurance of scope 3 GHG emissions.

A2 Overview of Australian standards

In Australia the *Corporations Act 2001* was amended by the *Treasury Laws Amendment (Financial Market Infrastructure And Other Measures) Act 2024 (No. 87, 2024)* to introduce a mandatory climate-related disclosure regime for Australian entities that are large businesses or financial institutions. The legislation received Royal Assent on 17 September 2024.

Under the regime, entities in scope are required to lodge a ‘sustainability report’ containing climate-related disclosures prepared in accordance with Australian Sustainability Reporting Standards.

On 20 September 2024 the AASB issued Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures*.[11] The AASB developed AASB S2 by incorporating the content of IFRS S2,[12] including the IFRS S2 paragraph numbering, modified to the extent necessary to take account of the Australian legal and institutional environment and, in particular, to ensure that any disclosure and transparency provisions are appropriate.

The AASB did not include all IFRS S2 requirements in AASB S2. The differences between AASB S2 and IFRS S2 are described in the ‘Comparison with IFRS S2’ section of the preface of AASB S2 (see page 5

[11] The AASB also issued AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, which is a voluntary Standard addressing sustainability-related financial disclosures in general.

[12] On 26 June 2023, the International Sustainability Standards Board (ISSB) issued its initial IFRS® Sustainability Disclosure Standards: IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* *and* IFRS S2 *Climate-related Disclosures*

of the AASB S2 document). Deleted text from IFRS S2 is listed on page 45 of AASB S2.

The AASB added some Australian-specific paragraphs (with an “Aus” prefix in the paragraph numbering), some of which relate to the application of the standard by not-for-profit entities. Paragraphs that apply only to not-for-profit entities begin by identifying their limited applicability.

The main difference between AASB S2 and IFRS S2 is that an entity applying AASB S2 is not required to disclose industry-based metrics or to consider industry-based disclosure topics listed in the ISSB’s *Industry-based Guidance on Implementing IFRS S2*.

Rather than issuing a separate standard containing general requirements, the AASB has incorporated the general requirements from IFRS S1 that are needed for AASB S2 to function as intended into Appendix D of AASB S2. These general requirements encompass matters of principle, including the location of disclosures, the timing of reporting, as well as disclosures pertaining to judgements, uncertainties, and errors. It should be noted that similar conceptual foundations and general requirements are included within NZ CS 3.

Note that the paragraph cross-references in AASB S2 Appendix D are to paragraphs within that appendix. The paragraph numbering in AASB S2 Appendix D uses the numbering of AASB S1, including paragraphs from AASB S1 Appendices B and D.

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