

RESPONSE ON THE XRB'S REQUEST FOR
INFORMATION ON THE INTERNATIONAL
ALIGNMENT OF CLIMATE REPORTING
ANZ BANK NEW ZEALAND LIMITED

13 June 2025

1. INTRODUCTION

- 1.1 ANZ Bank New Zealand Limited (**ANZ NZ**) welcomes the opportunity to provide feedback to the External Reporting Board (**XRB**) on the request for information on the international alignment of climate reporting (**RFI**).

2. CONTACT DETAILS

- 2.1. Please contact the person named in the cover email if you would like to discuss the contents of this response.

3. SUMMARY/GENERAL COMMENTS

- 3.1. ANZ NZ strongly supports New Zealand's adoption of IFRS S2 Climate-related Disclosures (**IFRS S2**), considering the amendments introduced in AASB S2 Climate-related Disclosures (**AASB S2**) and the disclosure requirements set out in Australian primary legislation.
- 3.2. International alignment of New Zealand Climate Standards (**NZ CS**) would eliminate the unnecessary regulatory burden for entities like ANZ NZ, whose parent company operates under a different climate reporting framework. Aligning with International Sustainability Standards Board (**ISSB**) standards would streamline compliance and reduce duplication of reporting requirements for ANZ NZ.
- 3.3. Given ANZ NZ's participation in international capital markets, it is very beneficial that its climate reporting aligns with globally recognised and widely understood frameworks. Internationally aligning New Zealand's climate reporting would enhance comparability for investors and stakeholders operating in global markets and help ensure New Zealand businesses remain attractive to investors.
- 3.4. ANZ NZ's preference would be for a New Zealand equivalent of AASB S2^[1] to be made available for early adoption for reporting periods beginning on or after 1 January 2026. Our Australian parent company will prepare its first mandatory Climate Statement under AASB S2 for the year ending 30 September 2026. Allowing early adoption from 1 January 2026 would provide ANZ NZ with the option to produce an IFRS S2 compliant Climate Statement for the year ending 30 September 2027, enabling consistency with our parent company.
- 3.5. Alternatively, a form of mutual recognition could possibly achieve the same outcome for ANZ NZ. If the Financial Markets Authority (**FMA**) was to exempt Climate Reporting Entities (**CREs**) from having to prepare climate statements in accordance with NZ CS on the condition that they prepared climate statements in compliance with AASB S2, it would streamline reporting requirements and reduce duplication.
- 3.6. ANZ NZ expands on these key points in its response to the questions raised in the RFI, as outlined in Appendix 1.
- 3.7. ANZ NZ appreciates the opportunity to provide input on this matter.

^[1] IFRS S2 considering the amendments introduced in AASB S2 and the disclosure requirements set out in Australian primary legislation

APPENDIX 1

Question 1. Which standards, overseas jurisdictions or other specific elements of international alignment are most important for you (as CRE or a primary user of climate statements), and why?

a) Alignment with AASB S2 is of most importance to ANZ NZ

Having New Zealand specific Climate Standards imposes an unnecessary regulatory burden on entities whose parent companies operate under different climate reporting frameworks. Our Australian parent company will produce an AASB S2 compliant Climate Statement for the year ending 30 September 2026. Revoking NZ CS and adopting an IFRS S2 equivalent¹ would eliminate the need for ANZ NZ to prepare separate disclosures to comply with both NZ CS for local reporting and AASB S2 for ANZ Group consolidation. This alignment would streamline reporting, reduce duplication, and improve data collection efficiency.

b) International comparability of Climate Statements in capital markets

Given ANZ NZ's participation in international capital markets, it is very beneficial that its climate reporting aligns with globally recognised and widely understood frameworks. The IFRS Foundation highlights that over 20 jurisdictions have already decided to use or have indicated plans to incorporate ISSB standards into their legal or regulatory frameworks, encompassing nearly 55% of global GDP and more than 40% of global market capitalisation².

Internationally aligning New Zealand's climate reporting would enhance comparability for investors and stakeholders operating in global markets and help ensure New Zealand businesses remain attractive to investors.

Currently our Treasury programme prospectuses issued to raise funds in the UK, EU and US markets do not have any specific ESG disclosure requirements. However, if future requirements were to be introduced, alignment with the ISSB standards would be advantageous.

c) Alignment of financial reporting and climate reporting frameworks in New Zealand

The International Accounting Standards Board (**IASB**) and the ISSB both operate under the IFRS Foundation. The IASB sets the IFRS Accounting Standards followed by 169 jurisdictions worldwide. Adopting ISSB standards, would ensure New Zealand's climate-related disclosures framework aligns with the existing IASB accounting standards framework New Zealand has followed for ~20 years. The ISSB will conduct post-implementation reviews and updates of climate standards to incorporate emerging trends and best practice. With well-established processes and global outreach, the ISSB is equipped with the expertise and resources necessary to ensure that the climate standards we follow in New Zealand remain world-class.

d) International alignment of climate reporting standards will mean that entities are able to take advantage of automated system solutions at a lower cost due to the scale of these solutions being developed for use across multiple jurisdictions.

Climate reporting software designed around ISSB requirements could streamline data collection and promote uniformity across jurisdictions. However, New Zealand's distinct climate reporting framework might prevent ANZ NZ from fully leveraging these efficiencies.

¹ IFRS S2 considering the amendments introduced in AASB S2 and the disclosure requirements set out in Australian primary legislation

² <https://www.ifrs.org/news-and-events/news/2024/05/jurisdictions-representing-over-half-the-global-economy-by-gdp-take-steps-towards-issb-standards/>

Question 2. Is now the right time for New Zealand to amend or replace NZ CS to achieve closer international alignment with any other standards, and why?

ANZ NZ considers that this is the right time to begin transitioning from NZ CS to ISSB standards. New Zealand's separate climate reporting standards place an unnecessary regulatory burden on local CREs with offshore parents. Domestically, ANZ NZ will need to adhere to the NZ CS while also supplying additional information to our parent company to facilitate the preparation of an ANZ Group consolidated Climate Statement that meets AASB S2 requirements.

ANZ NZ has already made a substantial investment in developing a Climate Statement that meets NZ CS requirements. In the longer term, aligning ANZ NZ's Climate Statement disclosures with those of its parent entity will enhance efficiency, reduce costs, and maximise synergies in reporting and data collection. In addition, as more countries worldwide adopt IFRS S2 from 2026, it is the appropriate time to adopt an aligned standard to ensure comparability of New Zealand Climate Statements with those of our global peers to enable investors to easily compare performance when making investment decisions.

Having the option to early adopt a NZ equivalent to AASB S2 from 2027 onwards, would enable ANZ NZ to capitalise on the work our parent is undertaking to prepare their mandatory AASB S2 Climate Statement for the year ending 30 September 2026.

Question 3. If closer international alignment is desirable, what process to achieve this degree of alignment is most desirable (e.g. greater alignment of NZ CS or revoking NZ CS)? Why?

ANZ NZ considers that revoking NZ CS and adopting IFRS S2 (considering the amendments made in AASB S2 and the disclosure requirements in the Australian primary legislation) is the most desirable option. ANZ NZ believes this is a better option than amending NZ CS to address the seemingly more substantial differences in reporting requirements (e.g. scenario analysis). Based on our experience to date, even apparently minor discrepancies between NZ CS and AASB S2 are already creating reporting challenges for ANZ NZ in aligning our climate reporting with our parent entity for consolidation purposes. Outlined below are two specific examples:

a) Variances in dates permitted for reporting climate metrics

NZ CS requires climate metrics to align with the reporting entity's financial year end. Under AASB S2, we understand that our parent company may have the flexibility to integrate metrics relating to an earlier period (i.e. 30 June) within their 30 September Climate Statements, given that aligning climate metrics with current financial year end data would result in "undue cost and effort."

If this proposal proceeds, ANZ NZ will be required to submit climate metrics to ANZ Group for consolidation based on a June period end while also preparing data for the NZ Climate Statement aligned with a September year end. Both datasets will need to undergo audits, resulting in duplicated effort and increased costs. Aligning with our parent company's accounting standard could eliminate this inefficiency, allowing ANZ NZ to also report metrics based on a June period end.

b) Different requirements for restating comparatives

AASB S2 mandates that comparatives be restated to reflect changes in estimates related to the previous period, unless impracticable or originally disclosed as forward-looking. In contrast, NZ CS do not require entities to revise comparatives for re-estimates; instead, it requires an explanation of the change and its impact on the current reporting period's climate-related disclosures. ANZ NZ must align its treatment of restatements with its parent company for consolidation purposes, meaning it will restate figures even when not required under NZ CS.

Question 4. What information can you provide that this closer international alignment would better achieve the stated purpose of climate reporting as per section 19B of the Financial Reporting Act 2013.

Closer international alignment of New Zealand's climate reporting would better achieve the stated purpose of climate reporting by:

- a) Enhancing comparability - enabling investors and stakeholders to assess ANZ NZ's climate-related risks and opportunities across jurisdictions using a consistent framework.
- b) Reducing reporting inefficiencies - entities such as ANZ Group operating across multiple jurisdictions, would avoid duplicative reporting efforts, allowing them to focus on meaningful climate risk management.
- c) Leveraging established expertise in standard setting - the IASB and the ISSB both function under the IFRS Foundation. The IASB has established robust procedures for updating international accounting standards in response to emerging trends and best practices. By adopting similar approaches, the ISSB will ensure that New Zealand's climate reporting remains globally recognised and aligned with evolving best practice.

Question 5. Are there any climate-related disclosure requirements that you comply with that are not standards set by other jurisdictions (for example, via supplier agreements)? How important are those disclosures to you? Should the XRB take those requirements into consideration and how?

There are no other significant climate disclosure requirements that ANZ NZ is aware of that should be taken into consideration by the XRB.

Question 6. Is mutual recognition important to you? And, if so, how would it impact any of your above answers?

If mutual recognition only confirms NZ CS as internationally equivalent to ISSB standards, it will not resolve a key concern—the duplication of effort required to produce disclosures that meet both NZ CS and AASB S2 requirements for parent company consolidation. However, if the FMA were to grant exemptions allowing New Zealand CREs to prepare climate statements in compliance with AASB S2 instead of NZ CS, this could present a potential solution worth exploring.

Question 7. Do you have any other comments?

In general, we do not see the benefit in requiring NZ CRE's to incur the additional compliance costs associated with setting mandatory NZ CS requirements beyond the ISSB standards.

NZ CRE's have made a substantial investment in developing climate reporting disclosures to meet NZ CS and we encourage the XRB to consider the balance between the usefulness of the disclosures and the effort to produce them. We consider that this is the right time to begin transitioning from NZ CS to ISSB standards to ensure the objectives of international comparability and stakeholder expectations are met.