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Respondent

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Anonymous

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Time to complete

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Organisation

KMD Brands Limited

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

We support a long-term goal of harmonising the New Zealand Climate Standards (NZ CS) with global climate reporting frameworks. International alignment is essential to ensure consistency, comparability, and efficiency in climate-related disclosures—particularly for entities like KMD Brands that operate across multiple jurisdictions.

The key standards and jurisdictions most relevant to KMD include:

- IFRS Sustainability Disclosure Standards (IFRS S2): These standards underpin climate reporting in many jurisdictions and represent the most globally accepted baseline. We believe IFRS S2 should be the primary reference point for alignment. While it is appropriate for jurisdictions to tailor standards to reflect local context, adopting common foundational principles ensures consistency and comparability. This consistency is what ultimately enables mutual recognition and reduces the burden of multi-jurisdictional compliance.
- Australia's Sustainability Reporting Standards (ASRS): As a dual-listed entity on the NZX and ASX (foreign exempt), KMD Brands has a significant shareholder base in Australia. Divergence between NZ CS and ASRS could lead to confusion among investors and stakeholders, particularly where disclosures differ in scope, format, or terminology. Alignment with ASRS is therefore important to maintain clarity and comparability across our investor community.
- European Sustainability Reporting Standards (ESRS): While we are not currently required to report under ESRS, these standards are relevant to our operations in the EU. We anticipate that regulatory obligations in this region may expand over time, and we are monitoring closely.
- Science Based Targets initiative (SBTi) Guidelines: We are closely monitoring the evolving requirements for climate transition plans under SBTi's Consultation Draft 2. Although these guidelines are still in development, we expect they will influence best practice for transition planning globally.

While we do not currently report to ESRS, and will not be required to report to ASRS under current settings, we anticipate that obligations in these jurisdictions will evolve over time. Maintaining awareness of these developments and ensuring NZ CS remains interoperable with them will be critical to supporting effective, future-proof climate reporting.

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?

We acknowledge the importance of international alignment in climate reporting however, we recommend that now is not the appropriate time to amend or replace the NZ CS.

While we recognise and support the benefits of international alignment we believe that amending the NZ CS at this stage would be premature and would cause more disruption for NZ Climate Reporting Entities (CREs).

The international landscape remains fluid, with jurisdictions such as Australia and the EU continuing to refine their standards and guidance. Premature amendments risk misalignment with the eventual global consensus, potentially requiring further revisions and creating unnecessary additional disruption for CREs.

We recommend allowing time for international standards to stabilise and for early implementation experiences under the NZ CS to inform a more durable alignment process. In the interim, we suggest the XRB focus on extending and clarifying adoption provisions, particularly in areas where CREs face implementation challenges, such as:

- Phased implementation timelines for complex disclosures (e.g., scope 3 emissions, assurance, transition planning);
- Additional guidance and safe harbour provisions for early-stage disclosures;
- Support for CREs with sector-specific complexities.

This approach would provide CREs with the breathing room to build capability and systems, while also allowing the XRB to develop robust guidance in parallel with international developments, which will best inform any amendments that need to be made to NZ CS at a later date.

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?

Rather than amending or revoking the NZ CS at this stage, we recommend an approach that prioritises increased flexibility for CREs.

Specifically, we propose allowing CREs to adopt one of the internationally recognised standards— IFRS S2 or AASB S2— in substitution for NZ CS. This would enable entities to select the framework most relevant to their operations and stakeholders, while reducing the burden of reporting under multiple regimes.

It would also avoid CREs being required to adapt to frequent or premature changes in the domestic standards and avoids locking into a single framework before international standards have stabilised.

This flexible, recognition-based model would preserve the integrity of the NZ CS while providing stability and certainty for CREs currently reporting under it—without requiring constant updates to keep pace with evolving international standards.

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 would significantly enhance the ability of CREs to meet the purpose of climate reporting as outlined in section 19B of the Financial Reporting Act 2013. International alignment increases efficiency by enabling CREs to streamline their reporting processes. It allows CREs to adopt best practices from other regimes, fostering continuous improvement in disclosure quality. This reduces duplication, lowers compliance costs, and frees up internal resources—allowing entities to focus more on improving the quality of disclosures and implementing meaningful climate action. These outcomes directly support the objectives of section 19B, particularly:

- 19B(a): Promoting routine climate-related disclosures;
- 19B(b): Enabling consistent evaluation of climate-related risks and opportunities;
- 19B(c): Supporting investor and stakeholder decision-making through comparable and transparent reporting.

Alignment with global standards also allows CREs to draw on a broader base of international guidance and best practices. This facilitates more robust, complete, and decision-useful disclosures, especially for entities with limited internal capacity or those navigating emerging reporting expectations in multiple jurisdictions.

From a user perspective, international consistency improves the comparability of New Zealand disclosures with those from other jurisdictions. This is particularly important for global investors and stakeholders who rely on consistent benchmarks to assess how entities are managing climate-related risks and opportunities.

Finally, maintaining a unique or bespoke reporting regime in New Zealand could create a disincentive for investment or listing on the NZX, particularly for entities already reporting under other frameworks. A more interoperable approach would reduce this friction and support the broader policy intent of encouraging transparent, efficient, and globally relevant climate reporting.

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?

KMD Brands complies with several climate-related disclosure requirements beyond those set by national jurisdictions.

We report under internationally recognised sustainability frameworks, including:

- Global Reporting Initiative (GRI), which supports broad-based ESG disclosures aligned with stakeholder expectations; and
- Sustainability Accounting Standards Board (SASB) standards, which provide industry-specific metrics relevant to investor decision-making.

Alignment between these frameworks and the New Zealand Climate Standards (NZ CS) is important to us. It helps ensure consistency across our disclosures, reduces duplication, and supports more efficient reporting processes, particularly where the same data points are used to meet multiple stakeholder and regulatory needs.

In addition to these frameworks, we also comply with voluntary and contractual disclosure obligations, such as:

- Supplier reporting requirements, which may include emissions data or sustainability certifications;
- Membership-based certifications, such as B Corporation, which require disclosure of climate-related information as part of broader ESG performance assessments;
- Consumer-facing industry research such as Baptist World Aid Ethical Fashion Guide.

While these requirements are important to our business and reflect our broader sustainability commitments, they are often bespoke and tailored to specific stakeholder relationships or industry contexts. As such, we do not believe they should be incorporated into universal standards like NZ CS. However, we encourage the XRB to remain aware of these evolving expectations, as they can influence market norms and investor expectations over time.

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

Yes, mutual recognition is very important to us. It is central to achieving efficient, effective climate reporting and would significantly enhance the practicality and impact of the current disclosure regime.

Without mutual recognition, CREs required to report under multiple jurisdictions face several inefficiencies:

- Duplicative reporting cycles: Being required to prepare similar disclosures for different regulators, each with slightly different metrics, formats, or timing.
- Inconsistent assurance expectations: Jurisdictions may impose varying levels or scopes of assurance, increasing audit complexity and cost.
- Resource strain: Legal, finance, and sustainability teams must interpret and apply multiple standards simultaneously, which is especially challenging for organisations with lean teams or cross-border operations.

By contrast, mutual recognition would allow CREs to prepare a single climate disclosure that satisfies multiple jurisdictions' requirements.

For example, if a CRE prepares climate disclosures aligned with IFRS S2 to meet Australian requirements, mutual recognition would allow those same disclosures to satisfy NZ CS obligations—avoiding the need to repackage the same information into a different format. This would reduce compliance costs, streamline assurance, and allow internal teams to focus on improving the quality and impact of disclosures rather than duplicating effort.

We strongly support mutual recognition for mandatory climate-related disclosures, based on the home jurisdiction of the entity, provided that jurisdiction has a suitable reporting regime in place. This approach would allow the better allocation of resources to drive more effective climate action and support the objectives of section 19B of the Financial Reporting Act, by encouraging routine, meaningful, and comparable disclosures.

To operationalise mutual recognition, we recommend the XRB could consider the following mechanisms:

- Bilateral or Multilateral Agreements: Establish formal recognition arrangements with peer regulators (e.g., AASB) to accept disclosures prepared under equivalent standards.
- XRB Guidance on Equivalency: Publish a list of "recognised equivalent standards" (e.g., IFRS S2, AASB S2) and provide mapping guidance to NZ CS.
- Certification or Endorsement Mechanism: Introduce a voluntary process where CREs can submit disclosures for recognition under NZ CS, even if prepared under another regime.

We also support continued engagement with international standard setters to ensure NZ CS remains interoperable with other regimes as these develop.

7. Do you have any other comments?

The Privacy Act 2020 applies to submissions. Please check this box below if you do not wish your name or other personal information to be included in any information about submissions that the XRB may publish.

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I would like my submission (or identified parts of my submission) to be kept confidential, and have stated below my reasons and grounds under the Official Information Act 1982 that I believe apply, for consideration by the XRB.

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If yes, what information do you consider to be confidential and why?