

Friday, 13 June 2025

Chief Executive  
External Reporting Board  
PO Box 11250  
Manners St Central  
WELLINGTON 6142

Via e-mail: [sustainability@xrb.govt.nz](mailto:sustainability@xrb.govt.nz)

Tēnā koe Wendy,

### **Request for Information on Climate Reporting 2025**

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide information to the External Reporting Board (XRB) on the international alignment of climate standards. The evidence we provide is based on consultation with our members. We make this submission on their behalf and in the public interest.

We commend the XRB on their work over the past few years to develop New Zealand Climate Standards (NZ CS) and the wealth of supporting application guidance. We are also aware that the XRB engaged closely with the International Sustainability Standards Board (ISSB) during the respective parallel standard development phases.

Overall, CA ANZ and our members support international alignment. The accounting profession is well positioned to provide comment on international reporting standards having benefitted from global financial reporting for over two decades. The establishment of the International Financial Reporting Standards (IFRS) Foundation and the International Accounting Standards Board (IASB) in 2001 was driven by the need for a unified accounting language facilitating smoother cross-border investments and reducing the complexity associated with multiple accounting frameworks.<sup>1</sup> The simplification lowers costs for companies preparing financial reports and for investors analysing them.

### **Overarching comments on demand for international alignment**

Submissions to the IFRS Foundation on the establishment of the ISSB indicated growing demand for improving the global consistency and comparability of sustainability reporting.<sup>2</sup> Respondents to the consultation also generally agreed that diverse approaches to, and objectives for, sustainability standard-setting pose would risk increasing global fragmentation.<sup>3</sup>

---

<sup>1</sup> <https://www.ifrs.org/use-around-the-world/why-global-accounting-standards/>

<sup>2</sup> <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/sustainability-consultation-paper-feedback-statement.pdf>

<sup>3</sup> <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/sustainability-consultation-paper-feedback-statement.pdf>

Over 80% of New Zealand's exports by value are exported to markets that have mandatory climate reporting in force or proposed<sup>4</sup> and annual Institute of Directors New Zealand's surveys have consistently identified climate change as one of the Top 5 Issues for Directors since 2018<sup>5</sup>. There is a clear need for decision-useful, consistent and comparable sustainability disclosures by corporates as a pre-requisite for responsible investment<sup>6</sup> and clear benefits to utilising global sustainability standards.

CA ANZ surveyed more than 500 New Zealand retail investors in 2024 to obtain insights into retail investors' views to help the profession and other stakeholders in the corporate ecosystem understand what needs to be done to ensure investors have the information – and the confidence in that information – to make their financial decisions in the face of uncertainty. The survey found that 42% of the retail investors surveyed ranked climate change information as quite important or very important for investment decision making.<sup>7</sup> The survey also demonstrated that investors would be more confident in relying on sustainability information if it was mandatorily prepared and assured in accordance with agreed standards. 54% of investors surveyed said it was quite or very important to have climate reporting standards that are internationally consistent.<sup>8</sup>

Many New Zealand companies operate across multiple jurisdictions and members report complexities with parent companies being located overseas. When parent company climate statements do not fulfil the requirements of the New Zealand Climate Standards (NZ CS), there is duplication of work and investment. As a part of our outreach, we heard from a member that due to the lack of interoperability of the NZ CS they are required to prepare a standalone report to cover one New Zealand based entity within their consolidated group. The report, which costs in excess of NZ\$120,000 and takes over 45 days of employee time to prepare, does not provide any useful decision-making information for investors as investment is only possible at the parent level. Other members have also indicated that they have heard anecdotal evidence that the need to produce an additional climate report to meet the nuances of NZ CS is impacting on whether or not businesses choose to list in New Zealand.

### **Benefits of global alignment for resourcing of climate-related disclosures**

As well as global accounting standards reducing cost, complexity and risk,<sup>9</sup> members have highlighted the benefits for staff mobility and staff retention. Some members offer programmes that allow the movement of staff between hemispheres (often referred to as the

---

<sup>4</sup> <https://www.iod.org.nz/news/articles/capital-markets-reform-submission-supports-reassessment-of-liability-provisions#>

<sup>5</sup> <https://www.iod.org.nz/news/articles/capital-markets-reform-submission-supports-reassessment-of-liability-provisions#>

<sup>6</sup> <https://www.unpri.org/download?ac=21343>

<sup>7</sup> <https://www.charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/investor-confidence-is-variable-in-2024>

<sup>8</sup> <https://www.charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/investor-confidence-is-variable-in-2024>

<sup>9</sup> <https://www.ifrs.org/use-around-the-world/why-global-accounting-standards/>

secondment model in public practice) which help to address skills shortages particularly at busy reporting periods and with staff retention, as global mobility is a factor for graduates choosing employers.

A gap exists between the Government's expectations of the requisite capacity and the reality within New Zealand (and international) markets to support quality climate-related disclosures. In particular, the availability of skills and resources that have the necessary depth of understanding of physical and transitional climate-related risks.

The issue of skills shortages and the ability to retain staff was referenced strongly by members working in businesses of all sizes, with some pointing out that it is challenging to find staff who understand the nuances of the NZ CS, and that they are required to invest resources into producing localised content for New Zealand staff despite having extensive resources available to them from global networks.

Alignment with the IFRS Sustainability Disclosure Standards would facilitate greater movement of professionals across sectors and borders. Deviation from the IFRS Sustainability Disclosure Standards makes this approach more difficult, as New Zealand specific knowledge is needed. This presents a significant challenge in the current market where sustainability and climate-related knowledge is already extremely limited and could seriously affect the ability to build the necessary capacity. This challenge extends to sustainability assurance practitioners where global mobility of talent is limited due to the variances in assurance requirements.

### **International alignment of New Zealand's climate-disclosure regime**

We commend the New Zealand Government's ongoing support of the climate-related disclosures (CRD) regime and the commitment to ensure it is fit-for-purpose. However, we note that a significant amount of consultation has occurred or is underway on amendments to the CRD regime. Given NZ CS are not yet fully implemented due to extensions to the adoption provisions, we highlight the importance of certainty for CREs in the short term.

Policy certainty and simplicity are critical to enable Climate Reporting Entities (CREs) to right-size their investments into the reporting and assurance processes. Our preferred option is therefore an approach which involves minor amendments or additional guidance which means CREs can issue one statement which meets the requirements for both NZ CS and IFRS S2 *climate-related disclosures*. We consider this may be achieved by providing clarity that CREs can provide both quantitative and qualitative scenario analysis. This would be a significant step towards international alignment. If amendments are to be made to the standards, we would support them being implemented in tandem with any amendments arising from MBIE's recent consultation.<sup>10</sup>

---

<sup>10</sup>

<https://www.mbie.govt.nz/business-and-employment/business/financial-markets-conduct-regulation/capital-markets-reforms/adjustments-to-the-climate-related-disclosures-regime-summary-of-discussion-document>

CA ANZ is supportive of international alignment on broader sustainability-related financial disclosures, including IFRS S1 *General requirements for sustainability-related finance disclosures* and any future topic specific standards if New Zealand extends reporting beyond climate in the future.

Appendix A contains our detailed responses to the specific questions raised in the Request for Information (RFI). Appendix B provides more information about CA ANZ. Should you have any questions about our submission or wish to discuss it with us, please contact Karen McWilliams via email at or phone +61 2 8078 5451.

Ngā mihi,



**Peter Vial FCA**

New Zealand Country Head



**Karen McWilliams FCA**

Sustainability and Business Reform Leader

# Appendix A

## Responses to specific questions raised

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

CA ANZ supports a move towards alignment with the IFRS Sustainability Disclosure Standards, specifically IFRS S2 for climate-related disclosures.

We note there is increasing uptake of IFRS Sustainability Disclosure Standards globally, particularly in the Asia Pacific region including Australia.<sup>11</sup> APEC countries represent a significant portion of New Zealand's export markets. Over 80% of New Zealand's exports by value are going to markets that have mandatory climate reporting in force or proposed.<sup>12</sup> We are therefore supportive of alignment with IFRS S2 as the global standard, rather than alignment with any one particular jurisdiction, such as Australia.

We recognise that not all NZ CREs are subject to international reporting requirements and are not proposing that all NZ CREs would be required to comply with IFRS S2. Instead, we support an approach which enables New Zealand CREs to produce one climate statement which meets the requirements of both NZ CS and the IFRS S2, whether this be via a process of mutual recognition or through minor amendments to NZ CS to enable interoperability.

### **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?**

Given NZ CS are not yet fully implemented due to extensions to the adoption provisions, we highlight the importance of certainty for CREs in the short term. We also draw attention to the number of consultation processes either completed or underway on the CRD regime and NZ CS. We therefore are not supportive of amending the requirements of NZ CS in the short term.

However, based on the comparability guide for NZ CS and IFRS S2, there are only a small number of requirements in the standards where an entity could not produce a single statement to comply with both standards. Therefore, we encourage the XRB to make the necessary minor amendments to NZ CS to enable interoperability with IFRS S2 and publish guidance to demonstrate how a single climate statement could meet the requirements of both. We consider this may be achieved by providing clarity that CREs can provide both quantitative and qualitative scenario analysis. This would minimise amendments to NZ CS,

---

<sup>11</sup> [ISSB map Q1'25 by S1 - Sustainable1 - Infogram](#)

<sup>12</sup> <https://www.iod.org.nz/news/articles/capital-markets-reform-submission-supports-reassessment-of-liability-provisions#>

whilst meeting an immediate need for interoperability. Importantly, we do not see this changing the requirements for entities seeking only to report in line with NZ CS, but rather enabling interoperability for entities who need to comply with NZ CS and IFRS S2.

If stakeholder feedback should indicate amendments should be made to NZ CS, we support these being effective at the same time as any legislative changes arising from MBIE's consultation on adjustments to the CRD regime.

In the medium term, we support a move towards international alignment as noted below.

**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?**

CREs have made significant investments in producing reports in the first year of reporting.

Based on the comparability guide for NZ CS and IFRS S2, there are only a couple of requirements in the standards where an entity could not produce a single statement to comply with both standards. We encourage the XRB to make the necessary minor amendments to NZ CS to enable interoperability with IFRS S2 and publish guidance to demonstrate how a single climate statement could meet the requirements of both. We consider this may be achieved by providing clarity that CREs can provide both quantitative and qualitative scenario analysis. This would minimise amendments to NZ CS whilst meeting an immediate need for interoperability.

It would also enable the XRB to monitor the progress of global implementation of IFRS S2 prior to consideration of local adoption. We also note that IFRS Sustainability Disclosure Standards have been developed with listed entities in mind. The XRB may also consider in future that there is a place for both IFRS Sustainability Disclosures Standards and NZ CS in the New Zealand market, to meet the needs of different entity types.

**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?**

International alignment of climate reporting would better enable entities to show how they are considering climate related risks and opportunities and better enable investors and other stakeholders to assess the merits of how those risks and opportunities are being considered.

Submissions to the IFRS Foundation on the establishment of the International Sustainability Standards Board (ISSB) indicated growing demand for improving the global consistency and

comparability of sustainability reporting.<sup>13</sup> Respondents to the consultation also generally agreed that diverse approaches to, and objectives for, sustainability standard-setting risk increasing global fragmentation.<sup>14</sup>

Over 80% of New Zealand's exports by value are exported to markets that have mandatory climate reporting in force or proposed<sup>15</sup> and annual Institute of Directors New Zealand's surveys have consistently identified climate change as one of the Top 5 Issues for Directors since 2018<sup>16</sup>. There is a clear need for decision-useful, consistent and comparable sustainability disclosures by corporates as a pre-requisite for responsible investment<sup>17</sup> and clear benefits to utilising global sustainability standards.

CA ANZ surveyed more than 500 New Zealand retail investors in 2024 to obtain insights into retail investors' views to help the profession and other stakeholders in the corporate ecosystem understand what needs to be done to ensure investors have the information – and the confidence in that information – to make their financial decisions in the face of uncertainty. The survey found that 42% of the retail investors surveyed ranked climate change information as quite important or very important for investment decision making.<sup>18</sup> The survey also demonstrated that investors would be more confident in relying on sustainability information if it was mandatorily prepared and assured in accordance with agreed standards. 54% of investors surveyed said it was quite or very important to have climate reporting standards that are internationally consistent.<sup>19</sup>

**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?**

CREs may be required to comply with ETS GHG emissions measurements in New Zealand and with NGERs in Australia. There are also other survey-based reporting requirements, such as CDP (which is aligning to IFRS S2) and Science-based Targets Initiative (SBTi).

---

<sup>13</sup> <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/sustainability-consultation-paper-feedback-statement.pdf>

<sup>14</sup> <https://www.ifrs.org/content/dam/ifrs/project/sustainability-reporting/sustainability-consultation-paper-feedback-statement.pdf>

<sup>15</sup> <https://www.iod.org.nz/news/articles/capital-markets-reform-submission-supports-reassessment-of-liability-provisions#>

<sup>16</sup> <https://www.iod.org.nz/news/articles/capital-markets-reform-submission-supports-reassessment-of-liability-provisions#>

<sup>17</sup> <https://www.unpri.org/download?ac=21343>

<sup>18</sup> <https://www.charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/investor-confidence-is-variable-in-2024>

<sup>19</sup> <https://www.charteredaccountantsanz.com/news-and-analysis/insights/research-and-insights/investor-confidence-is-variable-in-2024>

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

Yes, although we can see the complexities of achieving this. For example, for Australian entities, the reporting is undertaken at the Australian consolidated group level and therefore this might not be suitable in the New Zealand context.

As we have noted, we consider interoperability between IFRS S2 and NZ CS to be important and achievable without changing the requirements for NZ CS entities. An alternative to mutual recognition of climate statements, could be mutual recognition of standards, ie enabling an entity to prepare their New Zealand climate statement in accordance with IFRS S2 or AASB S2 instead as we have indicated in earlier comments.

**7. Do you have any other comments?**

Many New Zealand companies operate across multiple jurisdictions and members report complexities with parent companies being located overseas. When parent company climate statements do not fulfil the requirements of the New Zealand Climate Standards (NZ CS), there is duplication of work and investment. As a part of our outreach, we heard from a member that due to the lack of interoperability of the NZ CS they are required to prepare a standalone report to cover one New Zealand based entity within their consolidated group. The report, which costs in excess of NZ\$120,000 and takes over 45 days of employee time to prepare, does not provide any useful decision-making information for investors as investment is only possible at the parent level. Other members have also indicated that they have heard anecdotal evidence that the need to produce an additional climate report to meet the nuances of NZ CS is impacting on whether or not businesses choose to list in New Zealand.

Our members have raised the importance of international alignment of sustainability assurance standards, and ethics and independence requirements. We acknowledge that the XRB is about to consult on a package of exposure drafts proposing to bring in the international sustainability assurance, ethics, and independence standards as an option for New Zealand. We look forward to participating in that consultation.



# Appendix B

## About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

CA ANZ is a member of the International Federation of Accountants and is connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.