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Dear Sirs,

We would like to thank you for the opportunity to comment on your Request for information on 'The international alignment of climate reporting' as published in April 2025.

CoreFiling has a long track record of successful project delivery, working in complex regulatory environments. We have specialised in XBRL for 18 years and our products are widely regarded as both enterprise class and business oriented. Our technology underpins mission critical data collection capabilities for both HMRC and Companies House here in the UK. We are the sole supplier of XBRL components to both agencies, supporting both regulators receive and process millions of iXBRL filings annually.

We attach below, our responses to the consultation document questions for your consideration.

Our view, which is set out in detail in our responses, is that international alignment of climate reporting will be significantly beneficial for New Zealand and all stakeholders of the related reported entities. It will make the data more comparable with global capital markets and will encourage inward investment.

This alignment also presents an opportunity to consider digitising the collection of these reports. Structured data is powerful tool for users of climate reporting, as evidenced by adoption or planned adoption in other jurisdictions such as the European Union, the United Kingdom and South Africa.

We look forward to the XRB's feedback to the consultation responses and to the final proposed plans that will emerge from this consultation.

Yours sincerely,

Philip Allen
Executive Chairman

Our responses

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?

As experts in the digitisation and consumption of digitised financial and non-financial information we favour transparent and comparable information. We therefore support a move to either the ISSB's or the GRI's sustainability reporting frameworks. The GRI framework is widely adopted and established¹, by approximately 14,000 reporters in over 100 countries globally, albeit on a voluntary basis. The ISSB taxonomy is fast gaining traction as the framework of choice, with a lot of jurisdictions having projects underway to implement it. Crucially, both frameworks come with digital taxonomies which allow regulators to mandate the digitisation of this information. Digitisation is essential for any reporting regime involving significant volumes of data, enabling meaningful utilisation and analysis of the information. Digitisation also provides structure to the data which makes it more powerful when used with emerging AI technologies. We cannot understate that AI advances in this space are predicated on having good quality structured data, which in turn are based on correctly structured digital taxonomies.

Another element that we see as important in making this decision, is the standard of choice of key trading partners. Key trading partners of New Zealand, like Australia, Japan, the UK and Singapore have adopted or are in the process of adopting the ISSB's standards. Furthermore, we note that about 60 companies incorporated in New Zealand have listings on the Australian Securities Exchange (ASX). About 45 of these are also listed on the New Zealand Exchange (NZX). These make up 25% of all NZX listed companies and will have to comply with requirements of both markets. A closer alignment to the ISSB standards would reduce the reporting burden for these companies.

We also note that New Zealand has adopted a version of the IFRS accounting standards. The ISSB standards are under the same governance structure in the IFRS accounting standards. The ISSB standards, like their IFRS counterparts, focus of enterprise value and are designed to report in tandem with the financial disclosures. For instance, climate risks disclosed under IFRS S2 should reconcile with IFRS 9 (financial instruments), IFRS 13 (fair value), or IAS 36 (impairment), where relevant. This is because IFRS S2 expects that these risks are also reflected in the financial statements when material.

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?

Now is the right time for New Zealand to begin its international alignment project.

The ESG reporting landscape is rapidly evolving toward convergence, with the ISSB standards emerging as the global baseline for investor-focused ESG disclosures.

New Zealand, as an open economy with significant international investment and trade, benefits from aligning with standards recognized globally, reducing reporting burdens for companies and increasing comparability.

¹ <https://www.globalreporting.org/about-gri/>

New Zealand's government and regulators have shown a strong commitment to climate action and sustainability (e.g., Zero Carbon Act). Aligning New Zealand Climate Standards (NZ CS) with ISSB's standards or other internationally accepted standards would strengthen New Zealand's credibility and compliance with global investor expectations, especially for capital markets. Global investors increasingly expect transparent, consistent ESG disclosures aligned with international frameworks, which can influence capital flows into New Zealand companies.

ISSB standards are now published and gaining traction, providing a ready framework for adoption or integration. Maintaining the NZ CS in isolation risks duplication and complexity, as companies may need to report under multiple frameworks to satisfy international investors. Harmonizing standards reduces compliance costs and improves the quality and usability of disclosures.

By aligning with globally accepted ESG frameworks that include climate-related disclosures, New Zealand can better support its sustainability goals and demonstrate leadership in climate transition.

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?

We have no strong preference on the method of alignment. However, we note the trade-off between reducing costs by adopting international standards unchanged and retaining control to tailor standards for local relevance.

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?

Section 19B of the Financial Reporting Act 2013, talks about the climate standards encouraging entities to routinely consider risks and opportunities in the context of their activities to show how are they considering these for the benefit of investors and other stakeholders. This is also achieved under the NX CS. As noted in the consultation paper too, the ISSB standards are considered more prescriptive and will therefore result in more demanding assessment of risks and opportunities.

The key benefit of international alignment is that it will enable *global* investors to better understand and assess these disclosures and will provide them with more comparable information in the global capital markets.

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?

We have no specific feedback on this question.

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

Yes, mutual recognition is important. An equivalence framework could be particularly valuable for dual-listed companies, allowing them to report under a recognised international sustainability framework instead of NZ CS, or vice versa, where NZ CS is accepted by overseas markets. This would help reduce the compliance burden for such entities operating across jurisdictions.

However, mutual recognition would require negotiated agreements with the relevant international regulators. As sustainability standards continue to evolve rapidly, ensuring ongoing interoperability could become increasingly complex and resource-intensive.

Moreover, while mutual recognition would the burden for reporters, it could also undermine consistency and comparability within the domestic NZ capital market if different companies report under different standards.

7. Do you have any other comments?

We believe that introducing a requirement to digitise these sustainability reports, using the Inline XBRL standard, would provide several key benefits to all stakeholders involved.

We note that both the ISSB's reporting framework and GRI have corresponding XBRL taxonomies that can be used to digitally mark-up the information reported.

Digital disclosures make sustainability data structured and therefore easier to access, search and analyse for investors, regulators, policy makers and academic researchers. This also enhances the transparency of the information.

Academic research has established that XBRL is associated with increased reporting quality². XBRL data has been found to be more accurate representations of their corresponding human readable reports compared to the data provided by data aggregators/distributors³.

Structured digital data enhances the standardisation of reporting making it easier to compare sustainability performance across companies and industries. It also provides a better baseline to use Artificial Intelligence (AI) to analyse the data⁴.

A 2018 speech by the Deputy Chief Economist and Deputy Director of the Division of Economic and Risk Analysis of the SEC indicated that digitisation fuels the emergence of machine learning methods. At the time he reported that 'on any particular day, as much as 85 percent of documents visited are by internet bots'⁵.

² https://ideas.repec.org/a/eme/arijpps/arj-01-2022-0002.html?utm_source=chatgpt.com

³ <https://publications.aaahq.org/jis/article-abstract/34/3/47/1170/How-Significant-are-the-Differences-in-Financial?redirectedFrom=fulltext>

⁴ <https://www.xbrl.org/news/ai-meets-xbrl-finally-speaking-the-same-language/>

⁵ https://www.sec.gov/newsroom/speeches-statements/speech-bauguess-050318?utm_source=chatgpt.com

Recent unprecedented developments in AI make XBRL even more indispensable. It is now imperative that any new or revised reporting requirement follows a digital-first approach.