

# Submission – XRB – Request for Information on Climate Reporting 2025 – RFI on value of international alignment

13 June 2025

## Overview

RIAA thanks the Aotearoa New Zealand External Reporting Board (XRB) for the opportunity to respond to [Request for Information \(RFI\) on Climate Reporting 2025](#) (consultation).

RIAA welcomes the XRB's continued engagement with the corporate and financial sector to ensure the success of the climate-related disclosure (CRD) regime. This regime will significantly improve the extent and accuracy of climate-related information in markets and enable investors and others to more accurately gauge the risks and value of companies, and to make better informed decisions. Disclosure of climate risk will be essential to achieving more accurate risk management and valuations. This should lead to faster, meaningful decarbonisation efforts as well as ensure New Zealand remains an attractive destination for global capital.

It is important to recognise New Zealand's leadership as the first jurisdiction to introduce a mandatory CRD regime which demonstrated foresight in meeting the challenges posed by climate change. It is especially important to highlight that the NZ regime was introduced prior to the International Sustainability Standards Board (ISSB) issued Standards, from which subsequent regimes including Australia have benefited.

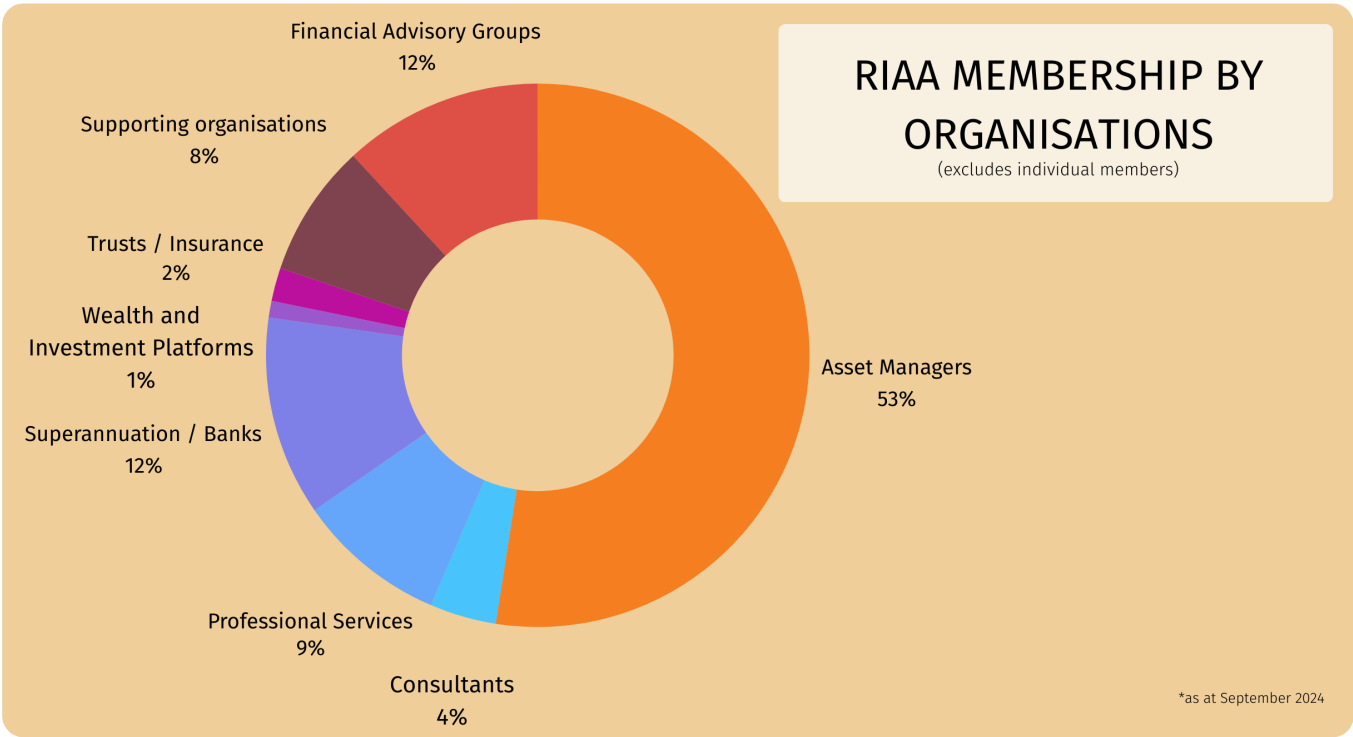
The XRB is planning to release a second RFI later in the year seeking information on the need for reduced disclosures for smaller climate reporting entities (CREs) and differential reporting following the Governments decisions on reporting thresholds ([consulted on](#) by MBIE in December 2024). RIAA's response in part address these areas due to the impact any changes to reporting thresholds and differential reporting requirements would have on applicability of international alignment. RIAA encourages consultation with industry for all proposed amendments following the RFI to ensure changes to the CRD regime are pragmatic and useful.

RIAA thanks the XRB for engaging directly with RIAA members on this consultation and the RIAA members for their contribution. In preparing this submission, RIAA has been informed by its previous submissions:

- [Submission – XRB - Climate-reporting disclosure - Proposed transitional changes to NZ climate-reporting regime](#)
- [Submission – MBIE – Adjustments to the CRD regime](#)
- [Submission – XRB - Aotearoa New Zealand Climate-related disclosures: Final consultation](#)
- [Submission – XRB – Aotearoa New Zealand Climate Standard 1: Strategy and Metrics and Targets](#)
- [Submission – XRB – Aotearoa New Zealand Climate Standard 1: Governance and Risk Management](#)

# About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.



## RIAA submissions

*Q1 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?*

RIAA is overall supportive on aligning the NZ CS1 with the ISSB IFRS S2 Climate-related Disclosures. In this regard, it's important to recognise that alignment does not require identical requirements which may not be suitable for the NZ market.

Notwithstanding support for alignment with the ISSB standards, RIAA acknowledges that the more prescriptive nature of the ISSB standards may not be fully suitable for all reporting entities or be suitable for a complete revision of the NZ CRD regime. RIAA supports the XRB to consider a differential reporting framework which is anchored in materiality to support the breadth of CREs to produce relevant and quality reports without unreasonable burden.

There are a number of factors to consider in approaching an internationally aligned differential reporting framework which can address some of the current challenges:

**Materiality** – Any variation in reporting requirements should be anchored in the materiality and adopt a proportionality mechanism accompanied with appropriate disclosure.

**Data availability** – There is a heavy reliance on data providers to produce reporting in line with the current standards. With the global up-take in CRD reporting, data provider offering is more internationally aligned which has impacted the availability of information required to report under the NZ standards. For example, NZ has a 3 Scenario requirements and other jurisdictions only have a 2 scenario requirement. As a result, most of the data providers do not offer 3 part scenarios. Aligning the NZ standards international will improve data availability and associated cost.

**Duplicative reporting for subsidiaries** – Where an NZ entity is a subsidiary of a bigger parent company in a different jurisdiction subject to different standards, these smaller entities are having to produce reports under separate standards duplicating the work with no greater outcome. Adopting mutual recognition could alleviate this duplicative reporting without compromising the quality of the reporting purpose of the regime.

**Embedded agility to standards development** – Given the relative newness of global climate reporting, there will inevitably be adjustments made by the ISSB and subsequently other jurisdictions which have adopted the standards. Any changes to the standards should include a mechanism to align potential future changes.

**Scope of CREs** – The underlying scope of CREs which determines which entities must report under NZ CS1 is not internationally aligned. The Government is yet to release its decision on reporting thresholds following MBIE's consultation. The potential for the Government to reduce the scope of CRE's would further separate the NZ CRD regime from international peers and impact the usability of the reporting produced under NZ CS1.

RIAA recognises the XRB are responsible for issuing the reporting standards and not which entities are required to report under the standards – however, for the value of international alignment to be reciprocated amongst reporting entities both the threshold of reporting entities and the standards which they report under must move to international alignment together. See [RIAA's submission](#) to the MBIE consultation on Adjustments to the CRD regime more information.

The XRB is planning to release a second RFI later in the year seeking information on the need for reduced disclosures for smaller CREs and differential reporting following the Governments decisions on reporting thresholds. RIAA is supportive of the XRB considering differential reporting to reduce unnecessary burden on smaller entities and/or those entities which materiality requires adjusted reporting.

*Q2 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?*

No. RIAA encourages the XRB to take a measured approach to introducing changes to a new and significant regime so soon after implementation. While there may be simple change that can be made =, large scale changes which compromise the quality of info provided, should be avoided unless it's necessary.

Given the significance of this reform RIAA cautions against reactive measures and major reform at this stage may not be in the best interest of successful integration and continued adoption. There are potentially significant implications from the Governments decision on reporting thresholds and the XRBs consideration of differential reporting which should be settled before major changes occur.

The uplift in skills and education to produce these reports is significant and ongoing. It will take more than 2-3 years before reports are decision useful. Changing reporting requirements more than necessary will further impact the quality and usefulness of the reporting being done.

*Q3 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?*

RIAA is supportive of incremental alignment of NZ CS using a phased approach based on entity size and materiality.

Where any relief or amendments are being considered, reporting entities should be incentivised to reach greater international alignment.


*Q4 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?*

Climate risk disclosure regimes significantly improve the extent and accuracy of climate-related information in markets and enable investors and others to more accurately gauge the risks and value of companies, and to make better informed decisions. Disclosure of climate risk will be essential to achieving more accurate risk management and valuations. This should lead to faster, meaningful decarbonisation efforts as well as ensure New Zealand remains an attractive destination for global capital.

The CRD regime functions as a vital lever within the New Zealand policy infrastructure to enhance not just information in the market but the quality of companies and businesses which are able to better operate in the current environment. In addition, the ability to attract global capital relies on certain information being provided; a degree of international interoperability and international alignment where major global economies have mandated similar disclosure. Where changes are made to the CRD regime, which was implemented before the global disclosure standards were released by the ISSB, all efforts should be made to increase the degree of alignment to the ISSB standards.

*Q6 Is mutual recognition important to you and, if so, how would it impact any of your above answers?*

RIAA is supportive of mutual recognition as a possible mechanism to reduce reporting burden, see above responses. Mutual recognition already operates in relation to other corporate regulations between Australia and New Zealand, for example when offering financial products, which allows an issuer in Australia or New Zealand to offer certain financial products in both countries using one disclosure document prepared under regulation in its home country. Issuers who wish to operate under the scheme will be able to comply with minimal entry and ongoing requirements agreed to between the two countries and prescribed in each country's law: see ASIC [Regulatory Guide 190](#) *Offering financial products in New Zealand and Australia under mutual recognition*. This regime requires certain requirements to be met



before an offer is made and during the continuation of the offer for financial products – most of these requirements which relate back to the offer made in the issuer's home country.

As Australia has introduced reporting requirements aligned with the global ISSB standards, this may be a suitable method through which to explore mutual recognition of climate reporting, by utilising existing and familiar frameworks.