



## **Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025**

### **| Amendment | 2025 |**

This amending Standard was made under section 12(aa) of the Financial Reporting Act 2013 by the Sustainability Reporting Board of the External Reporting Board after complying with section 22 of that Act.

This amending standard is secondary legislation for the purposes of the Legislation Act 2019.

### **Explanatory note**

*This note is not part of the standard.*

This amending Standard has been issued to amend adoption provisions in NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

### **Copyright**

*This notice is not part of the standard.*

This amending Standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

### **ISBN**

978-1-99-100577-9

### **Application**

*This note is not part of the standard.*

This amending Standard has a mandatory date of 1 January 2025, meaning it must be applied by reporting entities for accounting periods that begin on or after this date.

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## Part A – Introduction

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This amending Standard makes changes to NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*. The amendments extend the adoption provisions for an additional two years for:

- anticipated financial impacts;
- scope 3 GHG emissions (and related extensions to the adoption provisions relating to comparatives for scope 3 GHG emissions and analysis of trends); and
- scope 3 GHG emissions assurance.

## Part B – Scope

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This amending Standard applies to entities that are required by Part 7A of the Financial Markets Conduct Act 2013 to prepare climate statements or group climate statements that comply with the climate-related disclosure framework.

## Part C – Amendments to NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*

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Paragraphs 8, 8.1, 12, 17, 18, 19, 22 and 24 are amended. Paragraphs 19(b), 19(c), 19(d) 22.1(b) and 22.1(c) are added. Paragraph 19.1 has been amended and renumbered as 19(a). The content of paragraph 22.1 has been split between paragraph 22.1 and subparagraph 22.1(a).

New text is underlined and deleted text is struck through.

### Scope

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8. Adoption provisions 2 and 4 to 7 are available to an entity when preparing and presenting climate statements or group climate statements for its first reporting period, second reporting period, third reporting period, ~~or fourth reporting period~~, fifth reporting period or sixth reporting period.
- 8.1 Adoption provision 8 is available to an entity when preparing and presenting climate statements or group climate statements in relation to accounting periods ending before 31 December ~~2025~~2027.

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### Adoption provisions

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### Adoption provision 2: Anticipated financial impacts

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12. Paragraph 15(b) of NZ CS 1 requires the following disclosure:
- the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.

This Standard provides an exemption from this disclosure requirement in an entity's first reporting period ~~and~~, second reporting period, ~~third reporting period and fourth reporting period~~.

## Adoption provision 4: Scope 3 GHG emissions

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17. Paragraph 22(a)(iii) of NZ CS 1 requires the following disclosure:

greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) classified as scope 3.

Although disclosure of *scope 3 greenhouse gas (GHG)* emissions is encouraged for all entities on adoption of Aotearoa New Zealand Climate Standards, this Standard provides an exemption from this disclosure requirement in an entity's first reporting period ~~and~~ second reporting period, third reporting period and fourth reporting period. An entity may choose to apply the adoption provision in this paragraph to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. If an entity discloses a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.

## Adoption provision 5: Comparatives for Scope 3 GHG emissions

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18. Paragraph 40 of NZ CS 3 *General Requirements for Climate-related Disclosures* requires the following disclosure:

For each metric disclosed in the current reporting period an entity must disclose comparative information for the immediately preceding two reporting periods.

~~If an entity elects to use the adoption provision in paragraph 17, this Standard provides an exemption from providing comparative information for scope 3 GHG emissions in an entity's third reporting period.~~

19. ~~If an entity elects to use the adoption provision in paragraph 17, this Standard permits an entity to provide one year of comparative information for scope 3 GHG emissions in an entity's fourth reporting period.~~

- ~~19.1 If an entity elects to use the adoption provision in paragraph 17 only~~

- ~~(a) for its first reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its second reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its third reporting period;~~
- ~~(b) for its first reporting period and second reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its third reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fourth reporting period;~~
- ~~(c) for its first reporting period, second reporting period and third reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fourth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fifth reporting period; or~~
- ~~(d) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fifth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its sixth reporting period.~~

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## Adoption provision 7: Analysis of trends

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22. Paragraph 42 of NZ CS 3 requires the following disclosure:

An entity must disclose an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

This Standard provides an exemption from this disclosure requirement in an entity's first reporting period and second reporting period.

- 22.1 If an entity elects to use the adoption provision in paragraph 17:
- (a) for its first reporting period and second reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period and third reporting period;
  - (b) for its first reporting period, second reporting period and third reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period and fourth reporting period; or
  - (c) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period, fourth reporting period and fifth reporting period.

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## Assurance of GHG emissions disclosures

### Adoption provision 8: Scope 3 GHG emissions assurance

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24. For accounting periods ending before 31 December ~~2025~~2027, this adoption provision allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1). This means that the assurance of the entity's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December ~~2025~~2027.

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New defined terms 'fifth reporting period' and 'sixth reporting period' are added to Appendix A. New text is underlined.
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## Appendix A Defined terms

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This appendix is an integral part of NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards and has the same authority as the other parts of this Standard. Some defined terms are used in at least one other Aotearoa New Zealand Climate Standard, always with the same meaning.

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<b><u>fifth reporting period</u></b>	<u>The reporting period immediately following an entity's fourth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.</u>
<b><u>sixth reporting period</u></b>	<u>The reporting period immediately following an entity's fifth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.</u>

Paragraphs B6 to B9 are added including their related headings. New text is underlined.
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## Appendix B

### Commencement and application

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This appendix is an integral part of NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and has the same authority as the other parts of this Standard.

### Commencement and application

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#### **Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025**

- B6. Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025, published in November 2025, amended paragraphs 8, 8.1, 12, 17, 18, 19, 22 and 24, added paragraphs 19(b) 19(c), 19(d), 22.1(b), 22.1(c), added new defined terms 'fifth reporting period' and 'sixth reporting period' to Appendix A, amended paragraph 19.1 and renumbered as 19(a), and split the content of paragraph 22.1 between paragraph 22.1 and subparagraph 22.1(a). An entity must apply those amendments in accordance with the commencement and application date provisions in paragraphs B7 to B9.

#### **When amending Standard takes effect (section 27 Financial Reporting Act 2013)**

- B7. This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019.<sup>1</sup>

#### **Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)**

- B8. The accounting periods in relation to which this amending Standard commences to apply are those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.
- B9. In paragraph B8:  
**mandatory date** means 1 January 2025.

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<sup>1</sup> This footnote is not part of the standard. The amending Standard was published on 13 November 2025 and takes effect on 11 December 2025.

The section below titled Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 is added to the Basis for Conclusions on NZ CS 2.

Paragraphs BC58 to BC101 are added including their related headings.

New text is underlined.

## **Basis for Conclusions on NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards***

This Basis for Conclusions accompanies, but is not part of, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

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## **Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025<sup>2</sup>**

### **Sustainability Reporting Board**

BC58. The XRB Board issued NZ CS 2 in December 2022, and the amending standard — *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, which amended NZ CS 2 in November 2024. The Sustainability Reporting Board (SRB) was established by the XRB Board under clause 14 of Schedule 5 of the Crown Entities Act 2004 (CE Act). The XRB Board used the powers under section 73 of the CE Act to delegate to the SRB the function of preparing and issuing climate standards. The SRB has issued this 2025 amending Standard.

BC59. This section of the Basis for Conclusions summarises the SRB's considerations in developing *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.

### **Scope 3 greenhouse gas emissions disclosure and assurance**

#### **How and why we consulted on extending scope 3 GHG emissions adoption provisions**

BC60. The XRB obtained information through three consultation processes:

- (a) In April 2025, the XRB issued *Request for information: The international alignment of climate reporting* (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 greenhouse gas (GHG) emissions was continuing to be a challenge for entities<sup>3</sup>.
- (b) In August 2025, XRB staff conducted targeted follow-up meetings with entities, assurance practitioners and data providers, to understand these issues in more detail.
- (c) In September 2025, the XRB issued *Proposed 2025 Amendments to Climate and Assurance Standards* (the consultation document) proposing a two-year extension to AP 4, AP 5, AP 7 and AP 8. The proposed amendments to NZ CS 2 would provide additional time for entities to address the challenges they faced whilst continuing to progress disclosures, with or without assurance, and engage in assurance readiness

<sup>2</sup> This section of the Basis for Conclusions refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS<sup>®</sup> Sustainability Disclosure Standards).

<sup>3</sup> Throughout this section of the Basis for Conclusions, references to 'entity' or 'entities' should be read as 'climate reporting entity' or 'climate reporting entities', i.e. those entities required by the Financial Markets Conduct Act 2013 to prepare climate statements or group climate statements that comply with the climate-related disclosure framework.



assessments during the transition period. The consultation document also included questions about the other options: retain the status quo, a one-year extension and an extension of more than two years.

Targeted follow-up meetings

- BC61. During the targeted follow-up meetings, entities told XRB staff that disclosing and assuring scope 3 GHG emissions is far more complex, costly and resource intensive than anticipated, reducing comparability and creating significant implementation challenges including data collection and system upgrades. They highlighted major uncertainties around defining boundaries of what needs to be reported and avoiding scope creep, particularly for facilitated emissions in banking, insurance-associated emissions, and applying GHG Protocol categories such as “use of sold products”.
- BC62. Entities raised concerns about measurement-related methodological gaps and interpretation issues due to the absence of sector-specific guidance in an evolving international landscape. Data quality and availability remain problematic, and there are concerns about the potential inconsistencies between New Zealand disclosure requirements and international standards such as IFRS S2 *Climate-related Disclosures* adding complexity for entities with overseas (in particular Australian) parents. High compliance costs, disproportionate impacts on smaller entities, and diversion of resources away from emissions reduction and adaptation efforts were also key concerns.
- BC63. Some entities commented that there is a lack of capability or capacity in the assurance market. The assurance practitioners XRB staff spoke to noted that disclosures are becoming easier with experience and that there is no demonstrable need for delay, as many entities are already disclosing scope 3 GHG emissions under NZ CS 1. All assurance opinions to date have been unmodified, and SOC 2 reports are not essential because alternative evidence can meet the assurance requirements. These assurance practitioners confirmed that they have the capability and capacity to meet demand.

The consultation document

- BC64. The consultation document emphasised that the disclosure and assurance of scope 3 GHG emissions are an integral component of the climate-related disclosure framework. It highlighted the importance of such disclosures, noting that scope 3 GHG emissions often represent significant climate-related risks and opportunities for entities, support credible transition planning, and were an increasingly common international ask for access to capital. It noted that mandatory reporting enhances transparency to support investor decision making, and assurance enhances trust and confidence in the information, reducing the risk of greenwashing.
- BC65. The consultation document stated that the purpose of the proposed two-year extension would be to provide time for:
- (a) the XRB to produce and support additional guidance material and clarifications, and introduce differential reporting if warranted depending on the Government's decisions about the CRD regime;
  - (b) helpful information to become available from other local and international sources;
  - (c) greater clarity to emerge about inclusions and boundaries for scope 3 GHG emissions, together with specific climate-related disclosure obligations in other jurisdictions;
  - (d) entities to upskill and improve their systems and processes; and
  - (e) data providers to continue to work towards an industry-wide solution for assurance requests from multiple customers (SOC 2 reports).

- BC66. The consultation document also stated that a two-year extension would better align timing with the scope 3 GHG emissions disclosure and assurance obligations in Australia.

Consultation responses

- BC67. The XRB received 102 submissions, 57 from entities and 45 from other stakeholders (comprising mostly individuals, professional service providers and industry bodies). 97 submitters, comprising 53 entities and 44 other stakeholders responded to the question on scope 3 GHG emissions disclosure and assurance. More specifically:

- (a) 73 of the 97 submitters (75%) supported an extension. Of the 73 submitters that supported an extension, 75% agreed with the proposed two years. Views were split amongst the other 25% about whether a shorter (one year) or longer extension (three or more years) should be implemented.
  - (b) 50 of the 53 entities (94%) supported an extension. Of the 50 entities that supported an extension, 82% supported the proposed two years. The other 18% supported three or more years.
  - (c) 23 of the 44 other stakeholders (52%) supported an extension. Of the 23 entities that supported an extension, 61% supported the proposed two years. Seven of the 13 professional service providers (including assurance practitioners) (54%) and nine of 15 individuals (60%) did not support an extension.
- BC68.** Almost all entities supported an extension, with most favouring a two-year extension. entities cited several key reasons. Data availability and quality remain insufficient across value chains, with heavy reliance on third-party estimates and low supplier coverage, making robust disclosure and assurance challenging. Some entities emphasised the need to align timing and requirements with Australia's AASB S2 *Climate-related Disclosures* and ISSB standards to reduce duplication, improve comparability, and address uncertainty—particularly for dual-listed entities and insurers concerned about insurance-associated emissions.
- BC69.** Entities' assurance readiness and assurance cost were also noted, due to the complexity and resource requirements of scope 3 GHG emissions, with some entities still developing systems and internal capability. Entities also highlighted unresolved methodological issues (for example, lack of measurement methodologies for derivatives and facilitated emissions) and uncertainties regarding the boundaries for scope 3 GHG emissions inclusion. Some noted the need for time to build internal capability and systems.
- BC70.** Nine entities supported an extension beyond two years, citing four main reasons: high compliance and assurance costs that currently outweigh benefits to users and investors; immature methodologies for calculating and assuring scope 3 GHG emissions, requiring time to refine and align with global best practice; insufficient data availability and quality across value chains, leading to unreliable estimates; and assurance market readiness. Additional points included low investor interest in climate statements and the need to align with Australian implementation timelines to leverage more mature overseas practice.
- BC71.** Three entities did not support an extension. One provided no rationale, while the other two emphasised the importance of scope 3 GHG emissions disclosure, noting that this amount is usually much higher than scope 1 and 2 GHG emissions combined and is critical for complete, decision-useful climate statements.
- BC72.** Other stakeholders expressed mixed views about extending adoption provisions, 52% supported extending adoption provisions, citing assurance readiness and cost concerns, particularly for scope 3 GHG emissions where methodologies, data quality, and assurance practices remain immature. Stakeholders contended that there was limited assurance capacity, a risk of qualified opinions, and disproportionate burdens on smaller entities, emphasising the need for scalable, threshold-sensitive settings. Most stated that time is required to build systems, processes, and capability, and call for alignment with international standards, especially IFRS S2 and AASB S2, to ensure comparability and avoid duplication. Stakeholders warned that premature mandatory reporting could undermine investor confidence and market comparability, given current uncertainty and inconsistency in data and methodologies.
- BC73.** 48% of other stakeholders did not agree with extending adoption provisions, citing that further delays would undermine achieving the purpose of the climate-related disclosure framework, and reduce momentum and weaken trust in the CRD regime as a whole. They stressed that scope 3 GHG emissions disclosures are critical for decision-useful information, comparability, and effective risk assessment, and note that existing guidance provides sufficient flexibility for meaningful reporting. Many stated that capability improves through practice, with many entities already disclosing or obtaining limited assurance, and warn that further deferral risks misalignment with international regimes and reduced market confidence. While most rejected blanket extensions, some supported short, time-bound assurance deferrals or targeted relief for specific categories (for example, financed emissions), alongside practical support measures rather than delay.

- BC74. Assurance practitioners stated that they have capacity to carry out the assurance work. They also stated that assurance brings to the surface method, boundary and data issues early, raising quality and confidence. Hence, deferral of assurance would dilute these benefits.
- BC75. The Financial Markets Authority (FMA) has indicated that they would issue any necessary exemption notice in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025.

### **The SRB's decision on extending scope 3 GHG emissions adoption provisions**

- BC76. In considering whether to extend the adoption provisions, the SRB reiterated the importance of the disclosure and assurance of scope 3 GHG emissions as stated in the consultation document (see paragraph BC64).
- BC77. The SRB decided that a two-year extension for both scope 3 GHG emissions disclosure and assurance adoption provisions as proposed in the consultation paper is appropriate. The SRB noted that no significant new issues were raised in submissions, with feedback largely confirming what was learnt from the targeted consultation in August 2025. The SRB acknowledged the strong weight of information provided by entities regarding the challenges of these disclosure and assurance requirements and considered that the mixed views provided by other stakeholders were insufficient on balance to counter the challenges raised in the entities' submissions.
- BC78. The SRB noted that there was limited user feedback to the consultation. However, they acknowledged the user feedback to the consultation on *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, particularly in the context of strong demand to not extend the adoption provision relating to transition planning (see paragraphs BC50-52). The SRB also noted the clear user feedback to the RFI. The SRB considered that given XRB consultations do receive user feedback, should these proposals have caused significant concern to users, that feedback would have been provided. The SRB also acknowledged the weight of entities' views in the context of one of the stated purposes of climate-related disclosures in the Financial Reporting Act 2013, being to encourage entities to routinely consider the short-, medium-, and long-term risks and opportunities that climate change presents for the activity of the entity or the entity's group (see also paragraph BC2 in NZ CS 1).
- BC79. The SRB considered that a two-year extension acknowledges the real and immediate challenges faced by entities and assurance providers, allowing those entities who need more time to use the optional adoption provisions as required, while providing sufficient time for capability building and methodological improvement to reduce risk and costs. The SRB agreed that an extension maintains momentum and credibility in the regime, as not amending the standards risks negatively impacting their effective implementation and the decision usefulness of the reported information.
- BC80. The SRB noted the implementation of scope 3 GHG disclosure and assurance in particular has required entities to implement new systems and processes in an economically challenging and resource-constrained environment. The SRB further noted that the information provided by entities made it clear that challenges were not limited to financed emissions. Rather that several categories of scope 3 GHG emissions including purchased goods and services, the use of sold products, and facilitated emissions beyond financed emissions were also challenging.
- BC81. The SRB observed that this extension should provide the time needed for further international standardisation of disclosure expectations and requirements, as well as measurement approaches relating to scope 3 GHG emissions. During this period the XRB will also determine appropriate next steps regarding the international alignment of climate reporting (see paragraph BC60(a)).
- BC82. Although the SRB decided to provide a two-year extension to the scope 3 GHG emissions adoption provisions, it strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure and assurance. The SRB highlighted that the adoption provisions are optional, and that the structure of adoption provision 4 relating to GHG emissions disclosure is specifically designed to enable entities to work towards full scope 3 GHG emissions disclosure. The SRB considers that a two-year extension should be sufficient time such that further extensions are unlikely to be needed. The

XRB continues to be committed to issuing guidance to support the implementation of these disclosure and assurance requirements and will remain responsive to changing circumstances.

## **Anticipated Financial Impacts**

### **Why we consulted on extending the anticipated financial impacts adoption provision**

- BC83. The XRB consulted on extending Adoption Provision 2: Anticipated financial impacts (AP 2) for two main reasons: (i) international uncertainty as to when and whether anticipated financial impacts (AFIs) must be quantified and (ii) implementation challenges on disclosure of AFIs in the absence of comprehensive ‘how to’ guidance. The XRB became aware of these issues as a result of its stakeholder engagement processes both domestically and internationally.
- BC84. The consultation document emphasised that the disclosure of AFIs is an integral component of the climate-related disclosure framework. It highlighted the importance of such disclosures, noting that the disclosure of the AFIs of climate-related risks and opportunities enables investors and stakeholders to assess how these factors may affect an entity’s financial position, financial performance, and cash flows over time. It noted that these disclosures improve transparency, support informed decision making, and help demonstrate the credibility of an entity’s strategy and transition planning.
- BC85. The consultation document proposed a two-year extension to AP 2. The consultation document also included questions about the other options: retain the status quo, a one-year extension and an extension of more than two years. The consultation document stated that the purpose of the proposed two-year extension to AP 2 would provide time for guidance materials to become embedded and more clarity on international requirements to become available.

### **Response to consultation**

- BC86. The XRB received 102 submissions, 57 from entities and 45 from other stakeholders (comprising mostly individuals, professional service providers and industry bodies). 99 submitters, comprising 57 entities and 42 other stakeholders responded to the question on AFIs. More specifically:
- (a) 84 of the 99 submitters (85%) supported an extension. Of the 84 submitters that supported an extension, 62 (74%) agreed with the proposed two years. Views were split amongst the other 22 submitters (26%) about whether a shorter (one year) or longer extension (three or more years) should be implemented.
  - (b) All 57 entities supported an extension. 46 entities (81%) supported the proposed two years. One entity supported a one-year extension, and the other 10 entities (18%) supported three or more years.
  - (c) 27 of the 42 other stakeholders (64%) supported an extension. Of the 27 other stakeholders that supported an extension, 16 (38%) supported the proposed two years. Six of 13 professional service providers (including assurance providers) (46%) and five of 15 individuals (33%) did not support an extension.
- BC87. 81% of entities supported a two-year extension of the adoption provision for AFI disclosures, citing the need for clear, practical guidance and international alignment before implementation. Entities emphasised that meaningful AFI reporting requires detailed “how to” guidance, worked examples, and standardised methodologies to ensure comparability and avoid misleading disclosures given high measurement uncertainty and limited data. Some stressed the importance of alignment with AASB S2 and IFRS S2 standards, substantial resourcing and capability building needs, and tailored approaches for managed investment scheme managers. Additional concerns include liability risks, timing for entities with December or January year ends, and the opportunity to learn from Australian practice.
- BC88. 18% of entities supported extending the adoption provision for AFIs beyond two years, with one registered bank favouring three years and the remainder seeking four or more. Key reasons included the speculative nature and low decision-usefulness of AFI figures, given reliance on long-horizon scenarios and uncertain methodologies; the need for lead time to embed forthcoming guidance; unresolved director liability settings; immature risk management

frameworks; lack of standardised methodologies; and limited professional expertise in climate-related financial analysis. Entities argued that mandating AFI disclosures prematurely could mislead investors and undermine comparability and reliability.

- BC89. Other stakeholders expressed mixed views about extending the adoption provision for AFIs, 27 supported an extension (64% of other stakeholders). Of these, 20 supported an extension for two or more-years and seven for one year. The reasons given by the 20 stakeholders that supported extending the adoption provisions for AFI by two years or more included: the need for international alignment with ISSB and Australia's AASB S2 to ensure comparability and avoid rework; time to develop detailed, sector-specific guidance and build internal capability, systems, and assurance readiness; and high estimation uncertainty, which risks unreliable or misleading AFI disclosures.
- BC90. The reasons given by the seven other stakeholders that supported a one-year extension included: the need for time to absorb and apply evolving XRB and ISSB guidance and to establish robust processes for AFIs. Stakeholders emphasised that AFIs require new governance, modelling frameworks, and internal approvals, and argued that an additional year would enable credible methodologies without undermining momentum. Some note existing flexibility in standards and view a short delay as a pragmatic compromise to maintain stakeholder confidence while avoiding New Zealand lagging behind Australia.
- BC91. 15 other stakeholders did not agree with extending the adoption provisions for AFIs, citing that AFIs are financially material and essential for investors' decision-making and capital allocation. They argued that delay undermines transparency, accountability, and alignment with international standards reducing interoperability and comparability. Stakeholders noted that existing flexibility in NZ CS 1 allows compliance despite uncertainty, and that tools and data for AFI disclosure are already available. Some stressed urgency, stating imperfect early disclosures are preferable to postponement, which risks eroding confidence, slowing capability building, and damaging New Zealand's reputation for leadership. Further deferral could hinder robust transition planning, peer benchmarking, and integration with financial reporting, ultimately weakening investor confidence and global capital flows.

### **The SRB's decision on extending AFI adoption provision**

- BC92. In considering the feedback received on the consultation document and in making its decisions on whether to extend the adoption provision for the disclosure of AFIs, the SRB reiterated the importance of the disclosure of AFIs as stated in the consultation document (see paragraph BC84).
- BC93. The SRB decided that a two-year extension for the adoption provision relating to AFIs as proposed in the consultation document is appropriate, striking the right balance between optional relief and the requirement for mandatory reporting. The SRB considers that a two-year extension should be sufficient time such that further extensions are unlikely to be needed. The XRB continues to be committed to issuing guidance to support the implementation of this disclosure requirement, and will remain responsive to changing circumstances. Importantly, it should give entities time to absorb guidance and to build necessary capability before disclosure is required. The SRB also noted that this period allows time for further clarity to develop on evolving international practice and expectations on disclosure requirements (and to more closely align with timings in other jurisdictions to reduce costs for those with offshore parent entities). The SRB acknowledged the importance of providing guidance and support to entities to ensure that the work they undertake on AFIs is sufficiently flexible to enable the work to remain valuable in the face of evolving expectations.
- BC94. Although the SRB decided to provide a two-year extension to the AFI adoption provision, it strongly encourages entities that use the adoption provision to continue to work internally so that they are prepared for mandatory disclosure. The SRB noted that information obtained from entities that have commenced their work on AFIs is that it takes time for necessary internal systems and governance to be established. The SRB encourages entities that intend to make use of the adoption provision to commence work well in advance of mandatory disclosure, so that they understand the intent and practicalities of AFIs to ensure that disclosures are decision useful.

## **Government decisions on legislative changes to the climate reporting regime**

- BC95. On 22 October 2025, the Minister of Commerce and Consumer Affairs announced that the Government had decided to make the following changes to the climate reporting regime as part of the Financial Markets Conduct Amendment Bill (with the legislation expected to be passed in 2026):
- (a) increase the mandatory climate reporting threshold for listed issuers from \$60 million market capitalisation for equity issuers and \$60 million total face value of quoted debt for debt issuers to \$1 billion for both equity and debt issuers;
  - (b) remove managed investment schemes; and
  - (c) amend director and company liability settings.
- BC96. The decisions did not change the inclusion of, or thresholds relating to, the other classes of climate reporting entity: registered banks, licensed insurers, credit unions and building societies.
- BC97. On 28 October 2025, the FMA stated that they would provide interim relief in the form of taking a 'no action' approach to affected entities who are expecting their climate reporting obligations to cease once the legislation is passed. This means that the FMA will not take action in respect of a failure to prepare or lodge climate statements or any other obligation under Part 7A of the Financial Markets Conduct Act 2013.
- BC98. The SRB considered the Government announcement and noted that it did not change its decisions relating to *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.
- BC99. As part of its decision making, the SRB highlighted that 100% of entities that responded to the XRB's consultation that are expected to remain in the regime post changes to the legislation supported extending the adoption provisions for both scope 3 GHG emissions disclosure and assurance, as well as for AFIs. The reasons provided by these entities were focused on the importance of these adoption provision extensions for their own reporting due to the challenges or issues faced
- BC100. For scope 3 GHG emissions disclosure and assurance, the main issues identified by entities expected to remain in the regime were:
- (a) the need for international alignment (including learning from and cost reductions associated with an Australian parent entity);
  - (b) data quality and availability issues (and that an extension will enable entities to work towards completeness, so that users can have confidence in reported data); and
  - (c) high costs (including being exacerbated by unavailable or unclear guidance or methodologies).
- BC101. For AFIs, the main issues identified by entities expected to remain in the regime were:
- (a) guidance being a necessary input for quality AFI disclosures, and that and sufficient time is needed to both ensure guidance is internationally aligned and for entities to understand and implement guidance internally;
  - (b) significant uncertainty regarding disclosure expectations (especially international expectations);
  - (c) allowing time to learn from or collaborate with a parent entity; and
  - (d) more time being needed for entities to obtain sufficient information and improve internal understanding of inputs and analysis needed for AFI analysis.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025  
| Amendment | 2025 |

**Minimum Legislative Information**

*This information is not part of the standard.*

**This standard is secondary legislation issued under the authority of the Legislation Act 2019.**

<b>Title</b>	Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025   Amendment   2025
<b>Principal or amendment</b>	Amendment
<b>Consolidated version</b>	No
<b>Empowering Act and provisions</b>	This standard was made under section 12(aa) of the <a href="#">Financial Reporting Act 2013</a> .
<b>Replacement empowering Act and provision</b>	Not applicable.
<b>Maker name</b>	Sustainability Reporting Board of the External Reporting Board
<b>Administering agency</b>	External Reporting Board
<b>Date made</b>	7 November 2025
<b>Publication date</b>	13 November 2025
<b>Notification date</b>	13 November 2025
<b>Commencement date</b>	This standard takes effect on 11 December 2025
<b>End date</b>	Not applicable
<b>Consolidation as at date</b>	Not applicable
<b>Related instruments</b>	<a href="#">NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards</a>