

Sustainability Reporting Board

MEETING PACK

for

SRB Meeting - 25 Feb 2026 (Public papers)

Wednesday, 25 February 2026

9:22 am (NZDT)

Held at:

XRB Boardroom

Level 6, 154 Featherston Street, Wellington

INDEX

Cover Page

Index

Agenda

Attached Documents:

4.1 a	Minutes : SRB Meeting - 31 Oct 2025 (PUBLIC PAPERS) - 31 Oct 2025.....	6
5.3 a	International monitoring - 25 Feb 2026.pdf.....	9
5.4 a	Documents open for comment - 25 Feb 26.pdf.....	23
5.4 b	DofC attachment - IPSASB-2025-Work-Program-Consultation-Potential-Projects.pdf.....	27
5.5 a	Guidance update - 25 Feb 26.pdf.....	44
9.1 a	Proposed amendments to GHG emissions disclosures - 25 Feb 26.docx.....	48

AGENDA

SRB MEETING - 25 FEB 2026 (PUBLIC PAPERS)

Name:	Sustainability Reporting Board
Date:	Wednesday, 25 February 2026
Time:	9:22 am to 5:22 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Carolyn Mortland, Becky Lloyd (Committee Chair), Alec Tang, Alison Howard, Jackie Cheyne, Joe Hanita, Mathew Nelson
Attendees:	Dr Amelia Sharman, Geoff Connor, Judy Ryan, Lisa Kelsey, Nicola van Rooijen, Michael van Zijl, Rikki Owen, Wendy Venter

1. Private agenda item
2. Private agenda item
3. Private agenda item
4. Private agenda item

4.1 Approval of minutes 9:22 am (8 min)

Becky Lloyd

For Decision

Supporting Documents:

4.1.a	Minutes : SRB Meeting - 31 Oct 2025 (PUBLIC PAPERS) - 31 Oct 2025	6
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5. Updates (public)

5.1 Chair update 9:30 am (15 min)

Becky Lloyd

For Noting

5.2 Board members' environmental update 9:45 am (25 min)

Becky Lloyd

For Discussion

Board environmental scan highlighting key matters, current issues and emerging trends relevant for SRB.

5.3 International monitoring 10:10 am (20 min)

Lisa Kelsey

For Noting

Including the GHG Protocol.

Supporting Documents:

5.3.a	International monitoring - 25 Feb 2026.pdf	9
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5.4 Documents open for comment 10:30 am (20 min)

Dr Amelia Sharman

For Decision

IPSASB agenda consultation

Supporting Documents:

5.4.a	Documents open for comment - 25 Feb 26.pdf	23
5.4.b	DofC attachment - IPSASB-2025-Work-Program-Consultation-Potential-Projects.pdf	27

5.5 Guidance update 10:50 am (20 min)

Michael van Zijl

For Noting

Anticipated financial impacts

Materiality

Supporting Documents:

5.5.a	Guidance update - 25 Feb 26.pdf	44
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5.6 Non-public items 11:10 am (260 min)

6. Private agenda item

7. Private agenda item

8. Private agenda item

9. Standard setting (public)

9.1 Scope 3 alignment of NZ CS 3:30 pm (80 min)

Judy Ryan, Lisa Kelsey

For Decision

Supporting Documents:

9.1.a	Proposed amendments to GHG emissions disclosures - 25 Feb 26.docx	48
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10. Close and Karakia

10.1 Close & karakia 4:50 pm (5 min)

10.2 Next meeting

Next meeting: SRB Meeting - 14 Apr 2026 - 14 Apr 2026, 9:00 am

MINUTES (in Review)

SRB MEETING - 31 OCT 2025 (PUBLIC PAPERS)

Name:	Sustainability Reporting Board
Date:	Friday, 31 October 2025
Time:	9:45 am to 12:00 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Becky Lloyd (Committee Chair), Alec Tang, Alison Howard, Carolyn Mortland, Jackie Cheyne, Joe Hanita, Mathew Nelson
Attendees:	Dr Amelia Sharman, Geoff Connor, Jeremie Madamour, Judy Ryan, Lisa Kelsey, Nicola van Rooijen, Rikki Owen, Michael van Zijl, Wendy Venter

1. Private agenda item
2. Private agenda item
3. Proposed 2025 Amendments to Climate and Assurance Standards (public)

3.1 Scope 3 GHG emissions reporting and assurance



Adoption provisions for scope 3 GHG emissions disclosure and assurance

The Board AGREED with the staff recommendation to extend the adoption provisions for scope 3 GHG emissions disclosure and assurance (AP4, AP5, AP7 and AP8) for an additional two reporting periods.

Decision Date: 31 Oct 2025

Outcome: Approved

Staff explained the consultation process and the results received to the consultation. Staff explained that most climate reporting entities (CREs) supported the extension, favoring a two-year period. Some non-CREs also supported the extension. The main rationales given were the need for more time to develop guidance, upskill internally, and address ongoing challenges. International alignment was also identified as crucial. CREs remaining in the regime expressed ongoing concerns about data quality, availability, and clarity in reporting scope 3 emissions, especially given international developments. An extension was therefore seen as necessary to address these challenges.

The Board acknowledged the complexity and importance of scope 3 disclosures, especially for large CREs and those with complex value chains. The Board considered but did not adopt a shorter extension period, as evidence strongly supported two years. The Board also discussed efforts made to get user perspectives, but ultimately their lack of submissions was not seen as a strong reason to avoid extending the adoption provisions. The Board reiterated that adoption provisions are optional. Entities are encouraged to continue preparing for disclosure even if they choose to use the extension period, ensuring ongoing progress rather than delay.

Finally, on due process, the Board was satisfied that the consultation process was robust and inclusive, gathering a wide range of views. They concluded that not granting an extension would be unreasonable given the feedback and timing of the consultation.

3.2 Anticipated financial impacts



Adoption provision for anticipated financial impacts

The Board AGREED with the staff recommendation to extend adoption provision for anticipated financial impacts (AP2) for an additional two reporting periods.

Decision Date: 31 Oct 2025

Outcome: Approved

Staff explained the consultation process and the results received to the consultation. Staff explained that 100% of climate reporting entities (CREs) supported the extension, most favouring a two-year period. 64% of non-CREs also supported the extension. The main rationales given were the need for more time for entities to absorb guidance and build capability. The Board noted that guidance in this area is complex and will take time to embed. The importance of international alignment was also discussed, with ongoing work in Europe and elsewhere influencing user expectations.

The Board noted staff work on guidance and the intent to make it available within the next six months. The Board noted the need to balance speed with the durability of the standards, especially given that user expectations and the meaning of quantification in disclosures are still evolving.

Finally, on due process, the Board was satisfied that the consultation process was robust with very clear views supporting an extension. They concluded that not granting an extension would be unreasonable given the feedback and timing of the consultation.

4. Approval and signing memos (public)

4.1 Board approval and joint signing memo



Board approval and joint signing memo

The Board APPROVED the issue of Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025.

The Board AGREED to delegate the approval of the amendments to the BC to the Chair.

The Board APPROVED the signing memorandum to the Chair of the XRB Board requesting approval to issue Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025.

Decision Date: 31 Oct 2025

Outcome: Approved

5. Updates (public)

5.1 Documents open for comment

The Board NOTED paper 5.1.a, and the forthcoming consultations as listed in Table 2.



Proposed amendments to the SASB Standards

The Board AGREED to provide feedback on the draft submission in response to the ISSB exposure draft – Proposed amendments to the SASB Standards, and this will be approved by circular resolution.

Decision Date: 31 Oct 2025

Outcome: Approved



Greenhouse Gas (GHG) Protocol Scope 2 and Electricity Sector public consultations

The Board AGREED with the staff recommendation to comment on the Greenhouse Gas (GHG) Protocol Scope 2 and Electricity Sector public consultations. These submissions will be approved by circular resolution.

Decision Date: 31 Oct 2025

Outcome: Approved

6. Close and Karakia

6.1 Close & karakia

After a short discussion about He Tauira, Becky Lloyd closed the meeting.

6.2 Next meeting

Next meeting: SRB Meeting - 25 Feb 2026 - 25 Feb 2026, 9:00 am

XRB Board Room, Level 6, 154 Featherston Street, Wellington. Finishing at 5:00 pm.

Signature: _____

Date: _____



Memorandum

To: SRB Members

Meeting date: 25 February 2026

Subject: **Update on international and jurisdictional monitoring**

Date: 13 February 2026

Prepared by: Sustainability Team

Through: Amelia Sharman

Action Required

For Information Purposes Only

Purpose and introduction¹

1. The purpose of this paper is to provide the Board with an update of our international and jurisdictional monitoring.
2. This paper covers the period from 17 September 2025 to 13 February 2026.

Recommendations

3. The Board is asked to NOTE this update.

Structure of this memo

4. The remaining sections in this memo are:

[AASB](#)

[ASIC](#)

[ISSB](#)

[IPSASB](#)

[ISO and GHG Protocol](#)

[PCAF](#)

[European Union](#)

[GRI's GSSB](#)

¹ This memo refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards, and ISSB® papers).

[CDP](#)

[Capitals Coalition](#)

[Jurisdictional updates](#)

AASB

AASB meetings

5. At its meeting on the 5 February 2026, the AASB received an [update on implementation support and awareness-raising activities](#) related to AASB S2 *Climate-related Disclosures* undertaken from September 2025. The AASB decided to form a subcommittee to review the membership and Terms of Reference of the AASB S2 Implementation Advisory Panel (IAP).

Amendments to AASB S2

6. At its meeting on the 15 December 2025, the AASB unanimously agreed to make the same changes to AASB S2 as had been made by the ISSB to IFRS S2 on 11 December 2025 by issuing AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures*. The amendments are summarised in the section below on the ISSB.

AASB S2 Scenario Analysis Workshops – March 2026

7. In-person nationwide workshops will be delivered throughout March 2026 to support reporting entities in applying the scenario analysis requirements of AASB S2.

AASB S2 Implementation Advisory Panel

8. The AASB S2 Implementation Advisory Panel (IAP) held its third meeting on 17 November 2025 at which it discussed the following three topics:
 - (a) an update on matters discussed at the last meeting, focused on ways in which the AASB can support application of the Australian Sustainability Reporting Standards;
 - (b) the most recent five IAP submissions received and analysed by AASB staff against the criteria; and
 - (c) the International Sustainability Standards Board’s Transition Implementation Group (ISSB TIG)’s November 2025 meeting papers AP2 [GHG emissions attributable to a group related to transactions between entities in the group](#) and AP3 [Scope 3 GHG emissions applying IFRS S2](#). (see paragraphs 34 to 39 below for details of the implementation issues discussed in these meeting papers)

9. The [summary of this IAP meeting](#) notes:

“Entities applying AASB S2 may find the ISSB TIG November 2025 Paper AP2, Paper AP3 and Meeting Summary to be useful resources in considering these implementation questions.”

AASB agenda consultation

10. The AASB is conducting an agenda consultation to shape its 2027-2031 work plan. The AASB issued an [Invitation to Comment](#) (ITC) in December 2025 with comments due by 31 March 2025.

11. The ITC appendix summarises the AASB's current work plan and lists these active sustainability reporting projects:
- (d) AASB S2: Implementation support and awareness raising (High Priority);
 - (e) AASB S2: Proportionality (Medium Priority)
 - (f) AASB S2: Industry-based information (Medium Priority)
 - (g) Climate-related financial disclosure requirements for NFP public sector entities (Low Priority)

ASIC

12. ASIC has published a suite of [educational modules](#) to build foundational capability for Australia's new sustainability reporting requirements under the Corporations Act 2001. Developed with the AASB, the University of Technology Sydney, and Studio 3 Learning, the materials aim to lift the quality, consistency, and comparability of climate-related disclosures, which will directly affect large reporting entities and indirectly affect a broader set of stakeholders across value chains.
13. The modules cover: Corporations Act and climate-related disclosure requirements; an introduction to climate change; climate-related physical risks; transition risks; climate-related opportunities; emissions accounting; scenario analysis; and governance and risk management. They reinforce the core content areas required for climate disclosures—governance, strategy, risk management, and metrics and targets—aligned to the Corporations Act and AASB S2.
14. ASIC notes the materials are educational rather than regulatory guidance or legal advice, and are intended to support preparers, assurance providers, and others new to climate reporting, including SMEs in larger value chains. ASIC has released the first set of modules and plans to roll out the remaining modules, with interactive delivery and supporting workshops to follow.

ISSB

Amendments to IFRS S2

15. On 11 December 2025, the ISSB issued amendments to the GHG emissions disclosure requirements in IFRS S2. The amendments:
- (a) Permit an entity to limit the disclosure of its Scope 3 Category 15 GHG emissions to 'financed emissions'. Those emissions attributed to loans and investments made by the entity to investees or counterparties. For an entity that participates in asset management activities, financed emissions include emissions from assets under management. Loans and investments include loans, project finance, bonds, equity investments and undrawn loan commitments. An entity is permitted to exclude GHG emissions attributable to derivatives. Examples of other types of Category 15 GHG emissions that are now able to be excluded include facilitated emissions associated with investment banking activities, and insurance-associated emissions (see agenda item 9.1 for staff recommendations in relation to this particular amendment).
 - (b) Permit an entity that participates in asset management, commercial banking or insurance to use alternative industry classification systems to the Global Industry Classification Standard for disaggregating information about financed emissions.

- (c) Clarify that relief from using the GHG Protocol Standard for measuring GHG emissions is available if an entity is required, in whole or in part, to use a different method by a jurisdictional authority or an exchange on which it is listed. The entity is permitted to use the different method only for the part of the entity to which the requirement applies.
 - (d) Provide relief for an entity from using global warming potential (GWP) values from the latest IPCC Assessment Report when a jurisdictional authority or an exchange on which the entity is listed requires the use of different GWP values.
16. The ISSB also amended three SASB Standards (relating to Asset Management & Custody Activities, Commercial Banks, and Insurance) to align the financed emissions metrics with the amendments made to IFRS S2.
 17. The amendments are effective for reporting periods beginning on or after 1 January 2027, with early adoption permitted.

Biodiversity, Ecosystems and Ecosystem Services (BEES)

ISSB meeting 28 January 2026

18. At its 28 January 2026 meeting, the ISSB confirmed it will proceed with standard-setting on nature-related risks and opportunities on a broad basis—covering material information on all nature-related risks and opportunities that could reasonably be expected to affect an entity’s prospects, rather than limiting scope to particular nature topics (for example, water) or industries. The ISSB will develop the project as a supplement to IFRS S1 and IFRS S2 (i.e., assuming entities are already applying IFRS S1 and IFRS S2).
19. As part of project planning, ISSB staff signal that metrics work may be limited or deferred in the initial exposure draft (given ongoing work to enhance the SASB Standards and uncertainty around cross-industry metric needs), though specific metrics could still be proposed if needed to meet key information needs (for example, location/asset vulnerability).
20. The ISSB expects to begin deliberations by developing defined terms and core concepts (for example, nature-related risks/opportunities, nature-related physical vs transition risks), drawing on the TNFD where relevant while keeping alignment with ISSB concepts and the policy-neutral objective of IFRS S1.
21. Identified information areas to work through (sequenced) include: defined terms, possible engagement/Indigenous Peoples and local communities considerations, nature transition plans, location-specific information, climate–nature nexus, targets, and scenario use (with some areas expected to rely largely on existing S1/S2 requirements).
22. The ISSB is explicitly positioning this as an “S1 plus” extension (supplementing S1/S2) and is planning targeted engagement through existing advisory bodies and the TNFD network, followed by public consultation via an exposure draft.
23. A number of design choices are flagged as later decisions, including: the form of the output (e.g., application guidance vs a new standalone Standard), whether requirements are mandatory or voluntary, and any transitional relief.

ISSB meeting 10 December 2025

24. At its 10 December 2025 meeting, the ISSB:
- (a) Agreed to move BEES from research to a standard-setting project in its work plan, to develop incremental nature-related disclosure requirements that supplement IFRS S1 and IFRS S2 (rather than starting from a blank sheet).
 - (b) Decided to proceed straight to an exposure draft as the next due process step (i.e., no discussion paper), on the basis it already has sufficient evidence on both the problem and potential solution-set from its research and stakeholder input.
 - (c) Decided not to establish a project-specific consultative group, and instead to rely on existing advisory bodies and resources.
25. The standard-setting project is framed as addressing identified investor information needs where current nature-related disclosures are inconsistent and investors rely on third-party sources. ISSB staff analysis highlighted four areas where investor needs may require incremental requirements beyond explicit IFRS S1/S2 requirements: nature transition plans, location-specific information, climate–nature nexus information, and standardised terminology.
26. The ISSB’s approach is intended to draw on the TNFD framework and consider interoperability (notably with GRI and ESRS where relevant), with an emphasis on limiting fragmentation and keeping costs proportionate.
27. The ISSB’s rationale for not setting up a new group is that it can use existing bodies (including the ISSB Investor Advisory Group, Sustainability Standards Advisory Forum, Sustainability Reference Group and Sustainability Consultative Committee) and its established collaboration with the TNFD to obtain diverse technical input during drafting.
28. ISSB staff will bring a project plan and scope for developing the exposure draft, including analysis/recommendation on the form of the proposals (e.g., application guidance to IFRS S1, a separate nature standard, or another form).

ISSB meeting 6 November 2025

29. The ISSB has confirmed it will develop nature-related disclosures by drawing on the TNFD framework (including LEAP) and building on IFRS S1 and has agreed to undertake standard-setting to introduce incremental disclosure requirements on nature-related risks and opportunities not already explicit in IFRS S1/IFRS S2. In parallel, the ISSB intends to develop educational material to support application of existing requirements in a nature context. ISSB staff analysis underpinning these decisions highlights investor demand for clearer, more comparable nature information—particularly around transition plans, location-specific disclosure, climate–nature interdependencies, and standardised terminology—and signals further ISSB decisions are forthcoming on the form, staging and timing of any new requirements, taking implementation impacts for IFRS S1/S2 into account.

ISSB meeting 28 October 2025

30. At the ISSB meeting on the 28 October 2025, the ISSB staff presented a paper that indicated the TNFD could provide practical, nature-specific content—particularly on identifying and assessing nature-related risks/opportunities (via LEAP), value chain considerations, and areas not explicitly

addressed in IFRS S1 such as nature transition plans, location-specific disclosures (including “priority locations”), climate–nature connectivity, and consistent terminology through a common glossary. The paper also highlights TNFD’s tiered metrics approach (core global and sector metrics, largely on a “comply or explain” basis) and notes that alignment with TNFD metrics is being considered in proposed SASB amendments, alongside ongoing IFRS Foundation–TNFD collaboration.

Human capital

ISSB meeting 10 December 2025

31. At the ISSB meeting on the 10 December 2025, the ISSB staff presented a paper that showed clear investor demand for more decision-useful disclosure on workforce-related risks, focused on strategy and a small set of consistent metrics. The paper found no strong case for new requirements on workforce governance or targets and noted that progress could be made by building on existing frameworks, particularly the SASB Standards.

ISSB meeting on the 28 October 2025

32. At the ISSB meeting on the 28 October 2025, ISSB staff outlined a proposed framework to prioritise its Human Capital research, building on IFRS S1 by analysing workforce-related risks and opportunities by worker population (own operations and value chain) and by three channels—composition, capability and conditions—to support clearer decisions on whether further standard-setting is needed; staff also noted that alternative terminology such as “workforce” or “workers” may improve clarity.

Enhancing the SASB Standards

33. No updates in this period.

Transition Implementation Group on IFRS S1 and IFRS S2

34. The Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) met on the 20 November 2025. A summary of the meeting has been made publicly available on the IFRS Foundation website — [Summary of Transition Implementation Group on IFRS S1 and IFRS S2 meeting held on 20 November 2025](#) (the meeting summary). The meeting summary was also tabled at the ISSB meeting on the 28 January 2026. Two questions received from ISSB stakeholders were discussed at the TIG meeting, both of which will be of interest to this Board.

Question 1: How does an entity that is a group measure and disclose GHG emissions attributable to transactions between entities within the group?

35. The ISSB staff analysis and view on the implementation question can be found in [Agenda paper 2](#) from the TIG meeting . The ISSB staff analysis considered this issue from a financial reporting perspective and came to the conclusion that these emissions should not be double counted. Relevant extracts from the meeting summary are included below.

“Agenda Paper 2 notes that ISSB Standards require GHG emissions to be measured using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard). The application of the GHG Protocol Corporate Standard does not affect the representation of the group as a single economic entity. Irrespective of the approach taken to measure emissions (i.e. whether the equity share or control approach is applied) the emissions reflected must be those of the reporting entity. The choice made in applying the GHG Protocol Corporate Standard only affects whether GHG emissions

attributable to the single economic entity are reflected as either direct or indirect emissions.”
(paragraph 18 of the meeting summary)

36. Overall, TIG members expressed agreement with the staff analysis and staff view. They emphasised that it was most important and helpful to focus on the principle of reflecting GHG emissions from the perspective of the group as a single economic entity, rather than focusing on the process. Paragraphs 20 – 21 of the meeting summary includes the feedback and practical insights shared by TIG members.

Question 2: Is the requirement to measure and disclose Scope 3 GHG emissions limited to emissions captured by the 15 categories in the GHG Protocol Value Chain Standard?

37. This question is important for entities applying IFRS S2 who are exposed to transition risk related to upstream or downstream activities that are not captured by the 15 categories. As an example of this scenario, the submission notes that service companies could be considered to have indirect emissions associated with the services they provide. The example given by ISSB staff is a company which provides transportation services to entities that operate mines (coal mine transportation services).
38. The ISSB staff analysis and view on the implementation question can be found in [Agenda paper 3](#) of the TIG meeting. Relevant extracts from the meeting summary are included below.

*“The staff’s view was that a reasonable reading of IFRS S2 is that an entity is required to include Scope 3 GHG emissions for the 15 categories but that emissions beyond those categories are **not** required to be measured. In arriving at this view, the staff note that the prominence of the 15 categories—including as it relates to specific disclosure requirements about Scope 3 GHG emissions—could reasonably be read as indicating a requirement to ensure GHG emissions from the 15 categories are included but that GHG emissions from other sources are not required to be measured. This includes that the definition of ‘Scope 3 categories’ in Appendix A of IFRS S2 states that Scope 3 GHG emissions are categorised into the 15 categories. This wording could be read as implying that all Scope 3 GHG emissions can be categorised into the 15 categories and thus the requirement to disclose Scope 3 GHG emissions is limited to those captured by the 15 categories.”* (paragraph 26 of the meeting summary).

“Although the staff view is that the requirement to disclose Scope 3 GHG emissions is limited to the 15 categories, the staff acknowledge that the definition of Scope 3 GHG emissions in IFRS S2 is not limited to the 15 categories, because:

- (a) the definition refers to indirect emissions from all of an entity’s activities (that is, the activities in the entity’s value chain); and*
- (b) the definition states that indirect emissions ‘include’ the 15 categories and the word ‘include’ is generally used in IFRS Standards to describe an open population.* (paragraph 27 of the meeting summary)”

39. Overall, TIG members expressed agreement with the staff analysis and supported the staff view that IFRS S2 could reasonably be read as **not** requiring an entity to measure and disclose scope 3 GHG emissions beyond the 15 categories. Paragraphs 30 – 32 of the meeting summary includes the feedback and practical insights shared by TIG members.
40. The TIG were also provided with a full list of questions received from stakeholders to the TIG as at 3 November 2025. This submission log was provided in [Agenda Paper 1](#) from the TIG meeting.

41. The TIG's published materials (including the meeting papers and summaries) are considered an educational resource by the ISSB, the published material shows how to address implementation questions by applying the words in the IFRS S1 and IFRS S2.

IPSASB

42. [On 29 January 2026](#), IPSASB issued [IPSASB SRS 1, *Climate-related Disclosures*](#) to complete Phase 1 of its Climate-related Disclosures Project. IPSASB SRS 1 is aligned with IFRS S2 and applies to an entity's general purpose financial reports for annual reporting periods beginning on or after January 1, 2028. Earlier adoption is permitted. This workstream will now focus on encouraging early adoption, leveraging existing networks and working groups.
43. Under Phase 2, IPSASB plans to develop a separate standard for public sector entities that are responsible for climate-related public policy programmes and their outcomes. The IPSASB will commence discussions on Phase 2 in March 2026 building on the exposure draft and constituent feedback to the 2025 ED consultation. This remains a priority for the IPSASB for the 2026 calendar year.
44. The IPSASB has an open consultation on potential projects for their 2026 – 2028 work program, including sustainability-related projects. See the *documents open for comment* agenda item for more information.

ISO and GHG Protocol

45. On 30 January GHG Protocol published its first [Land Sector and Removals \(LSR\) Standard](#). This standard provides methods to quantify, report and track land emissions and CO₂ removals. It also provides accounting requirements and guidance to report technological CO₂ removals, such as direct air capture, and CO₂ capture with geological storage. The Standard takes effect on 1 January 2027. It should be used in combination with the Corporate Standard and Scope 3 Standard. At this time, the standard does not apply to forestry or non-productive land uses. An updated standard including forest carbon accounting may take considerable time, as recent scientific publications raise questions about forest carbon accounting approaches.
46. At the ISO Environmental Management International Plenary in October 2025, GHG Protocol and ISO formally announced that they will be convening a Joint Working Group (JWG) to co-develop the new product-level GHG accounting standard. The meeting also launched parallel work to align corporate and project-level accounting standards, including those from the ISO 1406X family and the GHG Protocol corporate suite. GHG Protocol and ISO formally launched the Plan to Harmonize Global Carbon Accounting Standards in a workshop at COP30.
47. In October ISO published [ISO 14054:2025](#) Natural capital accounting for organizations — Principles, requirements and guidance. This standard provides a framework for organisations to measure, value, and account for their interactions with nature. It sets out the principles, requirements, and guidance for preparing natural capital accounts — structured reports that combine financial, environmental, and socio-economic information to show how an organisation depends on and impacts natural systems.

PCAF

48. On 2 December 2025 PCAF released updates to [two of its three standards](#) (Financed Emissions (Part A) and Insurance-Associated Emissions (Part C)) as well supplemental guidance on Financed Avoided Emissions and Forward-Looking Metrics.
49. The update includes new methods and clearer guidance, making it easier to track emissions across more financial product types. Specifically, the updates include:
- (a) Four new financed emissions methodologies for use of proceeds structures, securitisations and structured products, sub-sovereign debt, and an optional reporting on undrawn loan commitment according to IFRS S1 and S2.
 - (b) Recommendations developed in response to feedback on the 2024 inventory fluctuation discussion paper.
 - (c) A document providing guidance and guardrails when separately reporting financed avoided emissions and forward-looking emission metrics to capture future impact.
 - (d) Two new insurance-associated emissions methodologies to treaty reinsurance and project insurance.

European Union

Corporate Sustainability Reporting Directive

50. On 16 December 2025, the European Parliament adopted the Omnibus I package by voting to adopt changes to the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). The changes are consistent with an informal agreement reached between the European Parliament and the European Council on 9 December 2025. The replacement CSRD:
- (a) increases the employee and net annual revenue thresholds from 250 and €50 million to 1,000 and €450 million. This is expected to reduce the approximate number of reporting companies from 50,000 to 10,000
 - (b) significantly simplifies reporting and makes sector-specific reporting voluntary
 - (c) limits the information that CSRD companies can request from companies in their value chain that are not CSRD companies
 - (d) removes a requirement for the European Commission to replace limited assurance with reasonable assurance
 - (e) increases the threshold for reporting by non-EU parent companies (which commences in 2029 for 2028 financial years) from €150 million to €450 million in net turnover earned in the EU
 - (f) requires the European Commission to periodically review the thresholds and, if appropriate, make proposals to adjust them for inflation and assess whether the thresholds result in sufficient sustainability information for EU policy objectives.

European Sustainability Reporting Standards

51. On 3 December 2025 EFRAG submitted its recommended European Sustainability Reporting Standards to the European Commission. The key changes are to:

- (a) make double materiality an overarching filter
- (b) remove the requirement to undertake a materiality assessment every year. The assessment will only need to be updated if significant changes have occurred (e.g. changes to the company's operations, structure or business)
- (c) reduce the number of mandatory datapoints by 61 per cent
- (d) move all voluntary disclosures to a separate document
- (e) simplify metrics for GHG emissions
- (f) add proportionality mechanisms in relation to forward-looking information using ISSB terminology
- (g) prohibit in-scope companies from seeking information from value chain entities that have fewer than 1,000 employees (with some exceptions).

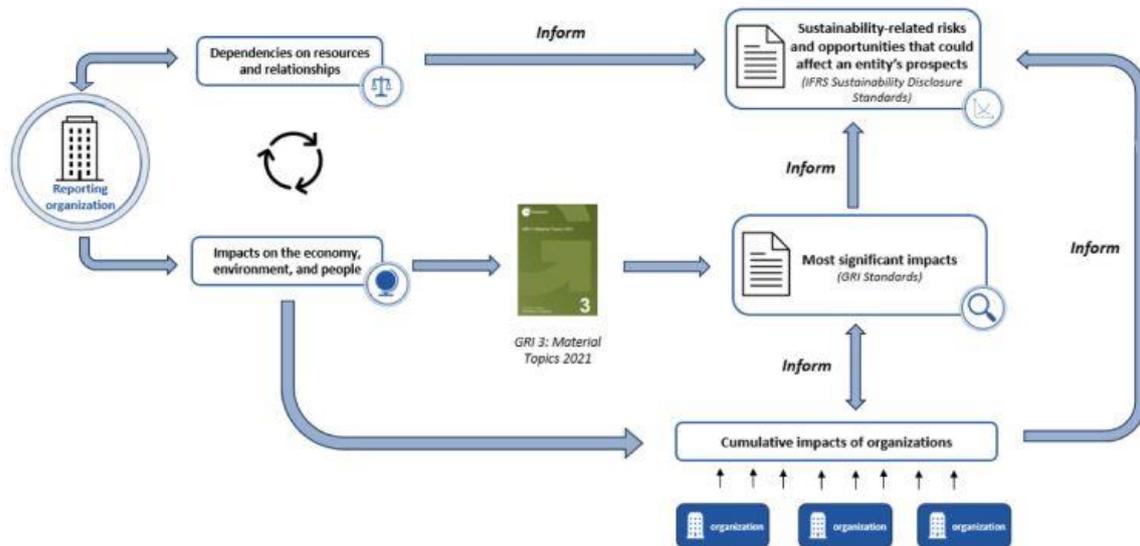
Next steps in the European Union

52. The next step is for the European Council to formally adopt the Omnibus I package. The European Commission will issue a delegated regulation for the replacement ESRs within six months of the formal adoption of the Omnibus I package.

GRI's GSSB

53. GRI [announced](#) the appointment of Susanne Stormer as the new chair of the GSSB (replacing Carol Adams). Susanne Stormer has been Leader in Residence at the Copenhagen Business School since 2025, prior to which she worked for PwC Denmark (2021-2025) and Novo Nordisk (2008-2020), a role in which she led the company's pioneering integration of sustainability reporting into its Annual Report. Susanne has served on the EFRAG Project Task Force that developed the European Sustainability Reporting Standards (ESRS), as a SASB Standards Board Member, and as a founding member of the International Integrated Reporting Council (IIRC). The GSSB has 15 members, including the Chair, who all serve voluntarily. Alongside Stormer's appointment, GRI has reappointed four members of the GSSB to serve a second term: Jeff Roberston, Deborah Ng, Galya Tsonkova, Chulendra de Silva.
54. The [draft 2026-2028 work programme](#) was presented to the December GSSB meeting. The work programme includes:
- (a) Development of GRI standards
 - (b) Revision of topic standards
 - (c) Development of new topic standards
 - (d) Development of new sector standards
 - (e) Revision of sector standards
 - (f) Revision of universal standards (GRI 1-3)
 - (g) Implementation of GRI Standards
 - (h) Cooperation with other standard-setting bodies and international organisations.
55. A [paper](#) explaining how the global corporate reporting system is rapidly evolving was approved at the GSSB meeting on 19 November 2025. The paper outlines how organisations face rising

stakeholder expectations and expanding regulatory requirements for transparency on impacts, risks, and opportunities, creating a need for more coherent interaction between financial and sustainability disclosures. It outlines how GRI Standards contribute to this system by offering a globally applicable, multi-stakeholder framework focused on reporting an organisation's impacts, and clarifies how this approach complements investor-focused IFRS Sustainability Disclosure Standards, including their relationship to double materiality. The paper also describes how different users and regulatory contexts shape reporting needs, highlights the varied sources of sustainability-related information, and emphasises the importance of a unified, interoperable reporting landscape to support accountability, comparability, and better decision-making.



56. At the same meeting the GSSB also approved a [draft proposal](#) outlining a new GRI project to develop interim sector resources to support organisations operating in sectors that will not receive a full Sector Standard in the near term. These interim resources are intended to improve clarity and consistency in sustainability reporting by providing sector specific context, likely material topics and indicative disclosures, helping organisations undertake robust materiality assessments while the broader Sector Program continues. The paper explains the project's objectives, roles and responsibilities, and an indicative timeline, and includes a prototype of the proposed format and a cluster-based approach to prioritising sectors. The proposal will be refined following stakeholder input and then presented to the GSSB for approval under the Due Process Protocol.

CDP

57. [Press release](#) on 14 January 2026 - A small cohort of global companies is proving that environmental leadership delivers measurable business returns. The CDP Corporate Health Check 2026 finds that 15% of companies worldwide are now embedding climate and nature into core business decisions, cutting emissions at four times the rate of their peers and collectively unlocking US\$218 billion in financial opportunities in just the last 12 months. These leading companies reduced emissions at an average compound annual growth rate (CAGR) of 4%, compared with just 1% among lower-performing companies.
58. [Press release](#) on 8 January 2026 - In 2025, markets continued to signal the critical importance of reliable environmental information. 640 investors with US\$127 trillion in assets called on

companies to disclose through CDP while over 270 major buyers requested environmental data from approximately 45,000 suppliers via CDP's Supply Chain program. This demand reflects a widening recognition that transparent, decision-ready information is essential for managing risks and identifying Earth-positive opportunities.

Capitals Coalition

59. No updates for this period.

TISFD

60. In October, TISFD released a [discussion paper on conceptual foundations](#). Conceptual Foundations, once finalised, will establish key terms, definitions and concepts to enable different stakeholders to speak the same language when discussing inequality- and social-related issues. They will provide a basis from which to develop a disclosure framework for reporting social- and inequality-related impacts, dependencies, risks and opportunities -a beta version of which will be released by TISFD in Spring 2026.

Jurisdictional updates

61. [Appendix A](#) includes a brief update on the jurisdictions we have prioritised as “Priority 3: Awareness”. This update focuses on how these jurisdictions are adopting, applying or otherwise been informed by the ISSB Standards. The ISSB also provides a list of ongoing and completed jurisdictional consultations at national and supra-national level on sustainability-related disclosures.²

China

62. In December 2025 China's Ministry of Finance announced the release of its new Corporate Sustainable Disclosure Standard No.1 – Climate (Trial). The Ministry has positioned the standard initially as voluntary, with the expectation for an eventual move to mandatory climate-related disclosures once the scope and implementation requirements have been specified.
63. The main structure of the standard follows the four pillars of governance, strategy, risk, and metrics and targets. The standout feature of the standard is the inclusion of reporting on climate-related impact information, or the impact of business activities, including value chain activities, on climate change, or potential foreseeable impacts³.
64. Further differences include GHG methodology must follow China's, yet to be issued, national enterprise carbon accounting standard, industry-based metrics should be tied to domestic policy (not SASB), and an explanation of how targets align with national plans, NDC's etc.

² See [Jurisdictional sustainability consultations](#)

³ [China Releases Corporate Climate Reporting Standard - ESG Today](#)

Appendix A: Jurisdictional updates

Jurisdiction	Update
United Kingdom	<p>In January 2026, the Financial Conduct Authority published a consultation paper proposing aligning listed companies' sustainability disclosures with IFRS S1 and S2 via UK SRS S1 and S2. Submissions close on 20 March. The main proposals are:</p> <ul style="list-style-type: none"> • to replace TCFD-aligned reporting on a comply-or-explain basis with reporting in accordance with UK SRS S2 on a mandatory basis for accounting periods beginning on or after 1 January 2027, with the exception of scope 3 GHG emissions data • to require scope 3 disclosures on a comply-or-explain basis from 1 January 2028 • to require non-climate disclosures in accordance with UK SRS S1 on a comply-or-explain basis from 1 January 2029 • to require companies to disclose whether they have: <ul style="list-style-type: none"> ○ published a climate-related transition plan and, if not, why not ○ obtained third-party assurance on sustainability-related information • to exempt companies that have their primary listing in another jurisdiction. <p>The UK government is also planning to consult on implementing mandatory UK SRS reporting for economically significant non-listed companies via regulations under the Companies Act 2006.</p>
United States	No updates for this period.
Canada	<p>In December, XRB staff met online with representatives from Financial Reporting and Accounting Standards (FRAS) Canada to share our experience in developing He Tauria. We expect a brief follow up discussion could occur as early as May 2026.</p>

Appendix B: Glossary

AASB	Australian Accounting Standards Board
AOSSG	Asian-Oceanian standard-setters group
ASIC	Australian Securities & Investments Commission
EC	European Commission
EFRAG	European Financial Reporting Advisory Group
EFRAG SRB	European Financial Reporting Advisory Group Sustainability Reporting Board
GHG ISB	GHG Protocol Independent Standards Board
GSSB	Global Sustainability Standards Board GRI Standards
IASB	International Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
ISSB TIG	International Sustainability Standards Board Transition Implementation Group on IFRS S1 and IFRS S2
ITPN	The International Transition Plan Network
OECD	Organisation for Economic Co-operation and Development
PCAF	Partnership for Carbon Accounting Financials

Memorandum

To: Sustainability Reporting Board

Meeting date: 25 February 2026

Subject: **Documents open for comment**

Date: 4 February 2026

Prepared by: Judy Ryan and Rikki Owen

Through: Amelia Sharman

Action Required

For Information Purposes Only

Purpose¹

1. The purpose of this paper is to:
 - (a) INFORM the Sustainability Reporting Board (SRB) about documents currently open (or forthcoming) for comment; and
 - (b) CONFIRM which documents the SRB will comment on and, where relevant, provides feedback on our proposed approach for developing submissions.

Recommendations

2. That the SRB:
 - (a) AGREES TO COMMENT on the IPSASB Work Program consultation SMC 3;
 - (b) AGREES to delegate the specific wording of the response to the IPSASB Work Program consultation to the Chair and/or any other board member;
 - (c) DISCUSS which of the proposed sustainability projects the IPSASB should prioritise;
 - (d) AGREES NOT TO COMMENT on the GSSB Work Program, or the other open GRI consultations.

Domestic

3. No domestic consultations that we are aware of that are relevant to the SRB.

International

4. Table 1 identifies relevant documents issued by international standard-setting bodies that are currently open for comment.

¹ This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB), International Public Sector Accounting Standards Board (IPSASB) and uses registered trademarks, for example, IFRS[®] Sustainability Disclosure Standards, ISSB[®] papers and IPSASB SRS[™].

Table 1: International documents open for comment

Document	Organisation	International due date	Comments on SRB response
<u>IPSASB work program consultation</u>	IPSASB	4 May 2026	It is recommended that the SRB comment on SMC 3 with reference to the <u>potential projects prepared by IPSASB staff</u> . See below.
<u>GSSB Work Programme 2026-2028</u>	GRI	27 March 2026	Not recommended for XRB response because the topics do not directly relate to our current mandate or priority projects, and we have no specific technical concerns that require specific formal feedback. See below.
<u>Exposure draft for Competition topic standard</u>	GRI	10 April 2026	Not recommended for XRB response due to higher-priority work.
<u>Exposure draft for Corruption topic standard</u>	GRI	10 April 2026	
<u>Exposure draft for Public Policy topic standard</u>	GRI	10 April 2026	
<u>Exposure drafts for labour topics</u>	GRI	9 March 2026	

5. Table 2 identifies relevant forthcoming documents that will shortly be issued by international standard-setting bodies.

Table 2: Forthcoming international documents open for comment

Document	Organisation	International due date	Comments on SRB response
<u>Exposure draft for Agricultural Products, Meat & Dairy, and Electric Utilities & Power Generators SASB Standards</u>	ISSB	March 2026	These exposure drafts are expected to be issued in the fourth quarter of 2025. These sectors are likely to be very relevant in the New Zealand context. See below.
<u>Exposure drafts for pollution standards</u>	GRI	April 2026	Not recommended for XRB response due to higher-priority work.

IPSASB work program consultation

6. IPSASB staff have provided a list of potential projects for inclusion in the IPSASB work program for 2026 to 2028. The sustainability and other reporting projects covered by SMC 3 are general sustainability-related disclosures (leveraging IFRS S1), development of authoritative guidance for RPG 1 and RPG 3, and nature-related disclosures.
7. As adopters of IPSASB standards, albeit not in sustainability, we consider that it is important that the XRB provides a view on the strategic direction of the IPSASB. We also provide technical advice to New Zealand's IPSASB member Angela Ryan (New Zealand Treasury).

8. We broadly support the consideration of sustainability projects in the IPSASB work program. Building on Angela Ryan's [alternative view](#) in SRS ED 1, we propose that the response will focus on continuing to encourage early agreement and clarity on the purpose and desired outcomes of a new standard or AG, and identification of the primary user(s).
9. The IPSASB also plans to undertake research on the architecture of its existing suite of literature to determine where guidance is best situated.
10. The XRB's Accounting team published the IPSASB Work Program Consultation on the XRB website in October 2025 and have drafted a comment letter covering SMC 1, SMC 2, and the architecture research project for the NZASB to consider at their meeting on 12 February. Staff will provide a draft letter covering SMC 3 to the XRB Chief Executive, SRB Chair and nominated SRB members for review and approval.
11. Due to the timing of NZASB and SRB meetings, our draft letter will be published on the XRB website after the NZASB letter. In the meantime, we will discuss internally the likelihood of submitting a joint response from the SRB and NZASB, and meet with CA ANZ and other interested parties to inform our response.

GSSB Work Programme 2026-2028

12. The GSSB Work Program 2026-2028 covers a list of priorities for the next three years, including:
 - (a) Development of GRI Standards
 - i. Revision of Topic Standards – completion of existing revision projects, plus a project covering security practices, rights of indigenous peoples and local communities, and another project including materials, waste, water and effluents aligning with planetary boundaries and the climate change, biodiversity and pollution topic standards.
 - ii. Development of new Topic Standards – including a project on digitalisation-related impacts
 - iii. Development of new Sector Standards – completion of existing sector standard projects (textiles and apparel, financial services), development of [compact sector standards](#).
 - iv. Revision of Sector Standards – as required based on updated topic standards
 - v. Revision of Universal Standards – in part based on the results of the [guidance project on relationships between impacts, risks and opportunities](#).
 - (b) Implementation of GRI Standards
 - (c) Cooperation with other standard-setting bodies and international organizations – as per existing relationships with ISSB, IAASB, IESBA, EFRAG and others.
13. We do not recommend a Board response to the work program because the topics do not directly relate to our current mandate or priority projects, and we have no specific technical concerns that require formal feedback. We will continue to monitor developments and engage where relevant.

ISSB exposure drafts for SASB Standards for Agricultural Products, Meat & Dairy, and Electric Utilities & Power Generators

14. Originally expected in end 2025 or early 2026, the latest Board paper suggests that these are due at the end of March 2026.

Attachments

- [IPSASB-2025-Work-Program-Consultation-Potential-Projects.pdf](#)

STRATEGY AND WORK PROGRAM 2024-2028

WORK PROGRAM CONSULTATION

POTENTIAL PROJECTS
PREPARED BY IPSASB STAFF

OCTOBER 2025

Table of Contents

Potential Projects	3
Analysis of Potential Projects Against the IPSASB's Project Prioritization Criteria	4
Financial Reporting Projects	4
Post Implementation Reviews	11
Sustainability and Other Reporting Projects	13

This document has been prepared by IPSASB staff.
It is a non-authoritative document issued for
informational purposes only.

POTENTIAL PROJECTS

The following is a list of potential projects that stakeholders have suggested through previous consultations for the International Public Sector Accounting Standards Board® (IPSASB®) to consider adding to its future Work Program. This list includes some projects the IASB is currently working on that may have relevance for the public sector. This list of potential projects has been summarized by IPSASB staff. The list is non-authoritative and is issued for informational purposes only. In responding to the IPSASB's [Work Program Consultation](#), stakeholders may consider whether any of these projects, or variation on these projects, meet their greatest financial reporting and/or sustainability reporting needs.



Financial Reporting Projects

Projects that are not affected by a currently ongoing IASB® project¹

- Disclosure of Tax Expenditures
- IFRS 17 *Insurance Contracts*
- RPG 2, *Financial Statement Discussion and Analysis* (Improvement Project)
- Better Communication in Financial Reporting (Potential Disclosures Project)

Projects that are affected by a currently ongoing IASB project²

- Rate-regulated Activities (IFRS® 14 *Regulatory Deferral Accounts and Future IFRS Accounting Standards*)
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Targeted Improvements Project)
- IAS 38 *Intangible Assets* (Comprehensive Review)
- Climate-related and Other Uncertainties in the Financial Statements

A description of what each of these financial reporting projects could entail and staff's initial assessment of the project against the IPSASB's project prioritization criteria is provided in the next section [below](#) for your information.

Post Implementation Reviews

- IPSAS 18, *Segment Reporting*
- IPSAS 35, *Consolidated Financial Statements*

Sustainability and Other Reporting Projects

- General sustainability-related disclosures
- Developing authoritative guidance based on RPG 1, *Reporting on the Long-term Sustainability of an Entity's Finance*
- Developing authoritative guidance based on RPG 3, *Reporting Service Performance Information*
- Nature-related disclosures

A description of what each of these sustainability reporting projects could entail and staff's initial assessment of the project against the IPSASB's project prioritization criteria is provided in the next section [below](#) for your information.

¹ The list of potential financial reporting projects has been split into two sections. This first section lists potential projects that are not affected by current projects the International Accounting Standards Board (IASB) is working on related to International Financial Reporting Standards (IFRS). Such projects could theoretically be started when the IPSASB has available resources if they were determined to be of the highest priority to respondents.

² The list of potential financial reporting projects has been split into two sections. This second section lists potential projects that are affected by current projects the IASB is working on related to IFRS. In terms of timing, if such projects were determined to be of the highest priority to respondents, they would not be started by the IPSASB until the related IASB project was completed (i.e. because the project would entail looking at the final guidance/outcome of the IASB project to determine if similar guidance would be appropriate for the public sector) and the IPSASB had available resources.

ANALYSIS OF POTENTIAL PROJECTS AGAINST THE IPSASB'S PROJECT PRIORITIZATION CRITERIA

Financial Reporting Projects

Projects that are not affected by a currently ongoing IASB project

Disclosure of Tax Expenditures	
<p>This project would develop proposals for disclosures on tax expenditures, to strengthen accountability and public financial management. IPSAS 23, <i>Revenue from Non-exchange Transactions (Taxes and Transfers)</i>, and its replacement IPSAS 47, <i>Revenue</i>, have requirements for tax expenses³ and tax expenditures.⁴ Tax expenditures are foregone revenue, not expenses, and do not give rise to inflows or outflows of resources. IPSAS 23/IPSAS 47 requires taxation revenue to be presented net of tax expenditures. Therefore, providing disclosures on the forgone revenue as a result of the tax expenditures can be expected to provide useful information to primary users for accountability purposes.</p>	
Prioritization Criteria	Analysis
Prevalence	Low – Limited to tax collecting entities in the public sector.
Consequences	Medium – The treatment of tax expenditures raises a public interest concern because of the potential lack of transparency in the provision of tax concessions, which impairs the accountability of governments.
Urgency	Low – Not considered an emerging issue in the public sector. Does not directly relate to the face of financial statements, but an important accountability implication which pervasiveness is dependent on the use of tax expenditures in each jurisdiction.
Feasibility	Medium – The IPSASB can draw from its Conceptual Framework and from the work of the Federal Accounting Standards Advisory Board (FASAB) on tax expenditures and the International Monetary Fund (IMF) Manual of Fiscal Transparency to develop guidance in this area.

³ Benefits paid through the tax system, for example health insurance contributions.

⁴ Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. It is the use of the tax system to encourage or discourage behaviors, for example allowing homeowners to deduct mortgage interest from gross income to reduce taxable income.

Financial Reporting Projects

Projects that are not affected by a currently ongoing IASB project

IFRS 17 Insurance Contracts	
<p>IFRS 17 provides guidance to account for all types of insurance contracts. This is a topic with potential public sector applicability in certain jurisdictions where public sector entities provide insurance contracts. In the public sector, IFRS 17 is likely to be limited to entities issuing insurance contracts or that operate schemes that could be considered a provision of insurance coverage. At this time, these arrangements are not thought to be an issue globally relevant to public sector entities. As the IPSASB does not have a specific IPSAS currently providing guidance for insurance accounting, entities that are acting as insurers or issuing insurance contracts could use the GAAP hierarchy provided in IPSAS 3, <i>Accounting Policies, Change in Accounting Estimates and Errors</i>, to develop accounting policies in line with the guidance in IFRS 17.</p>	
Prioritization Criteria	Analysis
Prevalence	Low – Limited in the public sector to those entities issuing insurance contracts.
Consequences	Low – The absence of an IPSAS based on IFRS 17 does not appear to have detrimental effects on the usefulness of financial statements. Especially given that the nature of insurance contracts in the scope of IFRS 17 is not thought to be different in the public versus the private sector.
Urgency	Low – Not considered an emerging issue in the public sector. The IPSASB has not identified a global need for an IPSAS aligned with IFRS 17.
Feasibility	Medium – IFRS 17 is a high-quality standard that may provide a sound basis for an aligned IPSAS. However, extending the concept of an insurance contract to the public sector context presents a number of challenges related to insurance style arrangements, including that governments may be the lender of last resort in some situations. As such, if the IPSASB was to consider undertaking a project in this area further initial research would need to be performed to determine the appropriate scope of such a project and guidance to be developed for the public sector.

RPG 2, Financial Statement Discussion and Analysis (Improvement Project)	
<p>Recommended Practice Guideline (RPG) 2, provides non-authoritative guidance for preparing and presenting financial statement discussion and analysis (FSD&A). Financial statement discussion and analysis assists primary users in understanding the financial position, financial performance and cash flows presented in the general-purpose financial statements. This project would consider the IASB's Management Commentary project which revised Practice Statement 1 <i>Management Commentary</i>. The IASB issued the revised Practice Statement 1 in June of 2025. This project would evaluate whether the amendments to the guidance developed for the private sector are applicable to the public sector and whether it provides useful information to public sector primary users.</p>	
Prioritization Criteria	Analysis
Prevalence	Low – Limited in the public sector to those entities that apply RPG 2 and prepare FSD&A.
Consequences	Medium – Improvements to communication of FSD&A may help primary users better understand the entity's financial position, financial performance and cash flows presented in its financial statements.
Urgency	Low – Public sector stakeholder can apply the IASB developments on their own to improve FSD&A communication to primary users.
Feasibility	Medium – The IPSASB could draw from the work of the IASB on Management Commentary as appropriate for the public sector.

Financial Reporting Projects

Projects that are not affected by a currently ongoing IASB project

Better Communication in Financial Reporting (Potential Disclosure Project)	
<p>This project would consider the outputs of the IASB’s Disclosure Initiative project where relevant for the public sector and not already addressed through a previous or current IPSAS project. The IPSASB would consider potential changes as part of a narrow scope amendments project when resources are available or on an ad hoc basis as part of annual improvements.</p>	
Prioritization Criteria	Analysis
Prevalence	High – Disclosures impact public sector entities widely.
Consequences	Medium – Improvements to financial reporting communication by public sector entities and the development of disclosures by the IPSASB may make financial statements more meaningful and useful to primary users.
Urgency	Low – IPSAS Accounting Standards already include robust disclosures, and the IPSASB has already/is currently in the process of addressing some aspects of the IASB’s Disclosure Initiatives project, including developing guidance around applying materiality to disclosures.
Feasibility	Medium – The IPSASB could draw from the work of the IASB’s Disclosure Initiative project as appropriate for the public sector. However, such a project should be undertaken after the IPSASB’s Presentation of Financial Statements project is completed.

Financial Reporting Projects

Projects that are affected by a currently ongoing IASB project

Rate-regulated Activities (IFRS 14 <i>Regulatory Deferral Accounts and Future IFRS Accounting Standards</i>)	
<p>Rate regulation is the setting of customer prices for services or products often when an entity has a monopoly or dominant market position that gives it significant market power. In the public sector some controlled entities are subject to regulation, for example, government owned telecommunications entities. IPSAS does not currently contain guidance on accounting for rate-regulated activities. The IASB expects to issue IFRS X <i>Regulatory Assets and Regulatory Liabilities</i>, in the second half of 2025, replacing IFRS 14 (interim standard), based on the Exposure Draft, <i>Regulatory Assets and Regulatory Liabilities</i>. The IPSASB could leverage this work to develop related guidance for IPSAS.</p>	
Prioritization Criteria	Analysis
Prevalence	Low – The issue is limited to rate regulated industries (such as electric or gas utilities), and potentially regulatory entities. It is likely that most entities affected by rate regulation are profit seeking entities reporting under IFRS or national for-profit standards.
Consequences	Low – Not expected to impair the ability of financial statements to provide useful information, as entities operating in regulated industries are likely applying IFRS or national for-profit standards.
Urgency	Low – Not an emerging issue in the public sector.
Feasibility	Medium – The IPSASB could leverage from the expected IFRS to be issued in the second half of 2025, if deemed applicable to the public sector. Consideration of whether a public sector rate regulated accounting standard is needed would not occur until after the IFRS is completed and issued in the second half of 2025.

Financial Reporting Projects

Projects that are affected by a currently ongoing IASB project

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Targeted Improvements Project)	
<p>IAS 37 provides guidance on accounting for provisions, contingent liabilities and contingent assets. The IASB is currently undertaking a project proposing amendments to IAS 37 to clarify how entities assess when to record provisions, including levies currently accounted for under IFRIC 21 <i>Levies</i>, and how to measure them. The amendments would also require entities to provide more information about the measurement of provisions. IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>, is based on IAS 37. As such the amendments from the IASB’s project would be relevant for IPSAS Standards and all public sector entities with provisions, particularly long-term provisions such as asset decommissioning obligations. The IASB is currently reviewing feedback received from respondents on its Exposure Draft proposing the amendments to IAS 37.</p>	
Prioritization Criteria	Analysis
Prevalence	High – Expected to impact public sector entities widely as most entities have provisions.
Consequences	Medium – Clarifications to assist public sector entities in assessing when to record provisions and how to measure them may result in more consistency in practice and more useful information to financial statement primary users. Additionally, maintaining alignment with IFRS where transactions are the same or similar between the public and private sector would be beneficial. However, there may be public sector specific considerations that need to be taken into account in undertaking such a project.
Urgency	Medium – IPSAS Standards currently contain guidance on accounting for provisions. The IASB’s project is still in progress and the amendments have not yet been finalized, so there are no new differences between the IFRS and IPSAS guidance at the moment. The IASB is currently reviewing feedback received from respondents on its Exposure Draft proposing the amendments to IAS 37. As such, the IPSASB would wait until after the IASB’s project is finished before it would begin a similar project.
Feasibility	Medium – The IPSASB could draw on amendments the IASB makes to IAS 37 to make similar amendments to IPSAS 19 and other impacted IPSAS Standards as appropriate for the public sector. However, the IASB’s project is still in progress and the IPSASB would wait until after the IASB’s project is finished before it would begin a similar project. Additionally, there may be other public sector specific issues related to provisions and impacts on other IPSAS Standards that the IPSASB would need to consider as part of such a project.

Financial Reporting Projects

Projects that are affected by a currently ongoing IASB project

IAS 38 Intangible Assets (Comprehensive Review)	
<p>IAS 38 provides guidance on accounting for intangible assets. The IASB is currently undertaking a project to perform a comprehensive review of IAS 38 with the objective of improving the usefulness of information entities provide about intangible items in their financial statements and making the Standard more suitable for newer types of intangible items and new ways of using them. IPSAS 31, <i>Intangible Assets</i>, is based on IAS 38. As such, amendments resulting from the IASB’s project would be relevant for IPSAS Standards and public sector entities with intangible assets. The IASB project is currently in the initial stages.</p>	
Prioritization Criteria	Analysis
Prevalence	High – Expected to impact entities widely as most public sector entities have intangible assets.
Consequences	High – Guidance that improves the usefulness of information entities provide about intangible assets in their financial statements and is more suitable for new types of intangible items and new ways of using them would be beneficial in the public sector. Additionally, maintaining alignment with IFRS where transactions are the same or similar between the public and private sector would be beneficial. However, there may be additional public sector specific considerations for intangible assets that need to be taken into account in undertaking such a project depending on the direction the IASB determines for the project.
Urgency	Low – IPSAS currently contains guidance on accounting for intangible assets. The IASB’s project is still in the early stages and no amendments have even been proposed yet.
Feasibility	Medium – The IPSASB could draw on any amendments the IASB makes to IAS 38 to make similar amendments to IPSAS 31 and other impacted IPSAS as appropriate for the public sector. However, as previously noted, the IASB project is in the very early stages. As such, the IPSASB would wait until after the IASB’s project is finished before it would begin a similar project so as to leverage the work performed by the IASB and to minimize differences in accounting for intangible assets between the private and public sector where there is no public sector reason for a departure. If the IPSASB was to perform a comprehensive review of IPSAS 31 it would also need to determine if specific public sector guidance was needed in areas where public sector intangible items differ from the private sector.

Financial Reporting Projects

Projects that are affected by a currently ongoing IASB project

Climate-related and Other Uncertainties in the Financial Statements

The IASB is currently working on a project proposing to add examples illustrating how an entity applies the requirements in IFRS Accounting Standards to [report the effects of climate-related and other uncertainties in its financial statements](#). The IASB issued an [Exposure Draft, *Climate-related and Other Uncertainties in the Financial Statements*](#), in late 2024 and at its June 2025 meeting decided to proceed with the proposals with limited changes. The IASB expects to issue final illustrative examples in the second half of 2025. As in the private sector, climate-related and other uncertainties also affect the financial statements of public sector entities. Thus, some of the illustrative examples from the IASB's project may be relevant for the public sector. As such, the IPSASB could undertake a similar project leveraging the IASB guidance in addition to considering other public sector specific illustrative examples.

Prioritization Criteria	Analysis
Prevalence	Medium – Expected to impact entities widely as most public sector entities are impacted by climate-related and other uncertainties.
Consequences	Medium – May result in improved clarity and consistency in how public sector entities report the financial effects of climate-related risks and other uncertainties in their financial statements which would provide more useful information to financial statement primary users.
Urgency	Medium – While information on these types of risks and their financial effects is being requested more often by stakeholders, entities have the ability to make disclosures about the financial effects of climate-related and other uncertainties in their financial statements currently without additional guidance being developed.
Feasibility	High – The IPSASB could draw on amendments the IASB makes to IFRS Accounting Standards to make similar amendments to IPSAS Accounting Standards as appropriate for the public sector. However, the IASB's project is still in progress and the amendments have not yet been finalized. As such, the IPSASB would wait until after the IASB's project is finished before it would begin a similar project. Additionally, the IPSASB would need to determine whether/how the illustrative examples would need to be modified to be relevant for the public sector.

Post Implementation Reviews

Assessment of whether the IPSAS Standard is operating as intended

A Post Implementation Review (PIR) is intended to assess whether the effects of applying the core text and application guidance of an existing IPSAS Standard on primary users of the financial statements, preparers, auditors and regulators are as originally intended by the IPSASB when the Standard was developed.

The IPSASB’s Strategic Objective for its 2024-2028 Strategy and Work Program established a PIR framework the IPSASB has begun to apply in 2025. Work has begun on the IPSASB’s first PIR, IPSAS 20, *Related Party Disclosures*. Additional PIRs included in the tables below have been identified by stakeholders for the IPSASB’s consideration.

IPSAS 18, <i>Segment Reporting</i>	
<p>This project would propose to update IPSAS 18, <i>Segment Reporting</i>, to align with IFRS 8 Operating Segments, where appropriate for the public sector, to reduce unnecessary differences with IFRS. IPSAS 18 is currently based on a superseded IFRS Accounting Standard (IAS 14 Segment Reporting). At this time, it appears the IASB plans to consult on operating segments in IFRS 8 in its upcoming Fourth Agenda Consultation, which may result in additional changes to IFRS 8 if a project in this area was undertaken by the IASB in the future. This project could also explore the opportunity for enhanced alignment with Classification of Functions of Government (COFOG) categories.</p>	
Prioritization Criteria	Analysis
Prevalence	Medium – The majority of public sector entities have segments and opportunities for enhanced alignment with COFOG categories may be useful for certain levels of government.
Consequences	Medium – Public sector entities are able to provide information for accountability and decision making currently; however, the changes may allow public sector entities the ability to communicate more useful information to financial statement users.
Urgency	Low – Not considered an emerging issue in the public sector as public sector entities already have guidance to follow in the form of IPSAS 18 and are reporting segment information in their financial statements.
Feasibility	High – The IPSASB can draw from IFRS 8 to make similar amendments to IPSAS Standards as applicable. At this time, it appears the IASB plans to consult on operating segments in IFRS 8 in its upcoming Fourth Agenda Consultation . As such, the IPSASB would wait to see the results of the IASB’s consultation and whether an IASB project results from it before making a decision on whether to begin a project on IPSAS 18.

Post Implementation Reviews

Assessment of whether the IPSAS Standard is operating as intended

IPSAS 35, Consolidated Financial Statements	
<p>This project would evaluate the operation of IPSAS 35, <i>Consolidated Financial Statements</i>, in practice. Specifically, this project would consider the application of control,, i.e., exposure to, or has rights to, variable benefits from involvement with other entities, and the ability to affect the nature or amount of those benefits, when consolidating entities in the public sector and what additional guidance can be provide to clarify its application.</p>	
Prioritization Criteria	Analysis
Prevalence	Medium – The majority of public sector entities are part of a consolidated group.
Consequences	Medium – Enhancing guidance as it relates to the application of control when determining when to consolidate entities would facilitate application of the guidance and create more consistency in practice.
Urgency	Low – Not considered an emerging issue in the public sector as existing consolidation guidance in IPSAS 35 can be applied.
Feasibility	Low – Some jurisdictions have noted applying control in determining whether or not to consolidate in the public sector is not an appropriate factor to consider. It may be challenging to develop another consolidation principle, and one supported by broadly by stakeholders internationally.

Sustainability and Other Reporting Projects

General Sustainability-related Disclosures

IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, provides guidance on disclosing information about an entity's sustainability-related risks and opportunities. However, IFRS S1 was not developed to reflect the public sector context. This project would leverage IFRS S1 to develop principles for public sector entities to disclose sustainability-related information. In the absence of specific standards, a general sustainability-related disclosures standard could serve as an overarching framework to address emerging information needs across specific sustainability-related topics. This project could also entail an approach that would consider how guidance in existing non-authoritative Recommended Practice Guideline (RPG) 1, *Reporting on the Long-term Sustainability of an Entity's Finances*, and RPG 3, *Reporting Service Performance Information*, could fit into the authoritative guidance developed for the general sustainability-related disclosures standard.

Criteria	Analysis
Prevalence	High – Sustainability is fundamental to all aspects of the public sector's activities due to its broader societal role and responsibilities. Sustainability-related risks and opportunities are therefore pervasive across the entire public sector's activities, ranging from service delivery to policy design and implementation, and encompass social, economic and environmental issues.
Consequences	High – Comprehensive guidance on sustainability-related disclosures would help public sector entities provide adequate information on social, economic, and environmental sustainability for accountability and decision-making. Sustainability-related risks need to be adequately disclosed and integrated into general purpose financial reports to inform primary users on the critical role of the public sector across all areas of sustainability.
Urgency	High – While sustainability is often associated with environmental sustainability, it is essential to recognize that all three pillars of sustainability—social, economic, and environmental sustainability, are interdependent and critical to the long-term stability of public sector operations and public sector value creation. In the absence of specific standards, a general sustainability-related disclosures standard could provide early help in addressing the needs relating to other specific sustainability-related topics.
Feasibility	<p>High – Drawing on the IPSASB's experience with building on IFRS S2 to develop the IPSASB SRS ED 1, and based on responses from the Consultation Paper, the IPSASB decided that IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) could be leveraged in developing a public sector specific general sustainability-related disclosures standard. While IFRS S1 is not tailored to the public sector and does not address the unique policy and regulatory role of the public sector, the existing guidance provides a foundation that can be adapted for public sector context.</p> <p>Given the core function of the public sector and its broader role and responsibilities relating to society, the economy and environment, developing a general sustainability-related disclosures standard for the public sector requires careful consideration in terms of its breadth and scope in respect of such complex topics, alongside considerations on the potential connection of the project with other existing sets of guidance, including the RPG 1 and RPG 3. Note that if this project was expanded to consider incorporating guidance from RPG 1 and RPG 3, that public sector specific guidance could be leveraged in the development of the general sustainability-related disclosures standard.</p> <p>This potential project would require the IPSASB to carefully consider its remit in the context of the broader reporting landscape. Decisions would then be required on the extent of sustainability-related information that should be included within GPFs such that they enhance, complement and supplement the GPFs.</p>

Sustainability and Other Reporting Projects

Developing Authoritative Guidance based on RPG 1, Reporting on the Long-term Sustainability of an Entity's Finances

The following outlines what a stand-alone sustainability reporting project based on RPG 1 could entail.⁵ RPG 1 provides a framework for the reporting and disclosure of information related to the long-term fiscal sustainability of an entity's finances. RPG 1 is currently non-authoritative guidance located in the IPSAS Handbook. This project would develop authoritative guidance as part of IPSASB SRS Standards for reporting on long-term fiscal sustainability based on RPG 1, encouraging adoption and implementation, enhancing the usefulness of reported information for accountability and decision-making.

Criteria	Analysis
Prevalence	High – Long-term fiscal sustainability is a fundamental aspect of public financial management and is applicable to all public sector entities. As governments around the world experience heightened financial strain, exacerbated by the escalating costs of climate-related impacts and other global challenges, there are increasing demands for public sector entities to provide disclosures on their capacity to meet financial commitments and deliver services over the long-term.
Consequences	Medium – RPG 1 represents good practice for public sector entities. In order to meet the reporting objectives of accountability and decision making, an entity should provide primary users with information on future inflows and outflows that supplements information on the entity's financial position in the financial statements. However, without an authoritative requirement, many entities lack the urgency necessary for effective reporting, resulting in limited adoption and implementation of the guidance. Authoritative guidance is key to address this gap by steering public sector entities towards consistent and comparable reporting, through providing useful information on long-term fiscal sustainability for accountability and decision-making.
Urgency	Medium – Reporting on long-term fiscal sustainability is becoming increasingly important given escalating global challenges, which will require significant resources and funding. Authoritative guidance on long-term fiscal sustainability would provide greater transparency on a public sector entity's ability to meet its service delivery and financial commitments both now and in the future. These disclosures would also help increase market confidence and enable the public sector to maintain its access to a critical financing stream through capital markets.
Feasibility	High – RPG 1 serves as a robust foundation for this potential project. The approval of the IPSASB Conceptual Framework since the original development of the RPG provides a framework to follow in development of standards for reporting in general purpose financial reports (GPFs) that can be followed to guide and underpin the development of the RPG Guidelines into authoritative standards. Further, the international landscape on reporting long-term fiscal sustainability has evolved significantly since the publication of RPG 1, with jurisdictions developing or enhancing their own approach to reporting on long-term fiscal sustainability.

⁵ Note, if the IPSASB undertook a "General Sustainability-related Disclosures" project which incorporated the guidance in existing RPG 1, then the stand alone RPG 1 project described here could be superseded by that broader project.

Sustainability and Other Reporting Projects

Developing Authoritative Guidance based on RPG 3, Reporting Service Performance Information

The following outlines what a stand-alone sustainability reporting project based on RPG 3 could entail.⁶ RPG 3 introduces a principles-based approach for reporting service performance information that focuses on meeting the information needs of primary users. RPG 3 is currently non-authoritative guidance located in the IPSAS Handbook. This project would develop authoritative guidance as part of IPSASB SRS Standards for reporting on service performance based on RPG 3, encouraging adoption and implementation, and enhancing the usefulness of reported information for accountability and decision-making.

Criteria	Analysis
Prevalence	High – Service delivery is a core function of all public sector entities and is relevant to all levels of government. As public sector entities face growing demands to measure and report on the effectiveness and efficiency of a service, consistent and comparable performance indicators have become crucial in meeting these expectations. Further, service performance reporting is becoming increasingly important for securing public sector financing. Reporting on the effectiveness and efficiency of services will enable public sector entities to maintain access to capital markets and ensure continued funding for essential services and programs.
Consequences	Medium – RPG 3 represents good practice for public sector entities and is intended to support the primary users of the GPFs as they hold the entity accountable for its service provision and use of resources, enabling primary users to make informed decisions. However, without an authoritative requirement, many entities lack the urgency necessary for effective reporting, resulting in limited adoption and implementation of RPG 3. Authoritative guidance is key to address this gap by steering public sector entities towards consistent and comparable reporting, through providing useful information on service performance for accountability and decision-making.
Urgency	Medium – Service performance reporting is becoming increasingly important as public sector entities face increasing pressure to efficiently manage resources, given competing priorities and resource limitations. With fiscal constraints and escalating global challenges, the public sector must clearly demonstrate the nature and extent to which it is using resources, providing services, and achieving its service performance objectives. Failure to do so might undermine public trust and hinder the public sector's ability to maintain its access to a critical financing stream through capital markets.
Feasibility	High – RPG 3 serves as a robust foundation for this potential project. The approval of the IPSASB Conceptual Framework since the development of the RPGs provides a framework to follow in development of standards for reporting in GPFs that can be followed to guide and underpin the development of the RPG Guidelines into authoritative standards. Further, significant international progress has been made since the publication of RPG 3. In some jurisdictions, reporting on an entity's service performance has moved beyond early, premature stages, some of which drew from the RPG 3. For instance, New Zealand's publication of PBE FRS 48, Service Performance Reporting , in 2017, drew on the principles outlined in RPG 3, demonstrating the feasibility of an authoritative standard on the area.

⁶ Note, if the IPSASB undertook a "General Sustainability-related Disclosures" project which incorporated the guidance in existing RPG 3, then the stand alone RPG 3 project described here could be superseded by that broader project.

Sustainability and Other Reporting Projects

Nature-related Disclosures	
<p>In 2024, the International Sustainability Standards Board (ISSB) launched a research project on Biodiversity, Ecosystems and Ecosystem Services (BEES) to explore sustainability-related risks and opportunities associated with nature. This project joins a growing landscape of nature-related frameworks and standards, including the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations and the Global Reporting Initiative (GRI) Topic Standard for Biodiversity. This project would address the increasing demand for public sector entities to disclose information on their critical role in addressing nature-related issues.</p>	
Criteria	Analysis
Prevalence	<p>Medium – There is an increasing demand that public sector entities disclose information about their interactions with nature, with many governments making public commitments to address environmental challenges. The public sector is a key success factor in nature-related issues, such as in addressing biodiversity loss. Unlike the private sector, the public sector serves as a key data provider for nature-related indicators.</p>
Consequences	<p>Medium – The public sector is increasingly held accountable for managing nature-related risks and opportunities, given its role as a steward of nature. Nature-related disclosures would enhance transparency through an increased availability of nature-related information, enabling primary users to make informed decisions on nature-related topics.</p>
Urgency	<p>Medium – The Kunming-Montreal Global Biodiversity Framework has set ambitious targets for 2030, with the timeline rapidly approaching. Nature is a key resource for public sector entities, and standard setters play a critical role in enabling progress towards these international goals. Failing to address nature-related disclosures at this point in time could result in missed opportunities to align with global sustainability efforts and expose public sector entities to increased risks that threaten long-term fiscal sustainability due to nature-related degradation. However, despite this growing recognition, there is yet to be an international nature-related disclosures standard that addresses the public sector context.</p>
Feasibility	<p>Low – Although significant research has already been undertaken by organizations such as the International Union for Conservation of Nature (IUCN), World Wildlife Fund, and The Nature Conservancy, the development of relevant private sector guidance is relatively recent (i.e. the TNFD framework and GRI standard were just published in 2023 and 2024, respectively) and is still evolving (i.e. the ISSB research project on Biodiversity, Ecosystems and Ecosystem Services (BEES)), indicating that the landscape and requirements for private sector nature-related disclosures have further to develop. Further, the scope of nature is broad and technically complex, with various interconnected strands across nature, society and the economy. The IPSASB would have to consider an appropriate scope of a nature-related disclosures standard that would address public sector primary users’ information needs, alongside interoperability with other guidance, including the United Nations System of Environmental Economic Accounting (UN SEEA) and other statistical reporting in undertaking such a project. As such, the IPSASB may wait until after the ISSB’s project is further along/finished before it would begin a similar project so as to leverage the work performed by the ISSB and to minimize differences between the private and public sector where there is no public sector reason for a departure and to increase interoperability with other guidance.</p>

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International Public Sector Accounting Standards Board
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Memorandum

To: Sustainability Reporting Board (SRB)

Meeting date: 25 February 2026

Subject: **Guidance update**

Date: 13 February 2026

Prepared by: Michael van Zijl, Judy Ryan

Through: Amelia Sharman

Action Required

For Information Purposes Only

Purpose

1. To update the SRB on XRB staff guidance on the following topics:
 - (a) Anticipated financial impacts
 - (b) Materiality and restatements for GHG emissions disclosures.

Recommendations

2. The SRB NOTES the content of this memo.

Anticipated financial impacts

3. To support climate reporting entities (CREs), we are developing guidance on how to identify and quantify anticipated financial impacts (AFIs). We have two strands to this guidance project:
 - (a) Collaborating with the New Zealand Society of Actuaries (NZSA) on a thought leadership paper.
 - (b) Developing practical “how to” guidance on AFIs.

New Zealand Society of Actuaries thought leadership paper

4. The first strand of this project is working collaboratively with NZSA to support the development of a thought leadership paper. The intent of this paper is to contribute to the international conversation on this disclosure to ensure it is understood as not requiring complex financial modelling, but that it can be usefully informed by actuarial thinking (such as understanding of uncertainty and the use of simple models). While this paper will be published by the NZSA, we intend to provide a paragraph of support. We are extremely grateful for the significant time and effort that the NZSA climate working group has put into this paper.
5. We are working through the timeline to publish the thought leadership paper with the NZSA.

Practical “how to” AFI staff guidance

6. The second strand of this project is developing practical “how to” guidance on AFIs. The guidance will build upon the NZSA thought leadership paper and the *Anticipated financial impacts: Framing internal conversations* XRB staff guidance published in July 2025.
7. The intent is to produce something equivalent to our existing staff guidance issued on [scenario analysis](#) and [transition planning](#). Like those documents, this guidance would outline a methodology or approach CREs could follow to identify and, where possible, quantify the AFIs of their climate-related risks and opportunities. We are still assessing the feasibility of this, given that the quantification of AFIs is a less mature and well-established practice than scenario analysis and transition planning. There are also challenges in developing a single methodology that can be applied across all CREs given the varying nature of their business models and climate-related risks and opportunities.
8. The guidance will focus on the underlying approach that CREs could follow, rather than on how AFI information should subsequently be disclosed to meet NZ CS requirements. This will help ensure the guidance remains durable and relevant over time.
9. We are currently undertaking targeted engagement with CREs that have disclosed AFIs, users of climate statements, consultants providing AFI services to entities, and data providers. These meetings are investigating the processes CREs have undertaken to identify and quantify AFIs, the utility of AFI disclosures, and other topics such as uncertainty. These meetings are proving highly informative. The meetings are due to conclude at the end of February. Please see the appendix for more information about this engagement and a summary of the key themes from our meetings to date.
10. Following our targeted engagement, we will have a more concrete direction for the contents of the guidance. At this stage, we are anticipating we may require external expert assistance for technical review/input.
11. The timing of this project has been delayed from its original intent of late 2025 due to a staff vacancy. We are now aiming for the end of Q2 2026. We are also planning to release the guidance in draft to enable CREs and other interested parties the opportunity to provide feedback.

Materiality and restatements for GHG emissions disclosures

12. After considering feedback received from the practitioner workshop and recent consultations, staff have prioritised and are intending to issue staff guidance by 28 February 2026 to cover:
 - (a) What is the scope of the assurance opinion for the assurance for GHG disclosures? Do the disclosure requirements in NZ CS 1 mean that the opinion should be for each scope? Do we need a separate opinion for each scope?
 - (b) What should assurance practitioners consider when determining materiality for GHG disclosures? Is a separate materiality required for each scope 1, 2 and 3?
 - (c) How does the assurance practitioner consider the entity’s materiality for preparing the climate statements in relation to its GHG disclosures?
13. Guidance for restatements is intended to be issued by April 2026.

Appendix – Engagement on AFIs

Engagement undertaken

CREs that have disclosed AFIs

1. XRB staff have met with five CREs that have disclosed AFIs in their most recent climate statement. The key themes from these meetings are outlined below:
 - (a) AFIs from physical risks are simpler to quantify than those from transition risks.
 - (b) Similar process being followed to quantify AFIs from physical risks by CREs with large network of physical sites.
 - (c) Uncertainty, complexity and data availability are barriers to quantifying AFIs from transition risks.
 - (d) Quantification of AFIs focused on first order impacts of risks and opportunities. Complexity, uncertainty and cost cited as reasons for not quantifying second order impacts.
 - (e) It is essential to have a detailed and specific understanding of material climate-related risks and opportunities before attempting to quantify AFIs.
 - (f) Cross-functional teams need to be involved in the process. Use of targeted external platforms is also necessary/proving beneficial for some CREs.
 - (g) CREs saw benefits in complying with wider disclosure requirements but sentiments were split on AFIs specifically. Some CREs considered quantifying AFIs was useful for internal decision making in that it helped provide scale and magnitude to their risks and opportunities and informed mitigation/adaptation actions. Others saw limited value from the exercise given the uncertainty, complexity and cost involved.
 - (h) Most CREs have had limited primary user engagement on their AFIs disclosures.

Primary users

2. XRB staff have had seven meetings with primary users: three managed investment scheme managers, one bank, two industry associations and one long term institutional investor. The key themes from these meetings are outlined below:
 - (a) AFIs disclosures are not yet central to capital allocation decisions. Users cite uncertainty, very wide ranges, long horizons and inconsistent methods and modelling inputs, leading to limited confidence, comparability and internal investment model integration.
 - (b) Instead, AFIs act mainly as context/signals; indicate scale or magnitude of risks and opportunities and entity's commitment to understanding and responding to their risks and opportunities. Users also consider whether AFIs are coherent with entity's strategy and capital expenditure.
 - (c) Most decision-useful disclosures are risks and opportunities, transition plans and current and planned capital expenditure directed towards risks and opportunities.
 - (d) Users prefer tight, time-bound AFI ranges which are accompanied by clear uncertainty narratives (methods, assumptions, data, horizon, dependencies); misleading point estimates should be avoided.

- (e) Confidence falls with time horizon; users expect tighter near-term numbers and qualitative narrative disclosures further out.
- (f) Users consider it is reasonable for entities not to quantify AFIs where: outcomes hinge on external dependencies outside management control, impacts are long term, no reliable data is available, the degree of uncertainty involved means numbers are meaningless or the impacts are indirect in nature. In these cases, users prefer qualitative disclosures.
- (g) AFIs from physical risks are easier to quantify than those from transition risks. However, AFIs from physical risks can be less decision useful given longer time horizons involved.

Future engagement

3. XRB staff have further meetings scheduled with two data providers and one CRE that has disclosed AFIs in their most recent climate statement. We are also arranging meetings with consultants providing AFI services to entities.

Memorandum

To: SRB Members

Meeting date: 25 February 2026

Subject: **Proposed amendments to GHG emissions disclosures in NZ CS**

Date: 13 February 2026

Prepared by: Judy Ryan and Lisa Kelsey

Through: Amelia Sharman

Copy: Misha Pieters and Karen Tipper

Action Required

For Information Purposes Only

Purpose¹

1. The purpose of this memo is to seek the Board's agreement to make targeted amendments to NZ CS 1 *Climate-related Disclosures* to align scope 3 GHG emissions disclosure requirements with the recent amendments issued by both the International Sustainability Standards Board (ISSB) and Australian Accounting Standard Board (AASB). These amendments permit an entity to limit what it includes in its measure of scope 3 category 15 (Investments) GHG emissions to only its 'financed emissions'.

Recommendations

2. We recommend that the Board:
 - (a) AGREE to make targeted amendments to NZ CS 1 to align scope 3 GHG emissions disclosure requirements with the recent amendments issued by both the ISSB and AASB;
 - (b) AGREE to propose making targeted amendments to NZ CS 1 by permitting an entity to exclude the following sources from its scope 3 GHG emissions disclosure:
 - (i) emissions attributable to derivatives;
 - (ii) emissions attributable to insurance and reinsurance and underwriting activities; and
 - (iii) emissions attributable to capital market issuance activities.
 - (c) AGREE to propose making the amendments via the addition of mandatory application material to NZ CS 1;
 - (d) AGREE to propose including content from the existing staff guidance *Excluding GHG emissions sources — Considerations for preparers* in the mandatory application material;

¹ This memo refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS[®] Sustainability Disclosure Standards, and ISSB[®] papers).

- (e) AGREE to issue the proposed amendments for consultation at the same time as the climate reporting roadmap consultation; and
- (f) AGREE with the proposed project timeline.

Summary

3. **Issue:** NZ CS 1 currently requires disclosure of all material scope 3 GHG emissions. IFRS S2 *Climate-related Disclosures*, and consequently, AASB S2 *Climate-related Disclosures*, now permit an entity to limit what it includes in its measure of scope 3 category 15 (Investments) GHG emissions to only its 'financed emissions'. Stakeholders have highlighted that the scope 3 GHG emissions disclosure requirements in NZ CS 1 are now more onerous than the international and Australian standard and are requesting action from the XRB.
4. **Stakeholder impact:** New Zealand subsidiaries of Australian groups face divergent expectations and have requested clarity and relief to reduce costs arising from international divergence.
5. **Recommended solution:** Targeted amendments to NZ CS 1 via the addition of mandatory application material to permit exclusions to align with IFRS S2 and AASB S2.
6. **Alternatives considered (not preferred):** update existing non-authoritative staff guidance, amend NZ CS definition of scope 3, or do nothing until after climate reporting roadmap consultation.

Background and context

International amendments to scope 3 category 15 GHG disclosure requirements issued

7. In April 2025, the International Sustainability Standards Board (ISSB) issued an exposure draft *Amendments to Greenhouse Gas Emissions Disclosures* (the ISSB ED). In the ISSB ED, the ISSB proposed permitting an entity to limit its measurement and disclosure of scope 3 category 15 GHG emissions to 'financed emissions'. Financed emissions are defined in IFRS S2 as:

The portion of gross greenhouse emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).
8. For the purposes of the limitation, the ISSB ED also clarified that the ISSB intended to expressly permit an entity to exclude GHG emissions associated with derivatives.
9. Paragraphs BC7 – BC24 of the *Basis for Conclusions on Amendments to Greenhouse Gas Emissions Disclosures* which accompanied the ISSB ED explained the reason why the ISSB proposed the amendment.
10. In summary, the proposed amendment aims to resolve an inconsistency between the ISSB's communicated decisions in its *Basis for Conclusions on IFRS S2*, issued in June 2023 (refer to paragraphs BC127 – BC129), and the requirements within IFRS S2 itself. While the ISSB determined that disclosures for certain Scope 3 Category 15 emissions—such as those related to derivatives, facilitated emissions, and insurance-associated emissions—would not be mandated, Paragraph 29(a)(i)(3) of IFRS S2 nonetheless required disclosure of absolute gross Scope 3 emissions, which could encompass all Scope 3 Category 15 emissions if material. Furthermore, Paragraph 29(a)(i)(3) does not specify whether derivatives, facilitated, and insurance-associated emissions should be included or excluded when measuring Scope

3 Category 15 GHG emissions. This ambiguity was brought to the ISSB's attention by stakeholders, through a query submitted to the Transition Implementation Group on IFRS S1 and IFRS S2, prompting a request for clarification.

11. The [Board submitted](#) on the ISSB ED. In relation to the proposal to limit the measurement and disclosure of scope 3 category 15 GHG emissions, the Board made the following recommendation to the ISSB:

Scope 3 category 15 GHG emissions: *We recommend transitional relief rather than permanent exclusions for derivatives, facilitated emissions, and insurance-associated emissions. These categories are highly material for many entities and should be included over time as methodologies mature.*

12. On 11 December 2025, the ISSB issued [Amendments to Greenhouse Gas Emission Disclosures](#) (the amending Standard). The ISSB decided to finalise the limitation as proposed (with very minor wording tweaks), and added some additional qualitative disclosures, such as a requirement to describe the financial activities excluded from an entity's measure of scope 3 category 15 GHG emissions as a result of applying the limitation.
13. In responding to the Board recommendation for transitional relief, the ISSB noted that some feedback received on the ISSB ED went beyond the scope of the narrow application issue the amendments are meant to fix, raising broader questions about the maturity of measurement methods, the decision-usefulness of the information, and whether any relief should be time-limited—concerns partly prompted by earlier Basis for Conclusions wording that referenced gaps in established methodologies; in response, the ISSB confirmed it will monitor methodological developments and stressed that the amendment is tightly limited to measuring and disclosing Category 15 emissions (so it does not remove other climate risk and opportunity disclosures, including transition risks), it does not remove disclosure of climate-related targets (which may include Category 15 targets beyond financed emissions), and it did not reopen the debate about the decision-usefulness of Category 15 information when addressing the application challenge (see paragraph BC121H of the [ISSB's amendments to its Basis for Conclusions on IFRS S2](#)).

Australia issues the international amendments to scope 3 GHG disclosure requirements.

14. On 15 December 2025, the Australian Accounting Standards Board (AASB) issued [Australian Sustainability Reporting Standard AASB S2025-1 Amendments to Greenhouse Gas Emissions Disclosures](#) which made the same amendments to AASB S2 as the ISSB made to IFRS S2. The amendments apply for annual reporting periods beginning on or after 1 January 2027 with early application permitted (from 1 January 2025).

Current requirements in NZ CS 1 and current adoption provisions in NZ CS 2

15. [Paragraph 22\(a\)\(iii\)](#) of NZ CS 1 currently requires disclosure of all material types of scope 3 category 15 GHG emissions unless there is a justification for exclusion. [Paragraph 24\(d\)](#) requires the disclosure of exclusions and the justification.
16. In developing the climate-related disclosure framework, the XRB Board adopted a principles-based and succinct approach, considering the dynamic nature of the international context. Rather than incorporating application guidance directly within NZ CS—which would necessitate a formal due process amendment process—the XRB Board elected to issue separate staff guidance to ensure greater flexibility and timeliness. Therefore, NZ CS 1 does not provide additional information or application guidance regarding justified exclusions
17. NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* provides an adoption provision from the requirement in paragraph 22(a)(iii) of NZ CS 1 until an entity's fourth reporting period (i.e. reporting starts from the fifth reporting period). For those entities that

have been in the regime from 1 January 2023, this adoption provision will no longer be available for annual reporting periods beginning on or after 1 January 2027.

Existing XRB staff guidance on exclusions

18. In response to requests from stakeholders seeking greater certainty on what qualifies as a justified exclusion under paragraph 24(d) of NZ CS 1, staff from the sustainability and assurance teams developed and issued staff guidance in August 2025 [Excluding GHG emissions sources — Considerations for preparers](#) (Staff Guidance). Although there was discussion about whether this guidance should be made authoritative by amending NZ CS 1, it was decided that, for the sake of timeliness, the guidance would initially be issued as non-authoritative guidance by staff.
19. The Staff Guidance identified two factors that may influence judgements about excluding emissions, namely:
 - (a) data is unavailable and no reasonable estimate can be made; and
 - (b) there is no applicable method for quantification.
20. We note that [PCAF](#) provides methods for several insurance-associated and facilitated activities, narrowing the applicability of the “no method” justification. In December 2025 PCAF released new methods for two insurance-associated activities – reinsurance and project insurance.

Stakeholder concerns about misalignment

21. Stakeholders have expressed concern that New Zealand could become an outlier in relation to this specific amendment. Beginning at the same time as the ISSB consulted on this issue, and most acutely from December 2025 when the amendments from ISSB and AASB were issued, XRB staff have received queries asking when the XRB would make the same changes to New Zealand disclosure requirements. See [Appendix 1](#) for a summary of stakeholder feedback.
22. The concern is particularly acute for those entities with an Australian parent where reporting requirements between NZ CS and ASSB S2 are different. In this instance, the parent would be able to limit its measure of scope 3 category 15 disclosures to financed emissions, while the New Zealand entity would be required to disclose ‘all scope 3 category 15 emissions’.

Relationship to the climate reporting roadmap.

23. We heard from our *Request for information on [The international alignment of climate reporting](#)* that international alignment is supported by our stakeholders. We heard that many submitters wanted NZ CS to be aligned with international frameworks, particularly IFRS S2 and AASB S2.

Recommendation to align NZ CS 1 with IFRS S2 and ASSB S2 amendments

24. Given the background and context outlined in this section, we recommend that targeted amendments are made to NZ CS 1 to align scope 3 GHG emissions disclosure requirements with the recent amendments issued by both the ISSB and AASB. Our recommendation is consistent with the direction towards international alignment of NZ CS and in our view making the amendments to NZ CS is a no regrets action.
25. The Board’s submission to the ISSB (see paragraph 11) advocated for transitional relief rather than permanent exclusions for derivatives, facilitated emissions, and insurance-associated emissions. We recognise that the proposed amendments to NZ CS 1 would require the Board to reconsider its previous position. The staff recommendation in this paper

reflects our consideration of stakeholders concern that New Zealand could become an outlier in relation to these sources of emissions and the practical implications for entities, specifically the burden of implementing systems and gathering data for disclosures that may become obsolete under future international alignment or adoption.

26. Additionally, we note why the ISSB proposed the amendments in the first place (see paragraph 10) – it was to reflect its original decision to exclude these category 15 scope 3 GHG emissions from measurement and disclosure. The ISSB noted in paragraph BC121H of its *Amendments to the Basis for Conclusions on IFRS S2* that “the ISSB did not reconsider the decision-usefulness of information of information about Category 15 greenhouse gas emissions when addressing the application challenges”.
27. The ISSB has confirmed its intention to monitor Category 15 GHG emissions measurement methodologies (see paragraph 13).” As noted in paragraph 20, PCAF issued new methodologies in December 2025, the same month that the ISSB and AASB issued their amendments. However, we note that the PCAF methodologies released in December 2025 are novel. This means that it is currently unclear how decision useful the disclosures will be from an entity’s use of these methodologies.
28. We are recommending these targeted amendments to NZ CS 1 for international alignment purposes regardless of whether there are methods available for an entity to use.

Question for the Board

- Q1. Does the Board AGREE to make targeted amendments to NZ CS 1 to align scope 3 GHG emissions disclosure requirements with the recent amendments issued by both the ISSB and AASB?

Proposed solution

29. NZ CS 1 is aligned with, but not based on, IFRS S2. Therefore, any amendments will need to be drafted to work with the existing requirements and structure in NZ CS but still align with the outcomes of the IFRS S2 amendments.²
30. NZ CS 1 has an existing requirement in [paragraph 24\(d\)](#) for an entity to disclose a summary of exclusions (there was no comparable requirement in the 2023 version of IFRS S2). As the outcome of the IFRS S2 amendments is the exclusion of the measurement and disclosure of some sources of scope 3 category 15 emissions, we consider it appropriate to anchor any amendments to this existing requirement in NZ CS 1.
31. IFRS S2 paragraph 29A frames the relief in terms of what *is required* to be measured and disclosed, that is, an entity’s financed emissions, as opposed to framing the relief in terms of what is *not required* (see extract below).

“In preparing disclosures to meet the requirement in paragraph 29(a)(i)(3), an entity is permitted to limit what it includes in its measure of Scope 3 Category 15 greenhouse gas emissions to only its financed emissions. That is, the entity is permitted to limit its Category 15 greenhouse gas emissions to emissions attributed to loans and investments made by the entity to investees or counterparties. ‘Loans and investments’ include loans, project finance, bonds, equity investments and undrawn loan commitments. For an entity that participates in asset management activities, financed emissions include greenhouse gas emissions attributed to assets under management. For the purpose of the limitation, an entity is permitted to exclude greenhouse gas emissions attributable to derivatives.”
32. Our relief cannot easily follow the approach used by the ISSB as NZ CS 1 does not require use of the GHG Protocol, doesn’t directly reference the scope 3 GHG Protocol categories and also does not define financed emissions.

² In this section, please read IFRS S2 amendments to refer to AASB S2 amendments as well.

33. Therefore, rather than defining what *must be measured*, we propose the amendment to NZ CS to instead define what *may be excluded*. Our proposed approach will work regardless of which measurement standard an entity has used to measure its scope 3 GHG emissions (i.e. GHG Protocol, ISO or PCAF).
34. We propose to permit exclusions for the following specific scope 3 GHG emissions sources:
 - (a) emissions attributable to derivatives;
 - (b) emissions attributable to insurance and reinsurance and underwriting activities; and
 - (c) emissions attributable to capital market issuance activities.
35. IFRS S2 provides the following descriptions (paragraphs BC121D – BC121E) when talking about category 15 GHG emissions that are not financed emissions.

“The ISSB noted that financed emissions are a type of Category 15 greenhouse gas emissions, distinct from other types of Category 15 greenhouse gas emissions. Examples of other types of Category 15 greenhouse gas emissions are facilitated emissions that are associated with investment banking activities, and insurance-associated emissions that are associated with insurance and reinsurance underwriting activities.”

“Although IFRS S2 does not define ‘loans and investments’, paragraph 29A of IFRS S2 explains that the term includes but is not limited to loans, project finance, bonds, equity investments and undrawn loan commitments. This list describes forms of financing that an entity could make available to a counterparty or investee. These examples of loans and investments are based on those mentioned in paragraphs B62(a)(ii) and B63(a)(ii) of the Standard as issued in 2023. Paragraph 29A also explains that for an entity that participates in asset management activities, financed emissions include greenhouse gas emissions attributed to assets under management.”*
36. We have used the PCAF descriptions when drafting the exclusion permissions as these are the primary standards entities are using for measuring these types of scope 3 GHG emissions and they align with the IFRS S2 exclusions.

Parts A, B, and C provide detailed methodological guidance to measure and disclose emissions associated with the following categories.

	DEFINITION	EXAMPLES										
 Part A	Financed Emissions Emissions attributable to loans and investments across 10 asset classes	<table border="1"> <tr> <td> listed equity and corporate bonds</td> <td> business loans and unlisted equity</td> <td> project finance</td> <td> commercial real estate</td> <td> mortgages</td> </tr> <tr> <td> motor vehicle loans</td> <td> use of proceeds</td> <td> securitized and structured products</td> <td> sovereign debt</td> <td> sub sovereign debt</td> </tr> </table>	 listed equity and corporate bonds	 business loans and unlisted equity	 project finance	 commercial real estate	 mortgages	 motor vehicle loans	 use of proceeds	 securitized and structured products	 sovereign debt	 sub sovereign debt
 listed equity and corporate bonds	 business loans and unlisted equity	 project finance	 commercial real estate	 mortgages								
 motor vehicle loans	 use of proceeds	 securitized and structured products	 sovereign debt	 sub sovereign debt								
 Part B	Facilitated Emissions Emissions attributable to their capital market issuance activities	<table border="1"> <tr> <td> capital market issuances</td> </tr> </table>	 capital market issuances									
 capital market issuances												
 Part C	Insurance-Associated Emissions Emissions attributable to re/insurance and underwriting activities.	<table border="1"> <tr> <td> commercial lines insurance</td> <td> project insurance</td> <td> personal motor lines</td> <td> treaty reinsurance</td> </tr> </table>	 commercial lines insurance	 project insurance	 personal motor lines	 treaty reinsurance						
 commercial lines insurance	 project insurance	 personal motor lines	 treaty reinsurance									

As the PCAF Standard continues to evolve, additional asset classes and case studies will be added

37. The proposed NZ CS exclusions will be automatic permissions i.e. an entity may exclude these sources regardless of materiality, data availability or method availability. An entity will still have to disclose that the sources have been excluded. We would also note that some of these excluded emissions are likely to be material emission sources for an entity. We also note that an entity can still choose to disclose these scope 3 GHG emission sources.

Question for the Board

- Q2. Does the Board AGREE to propose making targeted amendments to NZ CS 1 by permitting an entity to exclude the following sources from its scope 3 GHG emissions disclosure:
- (i) emissions attributable to derivatives;
 - (ii) emissions attributable to insurance and reinsurance and underwriting activities; and
 - (iii) emissions attributable to capital market issuance activities?

Mechanism to deliver proposed solution - addition of mandatory application material

38. We propose to permit the exclusions via the addition of application material to NZ CS 1. Integral application material is an effective, authoritative (mandatory) and internationally consistent mechanism that can be used to clarify how the existing exclusion provision ([paragraph 24\(d\)](#)) should be applied.
39. As integral application guidance forms part of the standard it is subject to the same due process as issuing a standard.
40. Integral application material forms part of the standard and is authoritative (mandatory). It clarifies and illustrates requirements without creating new obligations. This approach:
- (a) links directly to an existing requirement rather than altering it;
 - (b) brings familiar concepts from staff guidance into the standard with formal authority; and
 - (c) aligns New Zealand with IFRS S2/AASB S2 while preserving the coherence of NZ CS.
41. We have also taken the opportunity to bring into NZ CS 1 content from the existing staff guidance [Excluding GHG emissions sources — Considerations for preparers](#). As mentioned in paragraph 18 above staff did consider doing this at the time of issuing the guidance. Our intent is that the application guidance will replace the staff guidance document.
42. [Appendix 2](#) explains more about application material, where it is used and how.
43. [Appendix 3](#) shows an early working draft of the mandatory application material. We are not seeking any feedback on the drafting at this stage, and it is provided for illustrative purposes only.

Questions for the Board

- Q3. Does the Board AGREE to propose making the amendments via the addition of mandatory application material to NZ CS 1?
- Q4. Does the Board AGREE to propose including content from the existing staff guidance [Excluding GHG emissions sources — Considerations for preparers](#) in the mandatory application guidance

Other options considered (not preferred)

Update existing staff guidance on exclusions

44. We considered updating the existing staff guidance (see paragraph 18 above) to permit the exclusions to align with the amendments made to IFRS S2 and AASB S2. However, staff guidance is neither mandatory nor binding on entities i.e. it is non-authoritative guidance that sits outside NZ CS. We consider that entities and assurance practitioners need to have an authoritative source to refer to when preparing disclosures and undertaking assurance engagements on the greenhouse gas emissions. The Financial Markets Authority also needs certainty for its regulatory activities.

Amending NZ CS definition of scope 3 GHG emissions

45. We considered how feasible it would be to amend the NZ CS 1 requirement to limit the disclosure of scope 3 GHG emissions to financed emissions, aligning with IFRS S2. However, this approach was not preferred because NZ CS 1 does not mandate use of the GHG Protocol (or any other measurement standard), does not directly reference the scope 3 GHG Protocol categories, nor does it define financed emissions. Additionally, NZ CS 1 requires disclosure of exclusions — something not included in the 2023 version of IFRS S2. (See proposed solution section for more information).

Do nothing until after the climate reporting roadmap is confirmed

46. If we wait until the conclusion of the climate reporting roadmap consultation, the earliest we could issue any amendments to New Zealand climate reporting requirements would be late 2027. The current adoption provision for scope 3 GHG emissions will no longer be available for reporting periods beginning 1 January 2027 (for those entities that have been in the regime since the start). Therefore, this option would not adequately respond to stakeholders' requests for timely action from the XRB on this issue. We consider that it would be better to provide comfort to entities as soon as possible that these sources of scope 3 GHG emissions are out of scope and to avoid the negative feedback associated with last minute changes.

Next steps and proposed project timeline

47. The table below sets out the proposed project timeline.

Milestone	Date
Board approves exposure draft of amending standard (the ED)	14 April 2026
Publish ED at the same time as the climate reporting roadmap	By 30 June 2026
Consultation on ED closes	29 July 2026 (Wednesday)
Verbal update to Board	3 August 2026
Board approval of final amending standard	13 October 2026

48. If the Board agrees with staff recommendations in this paper, an exposure draft of the amending standard (i.e. the standard that will amend NZ CS 1) will be presented at the 14 April 2026 meeting. We will use the time between this meeting and the 14 April 2026 meeting to test proposed wording to ensure it meets the intention to align with the outcome of the amendments made to IFRS S2 and ASSB S2.
49. Part 7A of the Financial Markets Conduct Act 2013 requires that the disclosure of an entity's GHG emissions as required by Aotearoa New Zealand Climate Standards are the subject of an assurance engagement. As we are proposing to amend a requirement that forms part of the assurance engagement, assurance staff have reviewed this memo, and we are planning to seek feedback from the NZAuASB prior to bringing an exposure draft back to the Board.
50. We considered issuing the exposure draft prior to releasing the climate reporting roadmap consultation. However, we felt that this approach could potentially cause confusion in the market and likely raise questions regarding the Board's decisions on the roadmap. The consultation documents will clarify how the proposed changes to NZ CS 1 relate to the climate reporting roadmap.
51. We consider a one-month consultation period is sufficient for the exposure draft given it is a targeted amendment, and stakeholders have been aware of this issue since the ISSB issued

its exposure draft in April 2025. This consultation period would close before the consultation on the climate reporting roadmap.

Questions for the Board

- Q5. Does the Board AGREE to issue the proposed amendments for consultation at the same time as the climate reporting roadmap consultation?
- Q6. Does the Board AGREE with the proposed project timeline?

Appendix 1 - Summary of stakeholder feedback received in relation to the international amendments to scope 3 category 15 GHG emissions

1. This appendix summarises stakeholder feedback that we have received regarding the amendments issued by the ISSB and AASB.
2. The table below incorporates feedback from the following sources:
 - (a) emails we have received in response to the issue of the amendments in December 2025;
 - (b) a high-level summary of feedback we received in September 2025 in response to our consultation on *Proposed 2025 Amendments to Climate and Assurance Standards*; and
 - (c) verbal feedback we received in August 2025 when conducting targeted outreach prior to issuing the consultation in (b)
 - (d) verbal feedback we received in May 2025 when conducting outreach to inform the Board's submission letter to the ISSB on its ED

Type	When	From	Feedback received (emphasis added)
email	December 2025	Licensed insurer	Do you have any info on when we might see an update on the international alignment RFI that was circulated mid-year? I can see on the website it says something will come out in the final quarter of 2025 but haven't seen anything yet. I'm keen to hear whether there's an update on reporting insurance associated emissions, which the IFRS have just clarified are excluded from their reporting requirements.
email	December 2025	Professional Service Provider	We note following the recent announcements from ISSB, AASB has officially voted to make the amendments to S2 (Climate reporting - See the statement here). This statement amends the requirements in AASB S2 to clarify that an entity is permitted to limit its measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions to financed emissions. Consequently, an entity is permitted to exclude from its measurement and disclosure of Category 15 greenhouse gas emissions the emissions associated with financial activities, such as facilitated emissions associated with investment banking activities and emissions associated with insurance and reinsurance underwriting activities. I'm aware that NZ CS doesn't prescribe a particular standard that CREs should use to prepare emissions inventories (although it very much leans into the GHG Protocol taxonomy), however, I was wondering whether XRB might provide some clarity on measuring financed emissions. Currently we have clients in the insurance sector who are quite confused as to what is expected of them in this space, with one of them being told by their independent assurance provider that they must measure insurance-associated emissions (and I'm not sure that is with the client's best interests in mind). Given the limited methodologies that exist to undertake measuring these emissions (currently PCAF for personal motor and commercial insurance associated emissions), and the reliance of these methods on a lot of proxies, our recommendation would be that NZ is not the first in the world to try to report these emissions. We have already spent quite a bit of time and effort exploring methods to measure these emissions with our insurance clients, and while I don't want to do us out of work, I think for the

Type	When	From	Feedback received (emphasis added)
			sake of the sustainability of the climate regime itself (and in not creating undue work for CREs), it would be very helpful for XRB to provide some clarifying guidance on its position on these emissions sources.
Consultation feedback	Sept 2025	High-level summary	<p>A recurring theme is that New Zealand risks being out of step if NZ CS continues to require disclosure of certain financial-sector Scope 3 sources (notably derivatives, facilitated emissions and insurance-associated emissions) that are being discussed for exclusion/clarification internationally. Submissions point to ISSB/AASB consultations and proposed amendments/clarifications as the driver for delaying or refining requirements.</p> <p>Several submitters explicitly link the issue to cross-border groups (especially Australian parents) and the duplication/inefficiency that comes from misaligned requirements.</p>
Verbal feedback	August 2025	Licensed Insurer	<p>The primary issue is the lack of clarity on whether these emissions are in scope under NZ CS, especially given international signals suggesting they may be excluded.</p> <p>The support for them from head office will be limited for emission sources that are not required to be disclosed in Australia.</p> <p>Provide definitive guidance - stakeholders want a clear decision on whether insurance-associated emissions are in scope, avoiding vague materiality-based disclosures.</p>
Verbal feedback	May/June 2025	Licensed Insurers	<p>Need clarity from XRB or FMA - is this in scope or not?</p> <p>ISSB proposal came out – push back from business , why we have to disclose [...]</p> <p>We are aware of the AASB consultation [...] completely reliant on Australian parent to do GHG accounting so keen to follow Australian regime.</p>

Appendix 2 – application material in other standards

1. Application material is a common, well-established feature of financial reporting, sustainability reporting and assurance standards. Application material is referred to by different terms, including ‘application guidance, application requirements’, ‘application & other explanatory material’.
2. Application material is used to clarify, illustrate and support existing requirements in a standard.
3. The application material can be integral to the standard and therefore authoritative (mandatory) or it can be non-integral and therefore non-authoritative (not mandatory).
4. It is important for a standard setter to explicitly state that the application material (application guidance) is integral and therefore authoritative. The IASB and ISSB include the following note at the start of any appendix that includes authoritative application guidance.

This appendix is an integral part of [standard] and has the same authority as the other parts of this Standard.

Application guidance in IFRS S2

5. In March 2024, ISSB staff took a [paper](#) to the Transition Implementation Group on IFRS S1 and IFRS S2. In the background section of the paper (see paragraphs 9 – 20) the ISSB staff explained the various components of the Standards and related materials, their purpose and how they can be used to understand specific disclosure requirements.
6. The paper identifies the following components of the Standard and related materials:
 - (a) [IFRS S2](#) (the requirements – 37 paragraphs and three appendices)
 - i. Objective;
 - ii. Scope;
 - iii. Core content;
 - iv. Appendix A: Defined Terms;
 - v. Appendix B: Application guidance; and
 - vi. Appendix C: Effective date and transition
 - (b) Accompanying Guidance on IFRS S2;
 - (c) Industry-based Guidance on implementing IFRS S2;
 - (d) Basis for Conclusions on IFRS S2; and
 - (e) IFRS S1.
7. Paragraphs 8 to 12 below contain ISSB staff paper explanations for each component and the related material.

Appendix B: Application guidance.

8. IFRS S2 includes Application guidance, which can be found in Appendix B of the Standard. This Application guidance is an integral part of the Standard and has the same authority as the other parts of the Standard. In other words, entities are required to apply the Application guidance because it is part of IFRS S2.

Accompanying Guidance on IFRS S2

9. The [Accompanying Guidance on IFRS S2](#), accompanies, but is not part of, the Standard. It illustrates aspects of the Standard but is not intended to provide interpretative guidance. For

the avoidance of doubt, an entity is not required to apply such guidance when it applies IFRS S2 as long as the entity otherwise satisfies the requirements in the Standard (i.e. approaches other than those illustrated in the Accompanying Guidance could be used to comply with the Standard).Basis for conclusions (not part of the Standard).

This guidance accompanies, but is not part of, IFRS S2. It illustrates aspects of IFRS S2 but is not intended to provide interpretative guidance.

Industry-based Guidance on implementing IFRS S2

10. IFRS S2 requires an entity to refer to and consider the applicability of the topics and metrics in the Industry-based Guidance on implementing IFRS S2. This guidance for IFRS S2 is organised by industry, enabling a company to identify climate-related disclosure topics and metrics applicable to its business model and operations

Basis for Conclusions on IFRS S2

11. The Basis for Conclusions on IFRS S2 accompanies, but is not part of, IFRS S2. It summarises the considerations of the ISSB and explains the rationale for the decisions the ISSB reached in developing the Standard. This context can be useful to an entity when it applies the requirements in IFRS S2. For the avoidance of doubt, the Basis for Conclusions provides context and can be useful to understand the requirements in the Standard but the Basis for Conclusions does not in itself set out requirements. This means, for example, that the Basis for Conclusions cannot override requirements in Page 6 of 27 Staff paper Agenda reference: 1 the Standard and it cannot introduce requirements that are not otherwise set out in the Standard.

IFRS S1

12. An entity applying IFRS S2 must also apply IFRS S1. IFRS S1 contains the general requirements for the disclosure of sustainability-related financial information. This includes requirements related to conceptual foundations as well as requirements related to judgements, measurement uncertainty and errors. Even when an entity is reporting only on climate-related risks and opportunities, the entity must apply both IFRS S1 and IFRS S2. For example, the definition of materiality that an entity must apply when using IFRS S2 is set out in IFRS S1. As another example, to obtain disclosure relief for information about climate-related opportunities on the basis of commercial sensitivity, an entity would need to apply the requirements set out in IFRS S1.

Some snips from IFRS S2 Appendix B: Application guidance

13. For the Board's information, we have included some snips from the integral application guidance contained in Appendix B of IFRS S2

Appendix B Application guidance

This appendix is an integral part of IFRS S2 and has the same authority as the other parts of the Standard.

Climate resilience (paragraph 22)

- B1 Paragraph 22 requires an entity to use climate-related scenario analysis to assess its climate resilience, using an approach that is commensurate with its circumstances.² The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. Paragraphs B2–B18 provide guidance on how an entity uses scenario analysis to assess the entity’s climate resilience. Specifically:
- (a) paragraphs B2–B7 set out the factors the entity shall consider when assessing its circumstances;
 - (b) paragraphs B8–B15 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and
 - (c) paragraphs B16–B18 set out additional factors for the entity to consider when determining its approach to climate-related scenario analysis over time.

Assessing the circumstances

- B2 An entity shall use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis (see paragraph B3). To assess its circumstances the entity shall consider:
- (a) the entity’s exposure to climate-related risks and opportunities (see paragraphs B4–B5); and
 - (b) the skills, capabilities and resources available to the entity for the climate-related scenario analysis (see paragraphs B6–B7).
- B3 An entity shall assess its circumstances each time it carries out its climate-related scenario analysis. For example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph B18) would be required to reconsider for this purpose its exposure to climate-related risks and opportunities and the skills, capabilities and resources available at that time.

² This application guidance (paragraphs B1–B18) draws on the range of practice outlined in documents published by the Task Force on Climate-related Financial Disclosures (TCFD), including *Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities* (2017) and *Guidance on Scenario Analysis for Non-Financial Companies* (2020).

[...]

Greenhouse gases (paragraph 29(a))

Greenhouse gas emissions

Permission to use information from a reporting period that is different from the entity's reporting period, in specific circumstances

- B19 An entity might have a different reporting period from some or all of the entities in its value chain. Such a difference would mean that greenhouse gas emissions information from these entities in its value chain for the entity's reporting period might not be readily available for the entity to use for its own disclosure. In such circumstances, the entity is permitted to measure its greenhouse gas emissions in accordance with paragraph 29(a)(i) using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the entity's reporting period, on the condition that:
- (a) the entity uses the most recent data available from those entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions;
 - (b) the length of the reporting periods is the same; and
 - (c) the entity discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the entity's general purpose financial reports.

Appendix 3 – Working draft of Application material to be added into NZ CS 1– **NOT FINAL – FOR ILLUSTRATIVE PURPOSES ONLY**

Appendix B Application material

This appendix is an integral part of NZ CS 1 *Climate-related Disclosures* and has the same authority as the other parts of this Standard.

GHG emissions

- BX. Paragraph 22 requires an entity to disclose its scope 1, scope 2 and scope 3 GHG emissions. Paragraph 24(d) requires an entity to disclose a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion.
- BX. An entity must apply its judgement to its own specific facts and circumstances when determining whether to exclude certain material sources of GHG emissions.
- BX. In some cases, an entity may be unable to estimate GHG emissions from a particular source due to insufficient data. Before excluding these emissions, an entity should consider whether alternative estimation methods are available. For example, could a spend-based emission factor be used instead. Similarly, if data is unavailable for a specific country or operation, the entity should consider whether a comparable country or operation could provide a reasonable basis for estimation.
- BX. There may be situations where there is no applicable method to quantify GHG emissions from a particular source. For example, PCAF allows exclusions for asset classes for which it has not yet developed a measurement standard. An entity could decide to exclude these GHG emissions, or the entity may consider developing its own estimation method, provided it is reasonable, transparent, and well documented.
- BX. An entity is permitted to exclude the following sources from the disclosure of its scope 3 GHG emissions:
- (a) emissions attributable to derivatives;
 - (b) emissions attributable to insurance and reinsurance and underwriting activities; and
 - (c) emissions attributable to capital market issuance activities
- BX. The requirement to disclose exclusions of GHG emissions sources applies to an entity's scope 1, 2 and 3 GHG emissions. This disclosure should include a clear summary of the excluded sources and a justification for each exclusion. The justification should reference the relevant factors considered, for example, lack of data, or absence of applicable methods. When making the disclosures an entity should consider fair presentation and materiality.
- BX. The permission in paragraph BX does not relieve an entity from disclosing the exclusion of these sources.