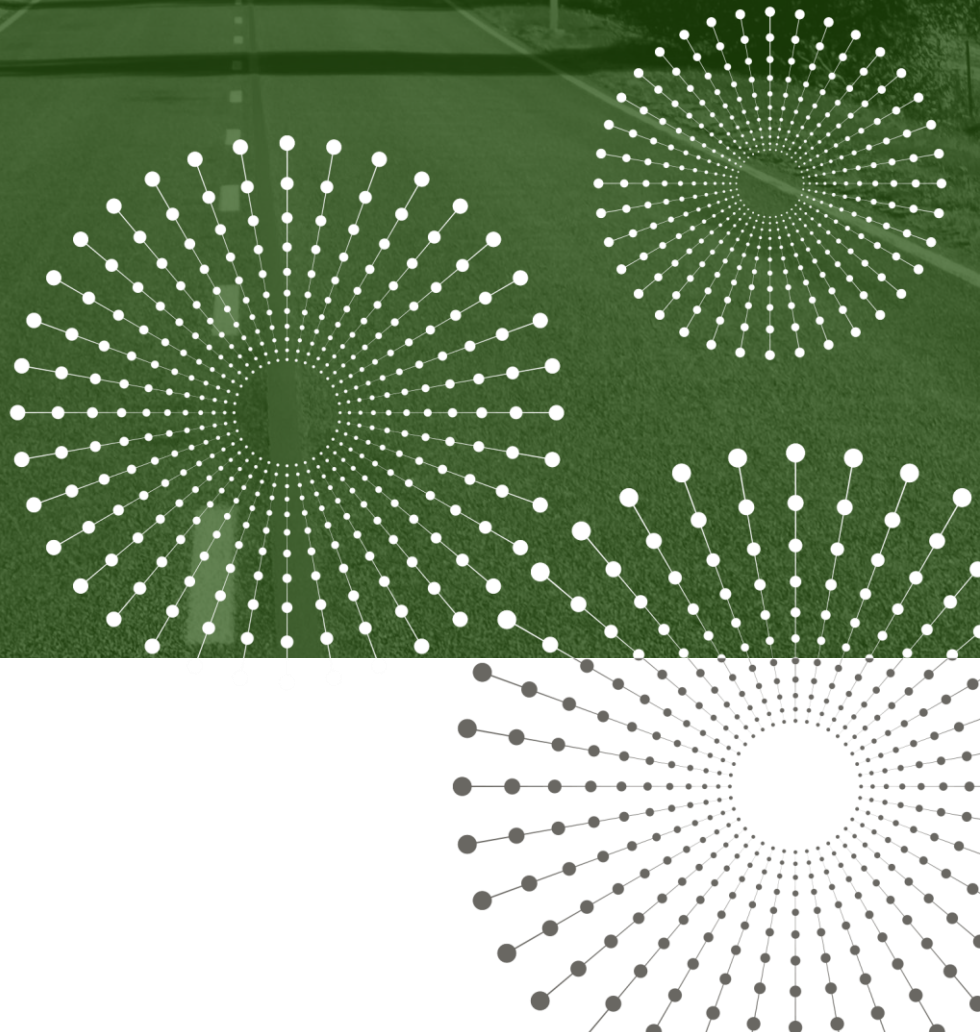


Climate reporting roadmap

Draft for consultation



June 2026



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About this document

This draft climate reporting roadmap sets out the XRB's proposed direction for climate reporting in New Zealand (**what, why and when**), including key milestones.



These are proposals only. Nothing changes until consultation feedback is considered and decisions are made. In the meantime, it is business as usual for climate reporting entities; NZ CS continue to apply.

Following consultation, the XRB intends to issue a final climate reporting roadmap setting out the direction of climate reporting for the short to medium term.

The accompanying [consultation document](#) explains the proposals, sets out options and considerations, and asks the consultation questions. It has a list of references in section 9 and a glossary in section 10.

Please read this document before the consultation document.

1 Introduction

1.1 This draft roadmap proposes a strategic direction for climate reporting

The External Reporting Board's (XRB) overarching strategy is to deliver and maintain internationally aligned and locally relevant standards. To achieve this objective in the context of climate reporting over the short to medium term, we are proposing a climate reporting roadmap (**the draft roadmap**). It is designed to support the development of climate standards that are fit for purpose for New Zealand, and to enable New Zealand to maintain alignment as international climate reporting requirements and expectations evolve.

It is based on three principles: international alignment, harmonisation with Australia, and local relevance.

In this draft roadmap, the application of these principles means:

- International alignment: Adopting IFRS S2 Climate-related Disclosures (IFRS S2)^{1 2}
- Harmonisation with Australia: Considering what approach to take where there are differences between IFRS S2 and the climate reporting obligations in Australia under AASB S2 Climate-related Disclosures (AASB S2) and the Australian Corporations Act 2001
- Local relevance: Considering what modifications, if any, are needed to fit with New Zealand's legislative and regulatory settings, reporting practice and market context.

We propose:

- Issuing a new climate standard to be called NZ IFRS S2 *Climate-related Disclosures (NZ IFRS S2)*
- Issuing NZ IFRS S2 on 31 August 2027
- Making NZ IFRS S2 available for early adoption by climate reporting entities (CREs) for reporting periods beginning on or after 1 October 2026
- Requiring mandatory application of NZ IFRS S2 by CREs for reporting periods beginning on or after 1 January 2033
- Allowing reporting in accordance with *Aotearoa New Zealand Climate Standards (NZ CS)*, until NZ IFRS S2 becomes mandatory.

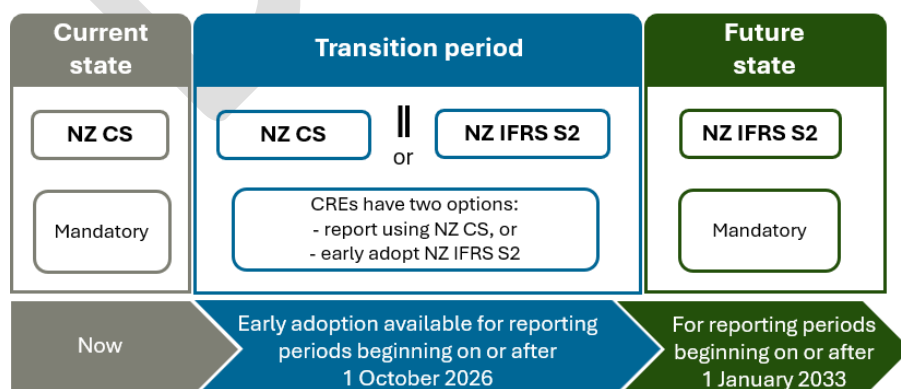


Figure 1. Draft climate reporting roadmap

¹ This document 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).

² All references to 'adopting IFRS S2' in this document should be read to mean together with adopting the climate-relevant portions of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* – see section 2.3 for more detail.

1.2 The XRB issued a TCFD-based climate-related disclosure framework

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 was enacted in October 2021. It provided for the introduction of mandatory climate-related disclosures in accordance with climate standards issued by the XRB by large listed issuers, banks, building societies, insurers and investment scheme managers.

The general policy statement in the [explanatory note](#) to the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill stated that the disclosure requirements in the climate standards would be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The XRB moved at pace to respond to the legislation, and so in December 2022, the XRB issued three climate standards: NZ CS 1 *Climate-related Disclosures*, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and NZ CS 3 *General Requirements for Climate-related Disclosures*. Collectively, these are referred to as NZ CS and make up New Zealand's climate-related disclosure framework (**CRD framework**). It was clear that the recommendations of the TCFD were international best practice when the XRB issued NZ CS in December 2022. They had been widely endorsed by governments, regulators, business associations, corporations, financial institutions, investors, professional accounting bodies and civil society organisations.

CREs as defined in section 461O of the Financial Markets Conduct Act 2013 (**FMC Act**) must report in accordance with applicable climate standards issued by the XRB, which are currently NZ CS. The standards were designed to give effect to the purposes of climate reporting set out in [section 19B](#) of the Financial Reporting Act 2013 (**FR Act**).

1.3 International developments mean the climate-related disclosure framework must evolve

Climate reporting has continued to evolve internationally. The International Sustainability Standards Board (**ISSB**) was established in 2021, and in 2023, it issued IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* (**ISSB standards**). In 2023, the ISSB standards were [endorsed by](#) the International Organisation of Securities Commissions (**IOSCO**). The same year, the TCFD disbanded, and then in 2024, transferred its monitoring activities to the ISSB.

Like NZ CS, IFRS S2 is aligned with the TCFD architecture. Approximately 40 jurisdictions have adopted or otherwise used the ISSB standards or are in the process of introducing them into their regulatory frameworks. The way that jurisdictions are adopting or using ISSB standards is still evolving based their jurisdictional circumstances.

Notably for New Zealand, Australia has legislated a phased mandatory climate reporting regime, with reporting for Group 1 entities commencing for reporting periods starting on or after 1 January 2025. The Australian Accounting Standards Board (**AASB**) issued AASB S2 in September 2024 which is based on IFRS S2. The AASB also issued as a voluntary standard, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (**AASB S1**), which is based on [IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*](#) (**IFRS S1**).

The processes of adopting and using the ISSB standards is dynamic. For example, the Australian Government announced proposed changes to their climate-related disclosure settings in May 2026.³ In December 2025, the Chinese Government issued a climate standard that is closely aligned with IFRS S2 while incorporating China-specific requirements such as double materiality (i.e., financial materiality and impact materiality). The European Sustainability Reporting Standard E1 *Climate Change* (**ESRS E1**) is also in the process of being modified. ESRS E1 and IFRS S2 share a high degree of

³ See <https://budget.gov.au/content/factsheets/download/factsheet-regulatory-reform.pdf>. The forthcoming changes are described in points 1 and 2 on the second page.

core alignment, both relying on the TCFD architecture. However, ESRS E1 includes additional disclosures and uses double materiality.

These developments in international and jurisdictional sustainability reporting frameworks have prompted questions about the evolution of climate reporting in New Zealand. The key questions are whether, how, and when New Zealand should amend or replace NZ CS to maintain international alignment and interoperability.

1.4 Stakeholders asked for alignment, stability and a phased approach to change

The XRB always [intended to conduct](#) a post-implementation review of NZ CS. As an input, we issued a [request for information](#) on the international alignment of climate reporting (**the RFI**) in April 2025. We sought to understand the value of international alignment to CREs and primary users⁴, and what type of international alignment would be most desirable and why. [We heard](#) that:

- international alignment or adoption is crucial for improving comparability, streamlining reporting processes, meeting investor expectations and improving market access
- many submitters wanted NZ CS to be aligned with international frameworks, particularly IFRS S2. Some proposed adopting a New Zealand equivalent of IFRS S2
- Australia is the key jurisdiction for alignment, with strong support particularly from banks and dual-listed issuers for closer trans-Tasman interoperability to reduce duplication, costs and complexity and improve comparability
- there is a need for stability and a phased approach to change to avoid frequent disruption and increased compliance burden
- mutual or unilateral recognition of climate reporting is important.

Some submitters also asked that the XRB publish a roadmap to promote increased regulatory certainty and facilitate planning.

1.5 The domestic legislative settings are changing

There has also been a significant domestic change. The [Financial Markets Conduct Amendment Bill](#), which was in the House at the time of writing, proposes two amendments to the definition of CRE. It proposes to increase the threshold of \$60 million market capitalisation for equity issuers and \$60 million total face value of quoted debt for debt issuers, to \$1 billion for both equity and debt issuers. It also proposes to remove managed investment schemes.

1.6 It is timely to assess alignment considering international and domestic change

We consider that it is timely to respond to these international and domestic changes. We have evidence from practical implementation, and we know strategic decisions have been or are being made by other jurisdictions about their climate reporting frameworks.

The draft roadmap, together with the accompanying [consultation document](#), is intended to respond to these changes and guide the next phases of this work. We intend to publish a final roadmap, and depending on stakeholder feedback, publish an exposure draft for comment and issue a standard consistent with the final roadmap.

⁴ Existing and potential investors, lenders and other creditors.

2 The draft climate reporting roadmap

2.1 We consider that adopting IFRS S2, harmonised with Australia, with locally relevant modifications, provides a clearer, enduring future state

2.1.1 Adopting IFRS S2

We propose adopting IFRS S2 because ISSB Standards have been endorsed by IOSCO and has been taken up (or there is planned uptake) across approximately 40 jurisdictions. We consider that adoption is the most direct way to protect New Zealand's international credibility and interoperability over time, rather than risking NZ CS gradually becoming less comparable as other jurisdictions converge on IFRS S2. It should help to increase access to and reduce the costs of overseas capital due to CREs' climate statements being more internationally comparable and therefore more understandable to primary users operating in other markets. It should also increase access to international expertise and services and simplify compliance for CREs operating internationally or with overseas parents that report in accordance with IFRS S2. Adopting IFRS S2 also responds to stakeholder feedback on the RFI.

We consider that adopting IFRS S2 is preferable to achieving alignment through piecemeal amendments to NZ CS. This type of alignment is problematic because IFRS S2 and NZ CS are structured and operate differently, and so would create drafting complexity and a higher risk of unintended consequences. By contrast, adopting IFRS S2 provides a clearer end-state and greater regulatory certainty for primary users and CREs. This certainty is also consistent with what submitters asked for in the RFI (stability, phased change, and clearer direction).

Finally, we expect that adopting IFRS S2 should deliver the main economic and market benefits that stakeholders associate with international alignment: improved comparability for international investors and other primary users, reduced duplication for CREs operating across borders (including those with overseas parents), and a pathway to improve access to overseas capital (and potentially a lower cost of capital) because users can more readily understand and benchmark disclosures.

There will be transition costs for primary users and CREs. There could also be increased ongoing costs for some CREs because overall IFRS S2 requires more disclosures and more detailed disclosures than NZ CS. However, we expect the benefits to outweigh these costs.

2.1.2 Harmonising with Australia

We propose to harmonise with Australia to support the provision of comparable, decision-useful climate information for primary users across the trans-Tasman market. Feedback from the RFI indicates strong support for this direction: 40 submitters identified IFRS S2 as the most important standard and 29 submitters identified AASB S2, with a significant drop to other frameworks. Australia was also identified as the most important jurisdiction (37 submitters). Because AASB S2 is based on IFRS S2, adopting IFRS S2 would already promote a significant degree of harmonisation with Australia.

We consider trans-Tasman harmonisation to be an important condition of fit-for-purpose standards for New Zealand. Primary users often view Australia and New Zealand as a single regional investment market, and place value on comparable information across both jurisdictions. Harmonisation therefore supports more consistent decision making by investors and contributes to the efficient allocation of capital across the region.

Harmonisation also delivers practical benefits for entities operating in both markets by reducing duplication and friction for CREs. Closer alignment enables entities to share systems, processes and expertise, lowering compliance costs and supporting more efficient reporting.

Harmonising with Australia also allows New Zealand to benefit from Australia's implementation experience with AASB S2, including how requirements have been operationalised and the types of

support needed by preparers. However, New Zealand CREs will be transitioning from an existing TCFD-aligned set of standards to another, rather than adopting IFRS S2 as a starting point, as is the case in Australia. Therefore, our implementation support may need to be tailored to reflect this different starting point.

Finally, this direction is consistent with recent government signalling. In the joint statement on the [Australia-New Zealand 2+2 Climate and Finance Dialogue](#) Ministers emphasised the importance of clear net zero plans and internationally relevant standards for attracting investment. We consider that the draft roadmap aligns with these objectives.

2.1.3 Locally relevant modifications

We propose locally relevant modifications to ensure that NZ IFRS S2 is fit for purpose for New Zealand. This would include technical amendments required to fit with New Zealand's legislative and regulatory settings, as well as any further modifications needed to reflect New Zealand's reporting practice and market context. For any modifications to reflect New Zealand's reporting practice and market context, a compelling reason for doing so would need to be identified.

2.2 NZ IFRS S2 would apply for reporting periods beginning on or after 1 January 2033 with early adoption for reporting periods beginning on or after 1 October 2026

Should stakeholder feedback support the draft roadmap, the XRB would aim to consult on an exposure draft of an NZ IFRS S2 in Q2 2027. This would be followed by a finalised NZ IFRS S2 being issued and made available for early adoption for reporting periods beginning on or after 1 October 2026, with a proposed mandatory application date for reporting periods beginning on or after 1 January 2033.

This timeframe would give CREs time to transition from NZ CS to NZ IFRS S2 in a way that is manageable, while providing greater regulatory certainty about the future direction of climate reporting for both primary users and CREs.

Except for early adopters of NZ IFRS S2, NZ CS will continue to apply to CREs until NZ IFRS S2 becomes mandatory.

During the transition period prior to NZ IFRS S2 becoming mandatory, CREs would either continue to apply NZ CS or elect to early adopt NZ IFRS S2. A CRE that early adopts NZ IFRS S2 must continue to apply it for the remainder of the early adoption period. It could not revert to NZ CS during the early adoption period.

2.3 NZ IFRS S2 would incorporate requirements from IFRS S1 as needed

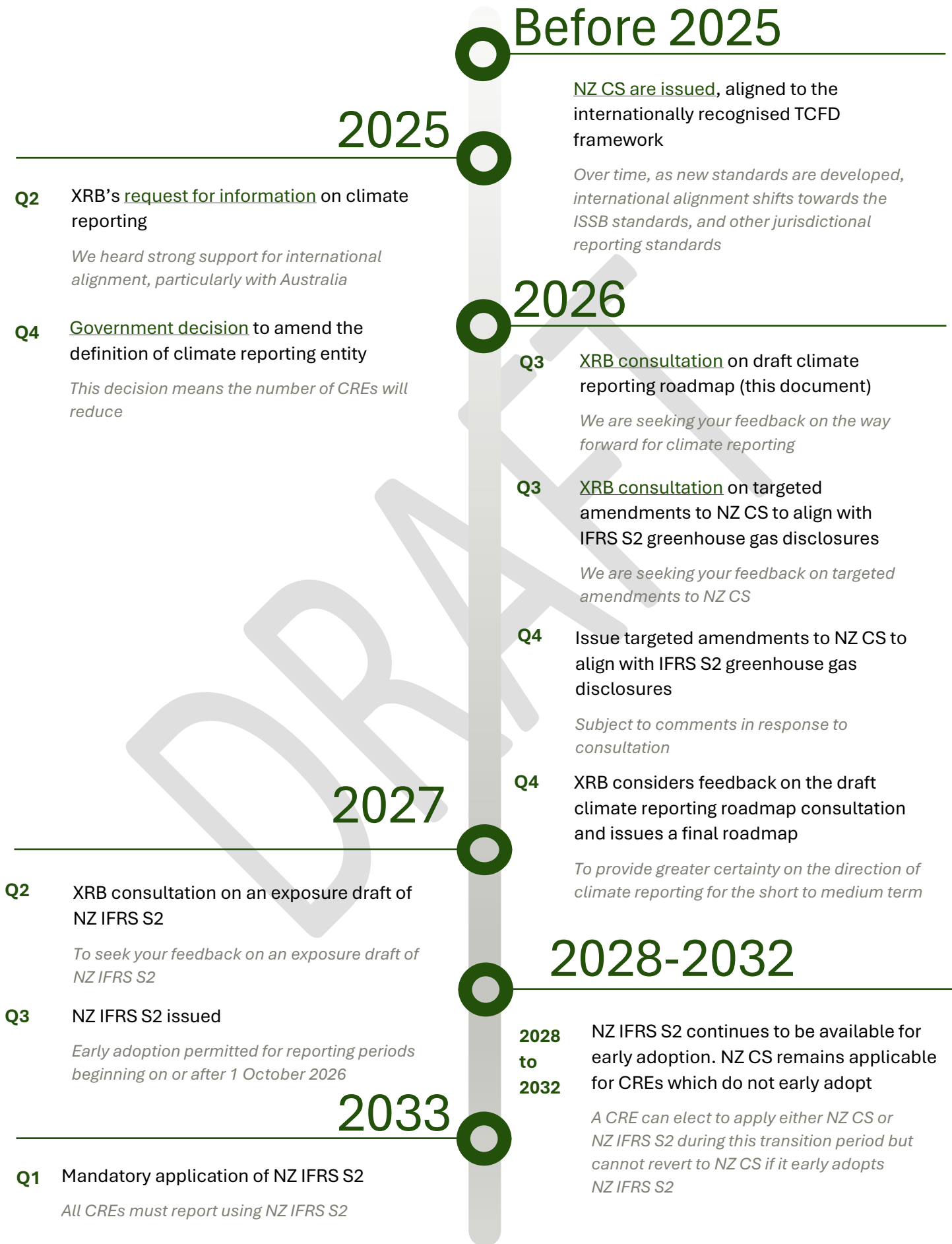
NZ IFRS S2 would need to incorporate the climate-relevant portions of IFRS S1 insofar as they relate to disclosing information about climate-related risks and opportunities. This is because IFRS S1 contains the underlying conceptual foundations, general requirements, and specific provisions relating to the exercise of judgement, estimation uncertainty, and the correction of errors.

Incorporating the necessary elements of IFRS S1 into a jurisdictional standalone climate reporting standard based on IFRS S2 is consistent with the approach taken by the AASB when developing AASB S2.

2.4 The requirement for, and level of, assurance remains the same

Assurance over GHG emissions is required by [section 461ZH](#) of the FMC Act. The requirement for assurance and the level of assurance is not affected by this draft roadmap. There is no requirement in the FMC Act for assurance of other disclosures in climate statements.

3 Timeline of past and proposed key activities



4 What else is on the horizon

4.1 The XRB will continue to monitor the evolving sustainability reporting landscape

4.1.1 Emerging approaches to impact or double materiality reporting

We observe a global trend in sustainability reporting towards a risks- and opportunities-based disclosure framework (i.e. the NZ CS or IFRS S2 model) but supplemented with impact or double materiality disclosures. For example, the recommendations of the [Taskforce on Nature-Related Financial Disclosures](#) and the [Taskforce on Inequality and Social-Related Financial Disclosures](#) ask for information on risks and opportunities, as well as on impacts and dependencies.

Jurisdictions such as Europe, China, India and Taiwan are also adopting impact or double materiality in climate reporting. This is being achieved through various means, such as domestic standards (for example, the European Sustainability Reporting Standards), extensions to IFRS standards (for example, China's Corporate Sustainability Disclosure Standards), or via approaches such as the GRI Standards.

We will continue to monitor this trend.

4.1.2 We will continue to monitor international developments on broader sustainability reporting

There remains significant global uncertainty about the broader sustainability reporting landscape. For example, the overarching architecture of the ISSB standards (including the SASB Standards⁵) is still evolving. Questions also remain about how international standards suites – such as the ISSB Standards, the GRI Standards, and jurisdiction specific frameworks like the European Sustainability Reporting Standards – will ultimately align or interoperate.

We will continue to monitor key international developments on broader sustainability reporting and specific sustainability topics, such as nature.

4.2 Exploring internationally aligned mid-tier climate reporting

The XRB is aware of demand for climate reporting requirements that are expressly designed to suit the size and complexity of mid-tier entities (such as smaller listed entities) that would like to report voluntarily to their investors.⁶ Other jurisdictions are also interested in exploring how IFRS Sustainability Disclosure Standards could be applied by mid-tier entities (voluntarily or otherwise), taking a climate-first approach (i.e. starting with IFRS S2 in the first instance), with a view to how broader sustainability reporting might be supported over time.

We have had nascent conversations with the Canadian Sustainability Standards Board, the Sustainability Standards Board of Japan and the UK Financial Reporting Council about internationally aligned mid-tier climate reporting. These conversations are intended to support a common understanding of the reporting challenges facing mid-tier entities and to identify whether, and if so how, standard setters could work together to support sustainability reporting by mid-tier entities while having explicit regard to how such requirements would align with those applying to larger entities.

⁵ The SASB Standards are industry-based sustainability disclosure standards. Originally developed by the Sustainability Accounting Standards Board, they have been maintained by the ISSB since 2022 following their consolidation into the IFRS Foundation.

⁶ Note that sustainability reporting frameworks targeted at SMEs are more widely available, such as the Centre for Sustainable Finance's '[Starter for Ten](#)'.

4.3 He Taura can be used by any entity to complement and strengthen reporting

He Taura is a voluntary conceptual reporting framework developed by the XRB that supports entities to articulate their intergenerational impact. It has been piloted by a group of trial entities and has now moved into an early adopter phase. Reported information is intended to be meaningful to the entity and support holistic thinking and reporting about strategy, vision and how performance is measured.

He Taura remains available for any entity to use, including entities that are not CREs. He Taura does not alter, replace, or reduce any mandatory reporting requirements. The XRB will continue to consider how He Taura relates to other sustainability reporting developments, particularly those emerging internationally, and whether additional guidance would help entities apply He Taura.

