Submission on the Draft Climate Reporting Roadmap for New Zealand

External Reporting Board (XRB)

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Prepared by:

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24 September 2026

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Attention:
External Reporting Board (XRB)
154 Featherston Street
Wellington 6011

RE: Submission on the Draft Climate Reporting Roadmap for New Zealand

Tēnā koutou,

SLR Consulting (SLR) appreciates the opportunity to comment on the External Reporting Board's (XRB) Draft Climate Reporting Roadmap for New Zealand. We support, with modifications, the proposed strategic direction toward a New Zealand climate standard based on IFRS S2.

We consider that an internationally recognised baseline can improve comparability, support cross-border users and reduce duplication for internationally connected entities. The roadmap should however, more clearly govern the relationship between ISSB/global alignment, Australian harmonisation and local relevance.

SLR also encourages the XRB to adopt a more ambitious and actively managed pathway to NZ IFRS S2 and considers the proposed timeline for mandatory application unnecessarily delayed. While recognising the importance of a methodical transition, the proposed 2033 timeframe is far longer than necessary.

Climate-related risks are already having tangible impacts on businesses and the New Zealand economy, and a prolonged transition risks leaving decision-makers without the information needed to understand and respond to emerging risks. This would reduce transparency for stakeholders and could delay critical risk management and mitigation actions. Moreover, New Zealand entities already have a strong reporting foundation under the existing climate standards.

A faster move to NZ IFRS S2 would better serve the needs of primary users and other stakeholders, including suppliers and customers operating in international markets where comparable, decision-useful climate information is increasingly a prerequisite for doing business.

Our most significant recommendations are to:

- Adopt a significantly shorter mandatory pathway, provisionally reporting periods beginning 1 January 2028, subject to a formal readiness review in 2027;
- Use IFRS S2 as the principal baseline, with Australian harmonisation applied where it delivers substantive interoperability and local modification limited to compelling, evidenced cases based on experience from implementation across NZ CS and IFRS S2;
- Require relevant industry-based metrics as is currently required under NZ CS while providing flexibility to SASB-derived guidance;
- retain a comparable minimum for scenario analysis through at least three scenarios, including 1.5°C and a credible higher-warming scenario, while permitting additional scenarios and proportionate methods; and
- Provide a coordinated implementation programme addressing resilience, transition planning, financial effects, controls, governance and assurance readiness.

SLR provides sustainability, climate and nature advisory services and supports organisations in understanding climate-related risks and opportunities, undertaking scenario analysis and resilience assessment, developing transition responses, strengthening governance and preparing disclosures. This perspective spans both the technical purpose of climate reporting and the practical systems, data, capability and assurance conditions required for useful reporting. It also provides insight into the needs of entities with different levels of maturity and different international reporting exposures.

Our submission is informed by three overarching principles. First, information should be decision-useful and connected to strategy and financial decision-making. Secondly, international comparability should be pursued without treating textual uniformity as an end in itself. Finally, New Zealand's experience under NZ CS should be used as evidence when deciding what to retain or change, noting that many New Zealand reporters and primary users already have experience with climate-related information.

We welcome the XRB's intention to provide a clearer long-term direction and its recognition that New Zealand's starting point differs from jurisdictions adopting IFRS S2 from scratch. We encourage the XRB to use the current consultation and the subsequent exposure draft to test requirement-level benefits, costs and user needs, and to publish a transparent basis for its final decisions.

Regards,

SLR Consulting New Zealand Limited

Aaron Andrew
Growth Director APAC

Responses to Consultation Questions

Question 1

Do you support the strategic direction for climate reporting set out in the draft climate reporting roadmap?

SLR response and position

Supports with modification. SLR supports an IFRS S2-based end state because a recognised global baseline should increase comparability and reduce duplication for entities operating across borders. We agree that piecemeal restructuring of NZ CS could create complexity and unintended inconsistency. Support is conditional on disciplined local modifications, adequate implementation support and a revised timeline.

Rationale

Three considerations support this position. First, the international centre of gravity has moved toward the ISSB standards. Therefore, an IFRS S2-based standard is more likely than a domestically maintained framework to remain comparable as overseas markets develop. Secondly, the TCFD architecture shared by IFRS S2 and NZ CS means adoption of an NZ IFRS S2 would build on, rather than wholly replace, capabilities developed under the current reporting standard. Finally, New Zealand entities have different levels of international exposure. A clear and transparent decision hierarchy is therefore needed to prevent Australian harmonisation and local additions from accumulating into a standard that is neither fully interoperable nor straightforward to apply.

Recommendations

- Confirm IFRS S2 as the principal baseline;
- Define Australian harmonisation as reduction of substantive duplication and difference, not automatic adoption of every Australian modification; and
- Revise the implementation pathway as recommended in Question 8.

Suggested wording changes

We suggest adding a roadmap principle: “Where the objectives of international alignment, Australian harmonisation and local relevance point to different outcomes, the XRB will begin with the requirements of IFRS S2, assess whether an Australian modification delivers substantive interoperability for New Zealand entities and users, and make any further New Zealand modification only where supported by a compelling reason and evidence.”

Implementation considerations

Entities should be able to plan to a stable baseline. Future ISSB or Australian changes should continue to be subject to New Zealand due process, with clear effective dates and transition analysis.

Stakeholder implications

Entities with an international parent or group are likely to receive the largest compliance efficiencies. Domestic-only entities may experience higher implementation costs though will benefit from efficiencies in responding to request from global partners such as suppliers and customers. Users of climate-related information will benefit from comparability but may face an unnecessarily prolonged dual-standard if timing is not revised.

Question 2

Do you have any further information relevant to consideration of the benefits and costs of the draft roadmap?

SLR response and position

Supports with modification. SLR considers the XRB has identified the main categories of benefit and cost, but the conclusion that benefits will outweigh costs requires a more segmented and requirement-level evidence base. Costs and benefits will differ materially by entity maturity, sector, overseas-parent relationship, reporting footprint and existing GHG methodology.

Rationale

The benefits and costs identified by the XRB are credible, but they are unlikely to arise evenly across the market. Entities with Australian or other overseas parents may be able to reuse group methodologies, systems and expertise, whereas domestic-only entities may incur comparable implementation costs without receiving the same reduction in duplicate reporting. Costs will also vary by existing use of the GHG Protocol, maturity of scenario analysis, capability to quantify financial effects and strength of internal controls. A segmented assessment as part of the proposed 2027 readiness review would give the XRB a better basis for judging proportionality, transition relief and timing, and would reduce the risk that an aggregate conclusion obscures material impacts on particular entity groups.

Recommendations

- Segment the impact assessment by entity type, maturity, cross-border exposure and requirement;
- Separately identify transition, recurring, governance, assurance, and dual-standard costs;
- Assess benefits for primary users through direct investor, lender and creditor research; and
- Update the assessment when the exposure draft is issued and through a post-implementation review.

Implementation considerations

XRB could use confidential case studies to obtain realistic cost information without requiring public disclosure of commercially sensitive estimates.

Stakeholder implications

Domestic preparers bear most direct costs, while users and internationally connected groups may capture a larger share of benefits. The assessment should make these distributional effects visible.

Question 3

From a primary user perspective, would adopting IFRS S2 improve the climate information relied on for decision making? Which disclosures matter most?

SLR response and position

Supports with modification. SLR expects IFRS S2 to improve international comparability and provide more detailed decision-useful information in several areas. The likely benefit depends on implementation quality, connectivity to financial reporting and avoidance of generic statements. The most important disclosures are those that explain climate resilience, current and anticipated financial effects, transition assumptions and progress, material GHG performance and the connection between climate information, strategy and financial decisions.

Rationale

The strongest case for improved primary-user information is not the overall volume of additional disclosure, but the closer connection IFRS S2 seeks between climate matters and an entity's prospects. Information about resilience, current and anticipated financial effects, transition assumptions, progress against plans and significant judgements can help users assess exposure, management response and reliance on uncertain future actions.

While different from current NZ CS requirements, SLR considers that the IFRS S2 requirements have the potential to improve decision usefulness. However, if implementation of NZ IFRS S2 produces boilerplate disclosures or unsupported precision, the requirements may increase reporting volume without improving decisions. Direct user feedback during the exposure drafts is therefore necessary to confirm which differences from NZ CS create material information value.

Recommendations

- Prioritise resilience, financial effects, transition progress, GHG performance and connected information in implementation support;
- Conduct direct field testing with investors, lenders and other creditors;
- Monitor whether additional detail improves decisions; and
- Publish findings on which disclosures primary users consider most valuable.

Implementation considerations

Useful disclosure will require integration among sustainability, risk, finance, strategy and governance teams. Training should address connected information and consistency with financial statements.

Stakeholder implications

Users should gain better cross-border comparability but may need education during transition and must understand differences between NZ CS and NZ IFRS S2.

Question 4

From a CRE perspective, should any IFRS S2 requirements, or incorporated climate-relevant portions of IFRS S1, be removed or changed?

SLR response and position

Supports with modification. SLR does not recommend general removal of any IFRS S2 requirements, or climate-relevant IFRS S1 requirements. A stable baseline supports comparability and the ability to state compliance. Any removal should be supported by evidence that reliable information cannot be obtained at reasonable cost or that the requirement produces little user benefit.

Rationale

Maintaining the IFRS S2 baseline supports consistent application, international comparability and the ability of New Zealand entities to make an ISSB-aligned compliance statement. At the same time, some requirements involve emerging methods, substantial estimation uncertainty or new information systems. Removing such requirements before testing their practical effect would be premature, while retaining them without implementation support could impair reporting quality. The proportionality mechanisms in IFRS S2 provide a preferable first response because they preserve the disclosure objective while recognising limits on available information, skills and resources.

Recommendations

- Retain the IFRS S2 baseline;
- Use targeted relief only where necessary, with explanation requirements; and
- Clearly disclose the effect of each modification on ISSB compliance assertions.

Suggested wording changes

Where relief is provided, use wording that requires an entity to explain why the information cannot be provided, the efforts undertaken, the qualitative information available and the steps being taken to improve future disclosure.

Implementation considerations

Implementation should include a requirement-by-requirement transition map, worked examples and internal-control guidance. Proportionality should not be interpreted as an automatic exemption based on entity size.

Stakeholder implications

Preparers gain a manageable pathway, which is comparable to the Australian approach; users retain a common baseline and receive explanations when quantitative information is unavailable; assurance practitioners gain clearer evidence expectations.

Question 5

What are your views on the Australian harmonisation options for industry-based disclosures?

SLR response and position

Supports Option 2, with modification. NZ IFRS S2 should require disclosure of relevant industry-based metrics, while changing the requirement to refer to and consider the SASB-derived industry guidance from mandatory to optional. This retains sector-relevant information without requiring immediate application of a large body of guidance that has not completed New Zealand-specific due process.

Rationale

Industry-based information can reveal risks, opportunities and performance drivers that cross-industry metrics do not capture, so removing the requirement entirely could reduce sector comparability and decision usefulness. However, mandatory consideration of the complete SASB-derived guidance would require entities to assess extensive material that has not undergone full New Zealand-specific due process and may not fit every local business model. Option 2 separates the useful disclosure objective from mandatory dependence on a particular source of guidance. Requiring entities to explain how relevant metrics were selected would support accountability while allowing practice to develop ahead of the Australian review and further ISSB work.

SLR recommends that the XRB assess each NZ CS requirement that is not present in IFRS S2 against decision usefulness, reliability, implementation cost and international comparability. SLR considers that the GHG emissions intensity requirement should be retained. SLR also sees value in transparent information about financial effects before and after planned responses, provided that proportional relief is available where reliable counterfactual quantification is not feasible.

Recommendations

- Adopt Option 2;
- Provide principles for selecting relevant metrics, including materiality, business-model fit, measurement reliability and consistency over time;
- Permit, but do not require, use of SASB guidance and other credible sources; and
- Review the approach after Australian work is completed and further ISSB due process occurs.

Suggested wording changes

Replace “shall refer to and consider” with “may refer to and consider”. Retain a requirement to disclose industry-based metrics relevant to material climate-related risks and opportunities and explain the basis for selecting those metrics.

Implementation considerations

Entities will need documented metric-selection processes, definitions, boundaries and controls. Examples should cover multi-sector groups and cases where no SASB metric is suitable.

Stakeholder implications

Users retain sector-relevant information. Preparers avoid mandatory review of extensive guidance. Some reduction in metric consistency is possible and should be managed through transparent selection rationale.

Question 6

With regard to Australian harmonisation, how should scenario analysis be approached?

SLR response and position

Supports with modification. SLR recommends that NZ IFRS S2 require at least three scenarios, including a 1.5°C scenario and a credible higher-warming scenario. Entities should be permitted to use additional scenarios where useful, and should apply proportionate methods consistent with the purpose of assessing resilience. This creates a comparable minimum aligned broadly with Australia while avoiding unnecessary prescription of methodology or scenarios.

Rationale

Scenario analysis is intended to test resilience across materially different futures, not to predict a single outcome. A minimum of three temperature-anchored scenarios creates a common analytical floor and supports trans-Tasman comparability, while allowing additional scenarios enables entities to address sector-specific physical and transition dynamics. Prescribing the specific scenarios to use in every case may impose effort without an equivalent increase in insight, whereas allowing a single scenario could weaken challenge and comparability. Requiring entities to justify scenario selection, assumptions and dependencies would place emphasis on analytical quality and governance rather than a purely numerical compliance test.

Recommendations

- Set three scenarios as the minimum number, consistent with NZ CS requirements;
- Specify 1.5°C and a credible higher-warming scenario, selected and justified by the entity;
- Continue to permit additional scenarios and sector-level reference scenarios;
- Clarify the relationship among scenario analysis, transition planning, climate resilience assessment and annual disclosure updates; and
- Provide guidance on scenario sources, assumptions, quantification, refresh cycles and governance.

Suggested wording changes

Suggested requirement: “An entity shall use at least three climate-related scenarios, including a scenario consistent with limiting warming to 1.5°C and a credible higher-warming scenario. The entity shall explain the rationale for the scenarios selected and use additional scenarios where necessary to provide a robust assessment of climate resilience.”

Implementation considerations

The standard should distinguish annual review of the resilience assessment from full re-performance of scenario analysis. Entities need flexibility to update assumptions when material changes occur rather than recreate an entire exercise annually.

Stakeholder implications

Preparers gain a clearer floor while primary users retain temperature-anchored comparability.

Question 7

Are changes or additions needed to NZ IFRS S2 to fit New Zealand reporting practice and market context?

SLR response and position

Supports with modification. SLR recommends a restrained package of local additions. NZ IFRS S2 should preserve transparent information about anticipated financial effects before and after planned responses where that distinction is decision-useful, while allowing relief where reliable counterfactual quantification is not feasible. It should also preserve the requirement to disclose GHG emissions intensity. Technical amendments required by New Zealand legislation, including the assurance scope and reporting-entity override, should remain narrow and clear.

Rationale

Local additions are justified only where they preserve information that is demonstrably useful and can be produced with sufficient reliability. GHG emissions intensity can help users interpret changes in absolute emissions alongside changes in activity or scale, although transparent denominator selection is essential. Separating financial effects before and after planned responses can show both gross exposure and the degree to which an entity relies on mitigation or adaptation actions. The latter analysis can be highly uncertain, particularly where the counterfactual is not observable. A reliability-based relief, accompanied by qualitative explanation and disclosure of assumptions, would retain the information objective without encouraging false precision. Narrow statutory modifications are also necessary so the standard operates consistently with the FMC Act.

Recommendations

- Retain GHG emissions intensity, with transparent denominator and methodology;
- Require disclosure of material financial effects both before and after planned responses where reliably estimable and decision-useful;
- Where reliable quantification is not feasible, require qualitative explanation, key assumptions and steps toward improved information; and

Suggested wording changes

Suggested financial-effects wording: “Where material and reliably estimable without undue cost or effort, an entity shall separately disclose the anticipated financial effects before planned mitigation or adaptation responses and the anticipated effects after those responses. Where reliable quantification is not feasible, the entity shall explain the reasons, provide available qualitative information and disclose key assumptions and dependencies.”

Implementation considerations

Guidance should address counterfactual assumptions, interaction with approved plans, treatment of actions already embedded in the business, uncertainty and consistency with financial planning. GHG intensity guidance should address denominator changes and comparability.

Stakeholder implications

Users gain transparency about gross exposure and reliance on planned actions. Preparers face additional estimation effort, mitigated by relief and qualitative disclosure. Governance bodies must oversee assumptions and dependencies.

Question 8

Do you support the proposed implementation timeline?

SLR response and position

Proposes an alternative approach. SLR does not support mandatory application only from 1 January 2033. SLR recommends mandatory application for reporting periods beginning on or after 1 January 2028, subject to a formal readiness review in 2027. Early adoption should remain available.

Rationale

SLR does not support mandatory application only from 1 January 2033. A seven-year period of optional early adoption risks reduced comparability, maintenance of two frameworks, loss of momentum and exposure to repeated international changes. Furthermore, New Zealand entities are already reviewing the experience of Australian companies in their first year of mandatory reporting; learnings from these reports can be implemented sooner and may even reduce compliance burden for those with Australian or overseas parents.

SLR recommends mandatory application for reporting periods beginning on or after 1 January 2028, subject to a formal readiness review and engagement with primary users and reporting entities in 2027. This will provide a clear baseline and rationale as application of NZ IFRS S2 becomes mandatory.

Recommendations

- Set mandatory application at reporting periods beginning on or after 1 January 2028;
- Conduct a public readiness review during 2027, in parallel with exposure draft consultation, focused on systems readiness, assurance capacity and lessons from Australian implementation;
- Retain one-way early adoption; and
- Publish annual implementation milestones and support materials in line with initial NZ CS rollout.

Suggested wording changes

Replace “reporting periods beginning on or after 1 January 2033” with “reporting periods beginning on or after 1 January 2028.”

Implementation considerations

A 2028 date would provide approximately one year following publication of the proposed exposure draft and would reflect New Zealand entities' existing experience with NZ CS and the availability of implementation learnings from Australia and other IFRS S2 jurisdictions. The readiness review should not operate as an automatic deferral mechanism and should state objective criteria.

Stakeholder implications

Users gain earlier common comparability while preparers receive a defined runway. However, the XRB and assurance providers need sufficient capacity for support, monitoring and issue resolution.

Question 9

Do you have any other comments?

SLR response and position

SLR recommends that the XRB address linked implementation and regulatory matters while keeping the roadmap focused on climate. The success of NZ IFRS S2 will depend on implementation support, clear regulatory interfaces, assurance readiness and a formal review cycle. Broader sustainability and nature reporting should continue to be monitored but should not delay the present climate roadmap.

Rationale

Successful implementation depends on the wider reporting architecture as well as the text of NZ IFRS S2. Regulatory recognition, assurance readiness, implementation support and issue escalation involve the XRB and other bodies operating within distinct mandates. Clear coordination would help entities understand which matters are addressed by the standard and which require regulatory recognition or exemption decisions.

The relationship of NZ IFRS S2 with He Tauira also warrants explicit explanation. NZ IFRS S2 would provide investor-focused climate information about risks and opportunities affecting an entity's prospects, while He Tauira can support voluntary reflection and reporting on purpose, strategy and intergenerational impact for a broader range of interested parties. Practical guidance on reporting location, cross-referencing, materiality, governance and assurance status would help entities use both coherently and avoid duplication or confusion. Broader nature and impact-reporting work should remain connected to, but should not delay, the climate roadmap.

Recommendations

- Develop a coordinated transition-support programme with the FMA and assurance standard setters within their respective mandates;
- Publish clear information on recognition and exemption pathways, while avoiding promises outside XRB authority;
- Establish a post-implementation review with published success measures;
- Continue mid-tier and nature monitoring as separate workstreams; and
- Maintain an issues log and implementation forum during transition.

Implementation considerations

Implementation forums should include CREs, users, Māori organisations, sector groups, assurance practitioners and advisers. Materials should continue to distinguish authoritative requirements from educational support.

Stakeholder implications

Reporters receive clearer pathways and fewer surprises. Primary users benefit from monitored quality. Regulators and assurance providers gain an organised mechanism for identifying emerging issues.

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