



External Reporting Board
Level 6
154 Featherston Street
Central Wellington 6011

By email: sustainability@xrb.govt.nz

28 September 2026

Consultation - Draft climate reporting roadmap

Dear Sir/Madam

PricewaterhouseCoopers (PwC) welcomes the opportunity to respond to the XRB's Consultation Document on the proposed direction for climate reporting in New Zealand and the accompanying climate reporting roadmap.

While we have no firm view on the options you have presented, we do have experience to share from working with clients preparing climate related disclosures (CRD) under both NZ CS and AASB S2 standards, and applied learnings from our international counterparts who help global clients meet different reporting obligations across the world. We believe these will be valuable to help you in your consultation process.

Please refer to our responses below to the questions outlined in the Consultation Document.

Thank you for taking the time to read our comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Victoria Ashplant'.

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Responses

These are the consultation questions in the online survey.

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

We support the XRB proceeding to an exposure draft of NZ IFRS S2 on the basis that international alignment should be the anchor for the future direction of climate reporting in New Zealand. This approach offers a clearer and more enduring end-state to maintain international alignment and is preferential to piecemeal amendments to NZ CS.

ISSB standards are being adopted or used at scale across the world by more than 45 jurisdictions¹. As a relatively small capital market, New Zealand has a particular interest in maintaining a globally recognisable reporting baseline that enables its entities' climate related information to be readily understood and compared by international investors and allows New Zealand entities to leverage international systems, methodologies and expertise. Accordingly, alignment with IFRS S2 should be the default position.

Harmonisation with Australia is also important, particularly where it improves Trans-Tasman interoperability and reduces unnecessary duplication for entities operating across both jurisdictions, but should not be the sole objective.

Whether for the purpose of local relevance or to harmonise with Australia, any departure from IFRS S2 should be assessed on its merits, particularly if the outcome weakens our global comparability. Another important factor is modifications that remove or change IFRS S2 requirements may affect whether New Zealand entities are able to state compliance with the ISSB Standards within their disclosures.

We support a direction of travel that aligns globally by default, with harmonisation to Australia where it improves interoperability without materially compromising alignment with the global baseline.

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

We agree with the benefits and costs already identified by the XRB however, the assessment did not consider the timeliness of transition and the impact on broader market participants beyond climate reporting entities.

We request the XRB places greater emphasis on the system-wide cost, including the opportunity cost, to New Zealand of operating two climate-reporting frameworks for an extended period.

A prolonged transition risks keeping entities focused on evolving reporting requirements, rather than embedding and redirecting effort towards climate strategy, risk management and business resilience. It can create market fragmentation, reduce comparability for investors, increase regulatory and interpretive complexity, require duplicated education and guidance, and require preparers, users, regulators and assurance practitioners to maintain parallel reporting infrastructure and comparison tools.

In our experience of working alongside entities reporting under dual-standards, examples of the incremental costs of running parallel reporting standards might include:

- **Maintaining ongoing mappings and reconciliations between the two standards.** Entities reporting under NZ CS but providing information to an IFRS S2-reporting parent, investor or lender may need to maintain a detailed mapping to identify differences and prepare supplementary disclosures each reporting period.
- **Operating duplicate or modified reporting processes and controls, including record keeping.** Where the standards differ, for example in relation to GHG measurement or climate scenario disclosures, entities may need separate calculations, controls, evidence files, review processes and governance approvals rather than relying on a single reporting process.
- **Managing different transition provisions, effective dates and future amendments.** Preparers would need to monitor when amendments are made or when reliefs expire under each framework, maintain different comparative information and customise systems, methodologies, policies and training to separately manage future amendments made by ISSB and XRB to their respective standards.
- **Additional group reporting, assurance and market-communication costs.** New Zealand entities may need to explain and reconcile NZ CS disclosures for overseas parents, auditors, investors and regulators that recognise IFRS S2 but are unfamiliar with NZ CS, limiting the ability to reuse disclosures and assurance work across jurisdictions.
- **Duplication of ongoing training** having to maintain understanding and developments across two sets of reporting standards and their application and interpretation.
- **Opportunity cost** compliance effort reduces the time and energy reporters have available to make reporting improvements that could add greater value to their business' risk and opportunity assessments and decision making.

¹ *Jurisdictional Adopters Working Group (JAWG), 1 July 2026 Meeting summary. The JAWG informs the work of the IFRS Foundation and the ISSB IFRS Foundation – Jurisdictional Adopters Working Group meeting summary: passporting and cross-border reporting (1 July 2026)]*

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

We request that the XRB consider both entity-level transition costs and broader market costs when assessing the roadmap, including how costs are distributed across different types of market participants beyond climate reporting entities and what implementation infrastructure will be required to convert alignment in principle into efficient reporting in practice.

Under the proposed timeline to 2033, the market would contain reports prepared under different standards for a prolonged period of up to seven years. Research by the University of Otago into the effectiveness of the NZ Climate-related disclosure framework has found that higher costs were concentrated among later reporters². ISSB analysis of responses to the IFRS S1/2 exposure draft identified that “most investors indicated that the benefits of implementing IFRS S1 and S2 are likely to outweigh the costs”³.

While a longer transition period may reduce near-term implementation pressure for individual climate reporting entities, it also extends the period over which the broader market bears the costs of operating two frameworks and delays the benefits of greater comparability and international alignment. We therefore recommend a shorter transition period, while allowing sufficient time to support high-quality implementation, so that the benefits of the new framework can be realised sooner by climate reporting entities and other market participants.

3. From a primary user perspective:

- a. Would adopting IFRS S2 improve the climate information you rely on for decision making?
- b. Which disclosures matter the most to you?

We are not responding as a primary user. However, findings from investor research and our observations of reporting practice suggest that adopting IFRS S2 would improve the comparability and connectivity of climate information available to support decision making of climate risk and financial impact:

Comparability and consistency

- PwC’s 2024 Global Investor Survey found that 72% of investors agree that how a company manages sustainability-related risks and opportunities is an important factor to making investment decisions⁴. Consistent definitions, methodologies and presentation of how climate risk and opportunities impact business should make comparisons with entities with similar business models and exposures across jurisdictions easier for global investors and trading partners of New Zealand.
- The Principles for Responsible Investment’s 2025 response to the XRB’s international-alignment Request for Information⁵ (RFI) states that “decision-useful corporate sustainability disclosure is a prerequisite for responsible investment”. Their response also stated that “full alignment... [with IFRS S2] is preferable for investors given it would provide them with more comparable and better-quality reporting across portfolios”.

Connectivity

- Our climate reporting entities report under NZ IFRS financial reporting standards. The ISSB’s IFRS S2 is designed to complement the financial reporting of a company to give investors and other decision makers full oversight of corporate performance. IFRS S2 alignment supports a connected approach to the disclosures on anticipated financial impacts and quantification of climate risks on business performance and value.

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

We support high-fidelity adoption of IFRS S2. Any New Zealand-specific modification or departure should be limited to circumstances where there is compelling evidence that a requirement would impose disproportionate cost in the New Zealand context without a commensurate benefit to users. The value of the roadmap depends on NZ IFRS S2 providing information that is recognisable and comparable internationally. Accordingly, departures from the international baseline should be evidence-based, targeted and no broader than necessary.

This approach applies not only on transition but should also create a presumption that future IFRS S2 amendments are incorporated into NZ IFRS S2, subject to the XRB’s due process and any compelling New Zealand-specific reason for departure.

For example, the XRB should incorporate the ISSB’s December 2025 targeted GHG amendments into NZ IFRS S2 from inception, as has been considered for inclusion in NZ CS via the XRB’s previous consultation Proposed amendments to

² The July 2026 New Zealand effectiveness evaluation found that higher costs were concentrated among later reporters (those who waited until after the mandates are put in place), and participants expected costs to stabilise with experience. *XRB / University of Otago – Effectiveness Evaluation of the Aotearoa New Zealand Climate-Related Disclosure Framework (July 2026)*

³ International Sustainability Standards Board, *Effects Analysis: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (IFRS Foundation, June 2023)*, p. 6

⁴ *PwC’s Global Investor Survey Report 2024*, p.3

⁵ *PRI Response*, June 2025

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

NZ CS 1 (2026). Those amendments respond to practical challenges that are also relevant to New Zealand CREs relating to financed emissions, alternative industry classifications, jurisdictional measurement methods and global-warming-potential values, while retaining investor-useful information.

Our views on changing the requirements in IFRS S2 to disclose industry metrics have been incorporated into the response on question 5.

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

We acknowledge the importance of comparability and the value that industry metrics can bring, however, for the reasons below, requiring entities to refer to and consider a prescribed set of industry-based guidance has the potential to cause undue effort where the relevance and value to users is still undetermined:

- Challenges defining what industry a reporting entity or consolidated group is in when the nature of services cut across multiple sectors.
- Assumes that the entity operates the same way as its peer group. A common metric does not necessarily produce genuinely comparable information if entities apply different boundaries, data sources, estimates, assumptions and calculation methodologies. This could create a risk of 'apparent comparability' where disclosures are taken at face value but are not directly comparable in reality.
- The selection and disclosure of industry metrics in sustainability reporting is new. Whether the existing set is the most appropriate set of metrics for the industries is questionable and are likely to develop over time.
- Prioritises a pre-established set of metrics over what is used by management, the board and investors to monitor and make decisions about the business (who may or may not use industry metrics).

These could all lead to issues in trying to compare entities that are not, in fact, comparable and has the risk of encouraging users to focus on information that is superfluous or irrelevant to the business, distracting from what is material to decision making.

Many countries have chosen not to adopt industry metrics as part of their IFRS S2 adoption, most notably being Australia and South Korea/UK, where the jurisdictional standards have either deleted the IFRS S2 requirements relating to industry related metrics (AASB S2)⁶ or making industry based metrics optional rather than mandatory (KSDS and UK SRS⁷).

Recognising the above and the XRB's due-process concern regarding the breadth of the current guidance, we consider Option 2: *Provide flexibility about industry-based metrics* as the most appropriate interim approach.

In this approach, NZ IFRS S2 retains the requirement for entities to disclose industry-based metrics as it currently requires under NZ CS, giving business the ability to continue to report industry metrics that are meaningful and material for them and their users of their reports. This allows New Zealand CREs to report in line with IFRS S2 and use the ISSB industry-based guidance should they desire, allowing them to state ISSB compliance. Importantly, and for the reasons above, where the CRE elects that the industry metrics in the IFRS' industry based guidance are not of value to report, it will offer a practical approach for them to continue reporting the same set of industry metrics that they are currently doing under NZ CS.

We would not recommend introducing additional New Zealand-specific disclosure requirements alongside Option 2. Doing so would risk creating further local divergence.

We caution against the use of Option 1 which would remove potentially decision-useful information and reproduce an Australian departure that the AASB itself describes as interim, which would create instability as the XRB may need to revisit later like Australia plans to. In fact, a further benefit of Option 2 is that it enables CRE's flexibility to respond to future changes in the Australian regime allowing them to mirror any industry metrics if they seek Trans-Tasman alignment.

We believe Option 2 provides the best balance: it retains industry-based metrics in reporting as considered useful for decision making, avoids imposing the full breadth of the ISSB industry guidance before that material has sufficiently matured which allows CREs to retain the industry metrics as used under NZ CS if they find more value in them, and provides a clear pathway towards greater international and Trans-Tasman alignment over time.

6. With regard to Australian harmonisation, what are your views on how we should approach scenario analysis?

IFRS S2 does not prescribe a number of scenarios, rather the approach must be commensurate with the entity's circumstances. We favour alignment with IFRS S2 that allows CREs the ability to select the most appropriate number and type of scenarios most relevant to assessing the risk of climate on their business.

⁶ Australia has, as an interim measure, removed the requirement to disclose industry-based metrics from AASB S2 (see AASB S2 paragraphs 28(b) and 32, and Basis for Conclusions paragraphs BC28–BC30) <https://standards.aasb.gov.au/aasb-s2-sep-2024>

⁷ Korea Sustainability Standards Board (KSSB), KSSB Disclosure Standard No. 2 *Climate-related Disclosures* (2026), para. 32 https://www.kasb.or.kr/front/board/sstnb_stndrList.do?tab=B&utm and UK SRS S2: Climate-related Disclosures, February 2026, see examples paragraph 12 and 32.

6. With regard to Australian harmonisation, what are your views on how we should approach scenario analysis?

We anticipate that NZ CREs would welcome the ability within NZ IFRS S2 to permit an entity to use scenario analysis that is consistent with those prepared for an Australian parent, overseas group or another regulatory requirement where the analysis covers the New Zealand reporting entity, addresses its material exposures and meets the disclosure and resilience requirements. Where local risks differ, the entity could supplement rather than duplicate an analysis done for another purpose, making it much easier for CREs to reuse group or Australian scenario analysis for international and Trans-Tasman interoperability. Interoperability should be given significant weight in determining the final requirements.

Interoperability is likely to be achievable without departure from the IFRS S2 standard which allows entities to choose scenarios that provide a robust basis for assessing resilience and informing decisions, rather than prescribing a particular scenario, modelling platform or data provider. The emphasis should be on the quality and decision-usefulness of the analysis rather than the number of scenarios performed.

In considering whether any New Zealand-specific minimum of scenario should be retained, the benefits should therefore be weighed against the costs of maintaining a permanent departure from the international and Trans-Tasman baseline.

It is important to note that moving away from a mandatory minimum number of scenarios does not mean that NZ CREs' scenario analysis will be less useful or less robust. Under IFRS S2, the approach to scenario analysis must be commensurate with the entity's circumstances and for some CREs, that may still mean three or more scenarios where needed to robustly assess resilience. We anticipate guidance from the XRB in this regard would be important to set clear expectations in the market of how the NZ IFRS S2 standard would be used.

7. Are any changes or additions needed to NZ IFRS to fit with New Zealand's reporting practice and market context?

We support only limited locally relevant modifications. Modifications required to make NZ IFRS S2 operate within New Zealand legislation are appropriate. Beyond this, additions, removals or changes should require clear evidence that they materially improve decision-useful information for New Zealand primary users or avoid disproportionate economy-wide cost and loss of international comparability.

Existing NZ CS requirements should not automatically be carried forward solely because entities are familiar with them. Equally, IFRS S2 requirements should not be removed solely to reduce transition effort. Where possible, New Zealand should preserve the ability for reporting entities to state compliance with the ISSB climate-related requirements.

This is consistent with the XRB's own compelling reason⁸ threshold for local modifications and the ISSB's jurisdictional approach, under which additional jurisdictional specific requirements do not necessarily prevent compliance with the ISSB climate requirements, provided they do not obscure the information required by the ISSB Standards.

The XRB and Government should continue to pursue mutual recognition/passporting arrangements with Australia and other major markets where feasible, because eliminating duplicate reporting is likely more economically valuable than simply making the wording of the standards similar.

A note on transition from NZ CS to NZ IFRS S2:

IFRS S2 does not contemplate moving from one local regime to the international one. Transition impacts should be considered, for example, the impact on comparative reporting in the period an entity transitions from NZ CS to NZ IFRS S2, for example if transition would require restatement in year 1 adoption of NZ IFRS S2 of any comparative information and/or trend reporting.

8. Do you support the proposed implementation timeline?

We support a meaningful transition period however question whether deferring mandatory application from 2033 is proportionate to the requirements. Too long increases cost and complexity, and risks stalling momentum. There is value in a faster transition, with a clear end state that provides certainty and consistency.

We therefore recommend that the XRB consider an earlier mandatory date from 2028 for the following reasons:

- A transition to NZ IFRS S2 as the remaining adoption provisions are removed from NZ CS in 2027/8 is likely to be more efficient than working to report on full NZ CS requirements, followed by a second and subsequent transition to NZ IFRS S2.
- New Zealand CREs are already experienced climate reporters and some are already reporting ASRS standards demonstrating that preparing IFRS-based reporting is able to be done in a shorter period of time. The Aotearoa New Zealand Climate Standards and IFRS Sustainability Disclosure Standards Comparison Document demonstrated close alignment already between the two frameworks.
- NZ CREs with international reporting obligations in Australia and/or with international parents and groups and likely to early adopt NZ IFRS S2 to reduce fragmentation of standards within their organisations.

⁸ XRB Draft climate reporting roadmap consultation document, section 7.3.3. It mentions "when considering any proposal that would add to, remove, or otherwise change the requirements in IFRS S2, a compelling reason to do so would need to be identified"

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- The costs of running a dual-reporting regime for up to seven years as detailed in response number 2 are unnecessary and risk diminishing the value of the NZ IFRS implementation. The cost on market participants could become disproportionately higher to manage for few lagging CREs, particularly when the CRE population is a small proportion of NZ businesses. This cost is exacerbated if more CREs choose to early adopt and costs to maintain NZ CS are benefiting only a few lagging CREs.
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9. Do you have any other comments?

We have no further comments beyond those set out above. We encourage the XRB to maintain active engagement with the ISSB and AASB as implementation experience develops internationally, and to revisit transitional or jurisdiction-specific modifications where that evidence indicates they are no longer necessary.
