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The External Reporting Board
Via email: climate@xrb.govt.nz

29 September 2026

KPMG New Zealand submission: XRB consultation on draft climate reporting roadmap

KPMG New Zealand's purpose is to fuel the prosperity of Aotearoa New Zealand for the benefit of all New Zealanders – Titokona tō tātou tōnuitanga, mō Aotearoa, mō Tātou. We recognise that the decisions made today about the future direction of climate reporting in Aotearoa New Zealand will influence the quality, comparability and usefulness of climate-related information available to investors, businesses and other stakeholders for years to come. As New Zealand aligns with evolving international standards, its climate reporting framework should remain globally credible and locally relevant, with requirements proportionate to entities' size, circumstances and the information needs of primary users. We therefore welcome the opportunity to provide our feedback on the External Reporting Board's Draft Climate Reporting Roadmap and the proposed approach to the future development of climate reporting in New Zealand.

Please find our response to the questions posed in the consultation document below:

Q1 – Do you support the strategic direction for climate reporting set out in the draft climate reporting roadmap?

KPMG strongly supports the strategic direction for climate reporting set out in the draft roadmap. IFRS S2 has emerged as the global baseline for climate-related disclosures, and alignment with that baseline would support greater international comparability, improve access to capital markets, and reduce the risk of New Zealand's climate reporting regime falling behind international practice. Australia is New Zealand's most relevant comparison jurisdiction, and closer Trans-Tasman alignment is particularly important given the number of New Zealand climate reporting entities with Australian ownership, operations, investors, and lenders.

While adoption of IFRS S2 may increase reporting requirements in some areas in the short term, we consider that a clear future state is preferable to ongoing incremental amendments to NZ CS. A well-signalled transition to an IFRS S2-aligned regime would provide greater certainty for preparers, users and assurance practitioners, while over time simplifying reporting and assurance processes through the use of common concepts, definitions and methodologies across jurisdictions.

Q2 - Do you have any further information you consider relevant to our consideration of the benefits and costs of the draft roadmap?

We consider that further assessment is needed of the costs and benefits of transitioning to NZ IFRS S2 from the perspective of the primary users of climate statements, as defined in the Aotearoa New Zealand Climate Standards. Current analysis appears to focus primarily on the impacts for climate reporting entities, with less attention given to the implications for users of climate-related information. In particular, IFRS S2 does not require disclosure of greenhouse gas emissions exclusions and the rationale for those exclusions. This matter has been the subject of a recent XRB consultation, and we consider such information to be decision-useful for primary users because it provides important context regarding the completeness and comparability of reported emissions.

Our response to Question 7 outlines the local modifications we consider necessary to ensure that NZ IFRS S2 remains relevant in the New Zealand context. These recommendations are informed by the current climate reporting framework, the information needs of primary users, and the characteristics of New Zealand's broader reporting environment.

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Q3 - From a primary user perspective:**(a) Would adopting IFRS S2 improve the climate information you rely on for your decision making?****(b) Which disclosures matter most to you?**

Not applicable

Q4 - From a CRE perspective, should any of the IFRS S2 requirements (or incorporated climate-relevant portions of IFRS S1) be removed or changed?

As a non-climate reporting entity (CRE), we consider that an internationally aligned climate reporting framework that has minimal changes enhances the comparability and consistency of our reporting with other organisations in New Zealand and Australia and with our international network partners.

Q5 - What are your views on the Australian harmonisation options for industry-based disclosures?

KPMG supports Option 2, under which climate reporting entities would be required to disclose relevant industry-based metrics while the associated guidance remains optional. In our view, this option best balances international alignment with practical implementation in the New Zealand market. Industry-based metrics can provide highly decision-useful information for primary users, particularly as reporting practice matures, but immediately importing the full body of SASB-derived guidance would risk creating disproportionate complexity and may not always reflect New Zealand's industry structure or economic context. Retaining a requirement to consider and disclose relevant industry-based metrics would also reduce the risk of permanent divergence from IFRS S2, while allowing preparers and assurance practitioners to build capability progressively and preserving flexibility as Australia revisits its approach to industry disclosures in future.

Q6 - With regard to Australian harmonisation, what are your views on how we should approach scenario analysis?

We support retaining the existing NZ CS approach to scenario analysis rather than adopting the more permissive IFRS S2 approach. NZ CS has established a clear and practical framework requiring a minimum of three scenarios, including a 1.5°C scenario and a higher warming scenario (currently $\geq 3^{\circ}\text{C}$), with most entities also disclosing a mid-point warming scenario. This approach promotes consistency and comparability across New Zealand climate statements, maintains continuity with established reporting practice, and reflects the XRB's original rationale that three scenarios are preferable to a simple "good" and "bad" outcome framework.

From an Australian harmonisation perspective, we do not consider the NZ CS approach creates a significant burden for entities that have Australian or international parents. The Australian framework already requires climate resilience to be assessed using prescribed temperature pathways, meaning there is substantial overlap in the underlying analysis undertaken by many reporting groups.

We therefore consider that retaining the existing NZ CS requirements strikes an appropriate balance between Australian harmonisation, international interoperability and decision-useful disclosures for New Zealand primary users. We do also consider that raising the warming level from 1.5°C to 2°C for the lower scenario should be considered to reflect the warming track the planet is currently following to ensure information provided remains relevant.

Q7 - Are any changes or additions needed to NZ IFRS S2 to fit with New Zealand's reporting practice and market context?

The introduction of a Reduced Disclosure Regime alongside NZ IFRS S2 would provide a clear reporting pathway for a range of private companies and previously captured climate reporting entities to voluntarily report climate-related information to investors, lenders, customers and other stakeholders with an internationally aligned framework. This framework, albeit with reduced disclosure requirements, enables consistency, clarity and comparability across voluntary reporting with one common reporting framework used in full.

Illustrative examples of an NZ IFRS S2 RDR framework below:

Disclosure	IFRS S2	RDR
Governance	Full IFRS	Full
Risk management		Full
Scope 1 & 2		Full
Scope 3		Material categories
Targets		Full
Industry metrics		Material metrics only
Scenario analysis		Qualitative permitted
Climate resilience		Simplified
Anticipated financial effects		Primarily qualitative
Capital deployment		Narrative
Transition plans		High-level
Internal carbon price		Existing IFRS treatment

Beyond RDR, there are a small number of existing NZ CS requirements that provide useful information to users and should be retained. The most important of these are the scenario analysis requirements, particularly the requirement to consider a minimum of three scenarios including a 1.5°C scenario and a higher warming scenario. These requirements promote greater consistency and comparability between entities and have become embedded in New Zealand reporting practice. We also support retaining the requirement to disclose a summary of material exclusions from GHG emissions disclosures, including excluded facilities, operations, assets or emissions sources, together with the reasons for exclusion. This provides important transparency over reporting boundaries and helps users understand the completeness of disclosed emissions information.

Finally, we recommend that any proportionality mechanism be primarily based on materiality rather than an "undue cost or effort" threshold. If information is not material to primary users' decisions, entities should be able to omit that information. A materiality-based approach is more consistent with established financial reporting principles, promotes better quality disclosures, and reduces the risk of lengthy disclosures being included solely because they can be produced rather than because they are decision-useful.

Q8 - Do you support the proposed implementation timeline?

KPMG does not support the proposed transition period to 1 January 2033. While we support early adoption being available, we consider the proposed six-year period between issuance and mandatory application is unnecessarily long and would delay the benefits of greater international alignment, comparability and consistency that adoption of IFRS S2 is intended to achieve. The proposed timeframe is significantly longer than implementation periods typically provided for new financial reporting standards in New Zealand, despite IFRS S2 largely representing a transition from one climate reporting framework to another rather than the introduction of an entirely new reporting regime. Climate reporting entities have been preparing mandatory climate statements since 2023 and have already developed governance structures, reporting processes, data collection systems and assurance arrangements. Given the substantial alignment between NZ CS and IFRS S2, we do not consider a transition period extending to 2033 is necessary for most entities. In our view, a mandatory application date in 2030 would provide sufficient implementation time while accelerating the benefits of international comparability and reducing the risk of New Zealand's climate reporting framework diverging from evolving international practice.



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Q9 - Do you have any other comments?

No

We once again would like to thank you for the opportunity to provide a submission on this consultation document. Please do not hesitate to contact Ian Proudfoot on iproudfoot@kpmg.co.nz should you wish to discuss our submission further

Kind regards

A handwritten signature in black ink that reads 'Ian Proudfoot'. The signature is written in a cursive style with a horizontal line underneath.

Ian Proudfoot
Partner