

29 September 2026

External Reporting Board
Te Kāwai Ārahi Pūrongo Mōwaho
Level 6/154 Featherston Street
WELLINGTON 6140

Via email: sustainability@xrb.govt.nz

Submission on draft climate reporting roadmap

Tēnā koutou

Thank you for the opportunity to comment on the External Reporting Board's draft climate reporting roadmap.

The Institute of Directors (IoD) supports credible, decision-useful climate reporting that strengthens governance oversight, strategic thinking, risk management, capital allocation and long-term resilience.

The IoD is proud to host [Chapter Zero New Zealand](#), the national chapter of the Chapter Zero Alliance. Chapter Zero NZ aims to support a sustainable, resilient, climate- and nature-positive net zero economy. We empower directors and boards to embed climate and nature into governance decisions to create long-term value. Many IoD members are directors of climate reporting entities (CREs) or organisations that rely on climate information for strategy, risk, investment and assurance decisions.

This submission is made from a director and governance perspective, with a focus on whether the proposed roadmap will improve decision-useful climate information while remaining proportionate, workable and supportive of effective board oversight.

Scope and submission summary

1. The IoD supports the strategic direction of moving towards an internationally aligned climate reporting framework based on IFRS S2, harmonised with Australia where appropriate, and modified where necessary for New Zealand's legislative, regulatory and market context.

About the Institute of Directors

The Institute of Directors (IoD) is New Zealand's pre-eminent organisation for directors and is at the heart of the governance community. We have over 10,500 members connected through our regional branch network and national headquarters. We believe in the power of governance to create a strong, fair and sustainable future for New Zealand.

Our role is to drive excellence and high standards in governance. We support and equip our members who lead a range of organisations from listed companies and large private organisations to state and public sector entities, small and medium enterprises, not-for-profit organisations and charities.

Our Chartered Membership pathway aims to raise the bar for director professionalism in New Zealand, including through continuing professional development to support good governance.

2. That support is in principle. The IoD's final position will depend on the detailed exposure draft of NZ IFRS S2, the treatment of New Zealand-specific modifications, the implementation timetable, and the extent to which the final framework improves decision-useful information at proportionate cost.
3. If New Zealand proceeds with NZ IFRS S2, it should align as closely as practicable with the international standard. New Zealand-specific departures should be exceptional and clearly justified. In particular, modifications may be necessary to make the standard workable within New Zealand's legislative or regulatory settings or to address a significant trans-Tasman interoperability issue. Existing New Zealand reporting practice should not, by itself, be sufficient reason to create a different requirement. The transition should be materially shorter than that proposed, early adoption should be straightforward for entities that are ready, and XRB implementation support should focus on helping entities transition rather than recreating a substantial body of New Zealand-specific requirements and guidance.
4. New Zealand should not lose the governance value developed through implementation of NZ CS. In the IoD's view, particular strengths include governance oversight, the practical use of scenario analysis, climate resilience assessment, transition planning, and connections between climate-related matters and strategy, risk management and financial planning. These strengths should inform implementation of NZ IFRS S2 and supporting guidance, rather than automatically being carried forward as additional New Zealand-specific requirements.
5. The IoD supports international alignment where it improves comparability, credibility, access to capital and interoperability for New Zealand entities operating across markets. Alignment should therefore be assessed by its practical benefits, including whether it improves the information available to primary users and reduces genuine duplication.
6. The IoD supports trans-Tasman harmonisation where it reduces duplication and supports comparable reporting outcomes across Australia and New Zealand. As Australia's sustainability reporting settings continue to evolve, the XRB should monitor Australian developments closely, including developments relating to assurance, proportionality, value chain information requests and alignment with other reporting requirements.
7. The IoD considers that implementation impacts should be tested before NZ IFRS S2 is finalised, but does not consider that this requires an extensive new cost-benefit exercise. A more proportionate approach would be for the XRB to engage directly with current CREs to understand transition readiness, material implementation barriers, cross-border reporting benefits and preferred timing.
8. The IoD does not support broad exemptions from IFRS S2. The international requirements should be the starting point. Where practical difficulties can be addressed through transition arrangements or implementation support rather than permanent local departures, that should be preferred.
9. The IoD supports retaining scenario analysis as a governance and strategy process but does not consider that NZ IFRS S2 should retain the current three scenario requirement or prescribe another fixed minimum. The requirement should focus on whether the analysis is sufficient to test the entity's material uncertainties, climate resilience and transition assumptions.
10. The IoD supports retaining flexibility for industry-based disclosures. Entities should disclose relevant industry-based metrics that they use to measure and manage material climate-related risks and opportunities. The IoD does not support mandatory use of extensive international industry guidance unless that material has been fully assessed for New Zealand relevance and consulted on.

11. The IoD supports a phased transition but considers the proposed 2033 mandatory application date too long. A transition of that length would prolong a two-standard market, make disclosures harder to compare and require entities, users and the XRB to continue navigating two regimes while IFRS S2 and AASB S2 themselves evolve. The XRB should test a materially earlier mandatory date directly with current CREs and primary users, while making early adoption as straightforward as possible for entities that are ready.
12. Practical implementation support will be important during the transition. The priority should be concise support on moving from NZ CS to NZ IFRS S2 and on areas that continue to present practical implementation challenges. The XRB should draw on ISSB and Australian educational and implementation material where possible rather than recreating a substantial body of New Zealand-specific guidance.

Summary of key positions

XRB questions	IoD position
1. Strategic direction	Support in principle. If New Zealand proceeds, align as closely as practicable with IFRS S2, with New Zealand-specific departures exceptional and clearly justified.
2. Costs and benefits	Recommend targeted engagement with current CREs to test transition readiness, material implementation barriers, benefits and timing rather than an extensive differentiated cost-benefit exercise.
3. Decision-useful information	Support adoption where it improves material, understandable and connected information for primary users and supports effective governance.
4. IFRS S2 requirements	Use IFRS S2 as the starting point, with transition arrangements or implementation support preferred to permanent local departures where these can address practical difficulties.
5. Industry-based disclosures	Retain a flexible New Zealand approach based on relevant metrics used by the entity; do not mandate extensive international guidance at this stage.
6. Scenario analysis	Retain scenario analysis as a governance and strategy tool, with sufficiency determined by the material risks and uncertainties being tested rather than a prescribed number of scenarios.
7. New Zealand context	New Zealand-specific modifications should be exceptional and clearly justified. Existing New Zealand reporting practice should not, by itself, justify divergence; useful practice should be preserved through implementation and guidance where possible.
8. Implementation timeline	Support a phased transition, but consider 2033 too long. Test a materially earlier mandatory date directly with CREs and primary users and make early adoption straightforward for entities that are ready.
9. Other matters	Emphasise targeted transition support, assurance scope, evolving ISSB and Australian requirements, equivalent reporting recognition, and proportionate voluntary or mid-tier reporting.

Strategic direction for climate reporting (Q1)

13. The IoD supports the strategic direction set out in the draft roadmap in principle.
14. New Zealand's climate reporting framework should remain credible, internationally interoperable and useful to primary users. IFRS S2 is becoming an important international baseline for climate-related financial disclosures. Closer alignment with IFRS S2 may improve comparability for investors, lenders and other creditors, and may reduce duplication for entities operating across borders or within international corporate groups.
15. The IoD also recognises the importance of Australia as New Zealand's most significant jurisdiction for practical harmonisation. Many New Zealand entities operate across the trans-Tasman market, have Australian parents, subsidiaries or investors, or rely on common reporting systems, service providers and assurance markets.
16. Support for the strategic direction should not be treated as unconditional support for every aspect of the roadmap or future standard. The practical effect of NZ IFRS S2 will depend on:
 - the detailed requirements in the exposure draft;
 - the extent and nature of New Zealand-specific modifications;
 - the treatment of differences between IFRS S2, AASB S2 and NZ CS;
 - the transition timetable;
 - the availability of guidance and implementation support;
 - the cost and capability implications for different types of CREs; and
 - whether the final framework improves the usefulness and credibility of climate information.
17. The IoD supports an IFRS S2-based future state if it improves decision-useful information, strengthens comparability, preserves effective governance practices and avoids unnecessary duplication or process cost.
18. The XRB's 2026 effectiveness evaluation provides early evidence that the climate-related disclosure regime is improving business decision-making and disclosure quality and influencing governance and internal processes. New Zealand should not lose the governance value developed through implementation of NZ CS. In the IoD's view, particular strengths include board oversight of climate-related matters, the practical use of scenario analysis, climate resilience assessment, transition planning, and connections between climate-related matters and strategy, risk management and financial planning. These strengths should inform implementation of NZ IFRS S2 and supporting guidance, rather than automatically being carried forward as additional New Zealand-specific requirements.

Benefits, costs and proportionality (Q2)

19. The IoD supports the potential benefits identified by the XRB, including improved international comparability, reduced duplication for cross-border reporters, access to common systems and expertise, and greater long-term certainty about the reporting framework.
20. The IoD considers that assessment of implementation impacts should be proportionate to the relatively small population of entities expected to remain within the mandatory regime. A highly granular cost-benefit exercise risks becoming focused on the circumstances of individual entities rather than the wider benefits of international alignment.

21. A more proportionate approach would be for the XRB to engage directly with current CREs to understand transition readiness, material implementation barriers, cross-border reporting benefits and preferred timing.
22. That engagement should distinguish between transitional costs and enduring costs, and between material implementation barriers and costs that arise simply from moving to a new international reporting standard. The benefits of international alignment, including greater comparability, access to wider implementation experience and expertise, and reduced duplication for cross-border reporters, should remain central.
23. Where material implementation barriers are identified, the XRB should consider whether they can be addressed through transition arrangements, targeted implementation support or narrowly defined modifications rather than undertaking a broad and highly differentiated cost-benefit exercise.
24. Boards must allocate finite organisational resources. Reporting requirements that consume substantial management, assurance, legal, systems and board time should produce information that materially improves governance, risk oversight, accountability or capital allocation.
25. The IoD recommends that the XRB monitor implementation experience and the usefulness of the resulting information during the early adoption period, using targeted feedback and formal review points to identify material issues requiring action.

Decision-useful climate information (Q3)

26. The IoD supports climate reporting that provides material, understandable and connected information for primary users.
27. From a governance perspective, useful climate information should support:
 - strategic choices;
 - capital allocation;
 - business model resilience;
 - risk appetite;
 - transition and adaptation planning;
 - financial planning;
 - accountability for delivery; and
 - oversight of material risks and opportunities.
28. The IoD considers that IFRS S2 may improve climate information where it strengthens:
 - international comparability;
 - connection with financial statements and financial planning;
 - disclosure of current and anticipated financial effects;
 - resilience assessment under plausible climate scenarios;
 - disclosure of assumptions and dependencies;

- progress reporting against plans and targets;
 - credible greenhouse gas emissions information; and
 - governance oversight and accountability.
29. More detailed requirements do not automatically produce more useful information. The XRB should assess whether primary users will be better informed in practice, not only whether the standard is more prescriptive or more closely aligned internationally. The future framework should avoid encouraging lengthy, technical or boilerplate disclosures that are difficult for primary users to interpret and do not support effective governance or decision-making.
30. Although directors are not 'primary users' as defined by the standards, directors are responsible for governing the systems, controls, judgements and disclosures that support external reporting. The board perspective is relevant to whether the information required by the standard can be produced reliably and used effectively within organisations.
31. The XRB should ensure that the future standard supports connected information between climate statements, financial statements, strategy, risk reporting and governance processes.

IFRS S2 requirements and incorporated IFRS S1 requirements (Q4)

32. The IoD does not support broad exemptions from IFRS S2. The international requirements should be the starting point. Where practical difficulties can be addressed through transition arrangements or implementation support rather than permanent local departures, that should be preferred.

Greenhouse gas measurement

33. The IoD supports international consistency in greenhouse gas measurement where it improves comparability and credibility.
34. The IoD does not support creating a general New Zealand alternative to the GHG measurement requirements in IFRS S2. Where a specific conflict with New Zealand regulatory requirements or a material trans-Tasman interoperability issue is identified, it should be addressed narrowly and transparently. Transitional support may be appropriate where entities need time to change methodology.

Annual resilience assessment

35. The IoD supports regular reassessment of climate resilience. Climate-related risks, opportunities, assumptions and operating environments can change materially over time. The XRB should clearly distinguish between updating a climate resilience assessment, revisiting key assumptions, testing whether circumstances have materially changed, and undertaking a full scenario analysis exercise. The standard and related guidance should clarify the expected board process and evidence base for annual updates, without creating an expectation that entities undertake a full and costly scenario exercise every year where assumptions, risks, strategy and operating context have not materially changed.

Commercially sensitive opportunities

36. The IoD supports a limited exemption for commercially sensitive information about opportunities, where premature disclosure could damage commercial value.
37. Any exemption should be narrow, transparent and subject to appropriate conditions. It should not be used to omit material information about climate-related risks.

Comparative information and changed estimates

38. The IoD does not see a need at this stage for a New Zealand-specific departure from IFRS S2's requirements for comparative information and changed estimates. Where first-time application creates practical difficulties, these should be addressed through appropriate transition arrangements where possible, rather than a permanent New Zealand modification, unless implementation evidence demonstrates a material problem.

Australian harmonisation: industry-based disclosures (Q5)

39. The IoD supports retaining the current New Zealand approach to industry-based disclosures.
40. Entities should disclose industry-based metrics that are relevant to their industry or business model and that they use to measure and manage material climate-related risks and opportunities. This preserves decision-useful information while avoiding mandatory reliance on extensive international industry guidance that has not yet been fully assessed or consulted on in the New Zealand context.
41. The XRB should continue to monitor the ISSB's and Australia's work on industry-based disclosures and reconsider alignment as those frameworks develop.

Australian harmonisation: scenario analysis (Q6)

42. The IoD supports retaining scenario analysis as a governance and strategy process but does not consider that NZ IFRS S2 should retain the current three scenario requirement or prescribe another fixed minimum. The requirement should focus on whether the analysis is sufficient to test the entity's material uncertainties, climate resilience and transition assumptions.
43. In practice, robust analysis will generally require materially different scenarios. However, the adequacy of the analysis should be determined by the risks and uncertainties being tested rather than compliance with a numerical minimum. New Zealand should also avoid duplicative analysis where work undertaken to meet Australian requirements adequately satisfies the purpose of NZ IFRS S2.
44. The value of scenario analysis depends on materiality, assumptions and use in decision-making. Scenario analysis should not be reduced the use of specified temperature outcomes. It should help boards and management understand how climate-related risks and opportunities may affect strategy, capital allocation, operations, financing, insurance and resilience. The IoD supports guidance on how boards should oversee scenario analysis, including scenario selection, assumptions, use of outputs and links to strategy and risk management.

New Zealand reporting practice and market context (Q7)

45. If New Zealand proceeds with NZ IFRS S2, the objective should be to remain as close as practicable to IFRS S2. The value of adopting an international standard is reduced if it is accompanied by numerous New Zealand-specific amendments.
46. New Zealand-specific modifications should therefore be exceptional and supported by a clear and compelling case. In particular, modifications may be necessary to make the standard operate within New Zealand's legislative or regulatory framework or to address a significant trans-Tasman interoperability issue.

47. Existing New Zealand reporting practice should not, by itself, be sufficient reason to create a different requirement. Where useful practices developed under NZ CS can continue within IFRS S2 or can be supported through guidance and governance practice rather than additional standard-setting, that should be preferred.
48. Where harmonisation with Australia would require New Zealand to depart from IFRS S2, the XRB should explain why the trans-Tasman benefit outweighs the resulting reduction in international alignment. Any departure should be narrow and reconsidered as IFRS S2 and AASB S2 evolve.
49. The XRB should clearly identify each material departure from IFRS S2 and whether it affects an entity's ability to state compliance with the climate-related requirements in ISSB Standards.
50. The IoD supports the XRB's climate-first focus in this roadmap. Broader sustainability reporting, including nature-related or double materiality reporting, should be considered separately and with appropriate consultation. The XRB should, however, continue to monitor international developments in these areas to support future interoperability and alignment as reporting frameworks evolve.
51. The IoD does not consider that the XRB should develop a separate voluntary New Zealand version of IFRS S1. Organisations that choose to report more broadly on sustainability matters should be able to use international standards directly, supported where useful by practical guidance on their interaction with New Zealand requirements. The roadmap should also explain how this interacts with He Tauira and any future proportionate mid-tier climate reporting work.

Implementation timeline (Q8)

52. The IoD supports a phased approach to implementation but considers the proposed mandatory application date of reporting periods beginning on or after 1 January 2033 too long.
53. A transition period is necessary to allow entities to plan and make any required changes to systems, processes, assurance preparation and governance arrangements. However, CREs have already developed climate reporting capability through implementation of NZ CS. The transition should provide reasonable preparation time without institutionalising two reporting regimes through to 2033.
54. A lengthy transition also creates a moving target problem. IFRS S2 has already been amended in response to implementation challenges, and further international and Australian developments are likely during the proposed transition period. Maintaining NZ CS alongside NZ IFRS S2 through to 2033 would require the XRB, preparers and users to track two regimes as those frameworks develop, prolonging differences in reporting and reducing comparability.
55. The IoD supports the proposed early-adoption pathway for reporting periods beginning on or after 1 October 2026 and recommends that the XRB make that pathway as straightforward as possible. This should include clear transition material, mapping between NZ CS and NZ IFRS S2, and avoidance of unnecessary New Zealand-specific requirements.
56. The XRB should directly test transition readiness and preferred timing with current CREs and primary users. This would provide a proportionate evidence base for setting a materially earlier mandatory date, whether for all CREs or through a short, staged transition. Formal review points may still be useful but should not substitute for setting a reasonable end date for the dual-standard period.

57. If the roadmap is confirmed, the IoD supports progressing to an exposure draft without unnecessary delay. Stakeholders should have sufficient opportunity to comment on the detailed requirements, New Zealand modifications, transition arrangements and implementation support.

Australian developments and trans-Tasman alignment (Q5, Q6, Q8 and Q9)

58. The IoD supports closer trans-Tasman alignment where it reduces duplication and supports comparability.
59. As Australian sustainability reporting settings continue to evolve, the XRB should avoid taking a one-time view of harmonisation. Harmonisation should be reassessed when the exposure draft is developed, when NZ IFRS S2 is finalised, and at formal review points during the transition period. Current Australian discussions include assurance settings, proportionality guidance, value chain information requests and alignment with other reporting requirements. These matters are directly relevant to the cost and practicality of climate reporting in New Zealand.
60. The IoD recommends that the XRB:
- monitor Australian reforms closely before finalising NZ IFRS S2;
 - avoid unnecessary divergence from Australia where alignment would reduce duplication;
 - work with relevant regulators to explore whether climate reports prepared under AASB S2 or other equivalent regimes could be accepted, in whole or in part, for New Zealand reporting purposes where they provide substantively comparable information;
 - avoid adopting Australian settings that may soon change or that are not fit for New Zealand;
 - provide a mechanism for review if Australian assurance or reporting requirements change materially; and
 - clearly distinguish between substantive harmonisation of reporting outcomes and identical wording or requirements.
61. The IoD particularly supports further guidance on value chain information requests. Climate reporting can create significant information demands on suppliers, customers and other value chain participants, including entities that are not themselves CREs.
62. Guidance should clarify what constitutes a reasonable request for information and how reporting entities should apply proportionality when seeking information from suppliers or other value chain participants. This is important to avoid unnecessary administrative cost or complexity being passed through to smaller entities that may not have the systems, resources or expertise to respond to extensive climate information requests.

Guidance, assurance and capability uplift (Q2, Q7, Q8 and Q9)

63. Practical implementation support will be important during the transition. The priority should be concise “how to” support on moving from NZ CS to NZ IFRS S2 and on areas that continue to present practical challenges, including scenario analysis, anticipated financial effects, value chain information and assurance preparation. The XRB should make effective use of ISSB and Australian educational and implementation material rather than creating duplicative New Zealand guidance.

64. Once NZ IFRS S2 is established, the XRB's role should increasingly focus on New Zealand-specific legislative and regulatory issues, supporting New Zealand input into international standard-setting, and coordinating with Australia. Director focused implementation material may remain useful where it helps boards understand their oversight role without creating additional reporting expectations.
65. The IoD recommends that the XRB clarify the assurance implications of the roadmap. The draft roadmap does not propose changing the statutory requirement for assurance over greenhouse gas emissions or the current minimum level of assurance. The IoD supports the proposed clarification of which NZ IFRS S2 disclosures fall within the existing GHG assurance scope.
66. Any future proposal to extend assurance beyond the current mandatory scope should be subject to separate consultation and a proportionate cost-benefit assessment. The assurance market, data systems and entity capability are still developing. Implementation settings should recognise the availability and cost of assurance services, the maturity of underlying data and the practical capability of entities to obtain reliable information.

Entities outside the mandatory regime and mid-tier reporting (Q9)

67. The IoD supports the XRB's intention to explore internationally aligned mid-tier climate reporting.
68. Proposed legislative changes may mean some entities are no longer required to report under the mandatory regime. Some of those entities may still wish to maintain internal climate governance processes, provide voluntary disclosures to investors or lenders, or respond to supply chain, procurement or overseas reporting expectations.
69. The IoD supports proportionate voluntary guidance for mid-tier entities and entities outside the mandatory regime.
70. Any mid-tier framework should be clearly distinguished from mandatory CRE reporting. It should be designed for the size, complexity and capability of the relevant entities and should avoid creating de facto mandatory expectations for smaller organisations.
71. The IoD recommends that the XRB consider practical guidance for entities that are no longer CREs but wish to continue using climate-related information for governance, risk management, strategy, lending, insurance or stakeholder reporting purposes.

Other comments (Q9)

72. In finalising the roadmap and developing the exposure draft, the XRB should apply the following principles:
 - requirements should produce decision-useful information;
 - reporting should be proportionate to entity circumstances and materiality;
 - international alignment should be pursued where it improves comparability and interoperability;
 - trans-Tasman harmonisation should reduce duplication where possible;
 - New Zealand-specific requirements should be exceptional and clearly justified;

- future ISSB amendments should be considered through clear processes, with New Zealand consultation and coordination with Australia;
- implementation settings should support a timely and practical transition;
- implementation guidance should be practical, timely and make effective use of international material rather than duplicating it;
- assurance expectations should reflect data maturity and market capability; and
- the framework should avoid unnecessary duplication, process cost or defensive reporting behaviour.

Conclusion

73. The IoD supports the strategic direction of an internationally aligned climate reporting framework based on IFRS S2, harmonised with Australia where appropriate and modified where necessary for New Zealand's context.
74. That support is conditional on the detailed design of NZ IFRS S2 and the implementation settings. The final framework should improve the usefulness, credibility and comparability of climate information while remaining proportionate and workable for New Zealand CREs.
75. The IoD recommends that the XRB:
 - align NZ IFRS S2 as closely as practicable with IFRS S2, with New Zealand-specific departures exceptional and clearly justified;
 - set a materially earlier mandatory application date than 2033, informed by direct engagement with current CREs and primary users, while making early adoption straightforward for entities that are ready;
 - use targeted engagement to identify material implementation barriers rather than undertaking an extensive differentiated cost-benefit exercise;
 - preserve the governance value developed under NZ CS through implementation and guidance where possible rather than additional New Zealand-specific requirements;
 - retain scenario analysis as a governance and strategy process, with the adequacy of analysis determined by the material risks and uncertainties being tested rather than a prescribed number of scenarios;
 - retain flexibility for industry-based disclosures;
 - monitor IFRS S2 and Australian developments and reconsider any New Zealand or trans-Tasman modifications as those frameworks evolve;
 - explore whether climate reports prepared under AASB S2 or other equivalent regimes could be accepted, in whole or in part, where they provide substantively comparable information;
 - provide targeted transition and implementation support, drawing on international guidance rather than recreating duplicative New Zealand material; and
 - ensure the framework supports effective board oversight and decision-useful reporting.

76. We appreciate the opportunity to comment and would welcome the opportunity to discuss any aspect of this submission further.

Ngā mihi nui

A handwritten signature in black ink, appearing to read 'KP Patterson', on a light yellow rectangular background.

Kirsten (KP) Patterson MNZM
Chief Executive
Institute of Directors

A handwritten signature in black ink, appearing to read 'Judene Edgar', on a light yellow rectangular background.

Judene Edgar MNZM
Principal Advisor – Governance Leadership
Chapter Zero New Zealand Lead