



Wednesday, 30 September 2026

Wendy Venter FCA
Chief Executive
External Reporting Board
Level 6, 154 Featherston Street
Wellington 6011

Via [email](#)

Dear Wendy

XRB Draft Climate Reporting Roadmap

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to comment on the External Reporting Board (XRB) Draft Climate Reporting Roadmap. We make this submission on behalf of our members and in the public interest. Our comments reflect engagement with members and stakeholders and focus on the proposed transition to NZ IFRS S2, international and Trans-Tasman interoperability, practical implementation and the proposed timing.

We support the XRB's overall direction towards NZ IFRS S2, with IFRS S2 as the international baseline, close Trans-Tasman interoperability and limited New Zealand-specific modifications. The key priorities are to maintain decision-useful and proportionate reporting, avoid unnecessary divergence from IFRS S2, allow sufficient time for finalisation and implementation, and bring forward the proposed mandatory transition deadline so that New Zealand does not develop a widening gap with international practice.

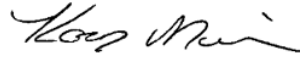
We also note that the Financial Markets Conduct Amendment Bill (Amendment Bill) did not pass prior to the dissolution of Parliament. This creates uncertainty in relation to the reporting thresholds. As a result, the FMA subsequently extended its 'no action' relief for affected climate reporting entities for reporting periods with balance dates from 31 March 2027 up to and including 31 January 2028. We note that the XRB drafted the roadmap with the amended thresholds in mind. We recommend the XRB continue with the transition to IFRS S2, regardless of where the reporting threshold ultimately lands.

Our detailed responses to the consultation questions are set out in the Appendix A. Appendix B provides more information about CA ANZ. If you have any questions about our submission, please contact Karen McWilliams at karen.mcwilliams@charteredaccountantsanz.com.

Yours sincerely



Peter Vial FCA
New Zealand Country Head



Karen McWilliams FCA
Sustainability Leader

Appendix A

Responses to consultation questions

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

We support the proposed direction of adopting IFRS S2 as the basis for a new NZ IFRS S2, with New Zealand-specific modifications where justified and harmonisation with Australia where appropriate.

This approach responds to the strong stakeholder preference for international alignment identified through the XRB's 2025 Request for Information (RFI), including from CA ANZ. Moving to IFRS S2 provides a more sustainable basis for the future framework than continuing to make incremental changes to the New Zealand Climate Standards (NZ CS), which risks creating a patchwork of requirements over time. We also consider it would improve comparability for investors, reduce interpretation and transaction costs, and provide access to a broader pool of expertise and implementation resources.

Australia is an important reference point given the close integration of the two capital markets and the practical benefits of interoperability for entities operating across both jurisdictions, including reducing the complexity of maintaining different reporting processes and systems. However, harmonisation should distinguish between alignment with AASB S2, alignment with the broader Australian climate-related disclosures regime which includes Australian legislative requirements that sit outside the standard. Where entities can comply with both regimes without changing NZ IFRS S2, the New Zealand standard should not be modified simply to replicate Australian legislative settings.

The approach of incorporating the climate-relevant portions of IFRS S1 needed to make NZ IFRS S2 workable is also appropriate and consistent with the approach taken in Australia. The ISSB have also provided further guidance to support jurisdictions identify the relevant sections of the standard.

While the immediate focus on mandatory climate-related disclosures is understood, we recommend that the roadmap also sets out a timeframe for the XRB to consider whether to issue a NZ equivalent of IFRS S1 as a voluntary standard as broader sustainability reporting develops internationally. We appreciate that the XRB only has a mandate to issue standards for climate-related disclosures in a mandatory capacity. However, the XRB has established a Sustainability Reporting Board and issued voluntary guidance through the He Tauria framework, which extends beyond climate-related disclosures. Therefore, we suggest that the XRB could issue IFRS S1 similarly in a voluntary capacity within New Zealand.

We also encourage the XRB to continue to engage in ISSB consultations such as the upcoming Nature Practice statement exposure draft and the forward looking workplan to ensure New Zealand's perspectives are heard at the global level.

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

We agree that the benefits of the proposed roadmap are likely to outweigh the implementation costs. International alignment should improve comparability and decision-usefulness for primary users, while reducing the need for entities and users operating across jurisdictions to interpret and apply different disclosure frameworks. It should also increase access to implementation tools and technical expertise, and support greater mobility of people and skills.

The benefits are particularly relevant for New Zealand's primary users, many of whom operate, invest or make decisions across jurisdictions where the IFRS Sustainability Disclosure Standards are increasingly relevant. For these users, alignment with IFRS S2 is likely to reduce rather than increase the information burden by avoiding the need to understand an additional framework.

For climate reporting entities (CREs), there is likely to be an initial cost associated with moving from NZ CS to NZ IFRS S2, including updating systems, processes, controls, measurement approaches and staff capability. The transition will also require time from internal teams and external advisers to interpret the new requirements, engage with stakeholders and undertake the associated due diligence. However, New Zealand is not starting from the beginning. CREs already have established climate reporting processes and capability, so the uplift should be materially less than the cost of implementing climate reporting for the first time. Clear guidance from the XRB on the transition from NZ CS to NZ IFRS S2 could also help minimise these costs. There are areas where the requirements are similar or interoperable, allowing entities to progressively align their existing processes and disclosures ahead of mandatory application.

There may also be costs and complexity for investors, advisers, assurance practitioners and regulators during the transition as they build and maintain capability across the two frameworks.

The costs of moving to a standard aligned with IFRS S2 should be considered in comparison to the ongoing costs of maintaining and reporting in line with NZ CS. Continued divergence could increase duplication for entities operating across jurisdictions and limit access to international training, expertise and implementation resources. Ongoing alignment with IFRS S2 would also support greater mobility of skills and capability.

We also note that the Financial Markets Conduct Amendment Bill (Amendment Bill) did not pass prior to the dissolution of Parliament. This creates uncertainty now in relation to the reporting thresholds. The FMA subsequently extended its 'no action' relief for affected climate reporting entities. This uncertainty and the temporary relief are relevant to the cost-benefit assessment. The number of entities required to report will affect the overall compliance costs of the climate-related disclosures regime. The XRB should take this uncertainty over the scope of the regime into account when assessing the costs and benefits of the proposed transition.

Q3. From a primary user perspective

(a) Would adopting IFRS S2 improve the climate information you rely on for your decision making?

We consider that adopting IFRS S2 would improve the comparability, consistency and decision-usefulness of climate-related information, particularly for primary users assessing entities across jurisdictions. A common international baseline should make New Zealand disclosures easier to interpret alongside information prepared under IFRS Sustainability Disclosure Standards in other markets.

The continued availability of reliable, comparable and decision-useful climate information remains important for capital allocation, including where investors obtain or analyse information through data providers or at an aggregated or sector level rather than engaging directly with individual entities.

(b) Which disclosures matter most to you?

The most decision-useful disclosures are those that enable users to understand how climate-related risks and opportunities affect an entity's strategy, business model, financial position and prospects, and how those risks and opportunities are identified, assessed and managed. This includes governance, strategy and resilience, risk management, greenhouse gas (GHG) emissions, relevant metrics and targets, and credible information about progress against climate-related plans and targets.

Scenario analysis is also important as it can provide meaningful insight into an entity's resilience and exposure to different future conditions. The focus should remain on decision-useful information and on scenarios relevant to the entity, rather than prescribing pathways that may quickly become outdated or may not reflect the entity's circumstances.

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

We consider that the requirements of IFRS S2 should be retained. Other than the industry-based guidance considered under Q5, we do not recommend removing or changing any of the proposed IFRS S2 requirements. We consider alignment with IFRS S2 to be an overarching principle and note that any removal or amendment will be viewed as non-alignment internationally. Any New Zealand-specific departure should therefore be supported by a clear and compelling rationale, such as a significant implementation issue, disproportionate cost, unreliable information or a clear improvement in decision-usefulness.

Maintaining close alignment would also support entities operating across jurisdictions to apply a consistent disclosure framework and, where relevant, support statements of compliance with both New Zealand and international requirements.

The proportionality mechanisms in IFRS S2 should be retained and allowed to operate as intended. They allow entities to apply the requirements in a way that reflects their circumstances and the information reasonably available to them.

CREs already have comparative information from reporting under NZ CS. We therefore do not consider the broader IFRS S2 transition relief necessary, although tailored relief may be appropriate where an NZ IFRS S2 requirement introduces a new disclosure or measurement approach for which NZ CS comparative information is not available. For example, Scope 3 emissions reporting will already be required under NZ CS from 31 December 2027, so entities will have experience and comparative information before NZ IFRS S2 becomes mandatory. However, under IFRS S2, an entity can only use the GHG Protocol for measurement purposes and under NZ CS they can use any globally recognised measurement framework. Therefore, entities may have comparative information but using a different measurement framework, which should be considered both from a transition relief perspective but also when preparing guidance to support entities to transition between the standards.

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

During our outreach there were mixed views on the preferred option for industry-based disclosures. Based on the views shared, on balance, we consider Option 3 (wholly optional about industry-based metrics) to be the most appropriate transition approach.

NZ CS 1 already requires industry-based metrics but does not prescribe a particular framework. Australia has not referenced the ISSB industry-based guidance in its implementation of IFRS S2, in the context of recent work on the SASB Standards and uncertainty about how the guidance should be approached. CREs have noted that if industry-based metrics are to be required, they would prefer information on what those metrics are expected to be rather than ambiguity. Investors have indicated the importance of industry-based metrics to them, although there is currently little information on what metrics New Zealand entities currently report under NZCS, the consistency of this information and the value of it to investors.

Making the IFRS S2 requirement to disclose industry-based metrics optional and the industry-based guidance optional by changing “shall refer to and consider” to “may refer to and consider” would retain the value of industry-based information without creating a mandatory requirement.

The relevance and measurement of industry-based metrics should also reflect New Zealand-specific sectors and circumstances. For example, consideration should be given to whether existing industry metrics and measurement approaches appropriately reflect New Zealand’s agricultural sector and its GHG emissions profile.

We do not recommend a permanent divergence from IFRS S2 without a compelling rationale. The treatment of industry-based guidance should be kept under review as the ISSB’s work develops.

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

We do not consider it appropriate for New Zealand to replicate the Australian legislative requirement for a minimum number of scenarios at specified temperatures. The Australian requirement was introduced through legislation and is not part of AASB S2; the scenario analysis requirements in AASB S2 directly align with IFRS S2.

New Zealand has its own legislative and policy context, and the New Zealand standard should not reproduce an Australian legislative setting simply for the sake of harmonisation. Importantly, not adopting the Australian legislative requirement would not prevent entities reporting in both jurisdictions from considering and disclosing the scenarios required in Australia where relevant.

IFRS S2 does not specify a minimum number of scenarios, while NZ CS 1 currently requires at least three scenarios. We recommend retaining the flexibility in IFRS S2 in NZ IFRS S2 rather than prescribing a minimum number of scenarios in the standard. However, we have heard feedback of the benefit of CREs considering both a high emissions and low emissions scenario, consistent with established New Zealand practice. We recommend the XRB consider how the continuation of such practice can be encouraged, while also supporting consistency and comparability in the application of scenario analysis.

We do not consider it appropriate for NZ IFRS S2 to prescribe specific temperature pathways. This would allow entities to select scenarios that are most relevant to their circumstances and based on current information, while also enabling entities reporting across jurisdictions to use scenarios relevant to those jurisdictions.

We do not recommend prescribing a particular temperature outcome in the standard as scientific and international scenario guidance continues to evolve. Whilst a 1.5°C scenario can provide useful information about transition risks and the scale and pace of change associated with a low-emissions transition. We have heard significant concerns about the availability of recognised pathways aligned to 1.5°C and the plausibility of such pathways following the release of the United Nations Environment Program Report [Limiting Overshoot](#). This report indicates that the global temperature rise is set to cross 1.5°C, likely within the next few years and identifies an 'overshoot, peak, and decline' pathway as the best remaining option.

Consideration should also be given to providing guidance on time horizons, recognising that the appropriate short-, medium- and long- term horizons may differ depending on an entity's circumstances and business model.

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

We support the proposed New Zealand-specific modifications relating to CREs and assurance requirements and do not recommend additional modifications beyond those necessary to ensure NZ IFRS S2 operates effectively within New Zealand's legislative and regulatory framework.

We support retaining the following existing aspects of the assurance regime: (1) the minimum level of assurance being limited assurance; and (2) the scope of assurance being GHG emissions and closely related disclosures. We also support the XRB's plans to seek feedback on how best to describe the scope of the GHG assurance engagement in NZ IFRS S2 through targeted consultation before issuing an exposure draft. In our view, the starting point would be an analysis of the IFRS S2 paragraph 29(a) disclosure requirements.

More generally, the distinction between requirements contained in the standard and requirements arising from legislation should be maintained, including in relation to existing FMA exemptions and related legislative requirements. The roadmap should explain how the transition to NZ IFRS S2 is expected to interact with those exemptions, including which obligations continue to apply, and how they interact with the new standard, would help avoid uncertainty and unintended duplication for affected entities.

Q8. Do you support the proposed implementation timeline?

We support a phased transition but consider that both the proposed early adoption date and the proposed mandatory application date should be reconsidered.

An early adoption date of 1 October 2026 appears too soon, particularly given the proposed timing for the exposure draft and release of the final NZ IFRS S2. Allowing early adoption from 1 October 2027 would provide a more practical timeframe for the standard to be finalised and for implementation guidance, systems and internal processes to be prepared.

In our view, the proposed 2033 mandatory application date is too distant. New Zealand is not starting from the beginning; CREs have already applied NZ CS for a few years and have established reporting processes, systems and capability.

A longer transition period creates a risk that NZ CS and international standards could diverge further as international requirements continue to develop, increasing the eventual implementation effort for CREs. The transition to NZ IFRS S2 will therefore involve an uplift, but not the same scale of effort as the introduction of climate reporting for the first time. As noted above in our response to question 2, there is also likely to be costs and complexity for investors, advisers, assurance practitioners and regulators who would need to maintain capability across both standards for a longer period.

Likewise, we heard from CREs that such an implementation would need several years to plan for and resource and the importance of guidance from the XRB to support the transition. Therefore, we consider that 2030 would provide a more appropriate balance between

allowing sufficient time for entities to prepare and avoiding an unnecessarily prolonged period of parallel frameworks.

As noted earlier, the XRB should provide a clear transition pathway from NZ CS to NZ IFRS S2. This could include identifying key differences between the two frameworks and providing guidance on areas where entities can progressively align their existing NZ CS processes and disclosures with NZ IFRS S2 ahead of mandatory application.

We support the proposal not to provide the broader IFRS S2 transition reliefs. NZ CS has been applied for several years, so entities have already had an opportunity to establish capability and processes.

However, as noted earlier, tailored relief for comparative information on first application is appropriate.

The XRB will need to consider the practical treatment of comparative information on transition, including whether any additional transition provisions are needed where measurement or disclosure approaches differ between NZ CS and NZ IFRS S2.

Q9. Do you have any other comments?

We recommend that the XRB prioritise practical 'how to' guidance and examples to support implementation of NZ IFRS S2, particularly for climate risk management and scenario analysis, drawing on implementation experience and emerging practice as the standard is applied.

Where suitable, existing NZ CS resources should be adapted to support transition to the new standard, alongside relevant international and Australian resources rather than developing duplicative material.

The XRB's role is to provide a reporting framework that supports decision-useful information about climate-related risks and opportunities. The broader transition to a lower emissions and climate-resilient economy will also depend on wider government policy, investment settings and other market mechanisms.

The scope of the climate-related disclosures regime is also relevant to the overall assessment of the roadmap. We note that the Financial Markets Conduct Amendment Bill (Amendment Bill) did not pass prior to the dissolution of Parliament. This now creates uncertainty in relation to the reporting thresholds. Questions about which entities are required to report, thresholds, the size of the CRE population and the treatment of investors and financial institutions sit partly outside the standards themselves, but changes to scope could affect the appropriateness and cost-benefit assessment of the regime.

Consideration should also be given to how non-CRE entities can be encouraged to progressively build capability for climate reporting, including through proportionate guidance and voluntary pathways.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents nearly 143,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.