

To: External Reporting Board (XRB)

Draft Climate Reporting Roadmap

30/09/2026

Introduction

This submission is made on behalf of Chapman Tripp. Chapman Tripp is a leading commercial law firm with offices in Auckland, Wellington and Christchurch.

Our contacts for the purposes of this submission are:

Nicola Swan

Partner (Litigation / Climate, Sustainability & ESG)

nicola.swan@chapmantripp.com

Roger Wallis

Partner (Corporate)

roger.wallis@chapmantripp.com

Kate Wilson Butler

Director – Climate, Sustainability and ESG

kate.wilsonbutler@chapmantripp.com

We have no objection to our submission being published.

Background

- 1 Chapman Tripp welcomes the opportunity to submit on the XRB's draft climate reporting roadmap consultation (*Consultation*).¹
- 2 We act for a number of listed issuers, banks and insurers that are climate reporting entities (*CREs*) under Part 7A of the Financial Markets Conduct Act 2013 (*FMC Act*). Our involvement in supporting a wide range of CREs to understand and apply the New Zealand Climate Standards (*NZ CS*) has given us first-hand insights from the first four years of New Zealand's climate-related disclosures (*CRD*) regime.
- 3 Our submission does not purport to represent the views of any of our clients.
- 4 Chapman Tripp submitted on the XRB's 2025 Request for Information on the International Alignment of Climate Reporting (*RFI*) on 13 June 2025 (*RFI Submission*). This submission builds on our RFI Submission, which we cross-reference where relevant below.

Summary of submissions

- 5 In summary, in response to the issues raised in the Consultation, we recommend that the XRB:
 - 5.1 **Permit early adoption of NZ IFRS S2** for entities with balance dates beginning on or after 1 July 2026 to support greater alignment with Australia for dual-regime reporting entities (i.e. Australian dual-listed CREs with 30 June balance dates could report under IFRS S2 for their FY27 reports). 30 June is the most prevalent balance date for dual-listed NZX listed issuers that also have material Australian operations already reporting under the AASB S2 standard.
 - 5.2 **Shorten the transition period** slightly, so that NZ IFRS S2 applies from reporting periods beginning on or after 1 January 2032 (rather than 1 January 2033) to streamline the transition.
 - 5.3 **Permit differential reporting and/or transitional provisions or other relief for areas requiring the most substantive uplift between NZ CS 1 and NZ IFRS S2**, including: disclosure of anticipated impacts, resilience assessments, mandatory use of the GHG Protocol and associated application guidance.
 - 5.4 **Adopt a combination of XRB's Options 2 and 4 in relation to industry metrics**, so that industry metrics are permitted but are not mandatory, and consideration of IFRS guidance is optional.
 - 5.5 **Ensure that NZ IFRS S2 clearly explains the rationale for retention of the requirement to consider a 1.5 degree scenario** (if that requirement is retained), in light of the decreasing plausibility of that scenario.

¹ Chapman Tripp's submission is made in response to the [Draft Roadmap](#), and [Consultation Document](#).

Detailed submissions on the Consultation

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

- 6 Chapman Tripp is broadly supportive of the three guiding principles of international alignment, harmonisation with Australia, and local relevance as responsive to the feedback received through the RFI. These principles balance the need for New Zealand's climate reporting regime to remain credible and internationally comparable, while recognising the characteristics of the New Zealand market.
- 7 Implementation of the strategic direction proposed in the Consultation should be supported by appropriate transitional or relief provisions, including differential reporting, and/or amendments to IFRS S2 where necessary or appropriate in a New Zealand context to ensure that CREs, who have invested significantly in reporting capability and compliance under the NZ CS, are best supported to implement any new standard.

Questions 4 and 7: IFRS S2 requirements that should be removed or changed, and New Zealand market modifications

Easing the burden of the significant uplift required from CS1 to IFRS S2

- 8 We have set out below our analysis of the differences between NZ CS 1 and IFRS S2 which we expect will be most challenging for NZ CREs. There remains a case for relief – whether through **differential reporting** (as per the XRB's proposal published in December 2024 in relation to smaller listed issuers),² or **transitional provisions** (i.e. further adoption provisions), or **specified standing exemptions** from IFRS S2 in NZ IFRS S2.
- 9 Considering these three options:
- 9.1 **Differential reporting** would work best to alleviate the burden on smaller CREs or those persons voluntarily reporting against the standard. Our RFI Submission raised the possibility of differential reporting in the context of Scope 3 assurance, suggesting that only the largest CREs should be required to arrange assurance of Scope 3 emissions in the short term. We think that relief should remain one of the key differential reporting concessions.³
- 9.2 **Transitional provisions** would work best where the market is expected to develop greater maturity over time (e.g. content of GHG disclosures).
- 9.3 **Standing exemptions** would work best where specific disclosures are particularly onerous to produce and likely more difficult across the entire NZ market (e.g. industry-based metrics).
- 10 A differential reporting framework would allow smaller entities to align with NZ IFRS S2 without bearing the full cost of a fully compliant report. For example, the XRB could consider removing or reducing the requirements for disclosure of multiple

² See [here](#).

³ Chapman Tripp, *Request for information on Climate reporting International alignment* (Provided to XRB: 13 June 2026), at 14.2.

scenarios, metrics beyond GHG emissions, comparatives and general risk management disclosures, focussing instead on risks and opportunities, impacts and financial impacts, and strategic resilience.

Key uplifts that will be required

- 11 We set out below our analysis of the key differences in disclosure requirements between the NZ CS and IFRS S2 that are likely to require material uplift for CREs. We do so in detail because not all of these are set out in the Consultation Document, to support the XRB's consideration of where the most work will be required for CREs already reporting under NZ CS and to identify some areas for potential differential reporting or adoption relief.⁴
- 12 The Consultation identifies three "**key differences**" between NZ CS 1 and IFRS S2, namely:⁵
 - 12.1 IFRS S2 includes specific requirements and mandatory guidance on "connected information" and a hierarchy of sources of guidance, whereas NZ CS rely on principles-based coherence without prescribing external guidance.
 - 12.2 IFRS S2 includes a commercially sensitive information exemption, requires disclosure of significant judgements, and requires restatement of comparatives for certain changes in estimates. NZ CS instead require an explanation of changes and their effect.
 - 12.3 NZ CS require two prior reporting periods of comparative information for metrics, whereas IFRS S2 requires only one year.
- 13 However, our reading of IFRS S2 indicates that the distinctions go considerably further than the above. We have summarised what we view as the most significant new requirements in IFRS S2, over and above the disclosure requirements in the NZ CS, below:

Governance

- 13.1 Disclosure of terms of reference, mandates, role descriptions and governance body policies, as well as processes relating to consideration of climate risk on major transactions. [IFRS S2 paragraph 6]

Strategy

- 13.2 More detailed disclosure of the current and anticipated effects of climate-related risks and opportunities on an entity's business model and value chain, including where those risks and opportunities are concentrated. [IFRS S2 paragraph 13]

⁴ Consultation Document at 5.3.1 (page 12-13).

⁵ Consultation Document at 5.3.1 (page 11).

- 13.3 Disclosure of information about an entity's plans to respond to risks and opportunities, including plans to achieve any targets, and how it is resourcing these activities.⁶ [IFRS S2 paragraph 14(a)-(c)]
- 13.4 Disclosure of more specific information about financial impacts, particularly in connection with financial statements:
- (a) Disclosure of how climate-related risks and opportunities have affected the entity's financial position, financial performance and cash flows for the reporting period. [IFRS S2 paragraph 16(a)]
 - (b) Disclosure of risks and opportunities that could pose a significant risk of a material adjustment to the carrying amounts of assets and liabilities reported in the related financial statements. [IFRS S2 paragraph 16(b)]
 - (c) Disclosure of how the entity expects its financial position to change over the short, medium and long term, taking into consideration (i) investment and disposal plans, including plans not contractually committed to; and (ii) planned sources of funding to implement its strategy. [IFRS S2 paragraph 16(c)]
 - (d) Requirement for an entity to apply prescribed criteria in determining when quantitative and qualitative information is required about the current effects of risks and opportunities on its financial position, financial performance and cash flows. [IFRS S2 paragraph 19]
 - (e) Disclosure of additional qualitative information when an entity determines that it need not provide quantitative information, such as identifying line items, totals and subtotals within the financial statements that have been affected. [IFRS S2 paragraph 21]
 - (f) Disclosure of anticipated financial effects *after* the entity's planned response to climate-related risks and opportunities, including investment and disposal plans, planned sources of funding, and expected changes to financial performance and cash flows. This represents a fundamental difference in basis from NZ CS, which requires anticipated impacts *before* the entity's planned response. Under IFRS S2, entities must recalculate anticipated financial effects net of their climate strategy. [IFRS S2 paragraphs 16(c)-(d)]
- 13.5 Disclosure of extensive information about the resilience of an entity's strategy and business model to climate-related changes, and how the entity plans to resource its strategy. [IFRS S2 paragraph 22(a)]

⁶ Plans is not a defined term in IFRS S1/S2, and so likely means climate-related transition plans, although it also likely includes any other plans or targets disclosed by an entity (e.g., plans to manage or decommission carbon-, energy- or water-intensive operations as per paragraph 14(a)(i) of IFRS S2).

- 13.6 Requirement for mandatory application guidance on factors to consider in scenario analysis, including the range of factors an entity is required to assess before conducting scenarios. [IFRS S2 paragraphs B1–B18]

Risk Management

- 13.7 Disclosure of processes for identifying, assessing, prioritising and monitoring climate-related opportunities. [IFRS S2 paragraph 25(c)]
- 13.8 Disclosure of how scenario analysis informs risk and opportunity disclosure, related policies and whether and how related processes have changed across report periods. [IFRS S2 paragraphs 25(a)-(b)]

Metrics and Targets

- 13.9 Disclosure of industry-based metrics associated with the disclosure topics described in the Industry-based Guidance on Implementing IFRS S2, which is derived from SASB Standards (see our response to Question 5 below). [IFRS S2 paragraph 32] (which also represents an uplift from Australia's AASB S2).
- 13.10 Requirement for mandatory use of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for measuring GHG emissions, and detailed mandatory application guidance on measurement and disclosure of GHG emissions, including a Scope 3 measurement framework developed by the ISSB. [IFRS S2 paragraph 29(a)(ii); paragraphs B38–B57]
- 13.11 Disclosure of which of the 15 Scope 3 categories are included in the entity's measurement of Scope 3 greenhouse gas emissions. [IFRS S2 paragraph 29(a)(vi)]
- 13.12 Disclosure of specific financed emissions for entities in asset management, commercial banking or insurance. [IFRS S2 paragraphs B58–B63]
- 13.13 Disclosure of *both* the amount and percentage for certain cross-industry metrics (such as assets or business activities vulnerable to climate-related risks and opportunities, and capital expenditure deployed towards climate-related risks and opportunities). NZ CS does not require both metrics. [IFRS S2 paragraphs 29(b)–(d)]
- 13.14 Disclosure of more detailed target information, including which greenhouse gases are covered by the target, the scope of the target (Scope 1, 2 or 3), whether the target is a gross or net target, whether a sectoral decarbonisation approach has been used, and the planned use of carbon credits or offsets to achieve the target. [IFRS S2 paragraphs 36–37]
- 14 Of these differences, we consider the following to require the greatest uplift from CREs:
- 14.1 **Industry metrics:** industry-based metrics should be permitted but not mandatory (see our response to Question 5 below).
- 14.2 **Greater specificity of impacts on financial statements:** the additional specificity of linkage to financial statements required under IFRS S2 should be optional for New Zealand CREs, at least during the initial adoption period. As

we noted in our RFI Submission (paras 13 and 14.3), CREs have found certain disclosures, including financial impacts, some of the most challenging disclosures to prepare for and consider the market would benefit from a grace period to get this linkage right.

14.3 **Resilience assessment:** a resilience assessment requirement in NZ IFRS S2 would be a new requirement for CREs and should be subject to transitional relief.

14.4 **GHG Protocol:** application of the GHG Protocol should either be made optional (so that CREs maintain the ability to choose their measurement standard) or be subject to a transitional relief through to 2035.

Further guidance needed on relationship of resilience assessment to transition planning

- 15 In relation to the IFRS S2 resilience assessment requirement specifically, and in light of the considerable investment by NZ CREs in transition planning processes, the XRB could provide guidance on how existing disclosures on transition planning could satisfy or partially satisfy a new resilience assessment requirement under NZ IFRS S2. Such guidance would materially assist CREs in managing this transition.
- 16 We would also welcome guidance on preparing resilience assessment disclosures based on Australian and IFRS market experience, to assist CREs in meeting what will be a new and significant reporting obligation.

Proportionality

- 17 We support the adoption in New Zealand of both proportionality mechanisms set out at page 13 of the Consultation Document as significantly supporting resource-constrained CREs to comply under a new NZ IFRS S2. These include in particular:
- 17.1 the “reasonable and supportable information available without undue cost or effort” qualifier; and
- 17.2 the provision that an entity shall consider *available skills, capabilities and resources* in undertaking scenario analysis.

Question 5: What are your views on the Australian harmonisation options for industry-based disclosures?

- 18 *NZ IFRS S2 should not require consideration of the full IFRS industry-based guidance*
- Australia does not require reporting entities to refer to and consider the full IFRS industry-based guidance. We agree with this approach. The full industry-based guidance runs to over 500 pages across 77 industries and is acknowledged in the Consultation as being burdensome. We submit that NZ IFRS S2 should allow (but not mandate) consideration of the ISSB’s industry-based guidance - i.e. change “shall refer to and consider” to “may refer to and consider”.

- 19 *Disclosure of industry-based metrics should be permitted where relevant but not mandatory*
- Our preferred approach to industry-based metrics combines Option 2 with an adjustment similar to Option 4 from the Consultation. Specifically, we submit that the XRB should provide flexibility about industry-based metrics by retaining paragraph 21 of NZ CS 1 to disclose “*industry-based metrics relevant to its industry or business model used to measure and manage climate- related risks and*

opportunities” (per Option 4 in the consultation), and update this disclosure requirement to note that CREs *may* refer to and consider IFRS industry-based metrics in this regard (per Option 2) - i.e. it is for the CRE to determine what the relevant industry-based metrics are, based on local practice and user preferences.

- 20 This approach appropriately balances the utility of industry-relevant metrics without introducing unduly burdensome requirements that would be out of step with Australia.

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

- 21 We observe that CREs are increasingly asked to internally justify the relevance of a 1.5°C scenario, or reconcile its inclusion with the NZ CS 3 requirement that scenarios be “plausible”, in light of current expectation that 1.5°C will be breached.⁷ We anticipate that the XRB will consider whether the 1.5°C scenario remains the most appropriate framing for a high transition risk scenario on its own, given that most projections now indicate such a scenario is unlikely to occur without overshoot. An alternative approach for considering high transition risk may be a 1.8°C world, or similar, but we recognise that this would be inconsistent with the reference to 1.5°C in the purpose of the Climate Change Response Act 2002.
- 22 If a 1.5°C scenario is included, our view is that the XRB should clearly explain to CREs its view of the ongoing relevance of 1.5°C scenarios as plausible, high transition risk scenarios.
- 23 To avoid complications for CREs with Australian reporting obligations in their group, we submit that the XRB should permit such entities to disclose analysis on only two of their three scenarios (while still requiring them to conduct analysis over three scenarios). This would allow reports to be harmonised across group entities in both jurisdictions.

Question 8: Do you support the proposed implementation timeline?

- 24 We support early adoption for balance dates from 1 October 2026, as proposed in the Consultation, as that will be of assistance to some of the bank reporters.
- 25 However, we submit that even earlier adoption should be permitted particularly for listed issuers. Specifically, entities should be able to voluntarily adopt NZ IFRS S2 for reporting periods beginning on or after 1 July 2026, provided the final standard is available by 30 May 2027. 30 June is the most prevalent balance date for dual listed NZX listed issuers that also have material Australian operations already reporting under the AASB S2 standard.
- 26 As the Consultation notes, under the Financial Reporting Act 2013 a standard generally takes effect 28 days after publication in the Gazette, and early adoption may apply to a reporting period that commenced before the standard takes effect, provided that the reporting period has not ended before the effective date.⁸ Accordingly, voluntary adoption for balance dates starting on or after 1 July 2026

⁷ See, for example, United Nations Environment Programme (2026), *Limiting Overshoot: Navigating exceedance of 1.5°C and pathways towards return*, available [here](#).

⁸ Consultation Document at footnote 10 (page 23).

would be possible provided NZ IFRS S2 is published in the Gazette by 30 May 2027, so that it takes effect by 28 June 2027, before the end of the relevant reporting period on 30 June 2027.

- 27 On end dates, we submit that the XRB should bring forward the mandatory application date slightly to apply from reporting periods beginning on or after 1 January 2032 (rather than 1 January 2033).
- 28 In our view, a transition period ending on 31 December 2031 is more closely aligned to the final transitional period for implementation of the Australian group 3 regime, by which time the AASB S2 standard and guidance should be more settled.

Chapman Tripp
30 September 2026



www.chapmantripp.com