

30 September 2026

External Reporting Board
Level 6, 154 Featherston Street
Wellington 6011

Re: External Reporting Board's draft Climate Reporting Roadmap

Thank you for the opportunity to provide feedback on the draft climate reporting roadmap.

Air New Zealand broadly supports the proposed strategic direction, including closer alignment with IFRS S2. As an airline whose most relevant comparators are international carriers, we consider that greater international alignment should improve the comparability and usefulness of climate-related information for primary users and reduce the risk of New Zealand's reporting regime diverging from major international markets.

Air New Zealand's submission focuses on several areas where we consider further refinement will be important. We recommend the framework:

- retains appropriate proportionality and flexibility, particularly for disclosures relating to climate resilience, forward-looking disclosures and industry-based metrics; and
- provides early clarity on anticipated financial effects and other areas where NZ IFRS S2 may differ materially from the current New Zealand Climate Standards. This will be important to minimise duplicated implementation effort and allow entities to design methodologies and systems that can support both frameworks during the transition.

While Air New Zealand supports an appropriate transition period, the proposed mandatory application date of 1 January 2033 may create an extended period in which climate reporting entities (CREs) invest in systems and processes under NZ CS that could subsequently require material change for NZ IFRS S2. The airline therefore encourages the XRB to consider whether an earlier application date would better support international comparability while reducing a prolonged parallel reporting approach and minimising duplicated implementation effort and costs.

Further detail in response to the specific consultation questions is outlined in the Appendix. Should you require additional information on this submission, please contact Stephanie Spicer, Sustainability Lead, at Stephanie.Spicer@airnz.co.nz.

Ngā mihi,



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Appendix

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

Yes. Air New Zealand supports the proposed strategic direction, including closer alignment with IFRS S2.

Greater international alignment should improve the comparability and usefulness of climate-related information for primary users and reduce the risk of New Zealand progressing a reporting regime that diverges from major international markets.

This is particularly relevant to Air New Zealand. As the only New Zealand CRE that is an airline, our most relevant comparators are international airlines. Alignment with an internationally recognised framework would therefore improve comparability with those international peers.

Overall, we support the direction, subject to NZ IFRS S2 retaining appropriate flexibility and allowing entities to continue with NZ CS elements that provide decision-useful information, without creating unnecessary New Zealand-specific requirements. These include disclosures relating to scenario analysis, GHG intensity metrics, business model and strategy, and value-chain exclusions.

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

Air New Zealand expects some additional implementation costs in transitioning from NZ CS to NZ IFRS S2.

These costs should be considered in the context of the significant investment already made, and the ongoing costs CREs continue to incur each year, in maintaining climate-reporting capability since mandatory climate reporting was introduced.

For an established CRE such as Air New Zealand, any additional resourcing or costs related to the transition are likely to be concentrated in areas where IFRS S2 materially differs from NZ CS. This may include additional investment in external advisory support, legal review, and/or changes to reporting, data and processes.

For Air New Zealand, these areas may include:

- climate resilience assessment requirements;
- anticipated financial effects, particularly the differences between those requirements and the existing NZ CS anticipated financial impacts requirements;
- any increased expectation for quantitative scenario analysis; and
- additional disclosure of judgments and methodologies.

Conversely, some elements would involve little or no additional implementation cost. For example, Air New Zealand already measures greenhouse gas emissions using the GHG Protocol and undertakes scenario analysis using four climate scenarios.

Timing may impact implementation costs. Air New Zealand is currently developing its approach to anticipated financial impacts in preparation for the expiry of NZ CS 2 - Adoption Provision 2. Requiring entities to establish methodologies under NZ CS and subsequently redesign them for NZ IFRS S2 would create avoidable duplication. Greater certainty on the intended NZ IFRS S2 requirements, particularly for anticipated financial effects, would allow entities to design methodologies and systems that can support both frameworks during the transition.

In considering implementation costs, the XRB should also take account of the governance, internal controls, legal review and, where relevant, assurance processes required to support new or more detailed disclosures. Materiality and proportionality will therefore be important so as to avoid adding punitive cost burdens on CREs. The reporting costs to CREs are already significant (although the airline recognises that these costs are reducing year-on-year as reporting processes mature and become more efficient).

Air New Zealand therefore recommends the XRB to assess the aggregate additional cost implications associated with the transition to a different reporting regime and to minimise those costs where practicable.

Question 3: From a primary user perspective:

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

b) Which disclosures matter to you? N/A

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

Air New Zealand generally supports adopting IFRS S2 with limited New Zealand-specific modifications rather than substantially modifying the international baseline. We recommend that the XRB consider the following areas:

A) Climate resilience assessment

We recommend that XRB considers the points initially raised in relation to climate resilience during the development of NZ CS (NZ CS 1 BC41) on the challenges of communicating resilience in a decision-useful way, avoiding disclosure of commercially sensitive information, and the potential that disclosure requirements could incentivise CREs to select less challenging or distinct scenarios. Before substantially expanding climate resilience disclosure in NZ IFRS S2, the airline's view is that these concerns have not materially changed and therefore recommends that the XRB considers this when developing any resilience assessment requirement.

NZ CREs have now had several reporting cycles to establish and mature their scenario analysis. We therefore see less potential for CREs to change their selected scenarios in response to expanded climate resilience disclosure requirements.

If IFRS S2 climate resilience disclosures are included, a comprehensive assessment should not necessarily need to be updated every reporting period where there has been no material change in the entity's risks, strategy, business model or relevant external assumptions.

We consider that NZ IFRS S2 should take a proportionate approach to cost and effort, allowing the resilience assessment to be updated in line with the entity's strategic planning cycle, consistent with the approach permitted for the underlying scenario analysis in IFRS S2.

B) Greenhouse gas emissions

We support international alignment of greenhouse gas emissions measurement requirements and the proposed use of the GHG Protocol as the required basis. Air New Zealand applies the GHG Protocol, and greater consistency in measurement methodologies could improve comparability between CREs.

We consider that additional requirements to disaggregate emissions should be subject to materiality and proportionality where information is not currently generated at that level. Explanations of measurement approaches and methodological choices can provide useful

context, but the XRB should avoid disclosures becoming unnecessarily lengthy or technical where this does not improve primary-user decision making.

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

Air New Zealand is neutral on Australian harmonisation as an objective in itself.

Both AASB S2 and the proposed NZ IFRS S2 are fundamentally based on IFRS S2 and share a common underlying disclosure framework. Provided the New Zealand adaptation does not materially depart from the nature and intent of IFRS S2, or preclude additional disclosures, there should be sufficient flexibility for entities with Australian reporting obligations to meet AASB requirements. Compatibility and flexibility should therefore be prioritised over exact alignment of every disclosure requirement.

Air New Zealand sees value in NZ IFRS S2 retaining a role for industry-based metrics rather than adopting the AASB S2 approach of excluding industry-based metrics altogether. Industry-based metrics can provide decision-useful insight into how climate-related risks and opportunities arise within a particular industry and business model and can support comparison between similar businesses.

We believe that NZ IFRS S2 should not mandate SASB industry-based metrics. For some sectors, other established international industry frameworks or sector-specific measures may be more relevant or widely understood. Entities should have flexibility to select the industry-based metrics that provide the most useful information to primary users, with SASB available as a reference rather than a mandatory framework.

Importantly, we consider that CREs should have flexibility to report industry-specific metrics that are used to manage and assess their climate-related risks and opportunities. Metrics used by management are likely to provide primary users with greater insight into the activities, decisions and areas of focus of the entity in managing its specific climate-related risks and opportunities than disclosure against a predetermined list of metrics that may have limited relevance to the CRE. This approach would also reduce the risk of entities reporting metrics primarily for the purpose of satisfying a disclosure requirement, rather than because those metrics provide meaningful information about climate-related performance.

A principles-based approach that focuses on material industry-based metrics used to manage and assess climate-related risks, opportunities and performance would, in the airline's view, provide a better balance between international comparability, decision-useful information and sector relevance.

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

Air New Zealand supports retaining a robust approach to climate scenarios rather than fully aligning with the Australian requirements. Air New Zealand has found that using more than two scenarios provided a useful basis for assessing climate resilience across a range of plausible futures.

Two scenarios can risk presenting an overly binary view of potential futures, whereas climate-related uncertainty is better represented through a range of plausible pathways. A low-temperature and high-temperature scenario test significant transition and physical risks, while a third or fourth scenario can provide an intermediate pathway or explore different assumptions.

Rather than prescribing an additional scenario solely for compliance purposes, we consider NZ IFRS 2 should focus on whether the scenarios selected provide a sufficiently

differentiated and decision-useful assessment of an entity's material physical and transition risks.

Air New Zealand therefore recommends that NZ IFRS S2:

- require CREs to consider a range of sufficiently differentiated climate scenarios appropriate to their circumstances;
- require at least one scenario consistent with a low-temperature outcome of below 2°C;
- require at least one high-temperature scenario above 3°C; and
- allow the CRE to select (at its discretion) an additional scenario or scenarios that are most relevant to its circumstances.

This would allow an entity to use three or more scenarios where that provides a more robust assessment, without prescribing additional analysis where it would not materially improve the assessment.

We prefer this approach to requiring exact alignment with Australia's requirement for scenarios centred on 1.5°C and well above 2°C. Entities subject to both regimes should have sufficient flexibility to select scenarios that meet Australian requirements within their broader scenario analysis, avoiding needing to undertake separate analysis.

Existing New Zealand CREs have already developed capability to analyse at least three scenarios. The transition to NZ IFRS S2 should seek to build on that capability rather than require entities to redesign established scenario analysis unless doing so would materially improve the information provided to primary users.

Air New Zealand also supports keeping the scenario framework responsive to emerging climate science, including CMIP7. As that science continues to develop, the XRB should have regard to the following:

1. For 1.5-degree aligned scenarios, consideration should be given to the treatment of temperature overshoot, given the emerging evidence that a 1.5-degree “no overshoot” scenario may be increasingly difficult to regard as plausible.
2. For high-temperature scenarios, consideration should be given to aligning more closely with the emerging high scenario in CMIP7. Pending completion and downscaling of CMIP7 model runs and the availability of downscaled Regional Climate Model data, Air New Zealand considers SSP3-7.0 provides a reasonable reference for a high emissions scenario.

Question 7: Are any changes or additions needed to NZ IFRS S2 to fit with New Zealand's reporting practice and market context?

Air New Zealand recommends preserving a limited number of NZ CS requirements where they provide useful information or reflect established New Zealand reporting practice.

Business model and strategy

The current NZ CS requirements relating to business model and strategy are useful. They provide important context for understanding how an entity is responding to climate-related risks and opportunities and how its business may need to adapt or build resilience.

Value-chain exclusions

We support retaining an explicit requirement to disclose material parts of the value chain excluded from relevant assessments or disclosures. Where exclusions exist, this provides important context for primary users; where there are none, stating this is straightforward.

GHG intensity metrics

GHG intensity metrics can show changes in emissions efficiency independently of changes in organisational scale or activity. This is particularly relevant to aviation, where absolute emissions can be materially influenced by changes in capacity or demand.

We therefore support retaining intensity disclosure using an appropriate and meaningful metric, preferably an industry-relevant measure that facilitates meaningful comparison where practicable.

Proportionality and commercially sensitive information

We support appropriate proportionality mechanisms, particularly for highly judgemental and forward-looking disclosures. NZ IFRS S2 should also provide a workable mechanism for genuinely commercially sensitive information without undermining disclosure of material information.

Question 8: Do you support the proposed implementation timeline?

We support a transition period but consider there is a risk that the proposed mandatory application date of 1 January 2033 could prolong parallel reporting approaches and lead to duplicated implementation effort.

New Zealand CREs have already been subject to mandatory climate reporting for several years and have made substantial investments to develop reporting capability. The transition to NZ IFRS S2 is therefore materially different from initial implementation of NZ CS.

A transition extending to 2033 would delay international comparability, create an extended period of parallel reporting approaches, and risks duplicated implementation costs.

- First, it delays the principal benefit of the proposal: greater international comparability. If international alignment is important to New Zealand's capital-market credibility and primary users, delaying mandatory alignment for more than six years substantially defers those benefits.
- Second, it would create an extended period in which some New Zealand entities report under NZ CS while early adopters report under NZ IFRS S2, reducing domestic comparability and creating a patchwork of approaches.
- Third, it risks duplicated implementation costs. Air New Zealand will be required to disclose anticipated financial impacts under NZ CS in 2028, well before 2033. It would be inefficient to progress a substantial methodology solely for NZ CS if it then required material redesign to comply with NZ IFRS S2.

Air New Zealand therefore recommends an earlier mandatory application date than 1 January 2033, while retaining early-adoption provisions and appropriate transitional relief.

Irrespective of the final mandatory date, XRB should provide sufficient detail on the likely NZ IFRS S2 requirements as early as possible. This would allow CREs investing in areas such as anticipated financial effects and resilience assessments to design methodologies capable of supporting future NZ IFRS S2 compliance.

The XRB should also consider appropriate transitional relief for newly required information where that information was not previously generated on the same basis under NZ CS.

We support the proposal that an entity electing to apply NZ IFRS S2 should subsequently continue applying that framework rather than moving between reporting regimes.

We also support requiring CREs to comply fully with either NZ CS or NZ IFRS S2 during the transition period. This would improve consistency and comparability for primary users and avoid selective application of requirements from each framework.

Question 9: Do you have any other comments?

Current financial impacts

The XRB should provide clear guidance on the relationship between the existing NZ CS concept of current financial *impacts* and IFRS S2's requirement to disclose current financial *effects* of climate-related risks and opportunities.

Material climate-related financial impacts do not always map neatly to an individually identified climate-related risk or opportunity, particularly where present costs arise from regulatory compliance or transition activity.

Targets

The treatment of gross and net greenhouse gas emissions targets should recognise that an entity may have a net emissions target without maintaining a separate externally committed gross emissions target. Where this occurs, disclosure should explain the position rather than implicitly requiring an additional target solely for reporting purposes.