

Sustainability Team
External Reporting Board

By email: sustainability@xrb.govt.nz

30 September 2026

Dear XRB Sustainability team,

ICNZ Submission on draft climate reporting roadmap

- 1) Thank you for the opportunity to provide a submission to the External Reporting Board (XRB) on a draft climate reporting roadmap on the future of climate reporting in New Zealand.
- 2) The Insurance Council of New Zealand / Te Kāhui Inihua o Aotearoa (ICNZ) is the representative organisation for general insurance companies in New Zealand. Our members include insurers with greater than \$1 billion in total assets or annual premium income greater than \$250 million, meaning they are climate-reporting entities (CREs).

General Comments

- 3) Insurers see value in moving toward more internationally consistent climate reporting standards over time, carefully and strategically. Insurers prioritise stability and certainty of direction for New Zealand's climate reporting regime.
- 4) Insurers recognise the opportunities of international alignment, particularly with Australia, to reduce reporting complexity, compliance costs and duplicated effort for both preparers and users.
- 5) Adopting IFRS S2 as the basis for New Zealand's future climate reporting standard is preferable to seeking alignment through piecemeal amendments to NZ CS, provided New Zealand-specific modifications are kept to a minimum.
- 6) The proposed transition away from the NZ CS to a NZ IFRS S2 appears to be timed for after Australia and other key jurisdictions have completed one to two full reporting cycles under their existing climate reporting regimes. It would be useful to understand how insights from these exercises will be accounted for. This would allow New Zealand to benefit from international implementation insights and avoid unnecessary disruption.

- 7) Some ability to benchmark climate reporting will be temporarily lost during the transition period while entities use a mix of NZ CS 1 and NZ IFRS S2 over a prolonged period of up to six years. This will also reduce comparability and usefulness for primary users during this time.

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

- 8) Yes. The proposed direction provides greater certainty about the future of climate reporting in New Zealand. We support adopting IFRS S2 as the foundation of New Zealand's future climate reporting framework. This is preferable to seeking international alignment through piecemeal amendments to NZ CS and should support international interoperability, comparability and consistency.
- 9) We also support the focus on harmonisation with the Australian Accounting Standards Board (AASB). Several ICNZ members have Australian parents or operate across both countries and will benefit from consistent reporting requirements, including an increased ability to use group expertise, systems and reporting processes. Greater alignment would reduce reporting complexity, reduce compliance costs and help primary users with comparability.

Do you have any further information relevant to the benefits and costs of the draft roadmap?

- 10) Yes. We agree that there are likely to be significant benefits from improved international comparability and reduced duplication for organisations operating across multiple jurisdictions. This is particularly relevant for New Zealand insurers that are part of Australian or other international groups. For ICNZ members operating as part of trans-Tasman groups, we are aware that bringing requirements as close to identical as possible will require some short-term efforts to adapt but will create long term benefits around ability to use consistent content (where appropriate) across both disclosures.
- 11) Greater alignment should enable those entities to make better use of group expertise, systems and reporting processes, reduce the need for New Zealand-specific information-gathering systems, and avoid preparing duplicative or customised disclosures that differ from those used by parent entities. Transition costs will be incurred as entities update systems, processes and reporting approaches. There may also be higher ongoing costs where IFRS S2 requires more

extensive or detailed disclosures than NZ CS. On balance, however, we expect the benefits of international alignment and harmonisation with Australia to outweigh these costs, provided New Zealand-specific modifications are kept to a minimum and the transition is well managed.

From a primary user perspective, would adopting IFRS S2 improve the climate information relied on for decision making?

- 12) We expect adoption of IFRS S2 to improve comparability between reporting entities and across jurisdictions once fully implemented. Greater consistency in group-wide reporting, including approaches to the financial quantification of climate-related impacts, should support more decision-useful information for investors and other primary users. Comparability may be temporarily reduced during the transition period while entities report under a mix of NZ CS and NZ IFRS S2. The XRB should consider how users can readily identify the reporting basis applied by each entity during this period.

From a CRE perspective, should any IFRS S2 requirements be removed or changed?

- 13) In general, we favour adopting IFRS S2 with as few modifications as possible. ICNZ members did not support extensive NZ modifications.
- 14) If changes are proposed, they should only be necessary to resolve a demonstrated New Zealand-specific legal or market issue, or to support harmonisation with Australia. Any departure from IFRS S2 should be carefully considered. If significant changes to IFRS S2 were to create concerns for the New Zealand market, the XRB should consult on an appropriate response before modifying New Zealand requirements.

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

- 15) We support Option 1: full deletion of the industry-based disclosure requirements in IFRS S2, including the requirements to refer to and consider the industry-based guidance. This would provide the greatest level of harmonisation with Australia and should reduce unnecessary differences in reporting requirements for entities operating across both jurisdictions.

- 16) Reducing differences between the two regimes should reduce compliance costs and improve comparability for users of climate reports. We are not aware of industry-based disclosures currently being considered within the New Zealand insurance sector that would justify retaining a separate mandatory approach. If the XRB does not delete the requirements, the ISSB guidance and any related metrics should be optional.

With regard to Australian harmonisation, what are your views on scenario analysis?

- 17) New Zealand insurers in trans-Tasman groups are aligning their climate scenarios already. A two-scenario minimum should allow entities to test materially different and decision-useful pathways while reducing unnecessary complexity. However, the XRB should also consider retaining wording aligned with IFRS S2 so CREs have flexibility to determine whether adopting the Australian approach is appropriate for their circumstances.
- 18) The XRB should also consider the practical implications of any requirement for quantitative scenario analysis. By 2030, data and modelling capability may have improved, but quantitative assessment is still likely to require additional resources and should be supported by clear guidance and appropriate transition relief.
- 19) Any differences between New Zealand and Australian requirements should be clearly justified and should deliver clear benefits that outweigh any additional compliance burden.

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

- 20) We support the XRB's proposed approach that locally relevant modifications should only be made where there is a compelling reason to do so. However, the XRB should clarify whether adoption of NZ IFRS S2 would change the purpose of the climate-related disclosure regime. NZ CS includes an explicit purpose statement aimed at supporting capital allocation consistent with a transition to a low-emissions, climate-resilient future, while IFRS S2 is more focused on climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects. New Zealand disclosures have been developed based on this wider purpose.
- 21) We support the proposed local modifications relating to GHG emissions assurance and support retaining the NZ CS 1 paragraph 22(b) requirement to

disclose GHG emissions intensity, as this metric provides decision-useful information and supports consistency and comparability of climate-related disclosures in the New Zealand context.

- 22) We encourage the XRB to minimise New Zealand-specific requirements unless they are necessary to reflect legislation or unique market circumstances. We also request specific guidance on how entities should move from current NZ transition planning disclosures to the climate resilience assessment required under IFRS S2. Although these requirements point in the same direction, different approaches have been taken trans-Tasman, and this is likely to be a practical pain point of IFRS adoption.

Do you support the proposed implementation timeline?

- 23) We support a voluntary adoption period and a phased transition from a compliance perspective but recommend refining the proposed timeline to better balance preparation time with the benefits of moving to a common reporting standard.
- 24) The availability of early adoption should provide flexibility for organisations that are ready to move sooner.
- 25) We do note the proposed timeframe to 2033 creates a prolonged transition period. This will result in a temporary loss of benchmarking while both standards are in use, creating additional complexity for the XRB, preparers and primary users. We recognise the change requirements for New Zealand entities, however we suggest that a four- to five-year transition period would better balance these competing factors.

Do you have any other comments?

- 26) We appreciate the XRB providing a clear roadmap for the future of climate reporting.
- 27) We encourage the XRB to continue engaging with preparers, primary users, assurance providers and sector bodies as the detailed standard is developed. Attention should be given to maintaining the international baseline, maximising harmonisation with Australia, minimising New Zealand-specific requirements, explaining the costs and benefits of local modifications, drawing on implementation experience from relevant jurisdictions, and providing timely

guidance, transitional relief and worked examples to support consistent implementation.