

XRB Climate Reporting Roadmap Consultation

Submission on the June 2026 consultation document

Harbour Asset Management Limited

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Harbour Asset Management Limited (Harbour) is a New Zealand-based investment manager investing across local and global markets on behalf of a broad range of clients. As part of our investment and stewardship activities, we rely on high-quality corporate reporting (including climate-related information) to assess material risks and opportunities, allocate capital responsibly and engage effectively with investee companies.

Harbour appreciates the opportunity to provide feedback on the XRB's draft climate reporting roadmap. As an investment manager and primary user of climate-related disclosures, Harbour supports a reporting framework that provides decision-useful, comparable and reliable information for investors, while remaining practical for reporting entities to implement. Our responses below are framed from this investor perspective, with a focus on maintaining international alignment, supporting trans-Tasman interoperability, preserving useful features of New Zealand's existing climate standards, and ensuring the transition to NZ IFRS S2 is managed in a way that improves disclosure quality over time.

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

Harbour supports the overall strategic direction of the draft roadmap. We agree that New Zealand's climate reporting framework should evolve from the current TCFD-based NZ CS framework toward an internationally aligned standard based on IFRS S2, incorporating the climate-relevant portions of IFRS S1. This direction should improve comparability for investors, support trans-Tasman consistency, and reduce the risk that New Zealand disclosures become progressively less interoperable as other jurisdictions adopt or otherwise use ISSB Standards. We also support the XRB's framing of the roadmap around international alignment, harmonisation with Australia, and local relevance. In our view, those principles provide an appropriate basis for balancing international credibility with New Zealand's legislative settings and market context.

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

From an investor perspective, the main benefit of the roadmap is the prospect of more comparable, decision-useful climate information across New Zealand, Australia and other markets. Harbour invests across jurisdictions and uses climate reporting to assess governance, strategy, transition planning, resilience, emissions exposure, financed emissions, and progress against targets. A standard based on IFRS S2 should make this information more comparable and easier to benchmark internationally. We acknowledge the transition costs for CREs, particularly where IFRS S2 is more detailed than NZ CS, including requirements relating to current and anticipated financial effects, climate resilience assessments and GHG measurement. However, we consider these costs should be weighed against the benefits of

better capital market information, reduced duplication for cross-border groups, and a clearer medium-term direction. We encourage the XRB to continue engaging with preparers, investors and assurance providers to understand whether any targeted local modifications are necessary to manage cost without materially reducing investor usefulness.

Q3. From a primary user perspective:

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

Yes. As a primary user, Harbour considers that adopting IFRS S2 would improve the climate information we rely on for investment decision-making by increasing comparability, specificity and connectivity with financial reporting.

b. Which disclosures matter most to you?

The most useful areas of improvement are likely to be disclosures about current and anticipated financial effects, resilience assessments, assumptions and dependencies in transition plans and more detailed GHG measurement and Scope 3 disclosures. These areas are important because they help investors assess the financial materiality of climate-related risks and opportunities, the credibility of transition strategies, and the extent to which climate considerations are integrated into governance, risk management and capital allocation.

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

Harbour generally supports retaining the core IFRS S2 requirements because we believe it is important to maximise interoperability and preserve the ability for New Zealand reporting to be recognised as aligned with ISSB climate requirements. Any removal or change should only occur where there is a compelling New Zealand-specific reason, such as disproportionate cost, significant data reliability issues, or inconsistency with New Zealand legislation. We support technical modifications required to fit the FMC Act, including clarifying the scope of assurance over GHG emissions. We would be cautious about removing requirements such as resilience assessments, financed emissions, or transition plan assumptions, as these are highly relevant to investors. Where implementation burden is a concern, we would prefer reliance on IFRS S2's proportionality mechanisms and accompanying implementation guidance rather than deleting investor-relevant disclosures.

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

Harbour supports a pragmatic approach to industry-based disclosures. Our preferred approach is broadly aligned with Option 2: retain the requirement to disclose industry-based metrics, but make the ISSB industry-based guidance optional by changing the requirement to "may refer to and consider". Industry-based metrics can be valuable for investors because climate risks and opportunities often vary materially by sector and business model. However, requiring all CREs to refer to and consider the full ISSB industry-based guidance immediately could create significant due process and implementation challenges, particularly given the breadth of the guidance and the XRB's proposed early adoption pathway. Making the guidance optional would preserve investor-useful sectoral disclosure, maintain flexibility for preparers, and allow New Zealand practice to mature while Australia continues its own work on mandatory industry-based disclosure requirements.

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

Harbour supports retaining a robust scenario analysis requirement in NZ IFRS S2. We consider that New Zealand should carry forward the substance of the NZ CS approach by requiring more than one scenario and retaining specified temperature outcomes, including a 1.5°C scenario and a higher-warming physical risk scenario. Scenario analysis is most useful to investors when it enables comparison across different transition and physical risk pathways, rather than allowing a single scenario that may not adequately test resilience. At the same time, we recognise the importance of Australian harmonisation and implementation burden. We therefore support an approach that is sufficiently interoperable with Australia's requirement for at least two temperature-based scenarios, while preserving New Zealand's useful experience with three-scenario analysis where it remains proportionate. The XRB should also retain flexibility for entity-specific scenarios that reflect sector, geography and business model, and should provide guidance on how IFRS S2's proportionality mechanisms apply in practice.

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

Yes. Harbour considers that selected additions may be needed to preserve decision-useful features of NZ CS that are particularly relevant in the New Zealand market. These include retaining disclosure of a GHG emissions intensity metric, retaining a clear definition of climate-related scenarios, and considering whether elements of the NZ CS transition planning approach should be preserved so that adaptation and climate resilience remain visible alongside emissions reduction. We do not consider that local modifications should be used to materially weaken IFRS S2. Additions are less problematic than removals from an ISSB-alignment perspective, provided they do not obscure IFRS-required information and are clearly justified by investor usefulness or New Zealand's legislative purpose for climate reporting.

Q8. Do you support the proposed implementation timeline?

Harbour supports the availability of early adoption for reporting periods beginning on or after 1 October 2026 but considers that the proposed mandatory application date of reporting periods beginning on or after 1 January 2033 is too long. In our view, the implementation timeline should be shortened, with our recommendation being for mandatory application for reporting periods beginning in 2030. CREs have already had several years of experience applying NZ CS, including developing governance processes, climate-risk identification, scenario analysis, GHG emissions measurement, and climate disclosure controls. The marginal cost of adapting from NZ CS to NZ IFRS S2 should therefore be materially lower than the original cost of moving from no climate reporting framework to mandatory NZ CS. That initial transition was achieved on a much shorter timeframe, despite requiring entities to build capability, systems and reporting practices from a substantially lower base. A shorter timeline would better support investors by bringing forward the benefits of more comparable, internationally aligned and decision-useful climate disclosures. We acknowledge that some CREs will face additional work given IFRS S2's greater specificity, particularly in relation to financial effects, resilience assessments, financed emissions and GHG measurement. However, this challenge should be managed through clear transition guidance, targeted implementation support and appropriate use of IFRS S2 proportionality mechanisms, rather than by delaying mandatory application until 2033. Harbour therefore recommends that the XRB consider a materially earlier mandatory application date

such as 2030, while retaining early adoption and providing sufficient implementation support for entities with more complex transition needs.

Q9. Do you have any other comments?

Harbour encourages the XRB to continue prioritising investor usefulness, international interoperability and practical implementation support as it finalises the roadmap. We support the XRB shifting over time from domestic standard-setting toward active engagement with the ISSB, AASB and other standard setters, provided New Zealand investor and issuer perspectives continue to be represented. We also encourage the XRB to provide clear transition guidance, worked examples and implementation support, particularly on scenario analysis, financial effects, financed emissions, Scope 3 measurement, transition plan assumptions and the interaction between NZ CS and NZ IFRS S2 during the transition period. Finally, we support ongoing monitoring of broader sustainability reporting developments, including nature-related disclosures and double materiality frameworks, while keeping this roadmap appropriately focused on climate-related financial disclosure for primary users.