

DRAFT CLIMATE REPORTING ROADMAP

Consultation Submission

September 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact



About this consultation

In June 2026, the XRB published a [draft climate reporting roadmap](#) proposing the development of NZ IFRS S2, a new climate standard based on IFRS S2 Climate-related Disclosures together with the climate-relevant requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The roadmap proposes early adoption from 1 October 2026 and mandatory application from 1 January 2033, with entities permitted to continue applying NZ CS during the transition period.

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations' support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the XRB's proposed strategic direction and the opportunity to provide feedback. Transitioning from NZ CS to the climate-related requirements of ISSB Standards through NZ IFRS S2 would promote greater consistency of climate-related information across capital markets, benefiting both investors and reporting entities.

For more information, contact:

Kazuma Osaki

Head, APAC Policy

Benjamin Taylor

Senior Analyst, Financial System Research & Insights

This document is provided for information only. It should not be construed as advice, nor relied upon. PRI Association is not responsible for any decision or action taken based on this document or for any loss or damage arising from such decision or action. All information is provided "as-is" with no guarantee of completeness, accuracy or timeliness and without warranty of any kind, expressed or implied. PRI Association is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by PRI Association or PRI signatories. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

To inform this submission, the PRI consulted signatories and market participants in New Zealand.

Copyright © PRI Association 2026. All rights reserved. This content may not be reproduced, or used for any other purpose, without the prior written consent of PRI Association.

The PRI's engagement on climate-related disclosures in New Zealand

This is the third of three related PRI responses on New Zealand's climate-information framework. The PRI's July response supported the December 2025 IFRS S2 amendments. Its September response asked MBIE to assess reforms against the availability, interoperability, predictability and quality of information used by international institutional investors.

The same principles apply here: transition to the ISSB climate baseline while preserving useful New Zealand practice and policy coherence.

Recommendation 1: Adopt the ISSB baseline and avoid permanent changes

Questions 1, 4 and 7. The PRI supports the roadmap and sees no basis for permanently weakening IFRS S2. Recommendations 2 and 3 address industry metrics and scenario analysis.

Where implementation concerns arise, the PRI recommends that the XRB favour temporary transition relief over permanent modification. Permanent departures from ISSB Standards risk creating unnecessary fragmentation, increasing costs for multinational preparers, and reducing comparability for investors. Wellington Management, a global primary user, has similarly encouraged jurisdictions to adhere to a consistent global baseline and to address local circumstances through reliefs or supplementary disclosure areas rather than by carving out elements of the standards. This supports maintaining the substantive baseline while calibrating implementation through transitional relief. New Zealand entities have already developed substantial experience with mandatory climate-related reporting under NZ CS, providing a strong foundation for transition to an internationally aligned standard.¹

The XRB distinguishes between additions to IFRS S2 and changes that weaken it. Additions may improve comparability without preventing compliance, provided they do not obscure required information. The XRB should avoid removals; any necessary departure should be narrow, temporary and reviewed.

Implementation difficulty alone does not justify removal. The XRB should first use guidance, including ISSB educational material, IFRS S2's proportionality measures or temporary relief.

The XRB should also preserve entities' ability to state compliance with the ISSB climate requirements. This signals that disclosures use the global baseline.

Recommendation 2: Keep industry metrics and make the guidance optional during the transition

Question 5. The PRI supports Option 2: keep industry-based metrics but make the ISSB industry guidance optional during the transition.

Industry metrics let investors compare companies within a sector, because climate risks differ between sectors.

The temporary flexibility is justified because the guidance spans more than 500 pages and 77 industries, and New Zealand stakeholders have not had a full opportunity to comment on it.

Option 2 remains a departure from IFRS S2. An entity could state full ISSB climate compliance only if it followed the original requirement and met all other requirements.²

¹ Wellington Management Company LLP, [Submission to the XRB request for information on the international alignment of climate reporting](#), 10 June 2025, p. 2.

² ISSB, [Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards](#) (May 2024), paragraphs 151 and 188.

The PRI rejects full deletion. Australia treats its deletion as temporary and plans mandatory industry-based requirements by July 2030.³

The PRI recommends that the XRB:

- label Option 2 temporary and review it by 2030 alongside the AASB and ISSB projects;
- confirm that entities may still apply IFRS S2 in full and state that they comply with the ISSB's climate-related requirements; and
- explain how the departure will be described internationally.

A set review date would show that New Zealand remains committed to full alignment.

Recommendation 3: Require two scenarios with clear temperature outcomes

Question 6. NZ IFRS S2 should require at least two scenarios: one aligned with 1.5°C and one well above 2°C that tests resilience to severe physical climate risk.

Investors use scenario-analysis disclosures to assess how an entity's strategy and business model may respond to different climate-related changes, developments and uncertainties. Scenario analysis is primarily a tool for testing resilience rather than predicting a single outcome, consistent with the role IFRS S2 gives it in assessing climate resilience. Investors examine the assumptions, dependencies and vulnerabilities disclosed under materially different transition and physical-risk pathways.

New Zealand survey evidence is consistent with this. In a voluntary 2026 survey of 14 investors representing a little over 30% of assets under management in New Zealand, 85% reported undertaking scenario analysis for all or part of their portfolios. The most commonly cited purposes were assessing portfolio resilience to transition and physical risks.⁴

Specified outcomes add useful information to IFRS S2 and improve comparability. New Zealand entities have three years' experience with scenario analysis, so removing temperature outcomes would discard established practice. The higher-warming scenario should test severe physical risk rather than mirror policies designed to limit warming. A scenario only slightly above 2°C may be too weak.

The PRI supports reducing the minimum from three scenarios to two, aligning more closely with Australia and reducing duplication. The Responsible Investment Association Australasia (RIAA) also reports that most data providers do not support three-scenario sets, increasing data gaps and costs.⁵ Entities should retain and refresh useful existing scenario work, and use further scenarios where they materially improve resilience testing.

The XRB should not also remove temperature outcomes, which would materially weaken comparability.

Recommendation 4: Harmonise with Australia through the ISSB baseline

Questions 1 and 7. The PRI supports trans-Tasman harmonisation through the shared ISSB baseline.

NZ IFRS S2 should therefore start from IFRS S2, not import Australian-specific changes. Departures should be limited to those required for an equivalent trans-Tasman outcome or a compelling New Zealand reason. This is consistent with the XRB's proposed test for departures.

The final roadmap should apply the same test to any future divergence between IFRS S2 and AASB S2.

³ AASB S2, [Basis for Conclusions](#), paragraphs BC28–BC30.

⁴ Investor Group on Climate Change, Centre for Sustainable Finance: Toitū Tahua and Mindful Money, [Survey of Aotearoa New Zealand Investors: Climate Policies and Actions 2026](#) (2026), pp. 4 and 10–11.

⁵ Responsible Investment Association Australasia, [Submission to the XRB Request for Information on Climate Reporting 2025 — RFI on value of international alignment](#) (June 2025), p. 3.

Recommendation 5: Enable voluntary use of IFRS S1 and consult on formal adoption

Question 9. Entities should remain free to apply IFRS S1 voluntarily alongside NZ IFRS S2, and the final roadmap should make this clear. The PRI supports formal voluntary adoption of an NZ IFRS S1 in principle.

Australia uses this model, with voluntary AASB S1 and mandatory climate reporting based on AASB S2.

A voluntary NZ IFRS S1 would help entities meet investor or group demand for comparable reporting on material sustainability risks beyond climate. It would not expand mandatory reporting, and more than 40 jurisdictions are already using the ISSB Standards.⁶

Any decision to issue a New Zealand standard should follow separate consultation, including on the role of SASB materials. That consultation could consider time-limited relief from references to SASB Standards, consistent with the approach recognised in the IFRS Foundation’s Roadmap Development Tool and the principle the PRI supports for industry-based guidance in Recommendation 2.⁷ The XRB should monitor voluntary use and market demand, and return to formal adoption when it can undertake the necessary due process.

Recommendation 6: Allow early adoption and make NZ IFRS S2 mandatory from 2030

Question 8. The PRI supports early adoption for reporting periods beginning on or after 1 October 2026, particularly for entities already using ISSB Standards or reporting within an international group. The XRB should issue the final standard with enough preparation time.

Early adoption should remain open to other ready entities. Allowing entities to continue using NZ CS during the transition should prevent a gap in reporting. A 2030 mandatory date would preserve that continuity without maintaining two reporting frameworks for longer than necessary.

The PRI recommends mandatory application for reporting periods beginning on or after 1 January 2030. The proposed 1 January 2033 date could mean a transition of up to seven years, which is difficult to reconcile with the XRB’s view that experienced New Zealand reporters do not need the IFRS S2 first-year reliefs.

A 2030 date is proportionate. CREs already have experience applying NZ CS, and the proposed August 2027 issuance date would give them more than two years’ notice. Implementation evidence from Australia’s earlier reporting groups will also be available before 2030. This reflects the PRI’s earlier view that specific requirements should be phased in rather than the whole standard delayed.⁸

During the transition, the XRB should monitor implementation and address capability gaps first through guidance, including ISSB educational material, and IFRS S2’s proportionality measures. Where further support is necessary, targeted and time-limited relief is preferable to delaying the standard as a whole.

If the XRB retains a later mandatory date, it should at least commit to a review by 30 June 2029 with a presumption of acceleration.

⁶ IFRS Foundation, [IFRS Foundation launches training programme to help companies use ISSB Standards](#), June 2026.

⁷ IFRS Foundation, [Roadmap Development Tool](#), “Roadmap tool overview”, which describes relief from references to SASB Standards for no more than five years as “adopting ISSB Standards with extended transition”.

⁸ PRI, [Response to the New Zealand External Reporting Board Request for Information on Climate Reporting 2025](#) (June 2025), p. 3.

Benefits and costs

Questions 2 and 3. The PRI broadly agrees with the XRB’s assessment. IFRS S2 would improve comparable information for cross-border investment and portfolio risk analysis.

MSCI notes that inconsistent requirements, methods and definitions make analysis more resource-intensive and limit use of reported information.⁹ Where disclosures are missing, inconsistent or not machine-readable, investors must rely on estimated third-party data. Alignment and accessibility can therefore reduce user costs as well as preparer costs.

On the cost side, the XRB’s commissioned evaluation reports that the highest climate-reporting costs were concentrated among later reporters and that costs were expected to decline or stabilise as entities gained experience. This experience is relevant to the timing proposed in Recommendation 6, but it does not by itself establish that all implementation costs are temporary or proportionate. The XRB should monitor costs by entity type and reporting maturity during the transition.¹⁰

Governance improvements can appear before effects on investment, lending or underwriting. Limited first-cycle use and early market findings are therefore not conclusive.

Investors need comparable emissions data, transition-plan assumptions and dependencies, industry metrics and resilience analysis. IFRS S2 adds detail in these areas. NZ IFRS S2 should preserve specified temperature outcomes for scenario analysis and adopt the December 2025 IFRS S2 amendments, including their transparency requirements.

Digital accessibility should be a roadmap workstream. The XRB should assess the ISSB Taxonomy and iXBRL before mandatory application, subject to consultation and a cost-benefit assessment.¹¹

Coherence with parallel reforms

Question 9. The roadmap interacts with MBIE’s capital markets reforms, including Phase One changes before Parliament that would narrow climate-reporting coverage.

The XRB and MBIE should assess these reforms as one information environment. During the transition, dual standards and changing coverage may reduce comparability, although a shorter transition would limit this. The XRB should monitor the effects through primary-user evidence.

Although coverage sits outside the XRB’s remit, the roadmap should identify it as a dependency and point to MBIE on scope and the FMA on exemptions and enforcement.

The PRI supports the XRB exploring a proportionate, internationally aligned voluntary reporting pathway for mid-tier entities that are outside the mandatory regime. Investors need information from economically significant entities, but any approach should reflect entity size, complexity and reporting capacity. It should be developed with investors, affected entities and their representative bodies, rather than replicating the full requirements for CREs.

This coordination is particularly relevant given the XRB’s July 2026 commissioned evaluation. The evaluation provides stronger contemporaneous evidence of improvements in governance, internal processes and disclosure breadth than of consistent effects on investment, lending, underwriting or capital-allocation decisions. It identifies low readership, methodological inconsistency, data challenges and the unresolved role of data providers as constraints on user-side effects. The PRI encourages the XRB and MBIE to use these findings as a baseline and to evaluate the combined effects of the reform package over time.

⁹ MSCI, [submission on the XRB draft climate reporting roadmap](#) (18 September 2026), response to question 3(a).

¹⁰ Sebastian Gehricke, Lisa Ellis and Sara Walton, University of Otago, [Effectiveness Evaluation of the Aotearoa New Zealand Climate Related Disclosure Framework: Final Report](#) (report prepared for the External Reporting Board, July 2026), section 7.1.

¹¹ Bloomberg L.P., [submission to the XRB request for information on the international alignment of climate reporting](#) (2025), p. 2.

The evaluation specifically identifies ESG data providers as a research gap. The PRI would welcome working with the XRB, local organisations and signatories to test how New Zealand disclosures enter investor workflows and which information is decision-useful.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of the New Zealand External Reporting Board.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org