

30 September 2026

External Reporting Board
Level 6/154 Featherston Street
Wellington, Aotearoa New Zealand

By email: sustainability@xrb.govt.nz

To the External Reporting Board,

Investor Group on Climate Change submission on the draft climate related disclosures roadmap for Aotearoa New Zealand

The Investor Group on Climate Change (IGCC) welcomes the opportunity to provide comment on the draft climate reporting roadmap.

IGCC is a leading network for Australian and Aotearoa New Zealand investors to understand and respond to the risks and opportunities of climate change. Our 100+ member organisations collectively manage over \$4.5 trillion in assets locally. They include our countries' largest superannuation and retail funds, and their beneficiaries include more than 15.8 million Australians, and millions more New Zealanders.

At a high level, IGCC supports the strategic direction and principles outlined in the draft roadmap. We support the adoption of IFRS S2 with targeted modifications to ensure it fits within Aotearoa New Zealand's legislative and regulatory settings. This will improve international comparability for investors and the competitiveness of New Zealand CREs, particularly through increased harmonisation with relevant Australian standards. It will also provide efficiency benefits for those entities currently reporting internationally in addition to in Aotearoa New Zealand.

Importantly, a final roadmap that sets clear path for transition to a new NZ IFRS S2 mandatory reporting standard, supported by appropriate guidance and transition timelines, will provide investors with much-needed certainty that material climate risks are being appropriately identified, quantified and factored into decision making. We encourage XRB to use this roadmap as an opportunity to signpost the dependencies between the roadmap and the policy responsibilities of other relevant agencies, to ensure the reporting regime is appropriately scoped, scaled and proportionate to the risks being addressed.

More detailed responses to the consultation questions are provided in the attached submission. In drafting these responses, IGCC has consulted with our members based in Aotearoa New Zealand, as well as collaborated with fellow peak bodies the Responsible Investor Association Australasia (RIAA) and the UN Principles for Responsible Investment (PRI). While informed by valuable inputs from these parties, the final submission represents IGCC's policy position and should not be read as the ultimate consensus view of all IGCC members in Aotearoa New Zealand and Australia.

If you have any questions about the matters raised in this submission, please contact Francesca Muskovic, Executive Director of Policy, at Francesca.Muskovic@igcc.org.au or on 0413 587 898.

Sincerely,

A handwritten signature in dark ink, appearing to read 'RMWright', is positioned above the printed name.

Rebecca Mikula-Wright

Chief Executive Officer
Investor Group on Climate Change
Asia Investor Group on Climate Change

Submission to Aotearoa New Zealand External Reporting Board (XRB)

Draft climate reporting roadmap

30 September 2026

Introduction

The Investor Group on Climate Change (IGCC) is a leading network of Australian and Aotearoa New Zealand institutional investors focussed on the impact of climate change on investments. We represent 100+ member organisations who collectively manage over \$4.5 trillion in assets locally and \$40 trillion around the world, including the retirement savings of more than 15.8 million Australians and millions of New Zealanders.

Climate-related disclosures aim to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future. By publicly reporting on their climate-related risks and opportunities, investors and other entities can demonstrate how they are considering them throughout their business models.

As long-term institutional investors and asset managers, IGCC's investor members look to corporate climate disclosures to inform capital allocation decisions and investment stewardship. IGCC and our members have been strong supporters of the introduction of mandatory climate-related disclosures in Aotearoa New Zealand, and continue to appreciate the engagement of XRB and other parts of government with industry on refinements in this important policy area.

The impacts of climate change are being felt across environments, societies and economies around the world. Global heating is associated with increases in the frequency and severity of extreme weather events, in chronic climate shifts that can lead to population displacement, and in reduced agricultural yields – all of which contribute to worsening poverty and health outcomes. Aotearoa New Zealand is not immune to the effects of climate change, with landscapes noticeably changing and increasingly severe and frequent extreme events, with multiple states of emergency declared across the country in the early part of this year. These events and their impacts, along with the costs associated with a transition to a lower-emissions economy will be felt across business and investment portfolios across the country.

Efforts to foster collaboration on climate at the international level are hampered by political polarisation, an increasingly fractured media landscape and global conflicts and insecurity. Despite this, the majority of individuals and business leaders want to see action, and investors are increasingly looking to make decisions that at the very least, minimise their exposures to climate risks, if not actively work to mitigate against them. To bridge the gap between long-term climate goals and financial returns, investors require policy certainty, high-quality data and commercially viable investment opportunities. As climate risks become more material, high-quality climate-related information will become increasingly important for investors, companies and policymakers seeking to understand exposures, assess resilience and allocate capital effectively. Transparent and comparable disclosures can help market participants identify risks

and opportunities, support investment in resilience and transition activities, and improve the overall efficiency of capital allocation.

In a competitive global capital market, Aotearoa New Zealand needs policy and regulatory frameworks that maintain its reputation as a jurisdiction with the right settings in place to appropriately manage climate related risks and opportunities. The Aotearoa New Zealand government's commitment to climate-related disclosures is vital given the broad adoption of climate reporting requirements in markets in our region and globally.

According to the [2026 State of Net Zero Aotearoa New Zealand](#) report (SONZ AoNZ) by IGCC, the Centre for Sustainable Finance and Mindful Money, 79% of respondents identified a desire to embed climate-related risks into financial decision-making as their primary driver for considering climate and net zero investments. Despite this, the same report finds currently only around 57% of respondents publish annual climate statements in alignment with global/local standards, a small uptick from 52% in the last survey¹.

For climate disclosures to be useful for investors, quality is a key factor, but the breadth of coverage across markets is also important. More high-quality disclosures help highlight where climate-related risks lie and identify opportunities across the economy. For investors, the transparency and comparability of disclosures informs capital allocation and the identification of risks in their own portfolios and value chains. For regulators and policy makers, more disclosures help build a picture of the system-wide risks and the broader resilience of the financial system, allowing policy responses to be better calibrated. Given this, we support and agree with the comments made by the Responsible Investment Association Australasia in their submission regarding the scope of market coverage and the related roles of MBIE and FMA in this area.

Consultation questions

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

The politicisation of climate science and the polarisation of climate policy continue to delay global progress in effecting the transition towards a low-emissions, climate-resilient global economy. This also holds true within Aotearoa New Zealand, and [SONZ AoNZ 2026](#) survey respondents frequently cited policy and regulatory uncertainty as a barrier to their action². Governments have a key role to play in designing and implementing effective, long-term policies and incentives to enable individuals, regions and businesses to mitigate and adapt to climate change.

Consistent with our previous submissions to the XRB, IGCC supports the strategic direction set out in the draft climate reporting roadmap. While it is not presently included, there may also be merit in the XRB considering a reference to the objective of the current NZ CS to *'...support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.'*

¹ Investor Group on Climate Change, The Centre for Sustainable Finance: Toitū Tahua and Mindful Money, ['Survey of Aotearoa New Zealand Investors: Climate Policies and Actions 2026'](#), September 2026

² *ibid*

In our 2025 response to the XRB's RFI on international alignment of climate reporting, IGCC recommended alignment with the ISSB's IFRS S1 and S2. That remains our position and we therefore welcome the draft roadmap's move to an IFRS S1 and S2-aligned regime.

IGCC investment manager members are both users of climate reporting and climate reporting entities themselves. As users, investors analyse climate disclosures by companies across a range of markets.

Alignment with IFRS S1 and S2 would bring Aotearoa New Zealand into a cohort of roughly 40 jurisdictions that have introduced, or are in the process of introducing, ISSB standards. This reduces the friction – in terms of time, resources and costs – for investors comparing opportunities across borders and could benefit both New Zealand companies and the broader economy by making it easier for global capital to invest in Aotearoa New Zealand.

We also agree with the XRB that there is significant benefit to trans-Tasman harmonisation. However, where the AASB S2 diverges from IFRS S2, we recommend Aotearoa New Zealand prioritise alignment with IFRS as any 'Australian-specific' content should not necessarily apply in the Aotearoa New Zealand context.

Finally, in principle we support necessary modifications to ensure any future NZ IFRS S2 fits within Aotearoa New Zealand's legislative and regulatory settings. Any further departure or modification from IFRS S2 must be evidence-based, with permanent departures a last resort. New Zealand entities could benefit greatly from being able to assert compliance with internationally recognised baselines in IFRS S2, and the ISSB's Jurisdictional Guide makes it clear that permanent modifications to change or remove requirements may impact that ability.

Given the NZ CS have been in place for some time now, New Zealand entities by now have sufficient experience with mandatory climate-related reporting that a transition to an internationally aligned standard should not be overly onerous.

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

As the draft roadmap points out, there are costs and benefits to adopting an IFRS S2-aligned approach. Broadly, we agree with the XRB's assessment of these. We urge XRB to consider the costs and benefits for stakeholders along the information chain, noting provisions that create efficiencies for one often result in less efficiency or higher costs for another group.

Global capital is both increasingly climate-aware, and very mobile. Investment in markets like Aotearoa New Zealand is a deliberate choice, with every policy or regulatory shift being considered by investors and evaluated on the basis of their ability to make it easier, or harder, less, or more, risky to invest.

Aotearoa New Zealand has for some time been considered a leader in addressing climate, and a reliable and stable jurisdiction. Improving the international comparability of CREs' climate statements would improve the information available to investors looking to deploy capital in Aotearoa New Zealand and improve the competitiveness of New Zealand companies.

Of late there have been reversals in policy and a more fractured political landscape that are causing concern for investors, and this is translating into higher risk premiums on investments in Aotearoa New Zealand. While it may be beyond the scope of what the XRB can influence or has direct control over, we urge policy makers to work together to ensure all policy signals are pointing in the same direction and

minimise any short-term changes that invariably add to costs for CREs and users alike. Policy certainty remains an important consideration for investors, and to the extent that the final roadmap is able to clearly lay out the expected pathway for transition and any subsequent milestone review point/s, this will be welcomed by investors and reporting entities alike.

It is also worth noting some of the lessons from the Group 1 and Group 2 reporting entities' experiences in Australia, particularly in light of the current review underway looking at opportunities to improve the efficiency of the regime. We strongly urge XRB and colleagues across relevant agencies to provide as much guidance as possible for reporting entities, assurance providers and users of reports under any new reporting regime. Early experiences in Australia indicate that guidance on the different applications and expectations of IFRS-aligned standards for financial entities and real economy reporting entities would go a substantial way to reducing costs and uncertainty.

While IFRS S2 would improve comparability of information for cross-border investment and portfolio risk analysis, these benefits can be further enhanced by ensuring that information is accessible, including digitally. Where disclosures are missing, inconsistent or not machine-readable, investors and other users face higher costs and greater uncertainty as they must instead rely on third-party data. IGCC recommends XRB consider a roadmap workstream on digital accessibility, including an analysis of the ISSB Taxonomy and iXBRL before mandatory application and subject to a comprehensive cost-benefit analysis and consultation process.

While mandatory reporting is a powerful tool to draw attention to and build capacity within entities around transition and climate-risk awareness, delayed or unduly weakened reporting would create costs in terms of poorer risk visibility and understanding, less well-informed capital allocation decisions and reduced resilience across the Aotearoa New Zealand economy.

Q3. From a primary user perspective:

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

Which disclosures matter most to you?

- a. Primary users are likely to benefit most from the adoption of IFRS S2 as a result of the increased comparability and consistency it provides across jurisdictions. Much of the decision useful information currently available under the NZ CS will remain unchanged.
- b. The disclosures most relevant for investors are Scope 1, 2 and 3 emissions, including financed emissions where material, noting the challenges facing many reporting entities in the Australian regime in achieving the required level of detail and accuracy over elements of their Scope 3 reporting. Investors also rely on reporting entities' transition plans, including assumptions, dependencies and progress; scenario analysis and climate resilience assessments; current and anticipated financial effects; targets and progress against them; and industry-relevant metrics.

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

N/A

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

Of the options identified for consideration, IGCC supports Option 2 - including the IFRS S2 requirement to disclose industry-based metrics but making the industry-based guidance optional by changing “shall refer to and consider” to “may refer to and consider”.

Options 1 and 3 would not be aligned with the AASB approach which has clearly indicated mandatory baseline requirements for industry-based disclosure would be finalised by 1 July 2030, and that the current approach is an interim one only to allow for due process and sufficient stakeholder consultation. Option 4 is also not supported for the reasons identified by XRB around lack of consultation time, due process and scope limitations.

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

IGCC supports greater interoperability and comparability with Australia and IFRS S2.

Harmonisation with Australia would see a requirement for at least two mandatory climate-related scenarios, which IGCC supports. While currently required to analyse a minimum of three climate-related scenarios under NZ CS 1, IFRS S2 requires significant disclosure on the processes underpinning the analysis beyond that required in the NZ CS. In terms of proportionality, mandating three scenarios under an NZ IFRS S2 could be considered an unnecessary reporting burden for many entities, for relatively little additional benefit in terms of accuracy and ability to test resilience.

We also recommend that at least two scenarios have specified temperature outcomes to ensure comparability across entities and reporting periods. However, we recommend taking a simpler approach to the definition of temperature outcomes than is presently the case in Australia, where these are subject to requirements cross-referenced in the Australian Corporations Act 2001 and the Australian Climate Change Act 2022. For consistency with the current Australian regime, one of the scenarios required in the Aotearoa New Zealand context should continue to be the 1.5°C scenario currently required under NS CS 1, and the other a higher warming scenario relevant to the Aotearoa New Zealand policy and legislative context. We do however note that there is a statutory review of the mandatory climate-related financial disclosure regime in Australia that will take place in 2028-29, which may result in changes that could be considered relevant and important to be reflected in the Aotearoa New Zealand regime in due course.

At this stage, given New Zealand CREs have had several years of conducting scenario analysis as required under the NZ CS, removing a minimum requirement and/or specified temperature outcomes would needlessly remove what has become an established part of reporting practice.

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

IGCC supports as much international alignment as possible between IFRS S2 and any NZ IFRS S2 regime.

Where required by legislation or clearly evidenced as an Aotearoa New Zealand-specific need, local modifications should be considered. As previously indicated, any such modification should not weaken

the intent of the regime or reduce the quality and availability of information that is material and decision-relevant for investors.

Any changes or substantive deviations from IFRS S2 should also be considered in light of their impact on CREs' ability to claim compliance with ISSB standards. Given the increasing implementation of ISSB standards across the region and particularly in major trading partner jurisdictions, compliance by New Zealand's CREs with the internationally accepted baselines will be ever more important in maintaining comparability and attractiveness to international capital.

Finally, the Australian government is currently consulting on opportunities to improve the efficiency of the mandatory climate reporting regime, including phased disclosure and assurance requirements, and the provision of more, or more detailed, guidance in particular areas. As a principle, IGCC strongly supports guidance as the first response to uncertainty or inefficiencies, rather than changes to standards or legislation, and we would have the same position in relation to the Aotearoa New Zealand context. We urge XRB to consider additional guidance that is clear and directive but not restrictive in areas that CREs identify as potentially challenging to implement under both the existing NZ CS and any future NZ IFRS S2 regime.

Where changes are proposed, we support RIAA's recommendation that the roadmap clearly distinguish between what is necessary for workability and that which would materially reduce disclosure quality or usefulness for investors.

Q8. Do you support the proposed implementation timeline?

IGCC supports the proposal that CREs be able to adopt NZ IFRS S2 as early as for reporting periods beginning on or after 1 October 2026. For entities with reporting obligations in other jurisdictions or those already choosing to provide internationally comparable disclosures, this would be a welcome formalisation of their approach. It should be noted that while entities currently reporting under IFRS will likely require limited general guidance, any NS IFRS S2-specific guidance must be provided as soon as possible given the proximity of 1 October. Similarly, if there is a decision not to proceed with that date, then this too must be communicated as soon as practicable.

Notwithstanding the above, IGCC recommends XRB consider an earlier mandatory commencement date that is closer to 2030. The current proposed mandatory application date of any NZ IFRS S2 (1 January 2033) is not clearly evidenced. Given CREs have several years of experience reporting under the NZ CS, transition to NZ IFRS S2 should not be as costly or onerous as if there were no climate reporting requirements currently in place, and CREs should already have relevant information available. An overly extended period of dual reporting will create further confusion and only delay, not reduce, any costs associated with transitioning to the new regime.

That being said, there will be costs and 'teething issues' with any new requirements – the Australian experience could provide some useful early lessons as Group 1 and more Group 2 entities complete a full reporting year and submit disclosures. Based on that experience, XRB may wish to consider whether a phased approach for groups of entities to enter the mandatory regime be considered. Such an approach, combined with an appropriate review mechanism and comprehensive guidance, would allow for any necessary refinements to NZ IFRS S2 prior to full application.

Q9. Do you have any other comments?

IGCC notes that XRB has indicated it does not intend to release an Aotearoa New Zealand equivalent of IFRS S1 for voluntary adoption, as has been done in Australia and other jurisdictions. IGCC recommends that this be reconsidered, and CREs be given the ability to apply full IFRS S1 should they choose to, alongside the mandatory NZ IFRS S2.

Doing so would further improve international comparability for those seeking it on broader sustainability related financial disclosures. Providing IFRS S1 as an optional pathway would also be consistent with progress in other jurisdictions and provide a greater degree of ‘futureproofing’ for Aotearoa New Zealand’s reporting regime as disclosure expectations and practices continue to evolve internationally.

IGCC would also support XRB exploring a voluntary reporting pathway for mid-tier entities otherwise outside the mandatory regime, provided such a pathway is proportionate and internationally aligned. While investors require information from these entities, any approach should be based on entity size, complexity and capacity to report. It should be developed with investors, relevant entities and their representative bodies, and not simply replicate the full requirements of the mandatory regime for CREs.