

Consultation Questions – Response from EcoVision Consultancy Limited

XRB consultation document: Draft climate reporting roadmap

3 Consultation questions

For all questions, please provide reasons and any supporting evidence

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Executive Summary

EcoVision Consultancy Limited welcomes the opportunity to respond to the XRB's consultation on the draft climate reporting roadmap. Our response is informed by our work with reporting entities, sustainability teams, finance functions, governance bodies and users of climate-related information.

We broadly support the XRB's proposed strategic direction: **adopting IFRS S2 Climate-related Disclosures as the basis for a New Zealand climate standard, harmonised where appropriate with Australia, and modified only where necessary for New Zealand's legislative, regulatory and market context.**

Our overall position is that New Zealand should preserve the strengths of the current Aotearoa New Zealand Climate Standards, while moving toward an internationally comparable and investor-focused reporting framework. This will help maintain credibility, reduce duplication for trans-Tasman and internationally connected entities, and improve the usefulness of climate information for capital allocation and risk management.

The ISSB Standards have been endorsed by IOSCO and are increasingly being adopted or used by jurisdictions globally, making IFRS S2 the most credible global baseline for climate-related financial disclosures.

The XRB's consultation confirms that the proposed roadmap would issue NZ IFRS S2, make it available for early adoption, and require mandatory application for reporting periods beginning on or after 1 January 2033.

Australia has also implemented AASB S2, based on IFRS S2, with mandatory climate reporting commencing for relevant entities from reporting periods beginning on or after 1 January 2025.

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

Q1. Do you support the strategic direction for climate reporting set out in the draft climate reporting roadmap?	See the draft roadmap
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Yes. EcoVision Consultancy Limited supports the strategic direction set out in the draft roadmap.

We support the proposal to issue **NZ IFRS S2 Climate-related Disclosures**, based on IFRS S2 and incorporating the climate-relevant portions of IFRS S1. We agree that this approach is preferable to continuing indefinitely with NZ CS or attempting piecemeal amendments to align NZ CS with IFRS S2.

Our support is based on the following reasons.

First, [international alignment](#) is important for New Zealand’s capital markets. New Zealand is a relatively small, open economy that relies on domestic and international capital. Climate-related information is increasingly used by investors, lenders, insurers and other creditors to assess enterprise value, resilience, transition exposure and access to finance. IFRS S2 provides a globally recognised baseline for climate-related financial disclosures. The ISSB issued IFRS S2 in June 2023, and the standard is effective from 1 January 2024.

IOSCO’s endorsement of IFRS S1 and IFRS S2 provides strong evidence that the standards are suitable for use in capital markets globally. ([ifrs.org](https://www.ifrs.org))

Second, **adoption of IFRS S2 will improve comparability and reduce fragmentation**. The existing NZ CS framework is broadly aligned with the TCFD architecture, but international practice has now moved toward ISSB Standards as the global baseline.

If New Zealand remains on a separate domestic framework for too long, there is a risk that New Zealand disclosures become less comparable with those prepared by entities in Australia, the United Kingdom, Japan, Korea, Singapore, Canada and other ISSB-

aligned jurisdictions. This could increase the cost of analysis for investors and potentially reduce the attractiveness of New Zealand entities to international capital providers.

Third, **harmonisation with Australia is essential**. Australia is New Zealand's most important jurisdiction for alignment because many entities, investors, banks and assurance providers operate across the trans-Tasman market.

AASB S2 is based on IFRS S2, and Australian sustainability reporting requirements are now in force for applicable entities. (standards.aasb.gov.au) Harmonisation should reduce duplication, compliance friction and inconsistent reporting expectations for groups operating in both markets.

Fourth, **local relevance remains necessary**. We support the XRB's principle that modifications should be made where required to fit New Zealand legislation, regulatory settings and market context. However, such modifications should be limited and evidence-based. The more New Zealand changes or removes IFRS S2 requirements, the greater the risk that New Zealand entities will be unable to state compliance with the climate-related requirements in ISSB Standards.

Accordingly, we support the roadmap's three principles:

1. **International alignment** through adoption of IFRS S2.
 2. **Australian harmonisation** where appropriate and cost-effective.
 3. **Local relevance** where there is a compelling New Zealand-specific reason.
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Q2. Do you have any further information you consider relevant to our consideration of the benefits and costs of the draft roadmap?

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Yes. In our view, the benefits of the draft roadmap are likely to outweigh the costs, provided [the transition](#) is carefully managed and supported by guidance.

Benefits

The main benefits are as follows.

1. Improved decision-usefulness for primary users

IFRS S2 requires more specific and connected information about climate-related risks and opportunities, governance, strategy, risk management, metrics and targets. In particular, the requirements relating to current and anticipated financial effects, resilience, transition plans, GHG emissions and progress against targets should improve the usefulness of disclosures for investors, lenders and other creditors.

2. Better international comparability

Adoption of IFRS S2 will make New Zealand reporting more comparable with reporting in other ISSB-aligned jurisdictions. This is important because many institutional investors [assess entities across jurisdictions](#) and sectors. The IFRS Foundation has identified IFRS S2 as a global baseline for climate-related disclosures, and many jurisdictions have adopted or are considering ISSB Standards.

3. Reduced duplication for internationally connected entities

Entities with Australian operations, overseas parents, dual listings or international investors may currently need to map NZ CS disclosures to IFRS S2, AASB S2 or other frameworks. A New Zealand standard based on IFRS S2 should reduce duplicated work, system complexity and assurance burden.

4. Greater access to international expertise, technology and assurance capability

Software providers, consultants, auditors and assurance practitioners are increasingly building methodologies and systems around ISSB Standards. Adoption of NZ IFRS S2 will allow New Zealand entities to benefit from these global tools and capabilities.

5. Stronger connection between climate and financial reporting

IFRS S2's connection with IFRS S1 means climate-related disclosures are more explicitly linked to financial statements, materiality judgements, reporting boundaries, estimation uncertainty and governance processes. This should improve discipline and reduce the risk that climate reporting is treated as a standalone sustainability exercise rather than part of enterprise risk and financial reporting.

Costs

The main costs are likely to include:

- ✔ staff training and capability building;
- ✔ gap assessments against IFRS S2;
- ✔ changes to data systems and internal controls;
- ✔ enhanced Scope 3 and financed emissions processes;
- ✔ additional governance and documentation;
- ✔ assurance readiness work;
- ✔ scenario analysis updates;
- ✔ integration with financial planning, risk management and strategy processes.

These costs will vary significantly by entity size, sector, reporting maturity and group structure.

For many CREs, the most material cost areas are likely to be:

1. **GHG emissions measurement**, especially Scope 3 and financed emissions;
2. **current and anticipated financial effects**;
3. **scenario analysis and climate resilience assessment**;
4. **transition plan disclosure and progress tracking**;
5. **internal control and assurance readiness**.

However, these are also areas where users need better information. Therefore, the cost should be assessed against the value of more reliable, comparable and decision-useful reporting.

Cost management considerations

To manage implementation costs, we recommend that the XRB:

- provide a clear transition guide from NZ CS to NZ IFRS S2;
- publish mapping tables comparing NZ CS, IFRS S2 and AASB S2;
- support sector-based learning forums;
- provide illustrative examples for New Zealand entities;
- clarify assurance expectations early;
- coordinate with Australian regulators and standard setters where possible;
- avoid unnecessary New Zealand-only modifications unless strongly justified.

We also recommend that the XRB monitor the implementation experience in Australia. Australia's early reporting under AASB S2 will provide useful evidence about practical challenges, assurance issues, systems requirements and scenario analysis practice.

Q3. From a primary user perspective:

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

(b) Which disclosures matter most to you?

Q3(a): Would adopting IFRS S2 improve climate information for decision making?

Q3. From a primary user perspective: (a) Would adopting IFRS S2 improve the climate information you rely on for your decision making? (b) Which disclosures matter most to you?	Section 5
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Yes. From a primary user perspective, adopting IFRS S2 should improve the quality, comparability and reliability of climate information used in decision making.

Investors, lenders and other creditors need climate-related information to assess:

- 🌱 enterprise value;
- 🌱 exposure to physical and transition risks;
- 🌱 resilience of strategy and business model;
- 🌱 capital expenditure and financing needs;
- 🌱 insurance and credit risk;
- 🌱 credibility of transition plans;
- 🌱 emissions exposure;
- 🌱 governance and accountability;
- 🌱 the potential effect of climate-related matters on cash flows, cost of capital and access to finance.

IFRS S2 is specifically designed to provide information about climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects. Its investor-focused materiality lens is appropriate for primary users and should support more consistent decision-useful disclosures.

Adopting IFRS S2 would also improve decision making because it requires more specificity than NZ CS in some key areas, including:

- 🌱 connected information;
- 🌱 climate resilience assessment;
- 🌱 current and anticipated financial effects;
- 🌱 transition plan assumptions and dependencies;
- 🌱 Scope 3 emissions measurement;
- 🌱 financed emissions for relevant financial institutions;
- 🌱 progress against climate-related plans and targets;
- 🌱 industry-based considerations, depending on the final New Zealand approach.

IFRS S2 also includes proportionality mechanisms, such as the use of reasonable and supportable information available without undue cost or effort. This is important because it allows entities to provide useful information while recognising differences in skills, capabilities and resources.

Q3(b): Which disclosures matter most?

The following disclosures matter most to primary users.

1. Governance and accountability

Primary users need to understand how boards and management oversee climate-related risks and opportunities. Important disclosures include:

- 🌱 board oversight;
- 🌱 management responsibility;
- 🌱 skills and capability;
- 🌱 integration with strategy and risk management;
- 🌱 links to remuneration and incentives;
- 🌱 frequency and quality of climate-related reporting to governance bodies.

These disclosures help users assess whether climate-related risks are being managed at the appropriate level.

2. Climate-related risks and opportunities

Users need clear disclosure of the physical and transition risks and opportunities that could affect the entity's prospects. This should include time horizons, affected business units, value chain exposure and material assumptions.

3. Current and anticipated financial effects

This is one of the most important disclosure areas. Users need to understand how climate-related matters affect, or may affect:

- 🌱 revenue;
- 🌱 operating costs;
- 🌱 asset values;
- 🌱 impairment risk;
- 🌱 capital expenditure;
- 🌱 financing costs;
- 🌱 access to insurance;
- 🌱 provisions;
- 🌱 useful lives of assets;
- 🌱 demand for products and services.

Where quantitative information cannot be provided, qualitative information should still be meaningful and specific.

4. Scenario analysis and climate resilience

Scenario analysis is essential for understanding how resilient an entity's strategy and business model may be under different climate futures. Users need disclosure of:

- 🌱 scenarios used;
- 🌱 temperature outcomes;
- 🌱 assumptions;
- 🌱 time horizons;
- 🌱 methods;
- 🌱 key uncertainties;
- 🌱 strategic implications;
- 🌱 limitations of the analysis.

5. GHG emissions, including Scope 3 and financed emissions

GHG emissions data remains a core metric for assessing transition exposure. Users need:

- 🌱 Scope 1, Scope 2 and Scope 3 emissions;
- 🌱 location-based Scope 2 emissions;
- 🌱 material Scope 3 categories;
- 🌱 financed emissions for relevant financial institutions;
- 🌱 methodology, assumptions and emission factors;
- 🌱 explanation of changes over time;
- 🌱 assurance status.

The IFRS Foundation's 2024 climate disclosure progress report notes that IFRS S2 includes additional GHG disclosures ***beyond TCFD***, including separate Scope 1 and Scope 2 disclosures for the consolidated accounting group and other investees, Scope 3 information, financed emissions for relevant financial institutions and information about measurement approaches. ([ifrs.org](https://www.ifrs.org))

6. Transition plans and progress

Where an entity has a transition plan, users need to assess whether it is credible, financed, governed and measurable. Important disclosures include:

- 🌱 actions planned;
- 🌱 assumptions and dependencies;
- 🌱 capital allocation;
- 🌱 interim milestones;
- 🌱 progress against prior plans;
- 🌱 use of offsets or carbon credits;
- 🌱 alignment with targets;
- 🌱 links to financial planning.

7. Metrics and targets

Users need consistent metrics and targets to track performance over time. These should include both cross-industry and entity-specific metrics, as well as any industry-relevant indicators.

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

Q4. From a CRE perspective, should any of the IFRS S2 requirements (or incorporated climate-relevant portions of IFRS S1) be removed or changed?	Section 5 and 7
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In general, we ***do not*** support removing or materially weakening IFRS S2 requirements, except where necessary to fit New Zealand legislation or where there is a compelling evidence-based reason.

New Zealand's objective should be to enable CREs to state compliance with the climate-related requirements in ISSB Standards wherever possible. Removing or weakening IFRS S2 requirements ***could undermine international comparability and reduce the credibility of New Zealand reporting.***

However, we support targeted New Zealand-specific modifications in the following areas.

1. Legislative and regulatory modifications

We support the XRB's proposed technical modifications to ensure NZ IFRS S2 operates within New Zealand law, including:

- ✔ clarifying that limited assurance remains the minimum assurance level for GHG emissions disclosures;
- ✔ clarifying the scope of GHG assurance;
- ✔ retaining the reporting entity override where required by Part 7A of the Financial Markets Conduct Act 2013.

These changes are necessary and appropriate.

2. Comparative information

We support the proposed tailored transitional relief for comparative information. CREs that previously applied NZ CS should provide comparative information for the prior

period but should not be required to restate that information fully to comply with NZ IFRS S2. This is practical and avoids unnecessary transition cost.

3. Industry-based disclosures

We do not support full mandatory adoption of the ISSB industry-based guidance at this stage. The industry-based guidance is extensive, derived from SASB Standards and may require further assessment for New Zealand relevance. We address this in more detail in Q5.

4. Scenario analysis

We support retaining a New Zealand-specific minimum scenario analysis requirement, while allowing flexibility for entities that also report in Australia or another ISSB-aligned jurisdiction. We address this in more detail in Q6.

5. GHG Protocol

We support IFRS S2's use of the GHG Protocol Corporate Standard as the primary basis for GHG emissions measurement. A common measurement basis improves comparability. However, where an entity is required by law or regulation to use another method, the XRB should consider whether disclosure of reconciliation, explanation or disaggregation is sufficient rather than prohibiting such practice.

6. Commercially sensitive information

We support carrying forward IFRS S1's limited exemption for commercially sensitive information about opportunities. This is useful and practical, provided the exemption is narrow, well explained and not used to avoid disclosure of material climate-related risks.

7. Proportionality mechanisms

We strongly support retaining IFRS S2's proportionality mechanisms. These will be particularly important for entities with less mature systems or complex value chains. The XRB should provide guidance on how "reasonable and supportable information available without undue cost or effort" should be applied in the New Zealand context.

In summary, IFRS S2 should be adopted substantially intact, with limited modifications for New Zealand law, transition, industry-based guidance and scenario analysis.

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

Q5. What are your views on the Australian harmonisation options for industry-based disclosures?	Section 6.3.1
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We recommend **Option 2: Provide flexibility about industry-based metrics**.

That is, NZ IFRS S2 should include the IFRS S2 requirement to disclose industry-based metrics, but the ISSB industry-based guidance should be optional by changing “shall refer to and consider” to “may refer to and consider”.

This approach best balances decision-usefulness, international alignment, Australian harmonisation and implementation practicality.

Reasons for supporting Option 2

1. Industry-based metrics are useful to primary users

Climate-related risks and opportunities *differ significantly by industry*. For example, relevant metrics for banking, insurance, agriculture, transport, energy, property and manufacturing are not the same. Industry-based metrics help users compare entities with similar business models and risk exposures.

Removing industry-based metrics entirely would reduce the usefulness of reporting.

2. Mandatory use of ISSB industry-based guidance may be premature

The ISSB industry-based guidance is derived from SASB Standards and covers many industries. Some content may not be fully suited to New Zealand’s economy, market structure, legal settings, Māori economy, primary industries or smaller capital markets. The XRB’s consultation correctly identifies due process concerns if New Zealand were to require CREs to refer to and consider more than 500 pages of industry guidance without a detailed local review.

3. Option 2 maintains a pathway to future convergence

Option 2 allows entities to use the ISSB industry-based guidance where useful, while not making it mandatory immediately. This preserves flexibility and allows New Zealand to monitor Australia's planned work on industry-based disclosures.

AASB S2 currently deletes IFRS S2 text relating to industry-based metrics and guidance as an interim measure, with the AASB indicating an intention to finalise mandatory industry-based disclosure requirements by 2030. (standards.aasb.gov.au)

4. Option 2 is more useful than full deletion

We do not support Option 1 because full deletion would remove a valuable category of information and may put New Zealand further away from full ISSB compliance.

5. Option 2 is preferable to wholly optional disclosure

We do not support Option 3 because making industry-based metrics entirely optional could lead to inconsistent and incomplete reporting.

6. Option 2 is preferable to retaining only the NZ CS formulation

Option 4 has merit, but it may not provide enough connection to IFRS S2 and global practice. Option 2 provides a clearer bridge between current New Zealand practice and future ISSB alignment.

Recommended wording

We recommend that NZ IFRS S2 require entities to disclose industry-based metrics that are material and relevant to their business model, and state that entities **may refer to and consider** the ISSB industry-based guidance, SASB Standards, Australian developments and other credible sector-specific sources.

The XRB should also commit to reviewing this position after Australia completes its industry-based disclosure project or by a specified date, such as 2030.

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

Q6. With regard to Australian harmonisation, what are your views on how we should approach scenario analysis?	Section 6.4
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We recommend that NZ IFRS S2 retain a New Zealand-specific requirement for scenario analysis, but with sufficient flexibility to avoid unnecessary duplication for entities also reporting under AASB S2 or other ISSB-aligned frameworks.

Recommended approach

We recommend that NZ IFRS S2 require CREs to assess climate resilience using **at least two climate-related scenarios**, including:

1. a **low-emissions scenario aligned with limiting warming to 1.5°C**, and
2. a **high-warming or delayed-transition scenario**, such as well above 2°C or 3°C or higher.

The standard should permit, but not require, a third scenario. The XRB could encourage a third scenario through guidance, especially for entities with material climate exposure.

Reasons

1. Scenario analysis is central to climate resilience

Scenario analysis helps entities and users understand strategic resilience under uncertain climate futures. It supports better governance, risk management, capital planning and transition planning.

2. New Zealand should preserve the strengths of NZ CS

NZ CS currently requires a minimum of three climate-related scenarios, including specified temperature outcomes. This has helped create a consistent expectation in New

Zealand. However, moving to IFRS S2 and harmonising with Australia provides an opportunity to reduce unnecessary rigidity while preserving decision-usefulness.

3. Harmonisation with Australia supports efficiency

Australian law requires climate resilience assessment using at least two scenarios referable to temperature increases set out in the Australian Climate Change Act 2022, including 1.5°C and well exceeding 2°C. ASIC's guidance confirms that the Corporations Act requires climate-related scenario analysis using at least two such scenarios. (asic.gov.au)

Requiring at least two scenarios in New Zealand would be broadly compatible with Australia and reduce duplication for trans-Tasman entities.

4. A two-scenario minimum is more proportionate

A mandatory three-scenario requirement may impose additional cost, especially for CREs with lower climate exposure or fewer resources.

IFRS S2 itself does not prescribe a specific number of scenarios and allows entities to determine an approach based on circumstances, using reasonable and supportable information.

5. Flexibility should be available for more advanced entities

Entities with **material exposure** to climate risk should still be encouraged to use three or more scenarios where appropriate. For example, an entity may use:

- an orderly 1.5°C transition scenario;
- a delayed or disorderly transition scenario;
- a high physical risk scenario of 3°C or more.

Recommended practical solution

We recommend the following:

- require at least two scenarios;
- specify one 1.5°C scenario;
- specify one high-warming or delayed-transition scenario;
- permit use of Australian scenarios where they meet New Zealand requirements;

- allow entities to add further scenarios where material;
- require disclosure of key assumptions, limitations and strategic implications;
- provide New Zealand-specific guidance on scenario sources, including physical risk, transition risk and sector-level scenarios.

This approach balances comparability, proportionality and trans-Tasman harmonisation.

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

Q7. Are any changes or additions needed to NZ IFRS S2 to fit with New Zealand’s reporting practice and market context?	Section 7
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Yes. We recommend limited changes and additions to ensure NZ IFRS S2 is fit for New Zealand, while preserving alignment with IFRS S2.

1. Retain a GHG emissions intensity metric

We recommend carrying forward the NZ CS requirement to disclose a GHG emissions intensity metric, where material and meaningful.

Intensity metrics are useful because absolute emissions alone do not always show performance, efficiency or transition progress. For example, intensity metrics can help users compare emissions relative to revenue, production, lending exposure, floor area, energy output or tonnes of product.

However, the standard should require entities to explain why the chosen intensity metric is relevant and should allow sector-appropriate metrics.

2. Clarify GHG assurance scope

We support the XRB’s proposal to clarify the scope of the assurance engagement over GHG emissions disclosures. This is essential to avoid uncertainty about whether assurance extends to emissions targets, transition plans, financial effects or other metrics.

We recommend that the XRB clearly distinguish between:

- ✔ assured GHG emissions disclosures;
- ✔ closely related methodology, assumptions and estimation uncertainty;
- ✔ other climate disclosures that are not subject to mandatory assurance unless required separately.

3. Provide New Zealand transition guidance

The XRB should issue a practical transition guide covering:

- 🌱 mapping from NZ CS to NZ IFRS S2;
- 🌱 first-time application;
- 🌱 treatment of comparatives;
- 🌱 scenario analysis expectations;
- 🌱 GHG Protocol transition;
- 🌱 Scope 3 and financed emissions;
- 🌱 assurance readiness;
- 🌱 board and management responsibilities;
- 🌱 examples of connected information.

This guidance would be highly valuable for CREs and advisers.

4. Recognise New Zealand's economic profile

New Zealand has particular exposure to:

- 🌱 agriculture and land use;
- 🌱 forestry;
- 🌱 renewable electricity;
- 🌱 transport and infrastructure;
- 🌱 coastal and flood risk;
- 🌱 insurance affordability and availability;
- 🌱 Māori economy and intergenerational stewardship;
- 🌱 small and medium-sized listed entities;
- 🌱 trans-Tasman financial markets.

The standard itself should not become overly localised, but XRB guidance should include examples relevant to these sectors and contexts.

5. Preserve the ability to state ISSB compliance

Local additions should be drafted so they do not obscure IFRS S2 information. We recommend avoiding changes that remove or weaken IFRS S2 requirements unless absolutely necessary. Additions are generally preferable to deletions because they are less likely to prevent entities from stating compliance with ISSB climate requirements.

6. He Tauira and broader reporting

We support the XRB continuing to promote He Tauira as a voluntary framework that can complement mandatory climate reporting. However, it should remain separate from NZ IFRS S2 to avoid blurring investor-focused climate disclosure requirements with broader impact or intergenerational reporting.

7. Māori and Te Ao Māori considerations

We recommend that the XRB consider whether additional non-mandatory guidance is needed to help entities explain climate-related governance, strategy and impacts where

Te Ao Māori, iwi, hapū, whenua, taonga or intergenerational considerations are relevant.

This should be guidance rather than mandatory IFRS S2 modification, unless a clear legislative basis exists.

Q8. Do you support the proposed implementation timeline?

Q8. Do you support the proposed implementation timeline?	Section 8
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We support the broad structure of the proposed implementation timeline, including early adoption from reporting periods beginning on or after 1 October 2026 and mandatory application for reporting periods beginning on or after 1 January 2033. However, we recommend that the XRB build in a formal review point before 2033.

Support for early adoption

We support early adoption because some entities will benefit from moving to NZ IFRS S2 as soon as possible. This includes:

- ✔ entities with Australian parents;
- ✔ dual-listed entities;
- ✔ entities seeking international capital;
- ✔ entities already preparing ISSB-aligned reporting;
- ✔ financial institutions with group-level reporting obligations.

Early adoption should reduce duplication and allow mature reporters to align with global practice sooner.

Support for a transition period

We support a transition period because many CREs have only recently implemented NZ CS. A sudden mandatory shift could increase cost, reduce disclosure quality and create unnecessary disruption.

The transition period gives entities time to:

- ✔ perform gap assessments;
- ✔ update GHG measurement methods;
- ✔ build Scope 3 data processes;
- ✔ improve financial effects analysis;
- ✔ develop internal controls;

- 🌱 prepare for assurance;
- 🌱 train boards and management;
- 🌱 align reporting systems with group requirements.

Concern about a long transition period

While we support a phased approach, a mandatory date of 1 January 2033 is relatively long. There is a risk that New Zealand reporting could become fragmented during the transition period, with some entities applying NZ CS and others applying NZ IFRS S2. This may reduce comparability for users.

To manage this risk, we recommend:

1. a formal review in 2029 or 2030;
2. monitoring of early adoption rates;
3. consideration of bringing forward mandatory application if market readiness is strong;
4. clear labelling of whether an entity has applied NZ CS or NZ IFRS S2;
5. mapping guidance to help users compare disclosures during the transition.

Transition relief

We support not including the full IFRS S2 first-time adoption reliefs for CREs that have already applied NZ CS, because New Zealand entities already have reporting experience. However, we support tailored relief for comparative information, as proposed by the XRB.

Q9. Do you have any other comments?

Q9. Do you have any other comments?	All sections
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Yes. We offer the following additional comments.

1. The XRB should prioritise practical implementation support

The success of NZ IFRS S2 will depend not only on the standard itself but also on practical implementation. We recommend the XRB provide:

- ✔ transition guidance;
- ✔ sector examples;
- ✔ illustrative disclosures;
- ✔ assurance scope guidance;
- ✔ FAQs;
- ✔ comparison tables;
- ✔ scenario analysis guidance;
- ✔ guidance on financial effects disclosure;
- ✔ guidance for directors and audit committees.

2. Assurance capacity should be monitored

GHG assurance is already challenging for some entities due to data limitations and specialist assurance capacity. As disclosures become more detailed, the XRB should coordinate with assurance standard setters and regulators to ensure expectations are clear and achievable.

3. Financial effects disclosure will need support

Current and anticipated financial effects are among the most useful disclosures but also among the most difficult to prepare. The XRB should provide guidance on:

- ✔ qualitative versus quantitative disclosure;
- ✔ use of ranges;
- ✔ uncertainty;
- ✔ links to financial statements;
- ✔ assumptions;

- ✎ avoiding boilerplate language;
- ✎ explaining why quantitative disclosure is not possible.

4. Avoid excessive New Zealand-only divergence

New Zealand-specific modifications should be limited. Too much divergence would reduce comparability and undermine the value of adopting IFRS S2.

5. Maintain close engagement with Australia

The XRB should continue active coordination with the AASB, ASIC and other Australian bodies. Trans-Tasman consistency will be especially important for industry-based disclosures, scenario analysis, assurance practice and financial-sector reporting.

6. Monitor international developments

The XRB should continue monitoring developments in:

- ✎ ISSB implementation guidance;
- ✎ SASB and industry-based standards;
- ✎ GHG Protocol updates;
- ✎ financed emissions methodologies;
- ✎ transition plan frameworks;
- ✎ nature-related reporting;
- ✎ double materiality and impact reporting;
- ✎ UK, Japanese, Korean and Australian implementation experience.

7. Support voluntary mid-tier reporting

We support the XRB's intention to explore internationally aligned mid-tier climate reporting. Smaller listed entities and other voluntary reporters may benefit from a simplified climate reporting framework that is proportionate but still aligned with NZ IFRS S2.

Summary of EcoVision Consultancy Limited's position

EcoVision Consultancy Limited supports the draft climate reporting roadmap. We recommend that the XRB proceed with issuing NZ IFRS S2 based on IFRS S2, harmonised with Australia and modified only where necessary for New Zealand's context.

Our key recommendations are:

- 1. Adopt IFRS S2 as the basis for NZ IFRS S2.**
- 2. Preserve the ability of CREs to state ISSB climate compliance where possible.**
- 3. Harmonise closely with Australia, especially for trans-Tasman entities.**
- 4. Use Option 2 for industry-based disclosures: require industry-based metrics but make ISSB industry guidance optional.**
- 5. Require at least two climate scenarios, including a 1.5°C scenario and a high-warming or delayed-transition scenario.**
- 6. Retain a meaningful GHG emissions intensity metric where material.**
- 7. Clarify GHG assurance scope.**
- 8. Provide strong transition guidance and sector-specific implementation support.**
- 9. Support early adoption but include a formal review before 2033.**

In our view, this approach will provide New Zealand with a climate reporting framework that is internationally credible, trans-Tasman compatible, useful to primary users and practical for CREs to implement.