

From:
To: [XRB Sustainability](#)
Subject: Climate reporting roadmap
Date: Wednesday, 30 September 2026 4:48:53 pm

Dear Amelia

I fully support the direction outlined in the roadmap but see that signalling the intent to move the NZ reporting standards into closer alignment with IFRS S2 in the near future is sufficient at this point. Timing for the change should be set in reference to the enactment of the Financial Markets Conduct Amendment Act.

My view is that attempting to define new standards when the mandatory reporting regime itself is in a state of uncertainty will be unhelpful to the purpose of climate related disclosures (CRD) under the Financial Reporting Act 2013^[1]. In practice there is still a tension between developing capability in meeting the purpose and ensuring compliance with NZCS. New standards will draw focus back to compliance.

A second reason for waiting to define NZ IFRS is to witness the test of AASB in practice. The Australian experience may answer some of the key questions asked about whether (and how) NZ IFRS should be bespoke.

Once these uncertainties have been resolved I believe that only a two-year transition period would be required. The benefits of aligning the domestic CRD regime with IFRS S2 (and S1) are clear cut. From an investor perspective, the more aligned with IFRS that the NZ regime is, the better. I doubt that many primary users or issuers are so advanced in their understanding and application of NZCS that the costs of change will be burdensome.

Having previously studied the XRB's comparison document (published October 2023) in order to understand NZCS better (so, the other way around), I think that many of the differences are nuanced and would be more easily met when there is more maturity in the internal processes of climate reporting entities (CREs)

I would retain the scenario requirements of NZCS and a description of the entity's current business model and strategy. The reason for this is mainly because this sets the scene for internal considerations of risks and opportunities and how these relate to strategy development. Directors may need something quantified or referenced to make comparison. For example, the use of temperatures is a useful way to anchor scenarios where the narrative may appear 'far-fetched'.

I expect there will be costs to upskill and for professional advice to help understand the changes, but I see that there is still a reasonable level of this required to apply NZCS. If the threshold for qualifying as a CRE remains as currently drafted, then these costs will not be onerous to CREs. A proportionality mechanism would address any cost issue for smaller entities should they remain as CREs.

The benefits of harmonising NZ IFRS with AASB are diminished if CREs with dual obligations can have an AASB-compliant disclosure recognised in NZ. CREs seeking specific access to Australian investors will (and do) list in Australia, so any harmony with Australia that diverges from IFRS would be somewhat redundant for other CREs.

Given the potentially small number of CREs and the wide range of industries represented in this group, the work involved in developing NZ industry-based guidance that will likely apply to a few (or even a single) CREs in that industry does not appear to be justified.

If there is industry-based guidance then it should be optional. My experience of considering what aspects of the IFRS industry guidance may apply to an industry not covered has demonstrated that it is a very useful starting point for considering risks and opportunities but too ill-fitting to be prescribed for disclosure. CREs can inform what is covered in their CRD by referencing the IFRS guidance. Should a NZ specific requirement be market useful in the future then this could be addressed at that time.

It was a big ask to be first, and I think that NZCS supports the purpose of CRD but we were always going to need to evolve. I commend the XRB for recognising the need to align with international standards.

Ngā mihi

Kerry

[\[1\]](#) **19B Purpose of climate standards and climate-related disclosures**

The purpose of climate standards is to provide for, or promote, climate-related disclosures, in order to—

- (a) encourage entities to routinely consider the short-, medium-, and long-term risks and opportunities that climate change presents for the activities of the entity or the entity's group; and
- (b) enable entities to show how they are considering those risks and opportunities; and
- (c) enable investors and other stakeholders to assess the merits of how entities are considering those risks and opportunities.

Regards

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