XRB 2026/64

This secondary legislation is administered by the External Reporting Board. For more information please see:

Website: www.xrb.govt.nz

Contact phone: +64 4 550 2030

Contact address: Level 6/154 Featherston St, Wellington, 6011

This standard was published in the *Gazette* on 2 November 2026 and takes effect on 1 December 2026. There is an explanatory note at the end of this standard that includes an explanation of how and from when this standard operates

Amendments to NZ CS 1 *Climate-related Disclosures* 2026

This standard is issued under section 12(aa) of the Financial Reporting Act 2013 by the Sustainability Reporting Board:

(a) acting under delegated authority of the External Reporting Board (given in accordance with section 73 of the Crown Entities Act 2004); and

(b) after complying with section 22 of the Financial Reporting Act 2013.

Amendments to NZ CS 1 *Climate-related Disclosures* 2026

Contents

Page

Title **2**

Commencement **2**

Principal standards **2**

How amendments made **2**

Application **2**

Amendments to NZ CS 1 *Climate-related Disclosures* **3**

Title

0.1 This standard is the Amendments to NZ CS 1 *Climate-related Disclosures* 2026.

Commencement

0.2 This standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019 (see section 27 of the Financial Reporting Act 2013).

Principal standards

0.3 This standard amends the following principal standards:

- Aotearoa New Zealand Climate Standard 1: *Climate-related Disclosures* (**NZ CS 1**)

How amendments are made

0.4 In this standard, text in the principal standard is deleted or inserted as follows:

(a) text that is shown as ~~struck out~~ is deleted from the stated provision of the principal standard

(b) text that is shown as <u>underlined</u> is inserted into the provision, (or is inserted as a new provision), of the principal standard

Any other text included in this standard is only for the purposes of identifying these amendments within the principal standards.

Application

0.5 The accounting periods in relation to which this standard commences to apply are:

(a) for an **early adopter**, those accounting periods following, and including, the **early adoption accounting period**.

(b) for any other reporting entity, those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

0.6 In paragraph 0.5:

early adopter means a reporting entity that applies this standard for an early adoption accounting period

early adoption accounting period means the accounting period of the early adopter:

(a) that begins before the **mandatory date** but has not ended or does not end before this standard takes effect (and to avoid doubt, that period may have begun before this standard takes effect); and

(b) for which the **early adopter**:

(i) first applies this standard in preparing its climate statements or group climate statements; and

(ii) discloses in its climate statements or group climate statements for that accounting period that this standard has been applied for that period.

mandatory date means 1 January 2027

Amendments to NZ CS 1 *Climate-related Disclosures*

Paragraph 24(d) amended

24. …

(d) a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion~~.~~ (see paragraphs B1-B9).

Appendix A
Defined terms

Editorial corrections to defined terms

climate-related disclosure framework	Climate-related disclosure framework has the ~~same~~ meaning set out in section 9AA of the Financial Reporting Act 2013.
financial impacts	The translation of impacts into current or anticipated impacts on financial position, financial performance~~, financial position~~ and cash flows.
group climate statements	Group climate ~~financial~~ statements has the meaning set out in section 5 of the Financial Reporting Act 2013.

Heading of Appendix B amended

Appendix B
Application ~~date~~ material

Subheading and paragraphs B1 to B2 deleted (relocated to new Appendix C)

~~Application date~~

~~B1. An entity must apply this Standard for annual reporting periods beginning on or after 1 January 2023, except for paragraphs 25 to 26.~~

~~B2. Assurance of GHG emissions (see paragraphs 25 to 26) applies to annual reporting periods that end on or after 27 October 2024.~~

New subheading and paragraphs B1 to B9 inserted

GHG emissions – justified exclusions and permissions to exclude specific sources (see paragraph 24(d))

B1. Paragraph 22(a) requires an entity to disclose its gross GHG emissions in metric tonnes of carbon dioxide equivalent classified as scope 1, scope 2 and scope 3. Paragraph 24(d) requires an entity to disclose a summary of specific exclusions of sources, including facilities, operations or assets with a justification for their exclusion. Paragraph 6 of NZ CS 3 *General Requirements for Climate-related Disclosures* requires an entity to fairly present its climate-related disclosures.

B2. The requirements in paragraph 24(d) apply to exclusions of scope 1, scope 2 and scope 3 GHG emissions.

B3. If, when applying the disclosure requirements to its own specific facts and circumstances, an entity determines that a GHG emissions source is material, the entity must disclose information about that source in accordance with NZ CS 1, by either:

(a) Including the gross GHG emissions from that source in its disclosures in accordance with paragraph 22(a); or

(b) Including that source in its summary of specific exclusions and a justification for the exclusion in accordance with paragraph 24(d).

B4. If an entity determines that a GHG emissions source is not material, the entity is not required to disclose that source as an exclusion nor to provide a justification for excluding that source (see NZ CS 3 paragraph 31).

B5. An entity must comply with NZ CS 1 disclosure requirements regardless of any disclosure requirements contained in the measurement standard(s) the entity uses. Accordingly, exclusions under NZ CS 1 paragraph 24(d) are permitted regardless of whether the chosen measurement standard permits exclusions, noting that many measurement standards also require disclosure of immaterial exclusions.

B6. When providing the justification required by paragraph 24(d), an entity explains the basis on which the source was excluded. In doing so, an entity describes factors relevant to its circumstances, for example:

(a) data is unavailable and no reasonable estimate can be made (see paragraph B7); or

(b) there is no applicable method for quantification (see paragraph B8); or

(c) the entity has applied the permission in paragraph B9 to exclude specified sources from its disclosure of scope 3 GHG emissions.

B7. A justification may explain, for example, the steps taken to identify available data and alternative estimation approaches and why the entity concluded that no reasonable estimate could be made for a particular source, including a facility, operation or asset.

B8. A justification may explain that there is no applicable method to quantify emissions from a particular source, including a facility, operation or asset. For example, a recognised framework may not contain a measurement method for a particular source, asset class or activity. This may occur because no recognised methodology exists or because the source is outside the scope of an available methodology. The justification may also explain why developing an estimation method was not appropriate in the entity's circumstances.

B9. An entity may exclude the following financial activities from its disclosure of scope 3 GHG emissions:

(a) emissions attributable to derivatives;

(b) insurance-associated emissions that are associated with insurance and reinsurance underwriting activities; and

(c) facilitated emissions that are associated with investment banking activities.

New Appendix C inserted

Appendix C
Application date

This appendix is an integral part of NZ CS 1 *Climate-related Disclosures* and has the same authority as the other parts of this Standard.

New subheading and new paragraphs C1 and C2 inserted (relocated from Appendix B)

Application date

C1. An entity must apply this Standard for annual reporting periods beginning on or after 1 January 2023, except for paragraphs 25 to 26.

C2. Assurance of GHG emissions (see paragraphs 25 to 26) applies to annual reporting periods that end on or after 27 October 2024.

New subheading and new paragraph C3 inserted

Amendments to NZ CS 1 Climate-related Disclosures 2026

C3. Amendments to NZ CS 1 *Climate-related Disclosures* 2026 amended paragraph 24(d) and added paragraphs B1 to B9 and paragraph C3. Paragraphs B1 and B2 were renumbered and relocated as paragraphs C1 and C2 in new Appendix C. An entity must apply those amendments in accordance

with the application date provisions in paragraphs 0.5 to 0.6 of *Amendments to NZ CS 1 Climate-related Disclosures* 2026. An entity that applies these amendments to an 'early adoption accounting period' must disclose that fact.

Basis for Conclusions on NZ CS 1 *Climate-related Disclosures*

This Basis for Conclusions accompanies but is not part of NZ CS 1 *Climate-related Disclosures*.

…

New subheadings and new paragraphs BC75 to BC107 inserted

Amendments to Climate-related Disclosures 2026

Sustainability Reporting Board

BC75. The XRB Board issued NZ CS 1 in December 2022. The Sustainability Reporting Board (SRB) was established by the XRB Board under clause 14 of Schedule 5 of the Crown Entities Act 2004 (CE Act). The XRB Board used the powers under section 73 of the CE Act to delegate to the SRB the function of preparing and issuing climate standards. The SRB issued this 2026 amending Standard.

BC76. This section of the Basis for Conclusions summarises the SRB's considerations in developing Amendments to NZ CS 1 *Climate-related Disclosures* 2026.

Reasons for amendments

BC77. In July 2026, the SRB consulted on proposed amendments to NZ CS 1 to internationally align requirements for the disclosure of scope 3 greenhouse gas (GHG) emissions related to specific financial activities and to incorporate existing XRB staff guidance on exclusions into the standard as authoritative application material.

BC78. The proposed amendments were developed in response to amendments issued by the International Sustainability Standards Board (ISSB) to IFRS S2 *Climate-related Disclosures* (IFRS S2)[1] in December 2025 and equivalent amendments issued by the Australian Accounting Standards Board to AASB S2 *Climate-related Disclosures* (AASB S2). The ISSB amendments permit entities to limit scope 3 Category 15 disclosures to financed emissions[2].

BC79. Stakeholders told the SRB that NZ CS 1 requirements to report all material scope 3 GHG emissions, including insurance-associated and facilitated emissions associated with financial activities, had become more onerous than the requirements in IFRS S2 and AASB S2, particularly for entities operating across jurisdictions. Stakeholders indicated that this divergence created uncertainty, increased implementation costs and could reduce consistency of reporting within trans-Tasman groups. The SRB therefore considered that timely action was necessary to ensure that NZ CS requirements did not become more onerous than equivalent international requirements when existing adoption relief ceases to be available for most entities from 1 January 2027.

BC80. The SRB proposed incorporating content from existing XRB staff guidance, as authoritative application material within NZ CS 1. The objective was to consolidate guidance on exclusions within the standard, improve clarity for preparers, and remove the need to maintain separate guidance.

Consultation feedback and overall response

BC81. The SRB received 20 submissions from a broad range of stakeholders, including climate reporting entities, industry bodies, professional service providers, financial institutions and primary users. Overall, respondents were supportive of the proposed amendments. Eighteen respondents considered that the amendments would improve international alignment, reduce implementation costs and

[1] This document refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards).

[2] "…emissions attributed to loans and investments made by the entity to investees or counterparties. 'Loans and investments' include loans, project finance, bonds, equity investments and undrawn loan commitments. For an entity that participates in asset management activities, financed emissions include greenhouse gas emissions attributed to assets under management." (see IFRS S2 paragraph 29A)

complexity, and provide greater certainty regarding the disclosure of GHG emissions, particularly in relation to specific financial activities.

BC82. Although support for the direction of the amendments was generally strong, respondents requested clarification regarding several aspects of the proposals. Feedback focused on the scope of the proposed exclusions, the interaction between the exclusions and materiality, the treatment of insurance-associated and facilitated emissions, the incorporation of XRB staff guidance into NZ CS 1, and whether additional disclosures similar to those introduced in IFRS S2 should also be incorporated into NZ CS 1.

BC83. The SRB carefully considered all feedback received and concluded that the overall direction of the proposals should proceed. The SRB decided to make a number of targeted drafting changes and to provide explanatory material in the Basis for Conclusions to convey the SRB's intent.

BC84. The SRB acknowledged that the proposed exclusions may be material emissions sources for some entities. Nevertheless, the SRB concluded that continuing to require disclosure of these emissions would mean NZ CS 1 continued to impose requirements beyond those required by IFRS S2. Because the purpose of these amendments was to align NZ CS 1 with IFRS S2, the SRB concluded that retaining those disclosure requirements would be inconsistent with that objective. The SRB's objective was to align NZ CS 1 with the scope of financed emissions disclosures required by IFRS S2 rather than to determine whether the excluded emissions sources are material or capable of being measured.

Aligning emissions disclosures associated with specific financial activities with IFRS S2

BC85. A key objective of the amendments was to enable entities applying NZ CS 1 to achieve the same disclosure outcome as entities applying IFRS S2 in relation to scope 3 GHG emissions related to specific financial activities. However, NZ CS 1 differs structurally from IFRS S2 because it does not define financed emissions, prescribe specific scope 3 categories or require a particular measurement methodology. The SRB concluded that the IFRS S2 amendments needed to be adapted to fit within the existing framework of NZ CS 1.

BC86. Three respondents suggested that NZ CS 1 should define financed emissions. These respondents considered that a definition could improve comparability and reduce uncertainty regarding the treatment of activities such as assets under management and undrawn loan commitments. The SRB considered this suggestion but concluded that introducing a definition would not necessarily resolve the interpretation issues identified during consultation. The SRB noted that many of those issues related to the boundaries of particular activities rather than the absence of a definition and that significant discussion continues internationally regarding the scope of financed emissions. The SRB therefore decided not to define financed emissions and instead retain the proposed exclusions-based approach.

BC87. The SRB also considered feedback seeking clarification of the treatment of assets under management and undrawn loan commitments. The SRB noted that these activities remain potential GHG emissions sources that are subject to the existing NZ CS 1 disclosure requirements and exclusions framework. The amendments do not automatically exclude emissions associated with assets under management or undrawn loan commitments. Entities continue to apply NZ CS 1, including the requirements in paragraphs 22(a) and 24(d), based on their specific facts and circumstances.

BC88. The consultation included feedback that the SRB should replace the proposed exclusions-based approach with an approach more closely aligned to the inclusions-based drafting used in IFRS S2. Respondents argued that this could reduce uncertainty and improve interoperability with IFRS S2.

BC89. The SRB considered this suggestion but concluded that changing to an inclusions-based approach would not necessarily resolve the issues raised by respondents. Many of the concerns related to the boundaries of specific emissions categories rather than the drafting structure itself. The SRB also considered that an inclusions-based model would require more substantial amendments to NZ CS 1 and could create new interpretative questions. The SRB therefore decided to retain the exclusions-based approach and make targeted drafting refinements where necessary.

Scope of the exclusions in paragraph B9

BC90. Some consultation feedback focused on the scope of the proposed exclusions. Five respondents requested greater clarity regarding the boundaries of insurance-associated emissions, particularly whether claims-related emissions were intended to be included within the exclusion. Four respondents raised concerns that the facilitated emissions exclusion might be interpreted more narrowly than the equivalent relief in IFRS S2.

BC91. In response to consultation feedback, the SRB decided to amend the wording used to describe insurance-associated emissions and facilitated emissions so that it more closely reflected the wording used in the ISSB's Basis for Conclusions on the amendments to IFRS S2. The SRB considered that this would reduce the risk of creating New Zealand-specific interpretations and support consistency with developing international practice.

BC92. The SRB also noted that the exclusion applies only to insurance-associated emissions associated with insurance and reinsurance underwriting activities. The exclusion does not apply to emissions that are otherwise required to be disclosed under another scope 3 emissions category.

Interaction with materiality

BC93. Five respondents requested clarification that the exclusions in paragraph B9 could be applied regardless of materiality and suggested that wording to this effect be included in NZ CS 1. Concerns were also raised regarding how assurance providers might interpret the exclusions.

BC94. The SRB concluded that such wording should not be added to the standard. NZ CS 3 requires entities to apply materiality to all disclosure requirements. The amendments do not modify that requirement. Rather, they recognise that there may be circumstances in which a material emissions source is excluded but disclosed and justified in accordance with paragraph 24(d). Conversely, where a source is determined not to be material, paragraph B4 reflects the existing NZ CS materiality requirements by confirming that disclosure of the exclusion is not required.

BC95. The SRB also noted that paragraph B9 operates differently from the examples described in paragraphs B7 and B8. Paragraphs B7 and B8 provide examples of circumstances that may support an entity's justification for excluding an emissions source, such as where data is unavailable or no applicable methodology exists. By contrast, paragraph B9 provides an explicit permission to exclude specified emissions sources from scope 3 GHG emissions disclosures. Where an entity applies that permission, the basis for the exclusion is the application of paragraph B9 itself. The entity is not required to demonstrate that data is unavailable or that no applicable methodology exists. Instead, paragraph 24(d) requires the entity to disclose the exclusion and explain that the emissions source has been excluded in accordance with paragraph B9.

BC96. The SRB noted that paragraph B9 provides permission to exclude specified emissions sources. It does not require an entity to exclude those emissions sources from its scope 3 GHG emissions disclosures.

BC97. In applying paragraphs B3 and B4, the SRB expects entities to apply the existing materiality requirements in NZ CS 3, including consideration of both quantitative and qualitative factors. The SRB notes that an emissions source may be material because of its nature, the circumstances of the entity, or its relevance to users' understanding of climate-related risks and opportunities, even if the associated emissions are not quantitatively significant. Paragraph B4 does not introduce a new threshold for disclosure or change how materiality is assessed. It simply clarifies how the existing materiality requirements apply in the context of emissions source exclusions.

BC98. The SRB was concerned that introducing wording such as "regardless of materiality" could create uncertainty regarding the role of materiality within NZ CS and potentially imply the existence of a separate materiality threshold for these exclusions. The SRB therefore decided to retain the proposed drafting.

BC99. The SRB noted that the exclusions introduced by these amendments apply only to specified GHG emissions disclosures. The amendments do not affect an entity's broader obligations under NZ CS to disclose material information relating to climate-related risks and opportunities. Information about activities that have been excluded from scope 3 GHG emissions disclosures may still be relevant to governance, strategy, risk management or transition risk disclosures and entities remain responsible for complying with those disclosure requirements.

Additional disclosures introduced by ISSB

BC100. The ISSB amendments introduced additional disclosures that apply when an entity elects to use the relief in IFRS S2 paragraph 29A. Respondents expressed mixed views regarding whether equivalent disclosures should be added to NZ CS 1. A few respondents considered that doing so would improve comparability and transparency, while most supported the proposal not to include them.

BC101. The SRB concluded that the existing requirement in paragraph 24(d) to disclose and justify exclusions provided an appropriate level of transparency. The SRB considered that users primarily needed to understand what has been excluded and why. Additional disclosure requirements similar to those introduced by IFRS S2 would increase complexity without providing commensurate benefits and could

result in a disproportionately detailed set of requirements for one aspect of scope 3 emissions reporting.

Incorporating staff guidance into NZ CS 1 as application material

BC102. Respondents generally supported incorporating the content of the existing XRB staff guidance into NZ CS 1 as authoritative application material. The SRB concluded that including this material within the standard would improve clarity and ensure that entities have a single source of guidance when applying paragraph 24(d).

BC103. Some respondents questioned whether proposed paragraphs B7 and B8 were intended to impose mandatory steps before an exclusion could be applied. The SRB confirmed that this was not the intention, and that the purpose of the paragraphs are to provide examples of factors that may support an entity's justification for an exclusion, rather than creating additional requirements. The SRB therefore revised the drafting to make its intent clear.

BC104. Respondents also suggested that paragraph B8 should specifically address situations in which a recognised methodology exists but excludes a particular asset class, instrument or activity from its scope. The SRB considered that these situations fall within the broader concept that no applicable methodology exists for the emissions source concerned. The SRB therefore decided not to expand the application material but noted that the concept of "no applicable method" includes circumstances in which no recognised methodology exists for the emissions source concerned, as well as circumstances in which a recognised methodology exists but the source, asset class or activity is outside its scope.

BC105. The SRB further noted that the purpose of paragraphs B6 to B8 is to provide application material that may assist an entity in explaining and supporting a disclosed exclusion under paragraph 24(d). Those paragraphs are not intended to prescribe how an entity must measure GHG emissions or which measurement methodology must be applied. The disclosure requirements in NZ CS 1 operate independently of the requirements of any measurement methodology. Whether a methodology includes, excludes or does not address a particular emissions source may be relevant to an entity's justification for an exclusion, but the disclosure obligation arises from NZ CS 1 rather than from the methodology used to quantify emissions. Equally, an entity is not required to disclose information solely because a measurement methodology requires or recommends its disclosure. Consistent with NZ CS 3, entities are required to disclose only information that is material to primary users. Accordingly, an entity determines what information must be disclosed by applying the disclosure and materiality requirements in NZ CS, regardless of the disclosure requirements or conventions of the measurement methodology used.

Effective date

BC106. All respondents supported the proposed mandatory date of 1 January 2027, with early adoption permitted. The SRB therefore decided to retain the proposed date.

Monitoring future developments

BC107. One respondent requested that the SRB monitor whether the relief reduces the usefulness or comparability of climate statements over time. The SRB noted that as part of the XRB's wider work on ensuring fit for purpose standards and ensuring support for adoption and implementation, it will continue to monitor implementation experience, stakeholder feedback, the usefulness and comparability of climate statements, emerging issues and developments in international reporting frameworks.

Issued at Wellington on 27 October 2026

Becky Lloyd

Chair

Sustainability Reporting Board acting under delegated authority of the External Reporting Board

EXPLANATORY NOTE AND OTHER INFORMATION

This note and other information is not part of the standard

Explanatory note

This standard is the Amendments to NZ CS 1 *Climate-related Disclosures* 2026.

This standard amends Aotearoa New Zealand Climate Standard 1 *Climate-related Disclosures* (NZ CS 1). The amendments clarify the disclosure of exclusions from greenhouse gas emissions disclosures, permit specified exclusions from scope 3 greenhouse gas emissions disclosures for certain financial activities, and incorporate existing guidance on exclusions into NZ CS 1 as application material. The standard applies to accounting periods beginning on or after 1 January 2027. Early adoption is permitted.

The paragraph numbering within this amendment standard refers to the paragraph numbering of the principal standard as issued. The footnote numbering within this amendment standard may be adjusted consecutively rather than referring to the footnote numbering of the principal standard as issued. Accordingly, some paragraph and footnote numbering may not align with the compiled standard as published from time to time by the XRB on its website.

This standard was issued by the Sustainability Reporting Board acting under delegated authority of the External Reporting Board.

Copyright

The standard is secondary legislation and, by section 27 of the Copyright Act 1994, no copyright exists in it.

For any enquiries generally in relation to the reproduction or use of this standard, please contact the External Reporting Board at https://www.xrb.govt.nz/about-xrb/contact-us/

Consistency with principles of responsible regulation

The External Reporting Board provides the following document relating to its review of this secondary legislation, and its process for developing it, for consistency with the principles of responsible regulation under the Regulatory Standards Act 2025:

- a consistency accountability statement on 27 October 2026:

A copy of this document can be found at https://www.xrb.govt.nz/about-xrb/legislation/consistency-accountability-statements/amendments-to-nz-cs-1-climate-related-disclosures-2026

The External Reporting Board considers that a statement from the maker under section 14(1)(b) of the Regulatory Standards Act 2025 is not required for this secondary legislation.

Minimum Legislative Information

This standard is secondary legislation published under the Legislation Act 2019.	
Title	Amendments NZ CS 1 *Climate-related Disclosures* 2026
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	Section 12(aa) of the Financial Reporting Act 2013
Replacement empowering Act and provision	Not applicable
Maker name	Sustainability Reporting Board acting under delegated authority of the External Reporting Board
Administering agency	External Reporting Board
Date made	27 October 2026
Publication date	2 November 2026
Notification date	2 November 2026
Commencement date	1 December 2026
End date	Not applicable
Consolidation as at date	Not applicable
Related instruments (unofficial XRB consolidation)	NZ CS 1 *Climate-related Disclosures*