Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Sustainability Reporting Board

MEETING PACK

for

SRB Meeting - 1 Dec 2026 (Public papers)

Tuesday, 1 December 2026

11:29 am (NZDT)

Held at:

XRB Boardroom

Level 6, 154 Featherston Street, Wellington

Generated: 2026-11-23 14:44:39

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AGENDA

SRB MEETING - 1 DEC 2026 (PUBLIC PAPERS)

Name:	Sustainability Reporting Board
Date:	Tuesday, 1 December 2026
Time:	11:29 am to 4:49 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Becky Lloyd (Committee Chair), Alec Tang, Carolyn Mortland, Jackie Cheyne, Wayne Panapa, Molly Stern
Attendees:	Dr Amelia Sharman, Wendy Venter, Geoff Connor, Judy Ryan, Lisa Kelsey, Rikki Owen, Michael van Zijl

1. Private agenda item

1.1 Approval of minutes

For Decision

Supporting Documents:

1.1.a	Minutes : SRB Meeting - 13 Oct 2026 (Public papers) - 13 Oct 2026	6

2. Private agenda item

3. Updates (public)

3.1 Chair and Board members' environmental update, including Australia

11:29 am (25 min)

Becky Lloyd

For Discussion

Board environmental scan highlighting key matters, current issues and emerging trends relevant for SRB.

3.2 Documents open for comment

11:54 am (25 min)

Judy Ryan, Lisa Kelsey

For Decision

Supporting Documents:

3.2.a	Doc open for comment.pdf	13
3.2.b	ISSB ED snapshot.pdf	20

4. Climate reporting roadmap (public)

4.1 Submissions received

12:19 pm (5 min)

Lisa Kelsey

For Noting

Including copies of confidential submissions.

Supporting Documents:

4.1.a	Memo-submissions.pdf	32

4.2 What we heard document

12:24 pm (30 min)

Michael van Zijl

For Discussion

Supporting Documents:

4.2.a	Memo-Draft What we heard.pdf	35
4.2.b	DRAFT What we heard - Draft climate reporting roadmap_171126.pdf	37

4.3 Agreement and approval in principle

12:54 pm (15 min)

Lisa Kelsey

For Decision

Supporting Documents:

4.3.a	Agreement-and-approval-in-principle.pdf	50

4.4 LUNCH BREAK

1:09 pm (30 min)

4.5 Finalising the climate reporting roadmap

1:39 pm (45 min)

Geoff Connor, Rikki Owen

For Decision

Supporting Documents:

4.5.a	Memo - Climate Roadmap.pdf	53
4.5.b	Climate reporting roadmap_2027-XX-XX.pdf	60

4.6 Naming of standards

2:24 pm (20 min)

Geoff Connor

For Decision

Supporting Documents:

4.6.a	Naming convention.pdf	69

4.7 NZ SX Decision-making framework (climate resilience disclosures)

2:44 pm (45 min)

Judy Ryan

For Discussion

Supporting Documents:

4.7.a	Decision-making_fwk-scenario_analysis.pdf	76

4.8 AFTERNOON TEA 3:29 pm (15 min)

4.9 Application of decision making framework to general requirements 3:44 pm (45 min)

Lisa Kelsey

For Decision

Supporting Documents:

4.9.a	Decision-making-fwk-IFRS-S1_2026-12-01.pdf	123

5. Noting papers (public)

5.1 International monitoring 4:29 pm (15 min)

Lisa Kelsey

For Noting

Supporting Documents:

5.1.a	International monitoring.pdf	225

5.2 Communication Register 4:44 pm (5 min)

Dr Amelia Sharman

For Noting

Supporting Documents:

5.2.a	Communication register.pdf	237

6. Close & karakia

6.1 Closing karakia 4:49 pm (1 min)

Jackie Cheyne

Kia hora te marino - (May peace be widespread)

Kia whakapapa pounamu te moana - (May the sea be like greenstone)

Hei huarahi mā tatou i te rangi - (A pathway for us all this day)

Aroha atu, aroha mai, tātou i ā tātou katoa - (Let us show compassion and respect for each other)

Haumi e, hui e, taiki e - (Unified, connected and blessed)

6.2 Next meeting

Next meeting: SRB Meeting - 9 Feb 2027 - 9 Feb 2027, 9:00 am

MINUTES (in Review)

SRB MEETING - 13 OCT 2026 (PUBLIC PAPERS)

Name:	Sustainability Reporting Board
Date:	Tuesday, 13 October 2026
Time:	12:30 pm to 4:56 pm (NZDT)
Location:	XRB Boardroom, Level 6, 154 Featherston Street, Wellington
Committee Members:	Becky Lloyd (Committee Chair), Alec Tang, Carolyn Mortland, Jackie Cheyne, Mathew Nelson, Molly Stern, Wayne Panapa
Attendees:	Dr Amelia Sharman, Geoff Connor, Judy Ryan, Lisa Kelsey, Rikki Owen, Michael van Zijl, Wendy Venter

1. Private agenda item

2. Private agenda item

3. Private agenda item

3.1 Confirm Minutes

SRB Meeting - 3 Aug 2026 (Public papers) 3 Aug 2026, the minutes were confirmed as presented.

4. Private agenda item

5. Updates (public)

5.1 Chair and Board members' environmental update, including Australia

The Board DISCUSSED key matters, current issues and emerging trends relevant to sustainability reporting.

Key matters

- Climate-related risks and resilience, including the implications of El Niño and the increasing importance of transition planning and organisational preparedness.
- Developments in sustainable finance, including investor demand for sustainable investment products, growth in sustainable bond markets, and regulatory developments affecting ESG rating providers.
- International reporting developments, including reforms to corporate reporting in the United Kingdom, European sustainability reporting initiatives, and implementation of mandatory climate-related reporting in Australia.

Current issues

- Ongoing implementation of climate-related reporting requirements in Australia, including consultation on assurance requirements and observations from the first reporting cycle.

- Increasing focus on energy transition issues, including electrification, changing business models and associated risks and opportunities.
- Growing interest in nature-related matters, including nature-related dependencies, impacts and opportunities, and their connection to integrated reporting and sustainability reporting frameworks.

Emerging trends

- A shift towards transition pathways supported by credible implementation plans and increased scrutiny of net-zero claims and greenwashing risks.
- Growing discussion of planetary boundaries and broader sustainability considerations beyond climate change.
- Increasing use of artificial intelligence by investors and other stakeholders to analyse sustainability information and support decision-making.
- Continued focus on the integration of sustainability considerations into investment decision-making and long-term value creation.

5.2 Documents open for comment

Not to comment on the consultation on the 2026 review of the Aotearoa New Zealand Stewardship Code

The Board AGREED NOT TO COMMENT on the consultation on the 2026 review of the Aotearoa New Zealand Stewardship Code.

Decision Date: 13 Oct 2026

Submission letter on the ESRS for Certain Non-EU Undertakings

The Board APPROVED the draft submission letter on the European Sustainability Reporting Standards for Certain Non-EU Undertakings (ESRS-40a) Exposure Draft, subject to staff:

- changing “could” to “should” when referring to EFRAG working with GRI to develop interoperability guidance;
- including a feedback point about the importance of mutual or unilateral recognition in the context of reporting prepared under IFRS S1 and S2, or equivalent jurisdictional standards, being accepted for the purposes of ESRS-40a.

Decision Date: 13 Oct 2026

The Board PROVIDED FEEDBACK on the proposed targeted amendments to the IFRS Foundation Constitution, including that representation on the ISSB should reflect the number and growth of jurisdictions implementing IFRS Sustainability Disclosure Standards. The Board discussed whether the proposed reduction in Asia-Oceania representation appropriately reflected the level of adoption of IFRS S1 and IFRS S2 in the region.

6. Climate reporting roadmap (public)

6.1 Climate reporting roadmap

Chair’s opening remarks

The Chair, Becky Lloyd thanked all those who provided feedback and noted that feedback received to date indicates that the strategic direction outlined in the draft roadmap is broadly supported and is relevant for the population it was developed for, including its emphasis on international alignment and long-term certainty. The Chair then noted that given the Financial Markets Conduct Amendment Bill narrowly missed enactment before the end of Parliament's term, and following discussion with XRB staff, that it is prudent to adjust the timing of finalising our

roadmap as a result. So, instead, of publishing a final roadmap in December, as originally envisaged, a summary of what we heard through the consultation process and the key themes emerging from stakeholder feedback will instead be issued. In the meantime, staff will continue to progress roadmap-related work in the background while awaiting greater certainty, post the election as to the timing of our next steps. The Chair also noted the intention to keep stakeholders informed throughout this process.

Outreach activities

The Board NOTED the outreach activities undertaken by the Sustainability Reporting team to support the XRB's due process, particularly consultation and analysis of stakeholder feedback.

Analysis of verbal feedback from outreach activities

The Board DISCUSSED the emerging themes identified in the verbal feedback received through outreach activities.

Analysis of written feedback received

The Board:

- RECEIVED a presentation from staff on the initial analysis of written feedback received on the draft climate reporting roadmap consultation;
- DISCUSSED emerging themes from the written feedback; and
- REQUESTED further analysis of feedback by respondent type, particularly users and preparers.

Decision-making framework

The Board PROVIDED FEEDBACK on the Decision-making framework for NZ SX and REQUESTED that the flowchart be amended to show an explicit 'no' outcome.

Application of the decision-making framework to governance and risk management disclosure requirements

The Board:

- CONSIDERED the summary of staff analysis in this memo and the detailed staff analysis in Appendix 1
- NOTED the comparisons of the governance and risk management requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures vs AASB S2 Climate-related Disclosures* in Appendices 2 and 3
- PROVIDED FEEDBACK that the presumption in favour of retaining IFRS S2 requirements has not been rebutted in relation to:
    - the governance disclosure requirements in paragraphs 5 and 6 of IFRS S2, and
    - the risk management disclosure requirements in paragraphs 24 and 25 of IFRS S2.
- SUPPORTED including these requirements without modification in the exposure draft of NZ SX
- PROVIDED FEEDBACK that, in preparing the exposure draft of NZ SX, staff should:
    - remove paragraphs 7 and 26 of IFRS S2
    - not add paragraph B42(b) of IFRS S1, and

    - not add Australian-specific paragraphs Aus7.1 and Aus26.1
- DISCUSSED whether removing paragraphs 7 and 26 could have unintended consequences for entities making voluntary sustainability-related disclosures, and supported their removal to avoid confusion about the scope of a climate-only standard
- SUPPORTED retaining the IFRS S2 paragraph numbering, with removed paragraphs identified by square brackets and accompanied by an explanation that they had been deleted
- NOTED that staff would consider the implications of the proposed approach for the IFRS Foundation's jurisdictional profile or guide
- NOTED that stakeholder feedback on the draft climate reporting roadmap could provide additional evidence relevant to the application of the framework, and that matters requiring further Board consideration would be brought back to the Board, and
- NOTED the next steps described in the memo.

Standard architecture

The Board:

- DISCUSSED whether the climate reporting requirements should be issued as one standard or two standards, including the implications for usability, readability, maintenance, international alignment and alignment with the Australian approach
- SUPPORTED, by a majority, issuing two standards comprising:
    - a standard based on IFRS S2, and
    - a standard containing the climate-relevant provisions of IFRS S1
- NOTED that one member preferred a single standard for ease of use, and
- REQUESTED that staff consider whether the exposure draft should seek specific feedback on the proposed two-standard structure.

Naming convention

The Board PROVIDED FEEDBACK on the proposal to use *New Zealand Sustainability Disclosure Standards* as the naming convention for New Zealand climate standards based on IFRS Sustainability Disclosure Standards.

The Board requested further analysis of:

- the full titles of the proposed standards
- whether "sustainability" or "climate" would best reflect the XRB's mandate and the scope of the standards
- whether "reporting" or "disclosure" should be usedi
- the implications of departing from IFRS naming conventions
- any unintended consequences or signalling arising from the use of either "sustainability" or "climate", and
- the appropriate naming convention if IFRS S2 were adopted without modification.

The Board NOTED the proposed titles:

- *Climate-related Disclosures*, and
- *General Requirements for Climate-related Disclosures*.

6.2 AFTERNOON TEA

7. Amending standard for NZ CS 1 GHG emissions (public)

7.1 Approval

Analysis of feedback on proposed amendments to NZ CS 1

The Board AGREED, in relation to the proposal to permit exclusions of emissions from specific financial activities:

- to proceed with the amendments and clarify in the Basis for Conclusions that the exclusions apply only to specified greenhouse gas emissions disclosures
- to retain the proposed exclusions-based drafting
- that financed emissions should not be defined and that the Basis for Conclusions should clarify the treatment of assets under management and undrawn loan commitments
- to amend the description of insurance-associated emissions to improve alignment with IFRS S2 wording and clarify in the Basis for Conclusions that the exclusion does not apply to emissions disclosed under other Scope 3 categories
- to amend the description of facilitated emissions to improve alignment with IFRS S2 wording
- to retain the existing approach in paragraph B9, redraft paragraph B3 and explain the approach to exclusions in the Basis for Conclusions
- not to incorporate the additional disclosure requirements introduced by IFRS S2 in relation to the incorporation of XRB staff guidance as application material
- to retain paragraph B4 and explain its operation in the Basis for Conclusions
- to revise paragraphs B7 and B8 to clarify that they provide examples rather than mandatory requirements
- to address methodology scope exclusions in the Basis for Conclusions
- not to introduce an explicit expectation of continual improvement, and
- not to make changes to clarify the distinction between disclosure requirements and measurement methods.

Decision Date: 13 Oct 2026

The Board DISCUSSED:

- the interaction between IFRS S2 and the GHG Protocol, including their application to financed emissions
- whether the basis for applying the exclusion in paragraph B9 was sufficiently clear, and
- requests from some respondents for further guidance about excluding immaterial information.

The Board REQUESTED that staff clarify, through supporting communications or other material, that paragraph B9 provides the basis for applying the relevant exclusion.

The Board NOTED:

- that feedback on the benefits and costs of the proposed amendments had been reflected in the appendix to the Regulatory Standards Act assessment, including feedback on preparer cost relief, user impacts, transparency and comparability

- the proposals for which no further Board decision was required because consultation feedback indicated broad support and no significant unresolved issues, namely:
    - the drafting of the derivatives exclusion
    - incorporating existing XRB staff guidance as application material, and
    - the proposed application date of 1 January 2027, with early adoption permitted
- the list of submissions received, links to the submissions and classification of respondents set out in Appendix 1
- the summary of responses to each consultation question in Appendix 2, and
- the convention used to describe the level of respondent support set out in Appendix 3.

Regulatory Standards Act assessment

The Board:

- AGREED with the RS Act Assessment for Amendments to Climate-related Disclosures 2026
- APPROVED the analysis of the benefits and costs in the appendix to the Regulatory Standards Act assessment
- DISCUSSED the meaning and application of the "reasonably practicable" qualification relating to consultation
- DISCUSSED the costs and benefits of the amendments, including improved international comparability and the potential reduction in comparability arising from the voluntary exclusions
- REQUESTED that the assessment clarify these comparability implications, and
- NOTED that the supporting templates would be reviewed as experience with the new requirements developed.

Decision Date: 13 Oct 2026

Approval of the amending standard

The Board APPROVED the amending standard, subject to:

- the XRB Board Chair signing the certificate of determination under section 26 of the Financial Reporting Act 2013, and
- the Chief Executive signing the Consistency Accountability Statement.

Decision Date: 13 Oct 2026

Chair’s memorandum to the Chief Executive

The Board APPROVED the memorandum from the SRB Chair to the Chief Executive regarding the Consistency Accountability Statement.

Decision Date: 13 Oct 2026

Consistency Accountability Statement

The Board NOTED the draft Consistency Accountability Statement and provided no further feedback.

8. Noting papers (public)

8.1 International monitoring

The Board NOTED the update on international and jurisdictional monitoring and discussed recent growth in SBTi including where that growth is occurring.

8.2 Communication Register

The Board NOTED the communications register.

9. Close & karakia

9.1 Close & karakia

9.2 Next meeting

Next meeting: No date for the next meeting has been set.

Signature:_____ **Date:**_____

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB Members
Meeting date:	1 December 2026
Subject:	**Documents open for comment**
Date:	20 November 2026
Prepared by:	Judy Ryan and Lisa Kelsey
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose[1]

1. To:
   (a) INFORM the Board about documents currently open (or forthcoming) for comment
   (b) CONFIRM which documents the Board will comment on and, where relevant, provide feedback on our proposed approach for developing submissions.

Recommendations

2. That the Board:
   (a) AGREES TO COMMENT on the Exposure Draft of IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures* (**the ED**)
   (b) PROVIDES INITIAL FEEDBACK on the proposals in the ED, for example on which questions for respondents we should focus on in our response, or any initial reactions
   (c) AGREES the proposed approach and timeline for developing the comment letter, including bringing it to the Board for approval at its 9 February 2027 meeting.

Domestic

3. We are not aware of any relevant domestic consultations.

[1] This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB), International Public Sector Accounting Standards Board (IPSASB) and uses registered trademarks, for example, IFRS® Sustainability Disclosure Standards, ISSB® papers and IPSASB SRS™.

International

4. Table 1 identifies relevant documents issued by international standard-setting bodies that are currently open for comment.

Table 1: International documents open for comment

Document	Organisation	International due date	Comments on the Board's response
Exposure Draft of IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*	ISSB	19 February 2027	We recommend that the Board respond to this consultation (see below)

5. Table 2 identifies relevant forthcoming documents that will be issued by international standard-setting bodies.

Table 2: Forthcoming international documents open for comment

Document	Organisation	Expected release date	Comments on the Board's response
SASB Standards – Technology and communications sector	ISSB	End 2026	Decision to respond will be dependent on timing, resourcing and extent of changes
Corporate Standard (including scope 1, 2, 3 and market instruments)	GHG Protocol	Q2 2027	We expect to respond to this consultation (resource permitting)

Exposure Draft: IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*

Background

6. On 22 October 2026, the International Sustainability Standards Board (**ISSB**) published an Exposure Draft of IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures* (**the ED**). The ED proposes requirements for disclosing information about nature-related risks and opportunities. Comments are due by 19 February 2027.

7. The proposed Practice Statement aims to help entities understand and communicate how their dependencies and impacts on nature give rise to risks and opportunities that could affect their prospects. It would complement IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* by specifying how particular IFRS S1 requirements apply to nature-related risks and opportunities, and by introducing additional nature-specific requirements.

8. A Practice Statement is not an IFRS Sustainability Disclosure Standard. An entity would not need to apply it to state compliance with IFRS Sustainability Disclosure Standards, and could apply it only together with IFRS S1 and IFRS S2. An entity that chooses to apply it, or is required to by a jurisdiction, would need to comply with all its requirements, and with all the

requirements of IFRS Sustainability Disclosure Standards, to state compliance with it. The ISSB is also asking whether the requirements should take this form (see paragraph 12).

9. The ISSB's consultation package contains the:

   (a) proposed requirements in the Exposure Draft: IFRS Sustainability Disclosure Practice Statement 1 Nature-related Disclosures

   (b) Exposure Draft snapshot

   (c) Basis for Conclusions

   (d) Accompanying Guidance and illustrative examples together with the questions for respondents.

10. The ISSB has also published other supporting materials on its project page. The Exposure Draft snapshot is attached to this paper.

Key proposals

11. The ED includes proposed requirements relating to:

   (a) identifying nature-related risks and opportunities

   (b) the location of assets and activities throughout an entity's value chain

   (c) connections between climate- and nature-related risks and opportunities

   (d) interactions with Indigenous Peoples, Local Communities and affected stakeholders

   (e) an entity's response to nature-related risks and opportunities

   (f) nature-related scenario analysis and resilience

   (g) metrics relating to assets or business activities that are vulnerable to nature-related risks or aligned with nature-related opportunities

   (h) nature-related targets.

12. The proposals draw on the Taskforce on Nature-related Financial Disclosures (**TNFD**) framework. This may assist entities that already use that framework to apply the proposed requirements.

13. The ED asks 17 questions. Appendix 1 summarises each question and sets out our suggested focus. One of the questions (Q11) asks whether the requirements should be issued as a Practice Statement or in another form, such as amendments to IFRS S1 or IFRS S2, or a new IFRS Sustainability Disclosure Standard.

Relevance to New Zealand

14. New Zealand's mandatory climate-related disclosure framework requires climate reporting entities to report in accordance with climate standards issued by the XRB under the Financial Reporting Act 2013. The XRB does not have the power to issue binding general sustainability reporting standards, or binding standards on sustainability-specific topics other than climate. It may, however, issue non-binding guidance on non-financial reporting, including environmental matters.

15. The proposed Practice Statement is designed to be applied alongside IFRS S1 and IFRS S2. IFRS S1 requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect their prospects. The XRB cannot issue an equivalent of IFRS S1 as a mandatory standard, but could issue one as non-binding guidance. The XRB has considered this option and decided not to pursue it at this stage,

because the XRB's current priority is the transition to an internationally aligned climate reporting framework.

16. We consider that the proposed Practice Statement has limited direct relevance to most New Zealand entities at present. It may be of interest to entities that voluntarily apply IFRS S1 and IFRS S2, are required to apply them because of overseas reporting requirements, or are following international developments in nature-related reporting.

17. Nature-related risks and opportunities are nonetheless particularly relevant in the New Zealand context. The consultation gives the Board an opportunity to influence the ISSB's international approach before it is finalised. It also gives New Zealand stakeholders an opportunity to share their views, and we have invited them to an Asian-Oceanian Standard Setters Group (**AOSSG**) outreach session through our climate alert. We consider two matters in the ED to be of particular relevance:

    (a) interactions with Indigenous Peoples, Local Communities and affected stakeholders

    (b) connections between climate- and nature-related risks and opportunities.

18. We therefore recommend that the Board comment on the ED, even though its direct relevance to most New Zealand entities is limited at present. Commenting would allow the Board to:

    (a) help shape the form of the requirements. The ISSB is seeking views on whether the requirements should be issued as a Practice Statement or in another form, including amendments to IFRS S1 or IFRS S2. The XRB's draft climate reporting roadmap proposes a New Zealand climate standard based on IFRS S2 and the climate-relevant portions of IFRS S1. If the ISSB chose to amend IFRS S1 or IFRS S2, those changes could affect the standards we are building on, so it is better to comment now.

    (b) support international alignment. The XRB's current priority is the transition to an internationally aligned climate reporting framework, and commenting allows the Board to encourage consistency between the nature-related proposals, including the connections between climate and nature, and IFRS S1 and IFRS S2.

    (c) contribute a New Zealand perspective. The ED's requirements on interactions with Indigenous Peoples, Local Communities and affected stakeholders are an area where a New Zealand view can add value.

19. A focused response would limit the resources needed (see paragraph 20). If the Board chose not to comment, the ISSB may not hear a New Zealand view on these matters before it finalises the requirements.

Proposed approach and outreach

20. On 12 November 2026, we issued a climate alert advising stakeholders of the ED. It invited them to join an Asian-Oceanian outreach session on the ED. The session is hosted by the Malaysian Accounting Standards Board, as Leader of the AOSSG Sustainability Standards Advisory Forum Working Group, in collaboration with the ISSB. It will give participants an overview of the proposed Practice Statement and a chance to share preliminary views directly with the ISSB technical team. The session is on 2 December 2026 at 7 – 8.30pm New Zealand time and we will be attending.

21. Our resources are limited at present because our focus is on implementing the climate reporting roadmap project. We therefore intend to take a proportionate approach to our response, focusing on the questions for respondents that are most relevant to New Zealand rather than responding to every question. We are seeking the Board's initial feedback at this

meeting on which questions we should focus on. Appendix 1 sets out our initial view of the questions to prioritise.

22. We propose to draw on the feedback from the Board at this meeting, and on what we learn at the 2 December 2026 outreach session, to develop a draft comment letter. We will bring the comment letter to the Board for approval at its 9 February 2027 meeting. This is ahead of the ISSB's due date of 19 February 2027, which leaves 10 days between Board approval and lodging the submission.

Questions for the Board

Q1. Does the Board AGREE to comment on the Exposure Draft: IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*?

Q2. Does the Board have any initial feedback on the proposals in the Exposure Draft, for example on which questions for respondents we should focus on in our response, or any initial reactions?

Q3. Does the Board AGREE with the proposed approach and timeline for developing the comment letter (paragraphs 20 and 21)?

Attachments

- Exposure Draft — Snapshot IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*

Appendix 1

Summary of the ED's questions for respondents

1. The ED asks 17 questions, and many have sub-parts. Please refer to the ED's Invitation to Comment for the full wording. The ISSB says respondents are not required to answer all questions.

2. Suggested focus: Yes means we propose to prioritise the question. Possibly means we would respond if resources allow, or depending on the Board's feedback. No means we don't propose to respond at this stage.

Theme	Q	Summary of what the ISSB asks	Suggested focus?
Overall approach and climate connections	1	Do the proposals meet the objective? Is it clear how they apply with IFRS S1, IFRS S2 and the industry-based guidance? Is it clear how entities show connections between climate and nature?	Yes (alignment with S1 and S2, and the climate and nature connections)
Identifying risks and opportunities	2	Are the defined terms essential and clear, including "environmental resources" instead of TNFD's "environmental assets", and defining both physical and transition risks?	Possibly
	3	Should the Practice Statement note the relevance of the TNFD LEAP approach?	No
	4	Should entities consider the location of assets and activities across the value chain when identifying and disclosing risks, including the geographical scale and aggregation?	Possibly
	5	Would the four illustrative examples on location-related considerations help?	No
Interactions with Indigenous Peoples, Local Communities and affected stakeholders	6	Should entities consider these interactions when identifying and disclosing risks, identify the groups covered, and do the descriptions work in different jurisdictional contexts?	Yes (especially 6(d), jurisdictional contexts)
Strategy, scenario analysis and resilience	7	Should entities disclose how they have responded, and plan to respond, to nature-related risks and opportunities, whether or not they have a transition plan?	Possibly (relating to transition plan requirements in IFRS S2)
	8	Should entities use nature-related scenario analysis to assess resilience, with proportionality mechanisms, and disclose how it informs risk assessment and opportunities?	Possibly (proportionality)
Metrics and targets	9	Should entities disclose the amount and percentage of assets or activities vulnerable to, or aligned with, nature-related risks and opportunities? May they use TNFD metrics? Should any cross-industry metrics be required?	Possibly
	10	Should entities disclose particular information about each nature-related target?	No

Theme	Q	Summary of what the ISSB asks	Suggested focus?
Form, compliance, transition and practicalities	11	Is a Practice Statement the right form, or should the requirements be amendments to IFRS S1 or S2, or a new Standard, and should any Standard have an effective date?	Yes (links to our draft climate reporting roadmap)
	12	Do you agree with the proposals for the statement of compliance?	Possibly (follows from Q11)
	13	Do you agree with the application date and transition relief?	No
	14	Are there opportunities to improve interoperability with ESRS and GRI?	Possibly
	15	Are other proportionality mechanisms needed?	Possibly (fits our proportionate approach)
	16	Do the benefits outweigh the costs, are the requirements feasible, what additional costs are expected, and would assurance be possible at reasonable cost?	Possibly
	17	Any other comments?	Optional

IFRS Sustainability

October 2026

Exposure Draft—Snapshot

IFRS® Sustainability Disclosure Practice Statement 1

Nature-related Disclosures

Objective

The Practice Statement aims to assist a company applying IFRS Sustainability Disclosure Standards (ISSB Standards) in disclosing information about its nature-related risks and opportunities that is useful to investors in making decisions relating to providing resources to the company.

Proposals

The proposed requirements are designed to build on and complement the requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. They add specificity to support disclosure of material information about nature-related risks and opportunities, and are included in a Practice Statement. A company would not be required to comply with the Practice Statement to state compliance with ISSB Standards.

Next steps

The International Sustainability Standards Board (ISSB) will consider feedback on the Exposure Draft and decide whether to finalise IFRS® Sustainability Disclosure Practice Statement 1 or issue nature-related content in another form (for example, as a Standard).

Comment deadline

19 February 2027

Why is the ISSB proposing incremental disclosure requirements for nature?

Foreword



Emmanuel Faber
ISSB Chair



Sue Lloyd
ISSB Vice-Chair

Whether it is access to water for production, to rivers for transportation or to bees for pollination, companies around the world depend on nature. When a company's access to these environmental resources is threatened, for example, through water scarcity, deforestation or biodiversity loss, the company can face risks and opportunities that affect its prospects.

Investors seek information about these risks and opportunities to price them and allocate capital.

We believe our proposed requirements offer companies the tools to provide decision-useful information and are important for jurisdictions around the world to consider.

We look forward to receiving your feedback.

What ISSB Standards already require

IFRS S1 already requires a company to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital over different timeframes (its prospects).

If a company is exposed to sustainability-related risks and opportunities relating to nature (such as risks arising from water stress), the company provides material information about these risks and opportunities when it applies IFRS S1.

In addition, if a company is exposed to climate-related risks and opportunities relating to nature (such as risks arising from increased water stress), the company provides material nature-related information when it applies IFRS S2.[1]

IFRS S1 and IFRS S2 do not provide requirements specific to nature-related disclosures.

The ISSB's research found that:

- nature-related risks and opportunities can affect a company's cash flows, access to finance and cost of capital in a variety of ways. These effects vary by industry and occur over different timeframes.
- investors need information about a company's nature-related risks and opportunities to inform decisions relating to providing resources to the company. However, they face challenges in obtaining decision-useful information.
- many areas of common investor information needs are addressed by the requirements in IFRS S1 and IFRS S2.

1 In this document, the term 'company' refers to an entity that provides sustainability-related financial disclosures. The term 'investors' refers to existing and potential investors, lenders and other creditors that use a company's general purpose financial reports, which include sustainability-related financial disclosures, in making decisions relating to providing resources to the company.

The ISSB's approach to developing the proposals

The proposals build on and complement IFRS S1 and IFRS S2 to specify how companies can provide high-quality, comparable and decision-useful disclosures about nature to investors.

Requirements that introduce additional specificity for disclosures about nature-related risks and opportunities would help companies to meet the information needs of investors and improve the consistency and comparability of nature-related disclosures provided by companies applying ISSB Standards.

The additional specificity is necessary, for example, to address common investor information needs regarding the location-related aspects of nature-related risks and opportunities.

To provide a practical and efficient approach to addressing common investor information needs, the proposals:

- build on the conceptual foundations and general requirements in IFRS S1 and the climate-related disclosure requirements in IFRS S2; and
- draw on the Taskforce on Nature-related Financial Disclosures (TNFD) framework, including its recommendations, metrics and additional guidance.

The proposals do not duplicate content from IFRS S1 and IFRS S2.

The Practice Statement is to be applied together with IFRS S1 and IFRS S2.

The Exposure Draft does not propose to change any requirements in IFRS S1 and IFRS S2.

Climate and nature are closely connected. Applying IFRS S2, a company provides particular information about nature-related aspects of its climate-related risks and opportunities, and provides additional information to meet the requirements in the Practice Statement (for example, location-related information).

Companies that have used the TNFD framework

Companies that have used the TNFD framework will be well positioned to apply the Practice Statement. Continued use of the TNFD framework is therefore a good way to prepare for the Practice Statement. Such companies could move smoothly to the Practice Statement because, for example, it would allow the use of the TNFD disclosure metrics.

A mapping between the proposed Practice Statement and the TNFD recommendations will show how they are aligned and how the ISSB has drawn on the TNFD framework.[2]

2 The IFRS Foundation plans to make available a mapping between the proposed Practice Statement and the TNFD recommendations in due course.

Why is the ISSB proposing a Practice Statement and not a Standard?

The Practice Statement explained

An IFRS Practice Statement is an established form for the IFRS Foundation to issue requirements and guidance.

The proposed Practice Statement is a stand-alone document, which complements and is designed to be applied together with ISSB Standards.

When a company asserts compliance with the Practice Statement, the effect on the company's financial reporting of applying the Practice Statement is the same as the effect of applying an ISSB Standard. A company using the Practice Statement is required to provide the information set out in the Practice Statement when material.

An IFRS Practice Statement is not an IFRS Standard. However, the process for developing an IFRS Practice Statement is the same as that for developing an IFRS Standard. This process includes the publication of an exposure draft and consultation over the same period as for proposed IFRS Standards.

The ISSB's decision to propose a Practice Statement reflects the reporting landscape at the time of the publication of the proposed requirements.

Many companies and jurisdictions are in the process of implementing and adopting IFRS S1 and IFRS S2. Therefore, the ISSB considers it is necessary to balance:

- the benefits of supporting high-quality reporting on nature-related risks and opportunities by specifying nature-related disclosure requirements to address common investor information needs; and
- the risk of disruption to global implementation and adoption of IFRS S1 and IFRS S2 that would be caused by new requirements in an IFRS Standard.

An IFRS Practice Statement allows the ISSB to achieve this balance.

Because a Practice Statement is not a Standard:

- **a company would not be required to comply with the Practice Statement to state compliance with ISSB Standards**. However, a company could choose to comply with the Practice Statement to provide high-quality, decision-useful information about nature-related risks and opportunities to investors.
- **a jurisdiction would not be required to adopt the Practice Statement to be described as an adopter of ISSB Standards**. However, jurisdictions adopting ISSB Standards or otherwise using ISSB Standards to develop national standards could include the Practice Statement in their national materials and make it available for use. Jurisdictions could also determine whether and when to require use of the Practice Statement, taking into account the risk of disruption to adoption of IFRS S1 and IFRS S2. Including the proposed requirements in a Practice Statement—instead of in a new Standard or an amendment to IFRS S1 or IFRS S2—would allow jurisdictions to decide how best to use the Practice Statement to support nature-related disclosures based on their own circumstances.

Stakeholders are invited to comment on:

- whether the form of a Practice Statement effectively balances the need for improvements in the quality of nature-related disclosures with the need to avoid disruption to the implementation and adoption of IFRS S1 and IFRS S2.
- whether and how a different form (such as amendments to IFRS S1 or IFRS S2 or a new Standard, with or without an effective date), if preferred by respondents, could also achieve such a balance. These respondents are asked to explain how the different form would result in different outcomes in terms of improvements to the quality of financial reporting or effects on cost and feasibility of application compared to a Practice Statement.

Stakeholder feedback will enable the ISSB to assess whether to issue the nature-related disclosure requirements in the form of a Practice Statement or in a different form (for example, as a Standard).

When would the Practice Statement be available for use?

The Practice Statement would be available for use from the date of its issuance for companies applying IFRS S1 and IFRS S2.

The proposals specify that the date when a company first applies the Practice Statement—which would be the beginning of an annual reporting period—would be the date of initial application of the Practice Statement.

A company applying the Practice Statement would not be required to provide the disclosures specified in the Practice Statement for any period before the date of initial application of the Practice Statement.

A Practice Statement enables companies applying ISSB Standards to begin applying its requirements while working towards compliance with the Practice Statement (that is, working towards applying all requirements in the Practice Statement).

A company would only be able to assert compliance with the Practice Statement if it complies with all requirements in the Practice Statement.

Future developments

In deciding to propose that nature-related disclosures be addressed in the form of a Practice Statement, the ISSB noted that it plans to assess developments in nature-related disclosures and would consider in due course:

- how the ISSB Standards, the Practice Statement and other ISSB materials work together; and
- whether any further steps are necessary to advance investor-relevant nature-related disclosures.

For example, after issuance of a Practice Statement, the ISSB could subsequently decide to issue nature-related content as a Standard (either stand-alone or in another form, such as an appendix to IFRS S1). The ISSB would consider experience from application of the Practice Statement, including any feedback on market practice, in making any such decisions.

Any subsequent proposal to advance from a Practice Statement to issue nature-related content as a Standard would be subject to public consultation in accordance with the IFRS Foundation due process.

Supporting companies' understanding of what nature-related information to disclose

IFRS S1 already requires a company to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, including those related to nature. The Exposure Draft proposes requirements that would help companies understand:

- what nature-related risks and opportunities are;
- how nature-related risks and opportunities can affect a company's prospects; and
- what information about these risks and opportunities is useful to investors in making decisions relating to providing resources to the company and is to be disclosed.

Proposed definitions of essential terms and concepts

- Nature-related risks
- Nature-related opportunities
- Nature-related physical risks
- Nature-related transition risks
- Environmental resources
- Ecosystem services

Use of the TNFD LEAP approach to identify nature-related risks and opportunities

In identifying its nature-related risks and opportunities, a company may find it helpful to follow a systematic process, such as the process set out in the *Guidance on the identification and assessment of nature-related issues: The LEAP approach* version 2.0 (LEAP approach), published by the TNFD in 2026. The LEAP approach could help a company:

- to locate where its interactions with nature occur and understand the characteristics of nature in those locations;
- to evaluate the related dependencies and impacts on nature; and
- to assess the resulting nature-related risks and opportunities.

The proposals specify that a company could use the LEAP approach but would not be required to use it to comply with the requirements in the Practice Statement.[3]

3 If a company uses the LEAP approach, it would be required to do so in accordance with the objective and requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the proposed requirements in the Practice Statement.

Relationship between dependencies and impacts and nature-related risks and opportunities

The Exposure Draft explains that nature-related risks and opportunities arise from a company's, and other parties', dependencies and impacts on environmental resources and their associated benefits, such as those provided by ecosystem services.

The Exposure Draft specifies that a company might need to provide information about its dependencies and impacts to enable investors to understand the company's nature-related risks and opportunities.

Connecting nature and climate-related information

A company's dependencies and impacts, and the resulting risks and opportunities for the company, can have both climate-related and nature-related aspects. The close connections between climate and nature mean that a company's climate-related and nature-related risks and opportunities can be interrelated and can present the company with synergies and trade-offs. These connections can affect:

- how a company identifies, assesses and manages its climate-related and nature-related risks and opportunities. For example, a company might undertake an integrated scenario analysis in assessing its nature-related and climate-related risks and opportunities.
- a company's strategy to respond to these risks and opportunities. For example, a company might have an integrated transition plan to respond to its nature-related and climate-related risks and opportunities.

The Exposure Draft specifies how to provide information about nature-related and climate-related risks and opportunities in a connected manner.

Location of assets and activities

A company would be required to consider the locations of assets and activities throughout the value chain, including characteristics of nature in those locations: (a) in identifying its nature-related risks and opportunities; and (b) in disclosing information about its nature-related risks and opportunities across core content areas of governance, strategy, risk management, and metrics and targets.

The Exposure Draft package includes an Accompanying Guidance with four examples illustrating how a company would apply the proposed requirements to report information related to the location of assets and activities throughout the value chain.[4]

Consideration of Indigenous Peoples, Local Communities and affected stakeholders

A company would be required to consider interactions—including engagement—with Indigenous Peoples, Local Communities and affected stakeholders: (a) in identifying its nature-related risks and opportunities; and (b) in disclosing information about its nature-related risks and opportunities across core content areas of governance, strategy and risk management.

The Exposure Draft describes categories of society and stakeholders comprising Indigenous Peoples, Local Communities and affected stakeholders, and how interactions with them can give rise to or support responses to nature-related risks and opportunities that could reasonably be expected to affect a company's prospects. These categories are drawn from the TNFD framework. A company would not be required to provide disclosures using these categories but would be required to identify the groups of people covered by its disclosures across core content areas.

4 Applying IFRS S1, a company uses all reasonable and supportable information that is available to the company at the reporting date without undue cost or effort when determining the scope of its value chain.

Specific disclosures, including metrics

IFRS S1 already requires a company to provide material information about governance, strategy, risk management, and metrics and targets for all its sustainability-related risks and opportunities, including those related to nature. The Exposure Draft proposes a small number of specific incremental disclosures about nature-related risks and opportunities, in areas for which the ISSB's research has identified that investors have a clear and common information need.

Response to, and plans to respond to, nature-related risks and opportunities

A company would be required to disclose particular information about how it has responded to, and plans to respond to, nature-related risks and opportunities in its strategy and decision-making, regardless of whether its response or plans form part of a nature-related transition plan.

Resilience informed by scenario analysis

A company would be required to provide particular information about the resilience of its strategy and business model to uncertainties arising from nature-related risks. In providing this information, a company would be required to use nature-related scenario analysis. The same reliefs would be available to the company as for climate-related scenario analysis in IFRS S2.

Vulnerability to nature-related risks and alignment with nature-related opportunities

A company would be required to disclose information about the amount and percentage of assets or business activities vulnerable to nature-related risks and those aligned with nature-related opportunities. These metrics align with the metrics required by IFRS S2 for climate-related risks and opportunities.

A company would not be required to disclose information separately for nature-related physical risks and nature-related transition risks. A company might determine that it is appropriate:

- to present these metrics by location of assets and activities; and
- to disaggregate these metrics in more than one way.

Reference to SASB Standards, ESRS, GRI Standards and TNFD disclosure metrics

To find suitable metrics to enable investors to understand a company's performance in relation to nature-related risks and opportunities, a company applying the Practice Statement together with IFRS S1 and IFRS S2:

- would be required to refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards;
- would be permitted to refer to and consider the applicability of the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards); and
- would be permitted to refer to and consider the applicability of the TNFD disclosure metrics.[5]

Nature-related targets

A company would be required to provide particular information about each nature-related target that it has set to monitor progress towards achieving its strategic goals or is required to meet by law or regulation. The company would, for example, disclose information about what the target relates to, location-specific aspects of the target and its objectives, and whether and how the target has been informed by law or regulation.

Information about complying with ISSB Standards and the Practice Statement

If a company complies with the Practice Statement, it would be required to disclose this fact to enable investors to understand the basis of preparation of the sustainability-related financial disclosures. A company would only be able to assert compliance with the Practice Statement if it complies with all requirements in the Practice Statement.

The disclosure of compliance would enable investors to understand whether sustainability-related financial disclosures have been prepared:

- applying all the requirements in IFRS S1 and IFRS S2; or
- applying all the requirements in IFRS S1, IFRS S2 and the IFRS Practice Statement on nature-related disclosures.

5 The Exposure Draft proposes reference to the TNFD disclosure metrics as a new source of guidance and continued reference to the SASB Standards, the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards) as sources of guidance already available in IFRS S1. A company would be permitted to refer to and consider TNFD disclosure metrics, ESRS and GRI Standards to the extent that they assist the company in meeting the objective of IFRS S1 to provide material information about its sustainability-related risks and opportunities that could reasonably be expected to affect its prospects and to the extent that these sources of guidance do not conflict with ISSB Standards or the Practice Statement.

Proportionality mechanisms and transition relief

The Practice Statement is designed to be capable of being applied by a range of companies.

The Exposure Draft proposes proportionality mechanisms for the proposed disclosure requirements. These proportionality mechanisms align with the relevant mechanisms in IFRS S2.

Companies could use the proportionality mechanisms specific to the Practice Statement and those already available in IFRS S1 and IFRS S2.

Tables 1–2 summarise the proportionality mechanisms associated with the proposed requirements.

Table 1—Proportionality mechanisms specific to the Practice Statement

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Consideration of skills, capabilities and resources
Nature-related scenario analysis	Yes	Yes
Vulnerability to nature-related risks and alignment with nature-related opportunities	Yes	–

Table 2—Proportionality mechanisms already available in IFRS S1 and IFRS S2

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Consideration of skills, capabilities and resources
Identification of risks and opportunities	Yes	–
Determination of anticipated financial effects	Yes	Yes
Determination of the scope of the value chain	Yes	–
Climate-related scenario analysis	Yes	Yes
Calculation of metrics in some cross-industry categories	Yes	–

The Exposure Draft also includes a transition relief from disclosing comparative information in the first annual reporting period in which a company applies the Practice Statement. This relief is consistent with the transition relief provided in IFRS S1.

Other information

The deadline for comments on the Exposure Draft is 19 February 2027

You can submit comments on our Open for comment page.

The ISSB welcomes responses to any or all questions and on any other aspect of the proposals. Respondents are asked to consider the proposals in conjunction with IFRS S1 and IFRS S2.

Stay informed

To stay up to date with the latest developments on this project and sign up for email alerts, please visit our project page.

Exposure Draft package

The Exposure Draft package includes:

- proposed requirements, in the form of a draft Practice Statement;
- questions for respondents; and
- Accompanying Guidance with illustrative examples.

The Basis for Conclusions on the Exposure Draft includes a summary of the factors considered in developing the proposals.

This document

This Snapshot is not part of IFRS Standards or of the proposed Practice Statement. It does not add to or otherwise change the requirements in the Standards. Views expressed in the document do not necessarily reflect those of the International Accounting Standards Board, the International Sustainability Standards Board or the IFRS Foundation. The document should not be relied upon as professional or investment advice.

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IFRS Foundation

Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD, UK

Tel **+44 (0) 20 7246 6410**
Email **customerservices@ifrs.org**

ifrs.org

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XRB | Te Kāwai Ārahi Pūrongo Mōwaho EXTERNAL REPORTING BOARD

Memorandum

To:	SRB Members
Meeting date:	1 December 2026
Subject:	**Submissions on the draft climate reporting roadmap**
Date:	20 November 2026
Prepared by:	Lisa Kelsey
Through:	Amelia Sharman

☐ **Action Required** ☒ **For Information Purposes Only**

Purpose

1. The purpose of this memo is to provide the Board with access to the non-confidential submissions received on the draft climate reporting roadmap (**draft roadmap**).

Recommendation

2. We recommend that the Board NOTE the non-confidential submissions listed in Appendix 1.

Submissions

3. We received 51 non-confidential submissions on the draft climate reporting roadmap.
4. Appendix 1 lists the non-confidential submissions and provides links to the submissions published on the XRB website.
5. We will consider these submissions alongside the confidential and verbal feedback received on the draft roadmap. Relevant feedback will be reflected in subsequent papers to the Board as it considers the proposed content of ED NZ SX and the final climate reporting roadmap.

Appendix 1: List of submitters with links to submissions

1. The table below lists all non-confidential submitters and provides links to their submissions.

Number	Name
S1	Vital Healthcare Property Trust
S2	Mainfreight
S3	NZX (New Zealand's Exchange)
S4	Commonwealth Bank of Australia, NZ
S5	Boston Trust Walden
S6	MSCI
S7	Neuberger
S8	International Corporate Governance Network
S9	University Pension Plan Ontario
S10	Northern Trust Asset Management
S11	SLR Consulting NZ Ltd
S12	Wellington Management
S13	Fonterra
S14	PwC
S15	T. Rowe Price International
S16	Climate Data Utility
S17	Powerco
S18	Matt Raeburn
S19	KPMG
S20	IoD
S21	BraveTrace
S22	Air NZ
S23	Vector
S24	Chapman Tripp
S25	Mindful Money
S26	IAG
S27	McHugh & Shaw
S28	CA ANZ
S29	ACC
S30	RIAA
S31	Bruce Gilkinson
S32	Insurance Council of New Zealand

Number	Name
S33	Genesis
S34	Mercury
S35	New Zealand Banking Association
S36	Deloitte
S37	Harbour Asset Management
S38	Auckland Council
S39	EY
S40	Kerry Newnham
S41	Meridian
S42	Energy Resources Aotearoa
S43	Kiwibank
S44	PRI
S45	Chorus
S46	Investor Group on Climate Change
S47	BNZ
S48	Association of Chartered Certified Accountants
S49	EcoVision
S50	California State Teachers' Retirement System
S51	Beca

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB Members
Meeting date:	1 December 2026
Subject:	**What we heard: Draft climate reporting roadmap consultation**
Date:	20 November 2026
Prepared by:	Michael Van Zijl
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose

1. The purpose of this memo is to seek the Board's feedback on the attached draft *What we heard: Draft climate reporting roadmap consultation* document (What we heard).

Recommendation

2. We recommend that the Board:

   (a) PROVIDE FEEDBACK on the attached draft What we heard document; and

   (b) NOTE that we will finalise the document, taking the Board's feedback into account, and publish it on the XRB website in December 2026.

Background

3. The XRB published the draft climate reporting roadmap and accompanying consultation document on 30 June 2026. The consultation ran from 1 July to 30 September 2026. It sought feedback from climate reporting entities, primary users and other interested stakeholders on the proposed strategic direction for climate reporting, its expected benefits and costs, the transition pathway and how particular requirements should be applied in New Zealand.

What we heard document

4. The attached document summarises the main themes from the written and verbal feedback received. It is intended to provide a factual account of stakeholder feedback. It does not set out XRB decisions or respond to the points raised.

5. We are seeking the Board's feedback on whether the document:

   (a) fairly and clearly reflects the feedback received;

   (b) appropriately represents the range of stakeholder perspectives; and

   (c) is suitable for publication.

Next steps

6. We will take the Board's feedback into account, finalise the What we heard document and publish it on the XRB website in December 2026.

Attachments

- What we heard: Draft climate reporting roadmap consultation

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EXTERNAL REPORTING BOARD



What we heard

Consultation on the draft climate reporting roadmap

December 2026

At a glance

Almost all stakeholders supported the strategic direction

96% of submitters supported the proposed strategic direction.

Feedback forum participants were also supportive.

ALIGNMENT WAS EXPECTED TO DELIVER MULTIPLE BENEFITS

COMPARABILITY	EFFICIENCY	CERTAINTY
International comparability and greater consistency	Less duplicated reporting effort across jurisdictions	Greater certainty about future climate reporting requirements

DECISION-USEFUL INFORMATION

Users expected adopting IFRS S2 to provide more consistent, comparable and financially connected information

BRING THE MANDATORY APPLICATION DATE FORWARD

Most stakeholders expressing a view sought an earlier date or reconsideration of the proposed timeline. There was general support for allowing early adoption.

WHERE VIEWS DIFFERED

LOCAL MODIFICATIONS

Most stakeholders supported some New Zealand-specific modification, though views differed on how far to go.

A recurring view was that departures should be limited and justified.

INDUSTRY BASED METRICS

Views differed on how prescriptive industry-based requirements should be.

The most supported approach retained industry-based metrics while making SASB guidance optional.

SCENARIO ANALYSIS

We heard mixed views on the appropriate degree and form of prescription for scenario analysis, with many stakeholders supporting a minimum number of scenarios and many others preferring entity-specific judgement.

IMPLEMENTATION

Stakeholders sought guidance and clear regulatory and assurance expectations to support practical, proportionate implementation.

What we heard on the draft roadmap

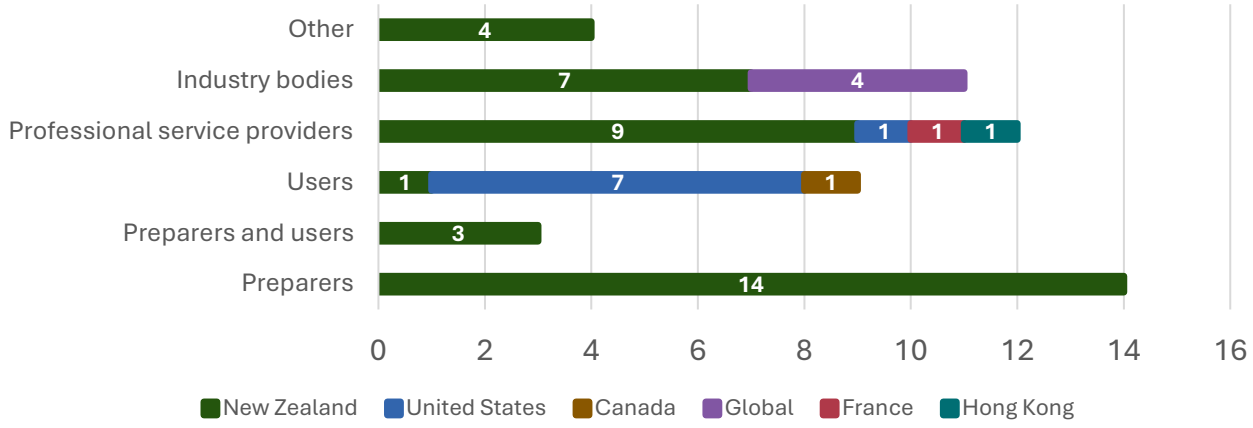
On 30 June 2026, the External Reporting Board (**XRB**) published a draft climate reporting roadmap and accompanying consultation document. The draft roadmap proposed replacing the Aotearoa New Zealand Climate Standards (**NZ CS**) with a New Zealand version of *IFRS S2 Climate-related Disclosures* (**IFRS S2**).

This document summarises what we heard. Feedback is summarised by theme rather than question-by-question, reflecting the cross-cutting nature of many responses.

A wide range of stakeholders provided feedback

In total we received 53 written submissions from a wide range of stakeholders.[1]

Figure 1: Written submissions came from a range of organisation types and jurisdictions[2]



During the consultation period we also ran three public information sessions and 10 feedback forums. Across these public information sessions and feedback forums, we estimate that we reached 264 individuals representing 194 organisations. This document incorporates feedback from these sessions and forums alongside the written submissions.[3]

The table below shows the terms used to indicate the relative prevalence of views among stakeholders who commented on the relevant matter. They are qualitative descriptions and do not indicate the importance or merit of a view.

Term	Meaning
Almost all	A view that was close to universal
Most	A clearly predominant view
Many	A recurring view
Some	A less common view
A few	A relatively limited view

The following sections explore what we heard across eight key themes, including support for the strategic direction, views on timing, scenario analysis and industry-based metrics, and local modifications.

[1] There were 51 non-confidential written submissions which are available to read on our website.
[2] Of the users that responded, seven are members of the *ISSB Investor Advisory Group*.
[3] "Submitters" refers to views from written submissions, "feedback forum participants" refers to views provided at the feedback forums, and "stakeholders" refers collectively to both groups.

Stakeholders overwhelmingly supported the strategic direction

96% of submitters supported adopting a New Zealand version of IFRS S2 that is internationally aligned, harmonised with Australia and locally relevant. Feedback forum participants were also mostly supportive.

Stakeholders expected international alignment to improve comparability and certainty

We heard that alignment with IFRS S2 would make New Zealand disclosures easier to compare across entities and jurisdictions, make climate information more useful for investment, lending and other decisions, and improve capital allocation, cross-border investment or access to capital. Feedback noted that these benefits would be strongest if New Zealand adopted IFRS S2 without substantive changes.

Many submitters expected alignment to reduce duplicated reporting effort for entities reporting across jurisdictions. They highlighted opportunities to reuse group-level reporting systems, processes, data, controls and expertise, rather than maintain separate approaches to meet differing requirements.

Many stakeholders considered IFRS S2 should be the starting point for New Zealand, although harmonisation with Australia was particularly important for entities with Australian parents or subsidiaries, and local relevance remained important. Many stakeholders sought clear justification and consultation for any departure from IFRS S2, including future divergence, particularly where it could compromise broader international alignment. The draft roadmap was also considered by many stakeholders to provide greater certainty over time, and some explicitly preferred an IFRS S2-based destination to further incremental amendments to NZ CS.

Finally, some stakeholders expected alignment to improve access to international guidance, training, service providers and implementation experience. A few also identified increased mobility of climate-reporting expertise across businesses, assurance providers and advisers as a benefit.

Stakeholders qualified their support with implementation concerns

Support for the strategic direction did not necessarily extend to every aspect of the proposed approach. Stakeholders differed on the appropriate timeline, industry-based metrics, scenario analysis and the extent of local modification. Most stakeholders emphasised the need for practical guidance, proportionate implementation and clear regulatory expectations.

One submitter did not support the strategic direction at this stage

One submitter was not supportive of the strategic direction at this stage rather than rejecting international alignment outright. It sought more evidence from overseas implementation before a final decision and recognised potential efficiencies for internationally connected entities but expressed concern that domestic and smaller entities could incur greater costs without comparable benefits.

Benefits and costs will vary by entity and implementation choices

Many stakeholders confirmed the benefits and costs identified in the consultation document. Some submitters challenged the evidence, scope or completeness of the benefits-and-costs assessment and sought better testing of incremental costs against tangible user benefits.

We heard that benefits and costs would not be experienced equally, and that factors including an entity's international connections, existing capability, size and complexity were important. Internationally connected entities could benefit more from reusing systems, processes and expertise, while smaller or less mature entities could face proportionately greater implementation challenges.

Stakeholders provided further detail on expected benefits

Additional expected benefits included:

- **Regulatory certainty:** Clear and stable direction would give entities greater confidence to invest in reporting systems, governance, data, capability and assurance readiness.
- **Business resilience and trade participation:** Improved business decision making and resilience and potential benefits for international trade and supply-chain participation (noting that submissions did not indicate the additionality of these benefits compared to existing reporting under NZ CS).

Many stakeholders said that realising expected benefits would depend on implementation. Unnecessary local divergence could limit cross-jurisdictional recognition, reduce opportunities to simplify reporting and weaken comparability.

Some stakeholders also highlighted the need for adequate preparation time, practical implementation support and sufficient assurance capacity to realise the expected benefits.

Stakeholders provided further detail on expected costs

Additional expected costs included:

- **Parallel frameworks during transition period:** Cost and complexity of operating NZ CS and the New Zealand version of IFRS S2 in parallel during the transition, including maintaining different processes, controls, expertise and assurance approaches. Users, regulators, standard setters and assurance providers would also need to compare information and maintain capability across both.
- **Rework and duplicated investment:** Entities have already invested in reporting under NZ CS. Some of that work may need to be redone to meet the New Zealand version of IFRS S2.

Many stakeholders said the level of costs would depend on implementation choices. Proportionality mechanisms and practical guidance could help contain costs. Some also said New Zealand-specific requirements that differ from IFRS S2 or AASB S2 could add cost where equivalent information already exists, and that early clarity on requirements and enough lead time would reduce rework.

The mandatory application date should be brought forward from 2033

Most submitters favoured reconsidering or bringing forward the proposed 2033 mandatory date. Others broadly supported the proposed timeline. Feedback forum participants were more strongly opposed to 2033, although some favoured more preparation time.

We heard concerns from most stakeholders about the proposed prolonged transition. Stakeholders gave the following reasons:

- **Reduced comparability:** Most of those seeking a shorter transition said that operating NZ CS and the New Zealand version of IFRS S2 in parallel for up to seven years would reduce comparability.
- **Duplicated effort:** Many said parallel operation would duplicate reporting processes, expertise and effort across the reporting system.
- **A shorter transition is achievable:** Many said a shorter transition was achievable because climate reporting entities have been applying NZ CS for multiple years.
- **Out of step internationally:** A few considered 2033 out of step with international developments and likely to slow implementation momentum.

Among submitters, most professional service providers and industry bodies sought an earlier mandatory date. Most users also sought an earlier date or raised concerns about the proposed timeline. Most preparers, by contrast, supported the proposed timeline.

Readiness concerns underpinned support for the proposed 2033 date

For those who supported the proposed 2033 date, having more time to strengthen systems, data, controls, capability and assurance readiness, and to learn from overseas implementation, was valued. A few also emphasised the importance of allowing time for development of practical implementation guidance.

2030 was the most frequently suggested mandatory application date

Some stakeholders proposed bringing mandatory application forward to between 2028 and 2032, with 2030 the most frequently suggested year. A few also recommended transition periods of two to five years, sometimes measured from gazettal of the final standard.

Other suggestions for managing the transition included larger entities adopting first, clear readiness milestones and targeted relief for particular disclosures. A few submitters also proposed specific review points, including in 2027 to assess readiness for adoption in 2028, or in 2029 or 2030 to assess whether mandatory adoption could begin before 2033.

Early adoption was widely supported

Most stakeholders supported allowing early adoption, including both those who supported and those who questioned the proposed mandatory timeline.

Views differed on when early adoption should begin. A few submitters raised questions about its timing and practicality, including whether final requirements would be available sufficiently early.

Submitters also sought timely implementation guidance and opportunities to comment on detailed proposals, and some wanted lessons from Australian implementation to inform New Zealand's transition arrangements.

Users expected IFRS S2 to improve reporting and identified the information most useful for decisions

Users expected adoption to improve international consistency and comparability, provide more specific and detailed information and strengthen connections between climate information and financial reporting.

Climate disclosures that matter the most to users include greenhouse gas emissions, industry-based information, transition plans (and progress against them) and strategy disclosures.

We heard from users that a New Zealand version of IFRS S2 would achieve more consistent information across entities, industries and jurisdictions to support investment analysis, risk assessment and capital allocation. Most other submitters who provided views also expected improved decision usefulness. Expected benefits largely aligned with those identified by users.

A few submitters cautioned that more detailed requirements would not automatically produce more useful information. They were concerned that lengthy or boilerplate disclosures could add reporting volume without improving decisions.

Users prioritised information showing climate exposure, financial consequences and credible responses

The following climate disclosures were most valued by users who provided a view:

- **Greenhouse gas (GHG) emissions**. Many users valued GHG emissions for understanding an entity's current profile, exposure and progress.
- **Industry-based information.** Many users valued industry-based metrics for comparing entities with similar activities and exposures.
- **Transition plans, targets and progress.** Many users valued disclosures which explain how entities intend to achieve their objectives, targets and planned actions, not simply their stated ambitions. Useful information included implementation actions, interim milestones, assumptions, dependencies and progress against commitments.
- **Climate-related risks and opportunities, financial effects, scenario analysis and resilience.** Many users valued disclosures which explain how an entity's business models, strategy, financial position, performance and prospects could be affected by climate change.
- **Governance and risk management.** Some users highlighted information showing how climate considerations were integrated into oversight, accountability and business decisions as useful for decision making. Valued disclosures were those that highlight governance responsibilities and how climate-related risks informed enterprise-risk management, strategic planning and capital allocation.

Other groups highlighted similar disclosures, with different sector and implementation emphases

Other groups highlighted broadly similar disclosures. Some professional service providers emphasised connected information across financial effects, resilience and transition planning, and many industry bodies and some professional service providers also highlighted targets and progress against them.

Stakeholders differed on how far New Zealand should modify IFRS S2

Most stakeholders who commented supported some New Zealand-specific modification, though views differed on how far to go. A recurring view was that any departure from IFRS S2 should be clearly justified and should not unnecessarily undermine international comparability.

We heard a range of views on whether, and to what extent, New Zealand should modify IFRS S2. However, we did hear some common themes:

- IFRS S2 should be the starting point, with any departure clearly justified, transparent and subject to consultation.
- Any changes made should improve decision-usefulness, address New Zealand legislation or market circumstances, or avoid disproportionate costs.

Those favouring minimal modification emphasised international comparability, the ability to state compliance with the ISSB Standards and reduced complexity for entities operating across jurisdictions.

Stakeholders also distinguished between permanent changes and implementation measures, saying practical difficulties should, where possible, be addressed through IFRS S2's existing proportionality mechanisms, guidance or transitional relief. Some also said proposed departures should be tested against user needs.

Stakeholder groups placed different weight on local modifications

Preparers, industry bodies and professional service providers generally supported some New Zealand-specific modification, ranging from legislative alignment to targeted additions. A few preferred close alignment with IFRS S2.

In comparison, users generally preferred minimal modification, emphasised preserving decision-useful and internationally comparable information, and cautioned against weakening requirements.

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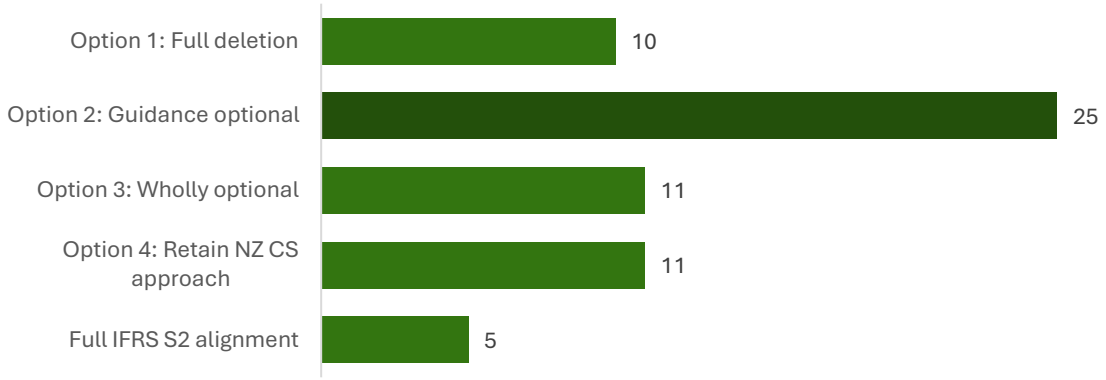
Industry-based metrics are valued, but flexibility is important

Most stakeholders valued industry-based information because climate-related risks and opportunities differ by sector. Relevant metrics can help users compare entities with similar business models and climate exposures.

Views differed, however, on whether disclosure should be mandatory and whether entities should be required to refer to and consider the ISSB's industry-based guidance, derived from the SASB Standards.

We heard that retaining the requirement to disclose industry-based metrics while making reference to and consideration of the associated SASB-derived guidance optional was the most supported option (Option 2 in the consultation document) across both submitters and feedback forum participants.

Figure 2: Submitters' views on options for industry-based metrics[4]



Many supporters of Option 2 wanted to preserve useful sector information while allowing entities to select metrics relevant to their circumstances. Many raised concerns about mandatory consideration of the SASB guidance, including its breadth, suitability for New Zealand industries and business models, implementation costs and whether it had undergone sufficient local assessment and consultation.

Some supporters of Option 2 saw it as an interim approach rather than a permanent departure from IFRS S2, and wanted the settings reviewed as the ISSB's industry guidance and Australian requirements developed.

The other options were supported by fewer submitters, each for different reasons:

- **Option 1 (full deletion):** Some wanted to align with Australia and reduce duplication and compliance costs for entities reporting in both countries.
- **Option 3 (wholly optional):** Some saw industry-based metrics as not critical, or said disclosure should depend on materiality and on what is needed elsewhere.
- **Option 4 (retain the NZ CS approach):** Some wanted to keep the focus on metrics relevant to the entity and used to manage its climate risks, without mandatory reliance on international guidance.
- **Full IFRS S2 alignment (not a consultation document option):** A few submitters preferred full alignment to maximise international comparability.

[4] Some stakeholders supported more than one option.

Submitter groups differed on the appropriate degree of flexibility

Preparers' views leaned towards removing the requirement or making it optional: most supported Option 1 or Option 3 (alone or alongside other options). They emphasised operational relevance, implementation efficiency and compatibility with Australia. Fewer supported Option 2.

Users were more consistent. Most supported retaining industry-based disclosure requirements, and none supported Option 1 or Option 3. They emphasised comparable information between similar entities, transition-risk assessment, capital allocation and engagement. Views differed on the SASB guidance: many supported making it optional (Option 2), while some preferred full IFRS S2 alignment because a common international reference point supports comparability.

Professional service providers mostly supported Option 2, balancing the decision-usefulness of sector metrics against implementation practicality in New Zealand.

Industry bodies held the widest range of views, with support spread across all four consultation options and full IFRS S2 alignment.

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No clear view on how to treat scenario analysis

We heard mixed views on the appropriate degree and form of prescription for scenario analysis. Many stakeholders supported some form of minimum number of scenarios, while many others preferred entity-specific judgement without prescribed scenario numbers or temperature outcomes.

Mixed views on the minimum number of scenarios

Many submitters supported some form of minimum requirement often to capture materially different transition risk and physical risk conditions. Two scenarios were the most common minimum, and some favoured three or more.

Many others favoured no minimum number. They favoured flexibility and considered that the appropriate number should depend on entity circumstances and emphasised that the quality and relevance of the analysis is more important than the number of scenarios used.

Mixed views on specified temperature outcomes

Many stakeholders favoured prescription on temperature outcomes. However, views differed on what those outcomes should be. Almost all of the combinations suggested included a 1.5°C scenario alongside at least one higher-warming scenario:

- 1.5°C with a "well above 2°C" scenario, in line with the Australian approach. This was the most common single choice, although other combinations were close behind.
- 1.5°C with a higher-warming scenario, without specifying the temperature.
- Three scenarios including one of at least 3°C, consistent with the existing NZ CS approach.

Many others did not support prescribing temperature outcomes. They generally preferred the flexibility provided by IFRS S2 and wanted to avoid any unnecessary divergence from it. Reasons included:

- Flexibility would help entities that report in more than one jurisdiction.
- Entities choosing scenarios that are relevant and sufficiently challenging for their business would be more useful than meeting a set temperature threshold.
- IFRS S2's disclosure requirements and guidance are sufficient safeguards for the quality of scenario analysis.

Views also differed on the role of a low-warming scenario**.** Some stakeholders questioned whether a strict 1.5°C scenario without overshoot remained plausible and suggested sufficient flexibility to reflect evolving science. Others regarded a low-warming scenario as important for transition risk analysis.

Method and proportionality

Many stakeholders sought proportionate approaches to scenario analysis but differed on how this should be achieved. Some favoured clarifying the IFRS S2 proportionality mechanisms and their practical application through guidance. A few noted limits in data and modelling capability, and the additional resources needed for quantitative analysis.

One stakeholder identified an apparent tension in the IFRS S2 application guidance about when qualitative analysis could be sufficient and when a more advanced quantitative approach would be required. They sought clarification or amendment, including clearer differentiation between technical sophistication and quantification.

Stakeholders identified other areas where changes or implementation support may be needed

We heard several proposals for specific amendments, to retain some elements of NZ CS, and to provide implementation support. Across the written submissions, a recurring preference was for transitional measures rather than permanent differences from IFRS S2, unless implementation experience demonstrated a substantive ongoing problem.

Resilience disclosures and assessment frequency

A few stakeholders questioned whether a full resilience assessment is needed every reporting period where circumstances have not materially changed, and sought greater flexibility in how it is reassessed. A few asked for guidance on what updating involves, how it differs from a full scenario exercise, and how it links to transition planning and annual reporting.

Some stakeholders emphasised that resilience disclosures about strategic implications, capacity to adapt and significant uncertainties were needed to make scenario analysis useful and allow users to assess its credibility.

Current and anticipated financial impacts

We heard different views on whether anticipated financial impact requirements needed modification. Some preparers sought flexibility where quantified estimates could not be reliably produced or could be commercially sensitive or misleading. Some submitters supported the IFRS S2 approach of taking planned responses into account, but one suggested disclosure both before and after planned responses where this could be done reliably and provide decision-useful information.

A few submitters sought guidance on the differences between NZ CS and IFRS S2 requirements, including what changes to existing disclosures would be needed. A few considered that guidance on quantification, ranges, uncertainty and qualitative disclosure could address concerns without changing the standard.

GHG emissions measurement and related disclosures

Many stakeholders valued consistent and comparable GHG emissions information but differed on measurement requirements and flexibility. Some submitters supported prescribing the GHG Protocol, while others supported flexibility. A few submitters raised matters including the ISSB's targeted GHG amendments, transitional relief, Scope 3 estimation and proportionate emissions disaggregation. One also suggested disclosure of material GHG inventory exclusions to clarify reporting completeness.

Retaining elements of NZ CS and the purpose of the regime

Some submitters supported retaining selected NZ CS disclosures that IFRS S2 does not explicitly require. The most common was GHG emissions intensity information, to help explain performance relative to activity or scale. A few also wanted to keep information about business model and strategy and material value-chain exclusions because it provides useful context for understanding climate exposures and responses.

A few stakeholders commented on the purpose of the regime. Views differed on whether to retain the NZ CS purpose statement or adopt the IFRS S2 objective alone, relying on the purpose set out in legislation. Some of those who commented also asked the XRB to clarify whether adopting a New Zealand version of IFRS S2 would change the purpose of the regime, given that existing disclosures were developed under the wider NZ CS purpose.

Legislation and assurance

Many stakeholders supported changes needed to align the New Zealand version of IFRS S2 with New Zealand legislation.

Some stakeholders commented on the proposed local modifications relating to GHG assurance. Comments included requests for explicit clarity about which disclosures are in scope, so that there is no uncertainty about whether assurance extends beyond GHG emissions. A few asked that assurance expectations take account of data quality, entities' reporting capability, and the availability and cost of assurance providers.

Coordinated implementation support and recognition

Practical implementation support was requested by most stakeholders. Suggestions included updated comparison tools, worked examples, sector guidance, FAQs, illustrative disclosures, training and an implementation forum.

Some submitters asked the XRB to coordinate with New Zealand and Australian regulators and standard setters. They sought clarity about recognition and exemption pathways, including reuse of group information, while recognising that some matters sit outside the XRB's mandate. Some also sought ongoing monitoring of international developments, local modifications, reporting usefulness and assurance capacity through readiness and post-implementation reviews.

Feedback was also received on topics beyond the draft climate reporting roadmap

We heard feedback on the following topics:

- Support for the XRB's intention to explore internationally aligned mid-tier climate reporting, including guidance for voluntarily applying a New Zealand version of IFRS S2 and simplified disclosures reflecting an entity's size, complexity and capability.
- Allowing voluntary use of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (**IFRS S1**), guidance aligned with it or adoption of a New Zealand equivalent.
- Monitoring international developments in nature-related reporting, double materiality and impact-reporting developments while keeping the immediate roadmap focused on climate-related disclosures.
- Clarifying how He Tauira, the XRB's voluntary te ao Māori informed framework for intergenerational reporting, would sit alongside the New Zealand version of IFRS S2.
- Support for open, machine-readable climate data through digital taxonomies and tagging, Legal Entity Identifiers and assurance metadata, to reduce manual extraction and cost and improve data quality.

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB members
Meeting date:	1 December 2026
Subject:	**Using agreement and approval in principle to progress the climate reporting roadmap project**
Date:	20 November 2026
Prepared by:	Lisa Kelsey
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose

1. This memo asks the Board to agree to using agreement and approval in principle to progress the climate reporting roadmap project while the future climate reporting entity (**CRE**) population remains uncertain.

Recommendations

2. We recommend that the Board:

   (a) NOTE that we are continuing work on the climate reporting roadmap project on the assumption that the proposed strategic direction in the draft climate reporting roadmap (**the draft roadmap**) will remain appropriate if the future CRE population reflects the settings proposed in the Financial Markets Conduct Amendment Bill (**FMCA Bill**), or settings that are materially similar.

   (b) AGREE that, while uncertainty about the future CRE population remains, relevant papers will ask the Board to agree in principle to the proposed direction and content or to approve in principle documents to be issued.

   (c) NOTE that agreement or approval in principle:

      i. records the Board's position based on the assumptions and information available at the time

      ii. enables us to continue developing the final roadmap, exposure draft(s) and consultation document as no-regrets actions (work we can progress now without prejudging the Government's decision), so that the XRB is well positioned to act once sufficiently clear Government direction is received

      iii. may need to be revisited if Government direction, stakeholder feedback or further technical analysis materially changes the basis for the Board's agreement or approval in principle.

   (d) NOTE that agreement or approval in principle does not constitute final approval to commence formal consultation, publish a document or gazette a final standard, and that

we will not publish the final roadmap, exposure draft(s) or consultation document until there is sufficiently clear Government direction on the expected CRE population. We will return to the Board for final approval on relevant documents before publication or formal consultation.

We can continue progressing the project despite uncertainty about the future CRE population

3. The draft roadmap assumed that the proposed changes to the CRE population in the FMCA Bill would be enacted. Because the Bill did not pass before the 54th New Zealand Parliament was dissolved, the future CRE population, and therefore the appropriate roadmap and standard-setting pathway, is uncertain.

4. We consider that the proposed strategic direction in the draft roadmap will remain appropriate if the future CRE population reflects the settings proposed in the FMCA Bill, or settings that are materially similar. If entities are in scope beyond those anticipated under the FMCA Bill proposals, targeted engagement with those entities would be required.

5. We are therefore proceeding with a number of no-regrets actions on this basis. These include preparing the final roadmap, exposure draft(s) and consultation document, and seeking the Board's agreement and approval in principle to them before sufficiently clear Government direction is received.

Agreement and approval in principle allow the Board to agree to proposals without prejudging final decisions

6. As we progress these no-regrets actions, we will bring issues and proposals to the Board for consideration. However, while the future CRE population remains uncertain, we do not consider it appropriate to seek the Board's final agreement on proposals that depend on that population.

7. We therefore propose seeking agreement in principle on relevant proposals. This allows the Board to consider and provide direction on the substance of the proposals as they are developed, while recognising that its agreement is based on the assumption in recommendation 2(a).

8. Agreement and approval in principle also allow us to continue the no-regrets actions, including developing the final roadmap, exposure draft(s) and consultation document without waiting for Government direction. Agreement in principle will be used to understand a collective SRB position (e.g. agreeing on relevant analysis brought by staff). Approval in principle will be used in relation to decisions to publish relevant documents.

9. Note that approval in principle does not constitute final approval to publish those documents or gazette a final standard. We will not publish them until we have sufficiently clear Government direction on the expected CRE population, and we will return to the Board for final approval before publication or formal consultation.

10. How we respond once Government direction is received will depend on the CRE population:

    (a) If it is consistent with our assumption (that is, the FMCA Bill settings or settings that are materially similar), we will assess whether any further work is required before seeking the Board's final agreement. Where entities are in scope beyond those anticipated under the FMCA Bill proposals, we will undertake targeted engagement with them first.

(b) If it does not reflect the FMCA Bill settings or settings that are materially similar, we will reassess the roadmap and standard-setting pathway, and any agreement or approval in principle already given may need to be revisited with the Board.

Application to papers at this and future meetings

11. At this meeting and relevant future meetings, climate reporting roadmap papers will therefore distinguish between:

(a) issues on which we are seeking the Board's feedback

(b) analysis and proposals on which we are asking the Board to AGREE IN PRINCIPLE

(c) documents that we are asking the Board to APPROVE IN PRINCIPLE for publication

(d) proposals or documents on which we are seeking the Board's final agreement or approval.

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB members
Meeting date:	1 December 2026
Subject:	**Revised climate reporting roadmap**
Date:	22 November 2026
Prepared by:	Geoff Connor
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose

1. To approve in principle the attached revised climate reporting roadmap (**the revised roadmap**).

Recommendations

2. That you:

   (a) APPROVE in principle the publication of the revised roadmap once sufficiently clear Government direction is received about the future climate reporting entity (**CRE**) population.

   (b) NOTE that the memo *Using agreement and approval in principle to progress the climate reporting roadmap project* means that the revised roadmap may need to be revisited if Government direction, stakeholder feedback or further technical analysis materially changes the basis for the Board's approval in principle.

The recommended roadmap largely confirms the proposals in the draft roadmap

3. On 30 June 2026, the XRB published the draft climate reporting roadmap (**the draft roadmap**) and an accompanying consultation document. The consultation closed on 30 September.

4. There are four main points to note in relation to the revised roadmap:

   (a) Consistent with the draft roadmap, the revised roadmap proposes a strategy based on the principles of issuing standards based on the IFRS Sustainability Disclosure Standards,[1] harmonisation with Australia and local modifications to fit with New Zealand's legislative and regulatory settings, reporting practice and market context. All but one submitter agreed with this proposed strategy.

[1] The draft roadmap proposed "…adopting IFRS S2". Changing it to "…issuing standards based on the IFRS Sustainability Disclosure Standards" and the accompanying footnote makes it clear that the climate-relevant provisions in IFRS S1 are part of the international alignment strategy.

(b) 49 of the 53 submitters responded to the question relating to the proposed timeline. There was widespread opposition to the proposal to delay mandatory adoption until 2033. We are now recommending a two-year transition (not the more than five years proposed in the draft roadmap). This would mean that the New Zealand standards based on the IFRS Sustainability Disclosure Standards would be mandatory for reporting years commencing on or after 1 January 2030, so long as the standards are issued and take effect in December 2027.

(c) The early adoption date of reporting periods commencing on or after 1 October 2026 in the draft roadmap is necessarily delayed due to the FMCA Bill not being enacted before the general election. The revised roadmap proposes early adoption for reporting periods commencing on or after 1 January 2027. This is consistent with section 28 of the FR Act, which states that a standard can apply to accounting periods that have commenced but not ended before the standard takes effect.

(d) The indicative timeline in the revised roadmap assumes there will be certainty about the FMCA Bill before your board meeting on 4 May 2027, either because it has been enacted or the Government has announced its policy on the Bill. Publishing exposure drafts and issuing standards will be deferred if this assumption is incorrect.

Other changes to the roadmap

5. Appendix 1 discusses submissions that potentially impact on the content of the draft roadmap and our responses to them. Submissions on other matters are outlined in the *What we heard* document in the meeting pack.

6. Appendix 2 lists minor, technical and consequential changes to the roadmap. Please note that we consider that this will better aid your understanding of the changes rather than a track changes version of the two documents.

Timing for publishing the revised roadmap

7. The date for publishing the revised roadmap is contingent on decisions and actions by the post-election government. We are therefore seeking your approval in principle to the publication of the revised roadmap subject to the general recommendations about in principle decisions in the *Agreement in Principle* memo.

8. We will inform Board members immediately should there be any significant developments on enactment timing or government policy between Board meetings.

Attachments

- Appendix 1: Analysis of submissions on the draft roadmap
- Appendix 2: Minor, technical and consequential changes to the roadmap

Appendix 1: Analysis of submissions on the draft roadmap

1. The following analysis combines verbal and written feedback. To avoid double counting we have removed verbal feedback if the entity that the person represents has provided a written submission. This is on the basis that verbal feedback was provided while individuals were developing their thinking and written submissions provide their entity's final views.

1.1 Stakeholders strongly support adopting modified ISSB standards

Almost all submitters support IFRS S2 as the starting point

2. Almost all respondents supported adopting IFRS S2. Some provided views on the tension between international alignment, Australian harmonisation and local modifications that may be needed to respond to either the New Zealand legislative context or reporting experience of CREs.

One respondent favoured retaining NZ CS while further international implementation experience emerged

3. The respondent that favoured retaining NZ CS acknowledged the benefits of an IFRS S2-based standard for CREs who report internationally, but asked that the interests of 'international group CREs' be balanced with the interests of 'domestic CREs' who would not receive equal benefit as they do not have additional climate-related reporting requirements outside of NZ CS.

4. This respondent also suggested waiting to make more informed decisions on international alignment while IFRS S2-based standards are more embedded in other jurisdictions. The respondent warned against a 'big bang' migration and suggested a one-year pause in reporting would give CREs time to prepare for the transition (rather than focussing effort on reporting against NZ CS in its final year).

Staff analysis

5. We acknowledge that benefits are not shared equally. However, we consider the revised roadmap to be the best approach for primary users and the CRE population as a whole because:

   (a) investors, analysts and lenders can more readily compare New Zealand climate statements with overseas climate statements

   (b) it will promote access to capital from overseas investors and banks

   (c) it will reduce costs for CREs with parent entities or reporting obligations in other jurisdictions that have adopted or issued standards based on the IFRS Sustainability Disclosure Standards

   (d) no additional benefits or costs other than those stated in the draft roadmap have been shared with us that would warrant a change of direction

   (e) it is impractical to maintain two sets of climate standards for a population of 50-60 CREs.

6. In response to the proposal to wait until IFRS S2-based standards are more embedded in other jurisdictions, we consider that there is sufficient certainty about the international direction of travel, due to the significant increase in the number of jurisdictions in the last 2-3 years that have adopted the IFRS Sustainability Disclosure Standards in full or with modifications or have signalled their intention to do so. Our recommended approach proactively responds to the RFI feedback where we heard that stakeholders wanted international alignment, harmonisation with Australia and certainty of the future of climate reporting in New Zealand. We consider CREs to be well experienced in climate reporting, and waiting for more international experience conflicts with feedback calling for change sooner rather than later.

7. We also note that the XRB does not have the statutory power to pause climate reporting for a year.

1.2 The decision-making framework will be a useful transparency tool

8. Several entities were interested in changes that could occur during the transition period and at the proposed future state, and what the XRB would do in response. As one respondent put it:

   The final roadmap should clearly explain how international alignment, Australian harmonisation and local relevance will be prioritised where they point to different outcomes; preserve decision-usefulness; avoid local modifications that unnecessarily lower disclosure quality; provide clear transition milestones and implementation support; and make clear how XRB will apply its existing international standards adoption process where ISSB standards and Australian standards may diverge in future.

9. Some respondents also suggested that international alignment with the ISSB standards should be the primary objective and that any Australian harmonisation and New Zealand modification changes should be kept to a minimum.

Staff analysis

10. In response, staff consider the decision-making framework to be a useful, consistent tool for decision making that would provide stakeholders with transparency, certainty, and clarity on how the SRB makes decisions. It is already available as part of a public SRB meeting pack, but we will explicitly publish it on the XRB website alongside the final roadmap. We have also included a section explaining the decision-making framework in the revised roadmap itself.

1.3 Stakeholders asked us to consider IFRS S1, double materiality, He Tauira, nature and the wider reporting ecosystem

11. Some respondents suggested the SRB could issue an equivalent to IFRS S1 using the XRB's statutory powers to issue non-binding guidance on non-financial reporting under section 19A of the Financial Reporting Act 2013.

Staff analysis

12. As explained in the revised roadmap, He Tauira remains the XRB's way of supporting entities to articulate their intergenerational impact and is available to all entities.

13. It would not be appropriate to make any commitments to issue non-binding guidance based on IFRS S1 in the revised roadmap because the XRB has not consulted specifically or widely on this issue. It would be essential to ensure that there is sufficient market demand before adding such a project to the work programme.

14. We also note that about 80 per cent of IFRS S1 will need to be included in the New Zealand standard containing the climate-relevant general requirements derived from IFRS S1.

1.4 Stakeholders expressed concerns about an extended transition period to 2033

15. 48 of the 53 written submissions responded to the timeline question. There was strong opposition in written submissions and verbal feedback to the 2033 mandatory reporting date from a range of stakeholders, particularly primary users and sustainability umbrella organisations. Preferences of CREs were mixed. Most supported a long transition to provide sufficient time to build capability while others were concerned with having two standards available for an extended period. Most users and other stakeholders encouraged an earlier mandatory application date.

Feedback suggested the costs of the extended transition period outweighed the benefits

16. Some stakeholders suggested that the rationale for 2033 was not clearly evidenced in the draft roadmap. In expressing opposition to this proposal several respondents made comments to the effect that:

    (a) delaying mandatory application would delay the expected benefits as outlined in the draft roadmap as well as slowing momentum in both reporting and meaningful climate action.

    (b) CREs are sufficiently experienced to uplift their capability to the IFRS Sustainability Disclosure Standards. One submitter stated that it is "difficult to reconcile [the proposed long transition] with the XRB's view [in section 8.3 of the draft roadmap] that experienced New Zealand reporters do not need the IFRS S2 first-year reliefs."

    (c) having two sets of standards would result in fragmented reporting leading to additional costs for primary users and assurance practitioners. Primary users would have more difficulty in comparing climate reporting across entities who use different standards. Assurance providers would be required to concurrently maintain knowledge of NZ CS and uplift capability with a new standard.

17. Some respondents also expressed a 'moving target' concern with a five-year transition. The New Zealand standard based on IFRS S2 issued at the start of the transition period could be misaligned internationally by the end of the transition if the ISSB and Australian standards were to be amended during that period.

18. A few stakeholders noted that the extended transition period was much longer than the original transition to NZ CS despite starting from a lower capability base. One submitter gave examples of Australia, the United Kingdom and South Korea where mandatory reporting is being implemented over much shorter timeframes.

19. Some stakeholders also pointed towards the implementation of new financial reporting, accounting and assurance standards that use shorter timeframes.

20. Some stakeholders disagreed as to whether a delayed transition created certainty and stability or created confusion, the perception of instability and weakened credibility of the reporting regime.

The minority of respondents supported 2033 or deferring even later

21. Views different to those above suggested that it would be more beneficial to wait for international reporting setting to settle and for the Australian reporting regime to be more embedded into practice. During that time, the proposed extended transition period would provide sufficient time for CREs to update their systems and processes.

22. One submitter was of the view that during this time there would not be an information gap as investors would still have access to reporting under NZ CS.

Staff analysis on the length of the transition

23. The basis for the five-year timeframe was in response to feedback on the RFI consultation in 2025 that stakeholders wanted international alignment and Australian harmonisation, but they also wanted a phased approach to minimise disruption and the compliance burden. The proposed 2033 date, accompanied by the availability of early adoption, was a way of allowing those who valued international alignment and Australian harmonisation to make an early shift while giving more time for those CREs who did not have the same reporting obligations and therefore unlikely to receive the same benefit of moving away from NZ CS. What we have heard now is that there is a strong preference for a much shorter timeframe.

24. We accept the comments by respondents who stated that the transition should be considerably shorter, mainly because a longer transition would delay obtaining the benefits and because of the costs of having two sets of applicable standards for an extended period.

25. We acknowledge the moving target issue. However, this risk can be satisfactorily managed by amending the New Zealand standards consistent with the changes made by the ISSB during the transition. Although a shorter transition reduces the risk of needing to amend the New Zealand standards based on the IFRS Sustainability Disclosure Standards by the time it becomes mandatory, it does not remove the need to respond to changes to international standards, including reviewing our standards, consulting and making necessary changes.

26. We also consider that there is sufficient clarity about the growing momentum to adopt or issue standards based on the IFRS Sustainability Disclosure Standards. According to a recent report published by the Canadian Shareholder Association for Research and Education, as of June 2026, more than 80 countries were on a climate disclosure track. At least 66 had some form of mandatory climate disclosures in place or approved for imminent rollout, most of which used ISSB/TCFD-aligned frameworks. Mandatory frameworks impacted more than 75 stock exchanges, representing 44% of global market capitalisation.[2] We are of the view that waiting for stability in international standards and reporting does not support our aim of providing certainty and stability for CREs.

1.5 The most frequently suggested mandatory application date is 2030

27. Whilst the consultation did not specifically request submitters provide their preferred mandatory application date, reaction to the proposed 2033 date prompted several submitters to provide their view.

28. In the consultation document accompanying the draft roadmap and in outreach activities we stated that delaying mandatory application until 2033 would provide the opportunity for New Zealand to learn from Australian reporting experience. However, most respondents did not consider that this was a good reason to delay mandatory application.

29. Stakeholder preferences ranged from 2028 to 2032 with the most frequently suggested year being 2030, but without suggesting a specific date. Mandatory application for reporting periods beginning on or after 1 January 2030 would be consistent with approach used in the timeline for the draft roadmap.

Staff analysis

30. In considering feedback from both the RFI consultation and draft roadmap consultation, we consider that a two-year transition would be appropriate for mandatory application. This would imply mandatory application for financial years commencing on or after 1 January 2030 if the Board were to issue the standards based on the IFRS Sustainability Disclosure Standards by November 2027. It would also imply a later mandatory date if there were any delays in issuing the standards (for example, due to further delays to the enactment of the FMCA Bill, or to re-exposure of one or both draft standards).

[2] Shareholder Association for Research and Education, *The Price of the Pause: How Canada's standstill on climate disclosure puts Canadian companies at a disadvantage*, October 2026, p.12, 26-10-28-The-Price-of-the-Pause-EN-SHARE.pdf

Appendix 2: Minor, technical and consequential changes to the roadmap

1. We have made minor, technical and consequential changes to the roadmap.
2. Please note, all changes highlighted in yellow are subject to either Board decision making or Government decision making. All changes highlighted in green refer to a forthcoming URL.

Consequential changes

3. The draft roadmap described proposals. The revised roadmap describes decisions.
4. A proposed single "NZ IFRS S2" standard is replaced by two New Zealand Sustainability Disclosure Standards: NZ SDS S2 and NZ SDS S2G.
5. Mandatory application moved from reporting periods beginning on or after 1 January 2033 to 1 January 2030. Early adoption moved from 1 October 2026 to 1 January 2027, and issue timing becomes "by November 2027".
6. Information on the outcome of consultation on the draft roadmap is included, stating that almost all stakeholders supported the strategic direction and expected benefits including comparability, efficiency, certainty and decision-useful information. We have also shortened the feedback section on the request for information.
7. The text relating to domestic legislation is updated from a proposed Bill to (assumed) enacted 2027 amendments, including the $1 billion issuer thresholds and removal of registered managed investment scheme managers and life and health insurers. References to the FMCA Bill have been changed to the FMCA Act, on the assumption that it will have been enacted before the roadmap is published. We will revert, if necessary.
8. We added information on the decision-making framework, explaining the rebuttable presumption that the climate-related IFRS Sustainability Disclosure Standards will be retained unless local settings, Australia's approach, or compelling New Zealand circumstances justify modification.

Technical changes

9. We have been more specific about the reference point being IFRS Sustainability Disclosure Standards insofar as they relate to climate-related disclosures (rather than "ISSB standards").

Minor changes

10. Section 1 (Introduction) of the draft roadmap has been split into two sections. The new section 1 in the revised roadmap is an Executive Summary. New section 2 is called Background.
11. More and updated information is included about the international context (e.g. numbers of jurisdictions adopting IFRS Sustainability Disclosure Standards, the 2026 Australian Treasury consultation, and revised ESRS applying from 1 January 2027).
12. The paragraph citing the joint ministerial 2+2 statement has been deleted. On further reflection, we did not consider it useful to include.
13. Section 5 has been condensed.

XRB | Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD



Climate reporting roadmap

[Month] 2027

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DRAFT

1 Executive Summary

1.1 This roadmap outlines a strategic direction for climate reporting

The External Reporting Board's (**XRB**) overarching strategy is to deliver and maintain internationally aligned and locally relevant standards. This climate reporting roadmap describes how we will implement the strategy as it applies to the climate-related disclosure framework (**CRD framework**). The roadmap is designed to support the development and issue of climate standards that are fit for purpose for New Zealand, and to enable New Zealand to maintain alignment as international climate reporting requirements and expectations evolve.

It is based on three principles: international alignment, harmonisation with Australia, and local relevance. The application of these principles means:

- issuing standards based on IFRS Sustainability Disclosure Standards[1] issued by the International Sustainability Standards Board (**ISSB**) insofar as they relate to climate-related disclosures[2]
- considering what approach to take where there are differences between the IFRS Sustainability Disclosure Standards insofar as they relate to climate-related disclosures and the climate reporting obligations in Australia under AASB S2 *Climate-related Disclosures* (**AASB S2**) and the Australian Corporations Act 2001[3]
- considering what modifications, if any, are needed to fit with New Zealand's legislative and regulatory settings, reporting practice and market context.

1.2 The XRB will issue two new climate standards by November 2027

Climate reporting entities (**CREs**) as defined in section 461O of the Financial Markets Conduct Act 2013 (**FMC Act**) must report in accordance with applicable climate standards issued by the XRB, which are currently Aotearoa New Zealand Climate Standards (**NZ CS**).

We will issue New Zealand Sustainability Disclosure Standards (NZ SDS), comprising two standards, by November 2027, to replace NZ CS:

- a standard based on IFRS S2 *Climate-related Disclosures*, to be called New Zealand Sustainability Disclosure Standard S2 *Climate-related Disclosures* (NZ SDS S2)
- a standard based on the climate-relevant provisions in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, to be called New Zealand Sustainability Disclosure Standard S2G *General Requirements for Disclosure of Climate-related Financial Information* (NZ SDS S2G).

Early adoption of NZ SDS will be permitted for financial years commencing on or after 1 January 2027. Compliance will be mandatory for financial years commencing on or after 1 January 2030. CREs that choose to not adopt NZ SDS early will continue to report in accordance with NZ CS. We do not plan to amend NZ CS during the transition.

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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 In this document, that means IFRS S2 and the climate-relevant provisions of IFRS S1.

3 See sections 292A and 296A-296E of the Corporations Act.

2 Background

2.1 The XRB issued a TCFD-based climate-related disclosure framework

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 provided for the introduction of mandatory climate-related disclosures for large listed issuers, banks, building societies, insurers and investment scheme managers.

The general policy statement in the explanatory note to the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill stated that the disclosure requirements in the climate standards would be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**). The XRB moved at pace to respond to the legislation, and so in December 2022, the XRB issued three climate standards: NZ CS 1 *Climate-related Disclosures*, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and NZ CS 3 *General Requirements for Climate-related Disclosures*. They were designed to give effect to the purposes of climate reporting set out in section 19B of the Financial Reporting Act 2013 and collectively make up New Zealand's CRD framework.

It was clear that the recommendations of the TCFD were international best practice when the XRB issued NZ CS in December 2022. They had been widely endorsed by governments, regulators, business associations, corporations, financial institutions, investors, professional accounting bodies and civil society organisations.

2.2 International developments mean the climate-related disclosure framework must evolve

Climate reporting has continued to evolve internationally. The ISSB was established in 2021, and in 2023, it issued IFRS S1 and IFRS S2. In 2023, the IFRS Sustainability Disclosure Standards were endorsed by the International Organisation of Securities Commissions. The ISSB formally took over the TCFD's responsibility for tracking progress on climate-related financial disclosures globally in January 2024.

Like NZ CS, IFRS S2 and the climate-relevant provisions in IFRS S1 are aligned with the TCFD architecture. Approximately 45 jurisdictions have adopted or otherwise used the IFRS Sustainability Disclosure Standards or are in the process of introducing them into their regulatory frameworks. The way that jurisdictions are adopting or using IFRS Sustainability Disclosure Standards is still evolving based their jurisdictional circumstances.

Australia has legislated a phased mandatory climate reporting regime, with reporting for Group 1 and Group 2 entities commencing for reporting periods starting on or after 1 January 2025 and 1 July 2026 respectively. The Australian Accounting Standards Board (**AASB**) issued AASB S2 in September 2024 based on IFRS S2. The AASB also issued as a voluntary standard, AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, based on IFRS S1.

The processes of adopting and using the IFRS Sustainability Disclosure Standards is dynamic. For example, the Australian Treasury consulted on potential changes to improve the efficiency of the climate-related disclosure settings in August 2026.[4] In December 2025, the Chinese Government issued a climate standard that is closely aligned with IFRS S2 while incorporating China-specific requirements such as double materiality (i.e., financial materiality and impact materiality). The 12 European Sustainability Reporting Standards (**ESRS**), including ESRS E1 *Climate Change* and the foundational cross-cutting standards (ESRS 1 and ESRS 2) were simplified and revised in 2026 and are mandatory for financial years beginning on or after 1 January 2027. ESRS E1 and IFRS S2 share a high degree of core alignment, both relying on the TCFD architecture. However, ESRS E1 includes additional

[4] See *Improving the efficiency of climate-related financial disclosures – Consultation paper*, August 2026.

disclosures and, like the Chinese climate standard, also includes impact materiality in addition to financial materiality.

These developments in international and jurisdictional sustainability reporting frameworks have prompted questions about the evolution of climate reporting in New Zealand, specifically whether, how, and when New Zealand should amend or replace NZ CS to maintain international alignment and interoperability.

2.3 Stakeholder feedback supports the direction of this roadmap

The XRB always intended to conduct a post-implementation review of NZ CS. As an input, we issued a request for information on the international alignment of climate reporting (**the RFI**) in April 2025. We sought to understand the value of international alignment to CREs and primary users[5], and what type of international alignment would be most desirable and why. We heard strong support for international alignment, particularly with IFRS S2 and Australia. We also heard a need for stability and a phased approach for change.

We then consulted on a draft version of this roadmap in June 2026. Almost all stakeholders supported the strategic direction, expecting alignment to deliver multiple benefits such as comparability, efficiency, certainty and decision-useful information. A full version of what we heard from that consultation is available on our website.

2.4 The domestic legislative settings have changed

There has also been a significant domestic change. The Financial Markets Conduct Amendment Act 2027 has amended the definition of CRE by:

- increasing the threshold of $60 million market capitalisation for equity issuers and $60 million total face value of quoted debt for debt issuers, to $1 billion for both equity and debt issuers
- removing managers of registered managed investment schemes and life and health insurers from the climate-related disclosure framework.

2.5 It is timely to assess alignment considering international and domestic change

We consider that it is timely to respond to these international and domestic changes. We have evidence from practical implementation, and we know strategic decisions have been or are being made by other jurisdictions about their climate reporting frameworks.

The roadmap responds to these international and domestic changes and stakeholder feedback. It outlines the next phases of this work, including publishing exposure drafts and issuing climate standards based on the IFRS Sustainability Disclosure Standards insofar as they relate to climate-related disclosures in 2027.

[5] Existing and potential investors, lenders and other creditors.

3 The climate reporting roadmap

3.1 The roadmap provides a clearer, enduring future state

3.1.1 We will issue NZ SDS S2 and NZ SDS S2G

We will issue NZ SDS S2 and NZ SDS S2G, based on IFRS S2 and the climate-relevant provisions in IFRS S1. We consider that this is the most direct way to protect New Zealand's international credibility and interoperability over time, rather than risking NZ CS gradually becoming less comparable as other jurisdictions converge on the IFRS Sustainability Disclosure Standards.

Issuing NZ SDS should deliver the main economic and market benefits that stakeholders associate with international alignment: improved comparability for international investors and other primary users, reduced duplication for CREs operating across borders (including those with overseas parents), and a pathway to improve access to overseas capital (and potentially a lower cost of capital) because users can more readily understand and benchmark disclosures. It should also increase access to international expertise and services.

We consider that issuing NZ SDS is preferable to achieving alignment through piecemeal amendments to NZ CS. This type of alignment is problematic because the IFRS Sustainability Disclosure Standards and NZ CS are structured and operate differently and so would create drafting complexity and a higher risk of unintended consequences. By contrast, issuing NZ SDS provides a clearer end-state and greater regulatory certainty for primary users and CREs.

There will be transition costs for primary users and CREs, and increased ongoing costs for some CREs, because NZ SDS, like the IFRS Sustainability Disclosure Standards, will require more disclosures and more detailed disclosures than NZ CS. However, feedback indicates that many stakeholders expect significant benefits from international alignment, although the extent to which those benefits outweigh the costs will depend on entity circumstances and implementation choices.

3.1.2 Harmonising with Australia

We will harmonise NZ SDS with Australia to support the provision of comparable, decision-useful climate information for primary users across the trans-Tasman market.

The response to the RFI and draft roadmap consultations confirmed trans-Tasman harmonisation to be an important condition of fit-for-purpose standards for New Zealand. Primary users often view Australia and New Zealand as a single regional investment market, and place value on comparable information across both jurisdictions. Harmonisation therefore supports more consistent decision making by investors and contributes to the efficient allocation of capital across the region.

Harmonisation also delivers practical benefits for entities operating in both markets by reducing duplication and complexity for CREs. Closer alignment enables entities to share systems, processes and expertise, lowering compliance costs and supporting more efficient reporting.

Harmonising with Australia also allows New Zealand to benefit from Australia's implementation experience with AASB S2, including how requirements have been operationalised and the types of support needed by preparers. However, New Zealand CREs will be transitioning from an existing TCFD-aligned set of standards to another, rather than using IFRS S2 as a starting point, as is the case in Australia. Our implementation support may need to be tailored to reflect this different starting point.

3.1.3 Locally relevant modifications, where required

NZ SDS will include locally relevant modifications to ensure that they are fit for purpose for New Zealand. We will, of necessity, make any amendments required to fit with New Zealand's legislative and regulatory settings. Other locally relevant modifications will only be made to reflect New Zealand's reporting practice and market context if there is a compelling reason to do so.

3.1.4 We have developed a decision-making framework to support the development and ongoing maintenance of NZ SDS

The XRB has developed a decision-making framework that supports both the development and ongoing maintenance of NZ SDS. The starting point is a rebuttable presumption that IFRS Sustainability Disclosure Standards insofar as they relate to climate-related disclosures will be retained. The presumption is rebutted where locally relevant modifications are needed to fit with New Zealand's legislative and regulatory settings. The presumption may be rebutted where Australia has taken a different approach or there is a compelling reason to add, remove or otherwise change an IFRS Sustainability Disclosure Standards requirement insofar as it relates to climate-related disclosures to reflect New Zealand reporting practice or market context.

3.2 The new standards will apply for reporting periods beginning on or after 1 January 2030 with early adoption permitted

We will consult on exposure drafts of NZ SDS S2 and NZ SDS S2G for 90 days in the two middle quarters of 2027. Should stakeholder feedback support the proposed standards, the standards will be issued by November 2027. They will be made available for early adoption for reporting periods beginning on or after 1 January 2027, with a mandatory application date for reporting periods beginning on or after 1 January 2030, providing there is no need to re-expose one or both draft standards.

The two years between issuing the standards and mandatory adoption would give CREs time to transition from NZ CS to NZ SDS in a way that is manageable, while providing greater regulatory certainty about the future direction of climate reporting for both primary users and CREs.

During the transition period, CREs would either continue to apply NZ CS or elect to early adopt NZ SDS. A CRE that early adopts NZ SDS in the first year must continue to apply it in the second year of the transition.

A CRE that chooses not to early-adopt will continue to apply NZ CS until NZ SDS becomes mandatory.

3.3 NZ SDS S2G will incorporate requirements from IFRS S1 as needed

IFRS S2 is not applied on its own, rather it is applied together with IFRS S1. IFRS S1 contains core content for disclosing all sustainability-related risks and opportunities. It also contains the conceptual foundations, general requirements, and specific provisions relating to the exercise of judgement, estimation uncertainty, and the correction of errors, and these apply to climate-related disclosures.

NZ SDS S2G will incorporate the climate-relevant provisions of IFRS S1, insofar as they relate to disclosing information about climate-related risks and opportunities.

Incorporating the necessary elements of IFRS S1 into a jurisdictional standalone climate reporting standard based on IFRS S2 is consistent with the approach taken by the AASB when developing AASB S2.

3.4 The requirement for, and level of, assurance remains the same

Assurance over greenhouse gas emissions is required by section 461ZH of the FMC Act. The requirement for assurance and the level of assurance is not affected by this draft roadmap. There is no requirement in the FMC Act for assurance of other disclosures in climate statements.

4 Timeline of past and proposed activities

Before 2025

2022 NZ CS are issued, aligned to the internationally recognised TCFD framework

2025

Q2 XRB's request for information on the international alignment of climate reporting

Q3 XRB considered feedback on the request for information on the international alignment of climate reporting and issued a 'what we heard' document

Q4 Government decision to amend the definition of climate reporting entity

2026

Q3 XRB consultation on draft climate reporting roadmap

XRB consultation on targeted amendments to NZ CS to align with IFRS S2 greenhouse gas disclosures

Q4 Targeted amendments to NZ CS issued to align with IFRS S2 greenhouse gas disclosures

XRB considered feedback on the draft climate reporting roadmap consultation and issued a 'what we heard' document

2027

QX The Financial Markets Conduct Amendment Bill amends the definition of climate reporting entity

Q2 to Q3 XRB issues final roadmap (this document) and a consultation on an exposure draft of NZ SDS

Q4 New Zealand Sustainability Disclosure Standards (NZ SDS) issued

Early adoption permitted for reporting periods beginning on or after 1 January 2027

2028-2029

2028 to 2029 NZ SDS available for early adoption. NZ CS remains applicable for CREs which do not early adopt

A CRE can elect to apply either NZ CS or NZ SDS during this transition period but cannot revert to NZ CS if it early adopts NZ SDS

2030

Q1 Mandatory application of NZ SDS

All CREs must report using NZ SDS

DRAFT

5 What else is on the horizon

5.1 The XRB will continue to monitor the sustainability reporting landscape

There is a global trend in sustainability reporting towards double materiality. Double materiality requires companies to assess and disclose sustainability topics from two perspectives: financial and impact materiality. Simply put, financial materiality focuses on how external factors affect an organisation's cash flows, access to finance, or cost of capital. In contrast, impact materiality focuses on how an organisation's activities and value chain affect people, society, and the environment.

Jurisdictions such as Europe, China, India and Taiwan are adopting impact or double materiality in climate reporting. This is being achieved through various means, such as domestic standards (for example, the European Sustainability Reporting Standards (**ESRS**) or India's Business Responsibility and Sustainability Report requirements), extensions to IFRS Sustainability Disclosure Standards (for example, China's Corporate Sustainability Disclosure Standards), or via approaches such as the GRI Standards. At an international level, the recommendations of the Taskforce on Inequality and Social-Related Financial Disclosures ask for information on financial risks and opportunities, and impacts and dependencies. We will continue to monitor this trend.

There also remains significant global uncertainty about the broader sustainability reporting landscape. The overarching architecture of the IFRS Sustainability Disclosure Standards (including the SASB Standards) is still evolving. Questions also remain about how international standards suites – such as the IFRS Sustainability Disclosure Standards, the GRI Standards, and jurisdiction specific frameworks like the ESRS – will ultimately align or interoperate. We will continue to monitor key international developments on broader sustainability reporting and specific sustainability topics, such as nature.

5.2 Exploring internationally aligned mid-tier climate reporting

The XRB is aware of demand for climate reporting requirements that are expressly designed to suit the size and complexity of mid-tier entities (such as smaller listed entities) that would like to report voluntarily to their investors.[6] Other jurisdictions are also interested in exploring how IFRS Sustainability Disclosure Standards could be applied by mid-tier entities (voluntarily or otherwise), taking a climate-first approach (i.e. starting with IFRS S2 in the first instance), with a view to how broader sustainability reporting might be supported over time.

We have had nascent conversations with other jurisdictional standard setters about internationally aligned mid-tier climate reporting. These conversations are intended to support a common understanding of the reporting challenges facing mid-tier entities and to identify whether, and if so how, standard setters could work together to support sustainability reporting by mid-tier entities while having explicit regard to how such requirements would align with those applying to larger entities.

5.3 He Tauira can be used by any entity to complement and strengthen reporting

He Tauira is a voluntary conceptual reporting framework developed by the XRB that supports entities to articulate their intergenerational impact. It has been piloted by a group of trial entities and has now moved into an early adopter phase. It is not about more reporting, rather helping to make the reporting that an entity does do more meaningful to its users and to support holistic thinking and reporting about strategy, vision and how performance is measured.

He Tauira remains available for any entity to use, including entities that are not CREs. He Tauira does not alter, replace, or reduce any mandatory reporting requirements.

[6] Note that sustainability reporting frameworks targeted at SMEs are more widely available, such as the Centre for Sustainable Finance's 'Starter for Ten'.

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To	SRB members
Meeting date	1 December 2026
Subject	**Naming convention – further information requested by the Board**
Date	20 November 2026
Prepared by	Geoff Connor
Through	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose[1]

1. To respond to the Board's request at its meeting on 13 October 2026 for additional information about naming convention options for New Zealand climate standards based on standards issued by the International Sustainability Standards Board (**ISSB**).

Recommendations

2. We recommend that the Board:
   (a) AGREE in principle to issue two standards
   (b) AGREE in principle to call the suite of New Zealand standards, New Zealand Sustainability Disclosure Standards
   (c) AGREE in principle to give the standards the following titles:
      i. *Climate-related Disclosures*
      ii. *General Requirements for Disclosure of Climate-related Financial Information*
   (d) AGREE in principle for the numbers of the standards to be:
      i. NZ SDS S2 for the standard based on IFRS S2
      ii. NZ SDS S2G for the standard based on the climate-relevant provisions in IFRS S1
   (e) NOTE that if you were to agree to the in-principle recommendations, the names and numbers of the standards based on the ISSB standards would be:
      i. New Zealand Sustainability Disclosure Standard S2 *Climate-related Disclosures* (NZ SDS S2)
      ii. New Zealand Sustainability Disclosure Standard S2G *General Requirements for Disclosure of Climate-related Financial Information* (NZ SDS S2G).

[1] This memo 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, and ISSB® papers).

Background

3. On 13 October 2026, you considered a staff memo titled *Naming conventions and structures for New Zealand standards based on ISSB standards*. The memo sought feedback on the proposed number of standards, the naming convention and the titles of New Zealand climate standards based on ISSB standards.

4. Six of the seven Board members supported the staff proposal to issue two standards but sought further information about:

   (a) whether 'sustainability' or 'climate' would better reflect the XRB's mandate and any unintended consequences of signalling arising from the use of either word

   (b) any unintended consequences or signalling arising from the use of 'sustainability' or 'climate'

   (c) whether 'reporting' or 'disclosure' should be used

   (d) the full titles of the proposed standards

   (e) the implications of departing from IFRS naming conventions

   (f) the naming convention if the ISSB standards were to be adopted without modification.

5. We address these points below. Points (a)-(d) can be considered by looking at the three naming convention issues that the Board will make decisions about:

   - Suite name – The group the standards belong to
   - Standard title – The descriptive names for each standard
   - Standard number – The identifier for each standard.

6. Table 1 illustrates each of these issues by giving examples from the International Accounting Standards Board (**IASB)**, ISSB, current New Zealand climate standards and possible future New Zealand climate standards.

Table 1: Naming convention issue examples

Issue / Examples	Suite name	Standard title	Standard no.
IASB example	IFRS Accounting Standards	*Business Combinations*	IFRS 3
ISSB example	IFRS Sustainability Disclosure Standards	*Climate-related Disclosures*	IFRS S2
NZ example – current	Aotearoa New Zealand Climate Standards	*Climate-related Disclosures*	NZ CS 1
NZ example – possible future	New Zealand Sustainability Disclosure Standards	*Climate-related Disclosures*	NZ SDS S2

A presumption in favour of international and overseas practice

7. Our approach to the assessment of all issues is to have a rebuttable presumption in favour of ISSB conventions, and practices adopted by other national standard setters if there is a consensus.

The suite name

8. The suite name will be New Zealand [Climate/Sustainability] [Disclosure/Reporting] Standards. Therefore, two choices need to be made: climate versus sustainability, and disclosure versus reporting.

The suite name – climate versus sustainability

9. Table 2 illustrates the suite convention options by considering the standard based on IFRS S2.

Table 2: Climate versus Sustainability

Option	Name of standard
A	New Zealand Climate [Disclosure/Reporting] Standard [SX/X] [*Standard title*]
B	New Zealand Sustainability [Disclosure/Reporting] Standard [SX/X] [*Standard title]*

10. The XRB's power to issue standards as they relate to sustainability under section 12(aa) of the Financial Reporting Act (**FR Act**) is limited to climate standards. However, a future Parliament could broaden the XRB's standard-setting functions to include sustainability generally or other sustainability topics. It would be necessary to change 'Climate' to 'Sustainability' if that were to happen.

11. We asked contacts at the two main professional accounting bodies, two asset managers, a professional services firm and a law firm for their views. All six preferred sustainability over climate because:

    (a) climate carries a greater risk of potentially needing to make changes in the future

    (b) the standard title, which would include *Climate* in both cases, makes it clear that that the standard is focused on climate-related disclosures, so there will be no confusion around the scope

    (c) 'Sustainability Standard [*Standard Name*]' is becoming the norm for IFRS-aligned standards internationally.

12. We agree with all these points. The comment about international norms is confirmed by our own research. To our knowledge, 13 countries have issued standards or exposure drafts based on the ISSB standards. All 13 countries use Sustainability – see Appendix 1.

13. To conclude, staff recommend 'sustainability' because we do not consider that the presumption in favour of the ISSB convention is rebutted (including for future-proofing and international alignment reasons and in accordance with stakeholder views).

The suite name – disclosure versus reporting

14. We stated in the memo for the 13 October meeting that disclosure and reporting are equally good at reflecting the substance. We also stated that there is no international consensus. Of the 13 countries listed in Appendix 1, nine use disclosure, three use reporting and one includes both. On balance, we recommended disclosure because it is used in the name of the ISSB standards, and in the FR Act and Financial Markets Conduct Act 2013.[2]

15. Three of the six individuals referred to inn paragraph 11 expressed views on this issue, with all three preferring reporting, although one did not provide reasons. Table 3 lists the reasons the two others gave between them, along with our responses.

[2] See section 9AA of the FR Act, and sections 461Z-461ZC of the Financial Markets Conduct Act, which use the section 9AA terminology.

Table 3: Stakeholder reasons for favouring reporting over disclosure

No.	Stakeholder reason	XRB staff response
1	It would be consistent with the name of the Sustainability Reporting Board	Yes.
2	It would avoid repetition of 'Disclosure' in the title	Yes.
3	Reporting feels broader	It can be argued that reporting is broader than disclosure because the ISSB standards include non-disclosure requirements. For example, IFRS S2 requires entities to carry out scenario analysis. On the other hand, the non-disclosure requirements do not have non-disclosure purposes. They exist only to support the main objective which, as stated in paragraph 1 of IFRS S1 is to require entities "to disclose information… that is useful to primary users in making decisions relating to providing resources to the entity".
4	Reporting future-proofs the terminology	We consider that reporting and disclosure are equally good at future-proofing the terminology.
5	Reporting is the global norm	As stated in paragraph 14, there is no global norm.

16. To summarise, reasons 1 and 2 are correct, reason 3 is debatable, we disagree with reason 4 and reason 5 is incorrect. We acknowledge reasons 1-3 but we do not consider them to be strong enough collectively to overcome the presumption of consistency with the ISSB and, in this case consistency with the terminology in New Zealand primary legislation. We continue to recommend disclosure, but this is not a strong preference.

The descriptive element of the title of the standard based on IFRS S2

17. IFRS S2 is called *Climate-related Disclosures*. We can think of no reason to call the New Zealand standard based on IFRS S2 anything other than *Climate-related Disclosures*.

The descriptive element of the title of the standard based on IFRS S1

18. IFRS S1 is called *General Requirements for Disclosure of Sustainability-related Financial Information*. There are two issues in relation to a New Zealand standard based on IFRS S1:

    (a) Whether to retain 'Sustainability' or change it to 'Climate'.

    (b) Whether to retain or delete 'Financial'.

19. The first issue is straightforward: Sustainability should be changed to Climate because the New Zealand standard would be limited to the climate-relevant provisions in IFRS S1.

20. On the second issue, staff recommend retaining 'Financial' because removing it would be an unnecessary departure from the ISSB title.

The abbreviation convention: Numbers

21. There are two numbering issues:

    (a) The whole number for each standard.

    (b) Whether to include or exclude the S that precedes the number in the New Zealand standards based on IFRS S1 and IFRS S2.

The number

22. For the climate standard, we cannot think of any reason to assign a number other than 2 to the New Zealand standard based on IFRS S2.

23. For the general requirements standard, 1 would be misleading because the New Zealand standard will have much narrower application than IFRS S1. It could also lead to confusion during the transition should a future Parliament grant the XRB the power to issue a general requirement sustainability standard. The new standard (i.e. the comprehensive general requirement standard) and the standard it replaces (i.e. the climate-only general requirement standard) would both be standard number 1.

24. 3 and other low whole numbers are unsuitable because the ISSB might issue more standards in future, in which case it would be necessary to renumber the climate-related New Zealand General Requirements standard.

25. For the general requirements standard, any high double-digit number would be feasible. However, we recommend 2G because:

    (a) 2 would indicate that the standard is limited in its application to climate reporting

    (b) G would stand for General, reflecting the fact that it will be a general requirements standard.

Whether to include or exclude the S

26. There is no international consensus on including or excluding the S. Five countries included S of necessity to avoid confusion with accounting standards (e.g. Australia, which uses 'AASB' for accounting standards and 'AASB S' for sustainability standards). The United Kingdom chose to include the S. Brazil, Canada, China, Indonesia and Türkiye chose to exclude the S.

27. We identified the following reasons for including the S:

    (a) It is used in the ISSB standards

    (b) Many people use the shortened form of S1 and S2 as the identifier

    (c) It increases the likelihood that the New Zealand standards will be found when people are searching for national standards based on the ISSB standards.

28. We identified the following arguments for excluding S:

    (a) It eliminates an acronym redundancy. The first and third S's in NZ SDS SX [or NZ SRS SX] would both stand for sustainability

    (b) The reason the S appears in the ISSB standards (i.e. to avoid confusion with IFRS 1 and IFRS 2, which are accounting standards) does not apply in New Zealand

    (c) Simplicity in relation to the general requirement standard. The full abbreviation for this standard would be NZ SDS S2G if the Board were to agree to our recommendation in paragraph 25(b). NZ SDS 2G is simpler.

29. Given the rebuttable presumption as stated in paragraph 7, we recommend including the S.

The naming convention if IFRS S2 were to be adopted without modification

30. The Board asked for information on the naming convention if IFRS S2 were adopted without modification and the implications of departing from this ISSB convention. This is not an immediate issue because we expect that the S2 standard will be adopted with at least one

modification.[3] However, we have given preliminary thought from a transitioning perspective, should the Board later decide to adopt IFRS S2 with no modifications.

(a) The naming convention and title would be retained.

(b) NZ SDS 2 could be either retained or changed to NZ IFRS S2. However, neither the title nor the number of the S1-based standard could be changed, given that the New Zealand standard would continue to be limited to the climate related provisions.

Attachments

Appendix 1: Naming and abbreviation conventions in other jurisdictions

[3] The consultation document accompanying the draft roadmap stated that "we do not consider it feasible to retain the IFRS S2 requirements to refer to and consider the industry-based guidance".

Appendix 1: Naming and abbreviation conventions in other jurisdictions

Table 4 provides information about jurisdictions with abbreviations that reference the name of the standard setting board. Table 5 provides information about jurisdictions with abbreviations that relate to the substance of the standards.

Table 4: The abbreviation references the name of the standard setter

Jurisdiction	Abbreviation	Suite name	Standard setter
Australia	AASB S	Sustainability Reporting Standards	Australian Accounting Standards Board
Japan	SSBJ	Sustainability Disclosure Standards	Sustainability Standards Board of Japan
Korea	KSSB	Sustainability Disclosure Standards	Korea Sustainability Standards Board

Table 5: The abbreviation relates to substance

Jurisdiction	Abbreviation	Suite name	Standard setter
Financial Reporting Standards – S			
Hong Kong	HKFRS S	Sustainability Disclosure Standards	Hong Kong Institute of Certified Public Accountants
Philippines	PFRS S	Financial Reporting Standards on Sustainability Disclosures	Philippine Financial and Sustainability Reporting Standards Council
Singapore[4]	SFRS S	Sustainability Disclosure Standards	Interim Sustainability Standards Committee of the Accounting and Corporate Regulatory Authority
Sri Lanka	SLFRS S	Sustainability Disclosure Standards	Institute of Chartered Accountants Sri Lanka
Sustainability Disclosure Standards			
Brazil	NBC TDS[5]	Accounting Standards for Sustainability Information Disclosure[6]	Federal Accounting Council
Canada	CSDS	Sustainability Disclosure Standards	Canadian Sustainability Standards Board
China[7]	CSDS	Sustainability Disclosure Standards	Ministry of Finance
Indonesia	PSPK[8]	Sustainability Disclosure Standard Statements	Sustainability Standards Board of the Institute of Indonesia Chartered Accountants
Sustainability Reporting Standards			
Türkiye	TSRS	Sustainability Reporting Standards	Public Oversight, Accounting and Auditing Standards Authority
United Kingdom	UK SRS	Sustainability Reporting Standards	Department for Business and Trade

[4] Singapore's sustainability disclosure standards are in draft form. The Accounting and Corporate Regulatory Authority ran a public consultation from 27 July to 25 October 2026.

[5] NBC TDS stands for Normas Brasileiras de Contabilidade - Técnicas para Divulgação de Informações sobre Sustentabilidade.

[6] The name in Portuguese is Normas Brasileiras de Contabilidade para Divulgação de Informações de Sustentabilidade.

[7] The Chinese standards have been designed to be consistent with IFRS-S and the European Sustainability Reporting Standards.

[8] PSPK stands for Pernyataan Standar Pengungkapan Keberlanjutan.

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB members
Meeting date:	1 December 2026
Subject:	**Application of the Decision-making framework for NZ SX to the climate resilience (scenario analysis) disclosures in IFRS S2**
Date:	20 November 2026
Prepared by:	Judy Ryan
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose[1]

1. To seek the Board's consideration of, and agreement in principle to, our proposed approach to the climate resilience (scenario analysis) disclosure requirements in IFRS S2 (paragraph 22 and associated application guidance in paragraphs B1 to B18), based on our application of the *Decision-making framework for NZ SX* (**the framework**).[2]
2. Paragraph 23 is excluded from this analysis due to its interrelationship with any decisions made in relation to industry-based metrics.

Recommendations

3. That the Board:
   - (a) NOTE the summary of relevant stakeholder feedback in Appendix 4
   - (b) NOTE the supporting analysis applying stakeholder feedback and other evidence in Appendix 3
   - (c) NOTE the comparisons of the climate resilience disclosure requirements in IFRS S2 *Climate-related Disclosures* with the corresponding requirements in AASB S2 *Climate-related Disclosures* in Appendix 2
   - (d) CONSIDER the summary of staff analysis in this memo and the detailed application of the framework in Appendix 1
   - (e) AGREE IN PRINCIPLE to:
     - i. retain paragraph 22, paragraphs B1-B16 and B18 and the associated defined terms in IFRS S2 without modification

[1] This memo 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, and ISSB® papers).

[2] "NZ SX" is used as a working title in this memo while the final name of the proposed New Zealand climate standard or standards is being considered.

ii. amend paragraph B17 to permit a more advanced quantitative or technically sophisticated approach to scenario analysis, with a consequential amendment to the preceding example

(f) AGREE IN PRINCIPLE that the consultation document accompanying the exposure draft of NZ SX should include specific questions seeking stakeholder feedback on:

i. retaining IFRS S2's entity-specific approach without prescribing a minimum number of scenarios or specified temperature outcomes

ii. the proposed approach to the amendment in paragraph B17

(g) NOTE the next steps described in this memo.

Background

4. IFRS S2 paragraph 22 requires an entity to "use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances".

5. IFRS S2 does not specify the number of climate-related scenarios or any temperature outcomes. A single scenario analysis is permissible, but only if the entity can demonstrate its climate resilience using that scenario and meet the requirements of the 'reasonable and supportable information' proportionality mechanism.

6. AASB S2, as it relates to scenario analysis, is the same as IFRS S2. However, section 296D(2B) of the Australian *Corporations Act 2001* requires an entity to disclose information about its climate resilience, as assessed under two possible future states. It requires the analysis to be carried out using at least two scenarios referencing temperature increases set out in subparagraphs 3(a)(i) and 3(a)(ii) of the Australian Climate Change Act 2022. The two mandated scenarios are increases in the global average temperature of 1.5°C above pre-industrial levels and well exceeding 2°C above pre-industrial levels. To summarise, section 296D(2B) is effectively an Australian-specific rule for complying with the more permissive requirement in IFRS S2 paragraph 22.

7. In the consultation document accompanying the draft climate reporting roadmap we stated "We will need to consider several issues in determining the approach to be taken to scenario analysis under NZ [SX]." We sought feedback on stakeholder views on how we should approach scenario analysis, including:

- whether NZ [SX] should require a minimum number of scenarios and if so, how many
- if a minimum number of scenarios is specified, whether temperature outcomes should be specified for one or more scenarios and, if so, whether they should be aligned with New Zealand's pledges under the Paris Agreement
- how to avoid unnecessary compliance for CREs:
  - that have climate reporting obligations in Australia or a parent entity with such obligations
  - that have climate reporting obligations in an overseas jurisdiction other than Australia, or a parent entity with such obligations
  - that do not have climate reporting obligations in other jurisdictions.

Table: current approaches to scenario analysis:

Standard	Minimum number of scenarios required	Specific temperature outcomes required (degrees Celsius)
IFRS S2	None specified	None specified
AASB S2	None specified	None specified
Australian Corporations Act 2001	Two scenarios	1.5 °C and well exceeding 2°C
NZ CS 1	Three scenarios	1.5°C, 3°C or greater and a third (temperature not specified)

Reference documents

8. Board members may find it helpful to have IFRS S2 open while reading this memo. It is in the reference section of BoardPro.

Application of the framework

9. We applied the framework to the climate resilience disclosure requirements in paragraph 22 and associated application guidance in paragraphs B1 to B18 of IFRS S2. In doing so, we considered:
   (a) relevant New Zealand legislative and regulatory settings
   (b) differences between IFRS S2 and AASB S2
   (c) relevant stakeholder feedback from the draft climate reporting roadmap consultation.
10. Appendices 2, 3 and 4 contain the comparison of IFRS S2 and AASB S2, supporting analysis applying stakeholder feedback and other evidence, and summary of relevant stakeholder feedback. Appendix 1 sets out our detailed application of the framework.
11. For most of the climate resilience requirements in paragraph 22 and the associated application guidance, we did not identify a compelling reason for rebutting the presumption in favour of retaining IFRS S2.
12. However, we identified a compelling reason for proposing a narrow amendment to B17 for consultation.

Summary of our analysis

13. The table below summarises the staff analysis of the four issues requiring Board consideration. Only Issue 2 would result in a modification to IFRS S2. Issue 1, subject to stakeholder demand, could be addressed with non-mandatory guidance and continued support for voluntary sector-level scenario analysis.
14. In forming our views, we drew on three sources:
   (a) what stakeholders told us in response to the draft climate reporting roadmap consultation
   (b) our comparison with AASB S2, Australian legislation and other jurisdictions
   (c) staff analysis and experience of the IFRS S2 requirements and of scenario analysis under NZ CS. In the analysis below, "stakeholders told us" identifies consultation feedback, and "we considered" identifies matters that did not come from the feedback.
15. Appendix 1 contains the detailed analysis applying the relevant steps of the framework.

Issue 1: Prescribe number of scenarios or temperature outcomes

Proposal: Retain flexibility of IFRS S2

Issue	IFRS S2 does not prescribe a minimum number of scenarios or specified temperature outcomes. Stakeholders supported robust and sufficiently differentiated scenario analysis but did not agree on whether entities should use two, three or an entity-specific number of scenarios, or which temperature outcomes should be prescribed. The Board needs to decide whether this feedback justifies adding New Zealand-specific requirements.
Proposed approach	Retain paragraph 22 and the associated application guidance in Appendix B without adding mandatory scenario numbers or temperature outcomes. Support implementation through non-mandatory material, such as potential publication of domestic versions of ISSB educational material and, subject to stakeholder demand, 'how to' guidance on selecting sufficiently diverse and challenging scenarios that relate to relevant source material for New Zealand entities (similar to our existing scenario analysis guidance which identifies building blocks for scenario architecture from international and domestic information sources). This would also support the ability of entities to appropriately consider climate-related risks and opportunities as required by section 19B of the Financial Reporting Act 2013. Include a specific consultation question on retaining IFRS S2's entity-specific approach and invite feedback on the need for guidance.
Key reasons and evidence	More stakeholders supported a minimum number of scenarios than opposed one, but there was no clear view on a suitable number or set of temperature outcomes. We have not identified another jurisdiction, apart from Australia through legislation, that has prescribed scenario numbers or temperature outcomes as part of implementing IFRS S2. We consider adopting Australian parameters would add requirements for New Zealand-only entities and entities operating beyond Australia, and is unnecessary for interoperability because entities subject to Australian legislation can include those scenarios within an IFRS S2-compliant analysis. Carrying forward the NZ CS requirement, or setting another fixed set, would also add to IFRS S2 without stakeholder agreement on what the set should be. Stakeholder feedback on proportionality also supports retaining flexibility for entities to select scenarios relevant to their circumstances, rather than applying uniform parameters to all CREs. IFRS S2 already requires entities to disclose the scenarios used, whether the range was diverse, the risks addressed and why the scenarios were relevant, which lets users evaluate scenario selection. Retaining it keeps international alignment and trans-Tasman interoperability while preserving entity-specific flexibility. We acknowledge that fixed parameters can help to promote comparability; however, given the need for scenarios to be entity-specific, we consider that further supporting common scenario development at sector level on a voluntary basis may be more appropriate. This would enable a continued reduction in data and specialist costs, consistent assumptions across entities within sectors (and potentially across sectors) and the ability to evolve suitable parameters over time.

Issue 2: Permit technically sophisticated approaches to scenario analysis that are not quantitative

Proposal: Amend IFRS S2, para B17 and preceding example

Issue	Paragraph B17 requires a highly exposed entity with access to the necessary skills, capabilities or resources to use a more advanced quantitative approach to climate-related scenario analysis. This creates tension with B4, which appears to give a choice of a more quantitative **or** technically sophisticated approach, and B15, which

	recognises that qualitative information can provide a reasonable and supportable basis for assessing resilience. The Board needs to decide whether B17 should permit a technically sophisticated approach that is not quantitative.
Proposed approach	Amend B17 to require a more advanced quantitative *or technically sophisticated* approach, with a consequential amendment to the preceding example. Include a specific consultation question on whether the amendment is necessary, preserves an appropriately rigorous expectation for highly exposed and sufficiently capable entities, and requires further criteria or guidance to distinguish a technically sophisticated approach from simpler qualitative analysis.
Key reasons and evidence	Seven submitters and one verbal participant raised concerns about the cost, complexity or decision usefulness of quantitative scenario analysis. Our analysis of B4, B15 and B17 identified an internal tension that supports these concerns. We also considered how Canada, Rwanda, Sri Lanka, the UK and Australia have approached quantitative scenario analysis. Quantification can provide useful insight, but advanced modelling may require significant data, specialist expertise and external support, and perhaps more consequentially, can introduce false precision without improving decision usefulness. B17's capability and resource threshold addresses whether an entity can undertake quantification, not whether quantification is the most appropriate approach. Other jurisdictions have addressed readiness for quantitative analysis through transitional or phased relief. The proposed New Zealand amendment is designed to solve the identified internal consistency issue in IFRS S2. It is also consistent with professional guidance and research recognising that technically sophisticated approaches need not necessarily be quantitative.[3]

Issue 3: Annual resilience assessment requirement

Proposal: Retain annual resilience assessment requirement

Issue	Paragraph B18 requires an entity to assess its climate resilience annually and update its paragraph 22(a) disclosure each reporting period, although the underlying scenario analysis may follow a multi-year strategic planning cycle. A few stakeholders questioned whether annual assessment requires a full and costly exercise where circumstances have not materially changed. The Board needs to decide whether relief from annual assessment is warranted.
Proposed approach	Retain paragraph 22(a) and paragraph B18 without modification. We do not propose to develop guidance. Existing IFRS material already explains that an entity assesses its climate resilience annually but is not required to update its scenario analysis annually. No specific consultation question is proposed.
Key reasons and evidence	A few stakeholders questioned whether annual assessment requires a full and costly exercise, and one submitter expressly supported retaining the resilience disclosures because of their value to primary users. We have not identified any jurisdiction that has modified paragraph 22(a) or paragraph B18, and existing IFRS material already distinguishes between annual resilience assessment and periodic scenario analysis. A proportionate annual review may confirm that the previous assessment remains current where there has been no material change. This preserves the benefit of current resilience information, which one submitter expressly identified as useful to primary users, while addressing preparer concerns about unnecessary annual reperformance. The evidence therefore does not establish that relief from annual assessment would provide benefits that outweigh reduced currency and usefulness of the disclosure.

[3] For example see https://actuaries.blog.gov.uk/2026/05/12/from-data-gaps-to-decisions-qualitative-climate-scenario-analysis/ and https://vle.actuaries.org.uk/pluginfile.php/153625/mod_resource/content/1/the-emperor-s-new-climate-scenarios_ifoa_23.pdf

Issue 4: Updates to related defined terms

Proposal: Retain IFRS S2 definitions and terminology without local modifications

Issue	4a) IFRS S2 defines "climate resilience" but does not separately define "climate-related scenario", "scenario analysis" or "resilience assessment". Some stakeholders supported retaining familiar NZ CS definitions. 4b) AASB S2 modifies the definition of "latest international agreement on climate change" by expressly identifying the Paris Agreement. The Board needs to decide whether NZ SX should add definitions or adopt the Australian clarification.
Proposed approach	Retain the definitions and terminology in IFRS S2 without adding New Zealand-specific definitions or adopting the AASB S2 clarification. We do not propose to develop guidance. If further clarification is required on defined terms, we consider that it should come from the ISSB.
Key reasons and evidence	A few stakeholders favoured retaining the familiar NZ CS definitions. We considered: 4a) Familiar definitions could support continuity and clarity, but adding terms absent from IFRS S2 could unintentionally narrow, expand or otherwise alter the scope of its requirements and create significant future maintenance risks. This feedback was from a few stakeholders. While the absence of comments from others may simply reflect that they have not yet considered the issue, rather than indicating that they have no concerns, in our view, this does not demonstrate a significant implementation problem or practical difficulty. 4b) The IFRS S2 definition of "latest international agreement on climate change" covers whichever agreement is the latest, whereas expressly naming the Paris Agreement could require amendment if the relevant agreement changes. Retaining the international terminology avoids unnecessary differences and should not create trans-Tasman complexity because the IFRS S2 definition currently encompasses the Paris Agreement.

Next steps

16. Subject to the Board's decision, we will reflect the agreed approaches in the drafting of the exposure draft of NZ SX. We will also prepare the accompanying consultation document, including any specific consultation questions agreed by the Board.

17. We will present the exposure draft and the accompanying consultation document to the Board for consideration at a future meeting.

Appendix 1: Staff analysis applying the decision-making framework

Scope of the analysis

1. We applied the Decision-making framework to the climate resilience disclosure requirements in paragraph 22 of IFRS S2, the related application guidance in paragraphs B1–B18 and the associated defined terms.

2. The analysis focuses on four matters identified through stakeholder feedback, comparison with AASB S2 and staff analysis:

    - whether NZ SX should prescribe scenario numbers or temperature outcomes
    - whether paragraph B17 should permit a technically sophisticated approach that is not quantitative
    - whether the annual climate resilience assessment requirement should be modified
    - whether NZ SX should add or modify definitions associated with scenario analysis.

3. Appendix 2 compares IFRS S2 and AASB S2. Appendix 3 evaluates the relevant stakeholder feedback and other evidence and provides the supporting costs, benefits and practical implications. Appendix 4 provides a summary of relevant stakeholder feedback.

Key legislative context

4. The XRB prepares and issues climate standards under section 12(aa) of the Financial Reporting Act 2013 (**FR Act**). Climate reporting entities (**CREs**) must report in accordance with the XRB's climate standards.

5. New Zealand primary legislation does not prescribe a minimum number of scenarios or temperature outcomes for entity reporting. Although section 3(1)(aa)(i) of the Climate Change Response Act 2002 refers to contributing to the global effort under the Paris Agreement to limit warming to 1.5°C, primary legislation does not translate that objective into mandatory scenario analysis parameters.

6. Australian entities are subject to a different legislative setting. Section 296D(2B) of the Australian Corporations Act 2001 requires scenario analysis within its scope to include at least the two temperature outcomes referenced in the Australian Climate Change Act 2022. That requirement arises from Australian legislation, not AASB S2.

Applying the decision-making framework

Issue 1: Prescribe number of scenarios or temperature outcomes

7. The sections below apply the relevant steps of the framework to the requirement to undertake scenario analysis. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S2 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 22 requires an entity to use climate-related scenario analysis to assess its climate resilience using an approach commensurate with its circumstances. Paragraph 22(b) requires disclosure of how and when the analysis was carried out. Paragraphs B1–B18 provide application guidance. IFRS S2 does not prescribe a minimum number of scenarios or specified temperature outcomes. Paragraph B12 contemplates the use of one or more scenarios and requires a reasonable and supportable basis for the scenario or set of scenarios selected.

Question	Staff analysis
Has Australia taken a different approach from IFRS S2?	AASB S2 does not prescribe scenario numbers or temperature outcomes. However, section 296D(2B) of the Australian Corporations Act 2001 requires relevant scenario analysis to use at least two scenarios: warming limited to 1.5°C and warming well exceeding 2°C. The difference therefore arises from Australian legislation, not AASB S2.
What issue or concern has been identified?	Stakeholders supported robust scenario analysis but differed on whether NZ SX should prescribe more than one, two, or three or more scenarios, or retain an entity-specific approach. They were also divided on whether temperature outcomes should be prescribed and, if so, which outcomes. The issue is whether prescription would provide sufficient additional value and decision-useful information to justify departing from IFRS S2.
How was the issue identified?	Climate reporting roadmap consultation feedback, comparison with AASB S2 and Australian legislation, and staff analysis.
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	It arises principally from existing New Zealand reporting practice. NZ CS 1 currently requires at least three scenarios, including a 1.5°C scenario and a scenario of 3°C or greater. No New Zealand primary legislative or regulatory requirement prescribes scenario numbers or temperature outcomes.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Addition. Prescribing scenario numbers or temperature outcomes would add requirements to IFRS S2.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

Question	Staff analysis
Is a modification needed to ensure that NZ SX operates effectively and consistently within New Zealand's legislative or regulatory framework?	No. New Zealand primary legislation does not require prescribed scenario numbers or temperature outcomes. The statutory 1.5°C policy reference in the Climate Change Response Act 2002 does not require entities to use a 1.5°C scenario.
What New Zealand legislative, regulatory, assurance or other legal requirement is relevant?	Section 12(aa) of the Financial Reporting Act 2013 provides the XRB's climate-standard-setting mandate. Section 3(1)(aa)(i) of the Climate Change Response Act 2002 refers to contributing to the global effort to limit warming to 1.5°C, but does not prescribe entity-level scenario-analysis requirements.
Is the modification limited to what is needed to address that matter?	Not applicable.
Where possible, how could the modification preserve the substance and intent of the IFRS S2 requirement?	Not applicable.

Step 3: Consider whether Australian harmonisation is relevant

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 is aligned with IFRS S2 (see Appendix 2). The Australian Corporations Act 2001separately establishes minimum scenario parameters.

Question	Staff analysis
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	The Australian Corporations Act 2001 prescribed the two scenario requirement with reference to the temperature outcomes in the Australian Climate Change Act 2022.
What is the substance of the Australian approach?	Scenario analysis within section 296D(2B) must include at least a scenario limiting warming to 1.5°C and a scenario in which warming well exceeds 2°C. Entities can use additional scenarios.
Does the Australian approach add to, remove or change an IFRS S2 requirement?	It adds mandatory minimum parameters to the more flexible IFRS S2 approach.
Why did Australia take that approach?	The prescribed temperature outcomes reflect Australian primary legislation. They are not modifications made by the AASB to the scenario-analysis requirements in AASB S2.
Does that rationale apply in New Zealand?	No direct equivalent applies. New Zealand primary legislation contains a 1.5°C policy reference but does not prescribe scenario-analysis parameters for reporting entities.
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	Not necessarily, but it is not required by that purpose. The relevant question is therefore whether the addition would improve decision-useful climate reporting sufficiently to justify the departure from IFRS S2.
Would adopting the Australian approach reduce the usefulness of information for primary users?	Prescribing common scenario parameters could provide a minimum level of consistency and rigour and reduce the risk that entities select scenarios that are insufficiently diverse or challenging. It would also ensure that entities that are required to report in Australia also produce disclosures that are more useful for a primary user operating across both Australia and New Zealand. However, common temperature outcomes do not necessarily guarantee comparable analyses because entities use different pathways, assumptions, methods, time horizons and scopes and have different business models and exposures. Prescription to the specific Australian parameters could also result in entities using the prescribed scenarios instead of scenarios more relevant to an entity's circumstances (such as a higher temperature scenario which has a greater emphasis on physical risk and opportunity).
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	Potential benefits include reduced risk that entities select scenarios that are insufficiently diverse or challenging (for example, retaining a 1.5°C scenario to enable consideration of a high transition risk scenario). Potential costs include additional analysis, data and specialist costs where mandated parameters do not align with the entity's relevant scenarios (including existing scenarios developed under NZ CS), rigidity as climate science and available pathways develop, and a compliance focus on common parameters that may not be relevant for entities that operate beyond Australia. Stakeholders did not agree on the appropriate number or temperature outcomes.
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to comply with NZ SX and, where relevant, IFRS S2 or AASB S2?	Yes. Retain IFRS S2 and develop non-mandatory 'how to' guidance (subject to stakeholder demand) that supports entities selecting sufficiently diverse and challenging scenarios. Continue to support sector-based scenarios to enable common scenario development at sector level on a voluntary basis. This would enable a continued reduction in data and specialist costs, consistent assumptions across entities within sectors (and potentially across sectors) and the ability to evolve suitable

Question	Staff analysis
	parameters over time. An entity subject to Australian legislation could include the Australian scenarios within its IFRS S2-compliant analysis.
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	No material additional complexity is expected. Retaining IFRS S2 preserves alignment with AASB S2. Entities subject to Australian legislation can use the same scenario analysis in both jurisdictions if it also satisfies IFRS S2's entity-specific requirements.
Staff conclusion on step 3 Do not adopt the Australian statutory parameters in NZ SX. They are unnecessary for interoperability and would impose additional requirements on New Zealand-only entities and entities that operate in jurisdictions beyond Australia.	

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

Question	Staff analysis
What locally relevant modification is being considered?	Prescribing a minimum number of scenarios, specified temperature outcomes, or both.
What evidence supports a compelling reason for the modification?	More stakeholders supported some form of minimum than opposed one, and respondents generally supported scenarios that test sufficiently differentiated futures. However, there was no common position on whether the minimum should be more than one, two, or three or more scenarios. There was similarly no common view on temperature outcomes.
Is the evidence sufficiently clear to justify departing from IFRS S2, with stronger rationale and evidence for a more significant departure?	No. Although more stakeholders supported a minimum than opposed one, the feedback does not show agreement on a specific mechanism. It supports the objective of differentiated, decision-useful analysis, but not a mandatory number of scenarios or temperature outcomes, so it does not justify departing from IFRS S2.
Would the modification be inconsistent with the statutory purpose of climate standards?	No. Prescribing scenario numbers or temperature outcomes is not inconsistent with the statutory purpose.
What effect would the modification have on the usefulness of information for primary users?	Prescription establishes minimum guardrails for scenario selection, but because scenarios must be entity-specific, it does not guarantee substantive comparability. IFRS S2 already requires disclosure of the scenarios used, whether a diverse range was included, the risks addressed and why the selected scenarios were relevant. These disclosures enable users to evaluate scenario selection while retaining entity relevance.
Is there evidence that applying the IFRS S2 requirement in New Zealand would result in undue cost or practical difficulty?	Some stakeholders identified potential complexity and burden from scenario requirements. We do not consider that the absence of prescription will result in undue cost or practical difficulty. This is particularly so if voluntary sector-level scenario development is retained to reduce analysis, data or specialist costs.
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	The evidence does not demonstrate that the added rigour gained from prescription would outweigh the reduced alignment with IFRS S2. In particular, the limited number of user responses does not provide a sufficiently strong basis for concluding that prescribed parameters would materially improve decision-useful information for primary users.

Question	Staff analysis
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Partly. Stakeholders supported proportionate application of IFRS S2, including clearer application of its existing proportionality mechanisms, and emphasised materiality, entity circumstances and the needs of smaller entities. IFRS S2 requires reasonable and supportable information available without undue cost or effort and an approach commensurate with the entity's circumstances. These mechanisms support relevant scenario selection but do not ensure that every entity selects sufficiently diverse scenarios. Non-mandatory guidance together with the FMA's monitoring of climate-related disclosures, could address that residual risk without modifying the standard.
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	We have not identified another jurisdiction (apart from Australia) that, when implementing IFRS S2, has prescribed a minimum number of scenarios or specified temperature outcomes.
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Adding prescription would be a further local difference alongside any other NZ SX modifications. It would reduce international alignment and create an ongoing need to maintain and amend the prescribed parameters as climate science and international practice develop.
Staff conclusion on step 4 No compelling reason has been established for prescribing scenario numbers or temperature outcomes.	

Step 5: Consider whether the issue can be addressed outside the standard

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	Yes. Updated domestic 'how-to' guidance could support entities in identifying scenario parameters (including relevant New Zealand-specific inputs) that collectively test material transition and physical-risk conditions, different timing and severity of effects, and scenario pathway information that enables an appropriately rigorous assessment.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Non-mandatory material, such as domestic versions of ISSB educational material and, subject to stakeholder demand, updated 'how to' guidance on selecting sufficiently diverse and challenging scenarios that relate to relevant source material for New Zealand entities (similar to our existing scenario analysis guidance which identifies building blocks for scenario architecture from international and domestic information sources). This would not prescribe a minimum number of scenarios or temperature outcomes.
Would this approach maintain alignment with IFRS S2?	Yes, provided it clearly states that it assists in the underlying analysis and does not create additional disclosure requirements.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Guidance has no mandatory force so it may be applied inconsistently. However, IFRS S2's existing disclosure requirements enable users to understand and compare what each entity chose to consider and why, which is the meaningful basis for comparison given that scenarios must be adapted to an entity's circumstances.
Staff conclusion on step 5 Address the implementation concern outside NZ SX through non-mandatory guidance (subject to stakeholder demand), together with the FMA's monitoring of climate-related disclosures.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	Stakeholders broadly supported robust and differentiated analysis but disagreed on the appropriate mandatory mechanism. The benefits of prescription are therefore uncertain and need to be weighed against cost, rigidity and reduced international alignment. Only five of the written submissions on scenario analysis were from users, so the consultation provides limited direct evidence about primary-user preferences regarding prescription. Apparent differences between user and preparer views should therefore be treated cautiously.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	There is an apparent conflict, but it is limited. Retaining IFRS S2 preserves alignment with both IFRS S2 and AASB S2. Australian-regulated entities can satisfy the additional Australian legislative parameters within the IFRS S2 framework.
What weight should be given to the different evidence and considerations, and why?	Greater weight should be given to the shared objective of sufficiently differentiated, decision-useful and proportionate analysis than to any particular number or temperature outcome. Stakeholder support for prescribed parameters was fragmented, while the proportionality feedback supports retaining flexibility for entities to select scenarios relevant to their circumstances.
Has the presumption that IFRS S2 requirements will be retained been rebutted?	No. The evidence does not establish that the benefits of prescription outweigh the costs and risks of departure.
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain paragraph 22 and paragraphs B1–B18, subject to the separate proposed amendment to paragraph B17 considered in Issue 2. Subject to stakeholder demand update non-mandatory 'how-to' staff guidance on selecting sufficiently diverse scenarios, together with the FMA's monitoring of climate-related disclosures. Seek specific feedback at the ED on retaining IFRS S2's entity-specific approach without prescribed scenario numbers or temperature outcomes, and invite feedback on the proposed non-mandatory guidance.

Step 7: Apply an internal coherence check

8. Not applicable to the decision not to add prescriptive requirements. The guidance should nevertheless be checked to ensure it does not imply mandatory scenario quantities or temperature outcomes and does not conflict with paragraph B12's reference to "one or more" scenarios.

Issue 2: Permit technically sophisticated approaches to scenario analysis that are not quantitative

9. The sections below apply the relevant steps of the framework to the expectation for quantitative scenario analysis created in paragraph B17. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S2 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph B17 requires a highly exposed entity with access to the necessary skills, capabilities or resources to apply a more

Question	Staff analysis
	advanced quantitative approach to scenario analysis. Related provisions include paragraph B4, which refers to a "more quantitative or technically sophisticated approach", and paragraph B15, which recognises that qualitative information either alone or combined with quantitative data, can provide a reasonable and supportable basis for assessing resilience.
Has Australia taken a different approach from IFRS S2?	No. AASB S2 retains paragraph B17 without modification.
What issue or concern has been identified?	Paragraph B17 creates tension with the flexibility in paragraphs B4 and B15 by requiring quantification when specified exposure and capability conditions are met, even if a technically sophisticated approach that is not quantitative would be more appropriate or decision useful.
How was the issue identified?	Stakeholder feedback and staff analysis of the internal coherence of paragraphs B4, B15 and B17.
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	No. It is a locally relevant implementation and decision usefulness concern.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Change paragraph B17 by adding "or a technically sophisticated approach" and making consequential changes to the preceding example.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

☒ *This step is not applicable.*

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

Question	Staff analysis
What locally relevant modification is being considered?	Amend paragraph B17 to require a more advanced quantitative or technically sophisticated approach, with consequential amendment to the preceding example.
What evidence supports a compelling reason for the modification?	Seven submitters and one verbal participant raised concerns about the costs, complexity or decision-usefulness of quantitative analysis. This feedback is informed by several years of mandatory scenario-analysis experience under NZ CS. It suggests that the issue is not simply whether entities have sufficient capability to undertake quantitative modelling, but whether quantification is necessarily the most appropriate form of advanced analysis. Paragraph B17's mandatory quantitative outcome also creates tension with paragraphs B4 and B15, which recognise technically sophisticated and qualitative approaches. Staff analysis also supports the view that restricting technically sophisticated scenario analysis to quantitative analysis alone does not reflect best practice scenario analysis.[4]
Is the evidence sufficiently clear to justify departing from IFRS S2, with stronger	Staff consider there is a sufficiently clear basis for proposing a narrow amendment for consultation. The evidence supports

[4] See for example https://actuaries.org.uk/media/qeydewmk/the-emperor-s-new-climate-scenarios.pdf

Question	Staff analysis
rationale and evidence for a more significant departure?	retaining an advanced-analysis expectation but not necessarily equating sophistication with quantification.
Would the modification be inconsistent with the statutory purpose of climate standards?	The amendment would remain consistent with the purpose of climate standards because it preserves rigorous assessment of climate resilience and decision-useful disclosure.
What effect would the modification have on the usefulness of information for primary users?	It could improve usefulness where a technically sophisticated approach that is not quantitative better tests causal relationships, dependencies, entity-specific risks and strategic responses. The risk is greater variation and insufficiently rigorous qualitative analysis.
Is there evidence that applying the IFRS S2 requirement in New Zealand would result in undue cost or practical difficulty?	Stakeholders identified significant data, specialist expertise and external-support requirements, particularly where granular physical-risk data are unavailable or physical and transition risks interact. Quantification may also introduce false precision.
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	Staff consider the benefit of permitting the most appropriate advanced approach outweighs the loss of full alignment, provided the amendment clearly preserves rigour and is tested through consultation.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not fully. Paragraph B17's capability and resource threshold addresses whether an entity is capable of undertaking quantitative modelling. It does not address whether quantification is the most appropriate analytical method. New Zealand implementation experience indicates that an entity can have the capability to undertake sophisticated scenario analysis without quantification necessarily providing a better or more decision-useful assessment. A technically sophisticated approach may instead rely on detailed scenario narratives, systematic analysis of causal relationships and dependencies, entity-specific assessment of physical and transition risks, and structured testing of strategic responses and resilience.
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	Other jurisdictions have recognised implementation challenges associated with quantitative scenario analysis. Canada, Rwanda and Sri Lanka have responded through transitional or phased relief, primarily addressing readiness to undertake quantitative analysis. The UK and Australia retained paragraph B17 unchanged. We have not identified another jurisdiction making the amendment proposed for New Zealand, which addresses a different issue: whether an advanced approach must necessarily be quantitative even where an entity has sufficient capability.
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	The amendment would add a New Zealand difference and should therefore be narrowly drafted. It should not be accompanied by unnecessary additional local prescription.
Staff conclusion on step 4 There is a compelling basis to expose a narrow amendment to paragraph B17 for consultation. Although other jurisdictions have generally addressed the implementation challenge through transitional relief, the proposed amendment addresses the separate and continuing question of whether an advanced approach must always be quantitative.	

Step 5: Consider whether the issue can be addressed outside the standard

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	Guidance could explain the distinction between simple qualitative analysis, advanced quantitative analysis and a technically sophisticated approach. However, guidance cannot override paragraph B17's express requirement for a more advanced quantitative approach.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Guidance or illustrative examples could accompany the proposed amendment by describing the characteristics of, and illustrating, technically sophisticated approaches that are not quantitative. Guidance alone would not resolve the issue because it cannot override paragraph B17's requirement for an advanced quantitative approach.
Would this approach maintain alignment with IFRS S2?	Yes, but it would not resolve the identified constraint in paragraph B17.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Guidance alone has no legal force and could not permit an approach that paragraph B17 currently excludes.
Staff conclusion on Step 5 Address the issue in NZ SX through a targeted amendment, supported by guidance.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	Quantitative analysis can provide specificity and useful internal insight, but stakeholders questioned whether advanced quantification is always proportionate or decision useful. There is limited implementation evidence on the practical boundary between simple qualitative and technically sophisticated but not quantitative analysis.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	The conflict is between IFRS S2 and AASB S2 alignment on one hand, and internal coherence, cost and analytical appropriateness on the other.
What weight should be given to the different evidence and considerations, and why?	Significant weight should be given to preserving rigorous analysis. However, paragraph B17 can retain that expectation without mandating quantification in every case. Targeted consultation is needed to test whether the proposed wording preserves sufficient rigour.
Has the presumption that IFRS S2 requirements will be retained been rebutted?	Provisionally, yes. The interaction between paragraphs B4, B15 and B17, together with stakeholder evidence on costs and decision usefulness, supports exposing a narrow amendment for consultation.
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Amend paragraph B17 to permit a more advanced quantitative or technically sophisticated approach and seek specific feedback on the principle, drafting and whether criteria or guidance are needed to distinguish a technically sophisticated approach from simple qualitative analysis.

Step 7: Apply an internal coherence check

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S2 as incorporated into NZ SX?	Yes, if narrowly drafted. The amendment preserves paragraph B17's escalating expectation as exposure and capability increase and aligns more closely with paragraphs B4 and B15.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	The amendment should be mirrored in both the example and final sentence of paragraph B17. Related references to quantitative or technically sophisticated approaches in paragraphs B4, B6 and B15 should be reviewed to ensure terminology is consistent.
Could it have unintended consequences, including undermining another requirement or making it less effective?	Entities could interpret the amendment as allowing basic qualitative narratives. This risk should be mitigated through drafting, consultation and guidance identifying characteristics of a technically sophisticated approach which is not quantitative. XRB staff will determine an appropriate way forward on such guidance.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It would reconcile paragraph B17 more clearly with the alternative pathways contemplated by paragraph B4 and the use of qualitative information recognised in paragraph B15.
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Yes. Particular attention is required to paragraphs B4, B6, B8–B15 and the paragraph 22 disclosure objective.

Issue 3: Annual resilience assessment requirement

10. The sections below apply the relevant steps of the framework to the requirement in paragraph 22(a) for an entity to disclose the entity's assessment of its climate resilience as at the reporting date. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S2 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 22(a) requires disclosure of the entity's climate resilience assessment as at the reporting date. Paragraph B18 permits scenario analysis to follow a multi-year strategic planning cycle but requires the resilience assessment to be carried out annually and the paragraph 22(a) disclosure updated each reporting period.
Has Australia taken a different approach from IFRS S2?	No. AASB S2 retains the IFRS S2 requirement.
What issue or concern has been identified?	Stakeholders questioned whether annual assessment requires full annual reperformance of scenario analysis or another costly exercise where circumstances have not materially changed.
How was the issue identified?	Stakeholder feedback and review of paragraph B18 and the related Basis for Conclusions, including paragraph BC68.
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	It arises from implementation concerns under the current New Zealand reporting regime, but not from legislation or regulation.

Question	Staff analysis
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Potential change or relief from annual assessment. We do not recommend such a modification.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

☒ *This step is not applicable.*

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

Question	Staff analysis
What locally relevant modification is being considered?	Relief from annual resilience assessment where there has been no material change in an entity's circumstances.
What evidence supports a compelling reason for the modification?	A few stakeholders supported regular assessment but questioned whether a full assessment should be repeated annually. One submitter supported retaining the disclosure without amendment because of its value to users.
Is the evidence sufficiently clear to justify departing from IFRS S2, with stronger rationale and evidence for a more significant departure?	No. Some concerns appear to conflate annual resilience assessment with annual reperformance of scenario analysis. IFRS S2 already permits scenario analysis to follow the strategic planning cycle.
Would the modification be inconsistent with the statutory purpose of climate standards?	Relief would not necessarily be inconsistent with the statutory purpose, but it could result in resilience information not being reconsidered at each reporting date.
What effect would the modification have on the usefulness of information for primary users?	Annual assessment keeps the disclosure current and captures updated insights into risks, assumptions, strategy, the business model and external conditions. Relief could reduce that benefit.
Is there evidence that applying the IFRS S2 requirement in New Zealand would result in undue cost or practical difficulty?	The feedback identifies potential cost if annual assessment is interpreted as full reperformance. It does not establish that a proportionate annual review is necessarily costly where circumstances have not materially changed.
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	The evidence does not demonstrate that relieving the annual assessment requirement would provide net benefits. The concern can instead be addressed by referring to existing IFRS material.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Partly. Paragraph B18 allows the underlying scenario analysis to follow a multi-year strategic planning cycle. A proportionate annual review may confirm that the existing assessment remains current.
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	We have not identified any jurisdiction which has modified the requirement for an annual resilience assessment.

Question	Staff analysis
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	A local annual-relief provision would create another difference from IFRS S2 and AASB S2 and could and could result in resilience information not being reconsidered at each reporting date
Staff conclusion on step 4 The evidence does not establish a compelling reason to modify the annual assessment requirement.	

Step 5: Consider whether the issue can be addressed outside the standard

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	Yes. Existing IFRS material already distinguishes annual assessment from periodic reperformance of scenario analysis and explains how an entity may use existing scenario analysis in an intervening year. Additional NZ SX guidance is therefore not proposed.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Existing IFRS material (the IFRS S2 scenario analysis factsheet) explains that an entity assesses its climate resilience annually but is not required to update its scenario analysis annually. If required, any further clarification must come from the ISSB through established channels to avoid a different New Zealand interpretation.
Would this approach maintain alignment with IFRS S2?	It would maintain alignment with IFRS S2 and AASB S2.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Guidance cannot remove the requirement to assess resilience annually. If required, any further clarification should come from the ISSB through established channels to avoid a different New Zealand interpretation.
Staff conclusion on step 5 Retain paragraph B18. Existing IFRS material already addresses the implementation concern, so NZ SX guidance is not proposed.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	Stakeholders support regular assessment but question costly annual reperformance. The uncertainty concerns the process expected, not the value of current resilience information.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	There is no material conflict between international and Australian alignment and local relevance given existing IFRS material.
What weight should be given to the different evidence and considerations, and why?	Greater weight should be given to paragraph B18's existing distinction and the value of current resilience information. Stakeholder cost concerns can be addressed through proportionate implementation.
Has the presumption that IFRS S2 requirements will be retained been rebutted?	No.

Question	Staff analysis
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain paragraph 22(a) and paragraph B18. Do not develop guidance. Refer to existing IFRS material, which confirms that an entity assesses its climate resilience annually but is not required to update its scenario analysis annually. At a minimum, it updates its scenario analysis in line with its strategic planning cycle and reassesses its circumstances each time.

Step 7: Apply an internal coherence check

☒ *This step is not applicable.*

Issue 4: Updates to related defined terms

11. The sections below apply the relevant steps of the framework to the definitions associated with scenario analysis. Steps that are not relevant have been identified as not applicable. It has been split into two issues:

    (a) terms not currently defined in IFRS S2 and suggested by a few stakeholders – "climate-related scenario", "scenario analysis" or "resilience assessment"

    (b) AASB S2 modified definition to "latest international agreement on climate change".

Step 1: Identify the issue and relevant IFRS S2 requirement

A) terms not currently defined

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	IFRS S2 defines "climate resilience". It does not separately define "climate-related scenario", "scenario analysis" or "resilience assessment".
Has Australia taken a different approach from IFRS S2?	No.
What issue or concern has been identified?	Whether NZ SX should retain NZ CS definitions absent from IFRS S2 and add a definition of resilience assessment.
How was the issue identified?	Stakeholder feedback.
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	The request to retain scenario-related definitions arises from established NZ CS terminology and implementation experience. No legislation requires those definitions.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Potential additions to IFRS S2.

B) AASB S2 modification

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 22(b)(i)(4) requires disclosure of whether an entity used a scenario aligned with the latest international agreement on climate change.
Has Australia taken a different approach from IFRS S2?	Yes. AASB S2 adds "i.e. the Paris Agreement, December 2015" to the definition of "latest international agreement on climate change".

Question	Staff analysis
What issue or concern has been identified?	Whether NZ SX should adopt the AASB S2 clarification referring expressly to the Paris Agreement.
How was the issue identified?	Comparison with AASB S2.
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	No.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Potential addition to IFRS S2 through the adoption of an Australian-specific modification.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

A) Terms not currently defined

☒ *This step is not applicable.*

B) AASB S2 modification

Question	Staff analysis
Is a modification needed to ensure that NZ SX operates effectively and consistently within New Zealand's legislative or regulatory framework?	No.
What New Zealand legislative, regulatory, assurance or other legal requirement is relevant?	The Climate Change Response Act 2002 refers to New Zealand's contribution to the global effort under the Paris Agreement, but does not require NZ SX to define the latest international agreement as the Paris Agreement or add scenario-analysis definitions.
Is the modification limited to what is needed to address that matter?	Not applicable because no legislative modification is needed.
Where possible, how could the modification preserve the substance and intent of the IFRS S2 requirement?	Not applicable

Step 3: Consider whether Australian harmonisation is relevant

A) Terms not currently defined

☒ *This step is not applicable.*

B) AASB S2 modification

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 expressly identifies the Paris Agreement, December 2015, within the definition of "latest international agreement on climate change".
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	AASB S2.

Question	Staff analysis
What is the substance of the Australian approach?	The addition makes the current agreement explicit but otherwise retains the IFRS S2 definition.
Does the Australian approach add to, remove or change an IFRS S2 requirement?	Change. It clarifies the current application by naming the Paris Agreement.
Why did Australia take that approach?	To make explicit which agreement currently falls within the defined term.
Does that rationale apply in New Zealand?	Only partly. The Paris Agreement is also relevant in New Zealand, but New Zealand legislation already refers to it and the IFRS S2 definition can accommodate it without amendment.
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	Adopting the clarification would not be inconsistent with the statutory purpose, but it is not necessary for that purpose.
Would adopting the Australian approach reduce the usefulness of information for primary users?	It could provide immediate clarity but would not materially change the paragraph 22(b)(i)(4) disclosure. Naming the agreement could also require later amendment if it is superseded.
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	The benefit is explicitness. The costs are an unnecessary local difference and a definition that would need amending if the relevant agreement changes.
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to comply with NZ SX and, where relevant, IFRS S2 or AASB S2?	Retain the IFRS S2 definition. No guidance is proposed.
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	Retaining the IFRS S2 definition should not create material complexity because it encompasses the Paris Agreement. Entities can apply the same substantive interpretation.
Staff conclusion on step 3 Do not adopt the AASB S2 clarification. The benefit of immediate explicitness does not outweigh the value of retaining an internationally aligned definition that does not need amending if the relevant agreement changes.	

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

A) *Terms not currently defined*

Question	Staff analysis
What locally relevant modification is being considered?	Add definitions of “climate-related scenario”, “scenario analysis” or “resilience assessment”, potentially carrying forward NZ CS terminology.
What evidence supports a compelling reason for the modification?	Two stakeholders supported retaining the NZ CS scenario definitions and one participant sought clarification of resilience assessment. The cited benefits were continuity, common understanding, consistent application and regulatory oversight.
Is the evidence sufficiently clear to justify departing from IFRS S2, with stronger rationale and evidence for a more significant departure?	No. Two submitters supported retaining the NZ CS scenario definitions and one participant sought clarification of resilience assessment. The absence of comment from others may reflect that they have not yet considered the issue, rather than that they have no concerns. However, the feedback identified benefits

Question	Staff analysis
	(continuity and familiarity) rather than any specific implementation problem or practical difficulty arising from IFRS S2's undefined terms. Those benefits are outweighed by the risk that adding terms absent from IFRS S2 could unintentionally narrow, expand or otherwise alter the scope of its requirements. The evidence is therefore not sufficiently clear to justify departing from IFRS S2. If further clarification is required, it should come from the ISSB.
Would the modification be inconsistent with the statutory purpose of climate standards?	Additional definitions would not necessarily be inconsistent with the statutory purpose, but could alter the scope or interpretation of IFRS S2 requirements.
What effect would the modification have on the usefulness of information for primary users?	Definitions could improve immediate clarity but also narrow or expand the range of analyses treated as scenario analysis or change the relationship between scenario analysis and resilience assessment.
Is there evidence that applying the IFRS S2 requirement in New Zealand would result in undue cost or practical difficulty?	Potentially. Undefined terms such as "climate-related scenario", "scenario analysis" and "resilience assessment" could cause some practical difficulties, including differing interpretations between entities. However, the feedback came from a few stakeholders and did not identify a specific implementation problem or cost arising from applying IFRS S2's terminology. In our view, adding New Zealand-specific definitions would be more problematic than retaining the IFRS S2 terms. They could alter the scope of IFRS S2 requirements and diverge from ISSB interpretation as it develops.
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	The benefits of continuity do not outweigh the interpretive and maintenance risks of local definitions.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not directly relevant. This is an interpretive issue rather than a proportionality concern.
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	We have not identified another jurisdiction that has added or modified scenario-related defined terms.
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Adding definitions would increase the number of New Zealand-specific differences and could create inconsistencies as ISSB interpretation and practice develop.
Staff conclusion on step 4 No compelling reason has been established for adding New Zealand-specific definitions.	

B) AASB S2 modification

Question	Staff analysis
What locally relevant modification is being considered?	Expressly identifying the Paris Agreement, December 2015, within the definition of “latest international agreement on climate change”.
What evidence supports a compelling reason for the modification?	No compelling reason beyond consideration of Australia harmonisation has been identified.
Is the evidence sufficiently clear to justify departing from IFRS S2, with stronger	No. IFRS S2 Basis for Conclusions paragraph BC145 explains that at the time IFRS S2 was issued this was the Paris Agreement. The

Question	Staff analysis
rationale and evidence for a more significant departure?	IFRS S2 definition therefore currently encompasses the Paris Agreement, so the clarification is not needed for entities to apply the standard, and no stakeholder raised a concern.
Would the modification be inconsistent with the statutory purpose of climate standards?	No.
What effect would the modification have on the usefulness of information for primary users?	Not materially. It would provide immediate clarity but would not change the paragraph 22(b)(i)(4) disclosure.
Is there evidence that applying the IFRS S2 requirement in New Zealand would result in undue cost or practical difficulty?	No evidence has been identified that retaining the IFRS S2 definition would cause undue cost or practical difficulty.
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	No. The benefit is explicitness, which is outweighed by the maintenance risk and the additional difference from IFRS S2.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not directly relevant.
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	Apart from Australia we have not identified another jurisdiction which has modified this term.
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Adopting the clarification would add a further New Zealand-specific difference from IFRS S2. Expressly naming the Paris Agreement could require later amendment if the relevant agreement changes, creating an ongoing need to amend NZ SX and a risk of divergence from IFRS S2.
Staff conclusion on step 4 No compelling reason has been established for adopting the AASB S2 clarification.	

Step 5: Consider whether the issue can be addressed outside the standard

A) Terms not currently defined

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	We do not propose to develop guidance. Explanation of the IFRS S2 terms is best provided by the ISSB, because domestic explanation risks creating a different New Zealand interpretation.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	None proposed. If further clarification is required, it should come from the ISSB through established channels.
Would this approach maintain alignment with IFRS S2?	Yes. Retaining the IFRS S2 terms without domestic explanatory material maintains alignment with IFRS S2 and AASB S2.
What are the limitations of addressing the issue outside the standard, including the	Clarification depends on the ISSB, which we do not control, and it may not be issued. Differing interpretations may therefore

Question	Staff analysis
lack of legal force and possible effects on complexity and comparability?	persist in the interim. Any domestic explanation would also have no legal force and could operate as a de facto definition.
Staff conclusion on step 5 Retain IFRS S2 terminology. We do not propose NZ SX guidance. If further clarification is required, it should come from the ISSB through established channels.	

B) AASB S2 modification

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	Not needed. The IFRS S2 definition currently encompasses the Paris Agreement, so explanation is not required to apply it. We do not propose guidance.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Not applicable.
Would this approach maintain alignment with IFRS S2?	Yes.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Not applicable.
Staff conclusion on step 5 No NZ SX guidance is proposed. The IFRS S2 definition currently encompasses the Paris Agreement.	

Step 6: Weigh the evidence and exercise judgement

A) Terms not currently defined

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	A few stakeholders identified benefits from retaining familiar NZ CS definitions, while broader feedback favoured consistent international terminology. There is little evidence of a significant implementation problem.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	There is no material conflict with Australian harmonisation, because AASB S2 does not define these terms either. Retaining the IFRS S2 terminology preserves alignment with both IFRS S2 and AASB S2. The only tension is with local relevance, because a few stakeholders favoured retaining familiar NZ CS definitions.
What weight should be given to the different evidence and considerations, and why?	Greater weight should be given to avoiding unintended interpretive consequences. The feedback from a few stakeholders does not justify local additions.
Has the presumption that IFRS S2 requirements will be retained been rebutted?	No.
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain IFRS S2 terminology without adding New Zealand-specific definitions.

B) AASB S2 modification

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	No stakeholder feedback was received on the Paris Agreement clarification, and the evidence is limited to comparison with AASB S2.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Australian harmonisation would favour adding the Paris Agreement clarification, while international alignment favours retaining IFRS S2. The substantive difference is minor and does not prevent common application.
What weight should be given to the different evidence and considerations, and why?	Greater weight should be given to retaining the internationally aligned IFRS S2 definition.
Has the presumption that IFRS S2 requirements will be retained been rebutted?	No.
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain IFRS S2 terminology without adopting the AASB S2 clarification.

Step 7: Apply an internal coherence check

12. Not applicable because no modification is proposed.

Appendix 2: Comparison of climate resilience disclosure requirements in IFRS S2 and AASB S2

1. This appendix supports the analysis in Appendix 1 by comparing the climate resilience disclosure requirements in IFRS S2 with the corresponding requirements in AASB S2. The compiled versions have been used, incorporating amendments to December 2025.

2. IFRS S2 and AASB S2 have virtually the same climate resilience disclosure requirements and application guidance. The only identified differences are AASB S2's treatment of paragraph 23 (which is outside the scope of this memo) and its clarification that the defined term "latest international agreement on climate change" refers to the Paris Agreement.

Scenario analysis is referred to in several parts of IFRS S2, although its required use is specifically linked to the assessment of climate resilience

1. Under paragraph 22 (Strategy), an entity must use climate-related scenario analysis to assess the resilience of its strategy and business model and disclose both the results of that resilience assessment and information about how and when the scenario analysis was carried out. Paragraphs B1–B18 provide application guidance on undertaking the analysis, including determining an approach commensurate with the entity's circumstances.

2. Scenario analysis is also referred to in the Risk management disclosures. Paragraph 25(a)(ii) requires an entity to disclose whether and how it uses climate-related scenario analysis to inform its identification of climate-related risks, and paragraph 25(b) requires equivalent information about its identification of climate-related opportunities.

3. The Basis for Conclusions paragraph BC69 explains that scenario analysis can also inform other IFRS S2 disclosures, including anticipated financial effects and transition plans. However, it clarifies that the use of scenario analysis is required only for the climate resilience assessment. The Basis for Conclusions paragraph BC59 also distinguishes the scenario analysis from the resilience assessment: scenario analysis is the analytical exercise used to inform management's assessment of resilience, while paragraph 22 requires disclosure of management's interpretation of the results rather than disclosure of the scenario analysis results themselves.

4. This paper considers only paragraph 22 and associated application guidance.

Australian legislation requires scenario analysis to use two prescribed temperature outcomes

5. Australian entities applying AASB S2 Climate-related Disclosures must also comply with section 296D of the Corporations Act 2001. Where AASB S2 requires disclosure of scenario analysis, information derived from it or information about it, section 296D (2B) requires the analysis to include at least two scenarios: warming limited to 1.5°C above pre-industrial levels and warming well exceeding 2°C, reflecting the temperature outcomes specified in subparagraphs 3(a)(i) and 3(a)(ii), respectively, of the Climate Change Act 2022.

Climate resilience disclosures IFRS S2 vs AASB S2

6. In this comparison, each row represents a separate paragraph or sub-paragraph. Where wording differs, struck-through text shows the IFRS S2 wording that has been replaced or omitted, and underlined text shows the wording used instead in AASB S2.

Table 1: Climate resilience disclosures main body IFRS S2 vs AASB S2

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
Climate resilience			
22 intro	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:	*No difference*
22(a) intro	the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:	the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:	*No difference*
22(a)(i)	the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	*No difference*
22(a)(ii)	the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	*No difference*
22(a)(iii) intro	the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:	the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:	*No difference*
22(a)(iii)(1)	the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	*No difference*
22(a)(iii)(2)	the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
22(a)(iii)(3)	the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	*No difference*
22(b) intro	how and when the climate-related scenario analysis was carried out, including:	how and when the climate-related scenario analysis was carried out, including:	*No difference*
22(b)(i) intro	information about the inputs the entity used, including:	information about the inputs the entity used, including:	*No difference*
22(b)(i)(1)	which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	*No difference*
22(b)(i)(2)	whether the analysis included a diverse range of climate-related scenarios;	whether the analysis included a diverse range of climate-related scenarios;	*No difference*
22(b)(i)(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	*No difference*
22(b)(i)(4)	whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	*No difference*
22(b)(i)(5)	why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	*No difference*
22(b)(i)(6)	the time horizons the entity used in the analysis; and	the time horizons the entity used in the analysis; and	*No difference*
22(b)(i)(7)	what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis);	what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis);	*No difference*
22(b)(ii) intro	the key assumptions the entity made in the analysis, including assumptions about:	the key assumptions the entity made in the analysis, including assumptions about:	*No difference*
22(b)(ii)(1)	climate-related policies in the jurisdictions in which the entity operates;	climate-related policies in the jurisdictions in which the entity operates;	*No difference*
22(b)(ii)(2)	macroeconomic trends;	macroeconomic trends;	*No difference*
22(b)(ii)(3)	national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);	national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);	*No difference*
22(b)(ii)(4)	energy usage and mix; and	energy usage and mix; and	*No difference*
22(b)(ii)(5)	developments in technology; and	developments in technology; and	*No difference*
22(b)(iii)	the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18).	the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18).	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
23	In preparing disclosures to meet the requirements in paragraphs 13–22, an entity shall refer to and consider the applicability of cross-industry metric categories, as described in paragraph 29, and industry-based metrics associated with disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2 as described in paragraph 32.	[Deleted by the AASB]	Deleted by the AASB
Aus23.1	*No direct IFRS S2 paragraph*	In preparing disclosures to meet the requirements in paragraphs 13–22, an entity shall refer to and consider the applicability of cross-industry metric categories, as described in paragraph 29.	***New Australian-specific paragraph replacing paragraph 23. No direct IFRS S2 equivalent (the industry-based metrics limb of paragraph 23 is omitted, consistent with the AASB's decision not to require industry-based disclosures).***

Table 2: Defined terms associated with climate resilience disclosures IFRS S2 vs AASB S2

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
Defined terms			
climate resilience	The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.	The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.	*No difference*
climate-related physical risks (a)	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.	Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.	*No difference*
climate-related	These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial	These risks could carry financial implications for an entity, such as costs resulting from direct damage to assets or indirect effects of supply-chain disruption. The entity's financial	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
physical risks (b)	performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.	performance could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety.	
climate-related risks and opportunities (a)	Climate-related risks refers to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks.	Climate-related risks refers to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks.	*No difference*
climate-related risks and opportunities (b)	Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.	Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.	*No difference*
climate-related transition risks (a)	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.	Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.	*No difference*
climate-related transition risks (b)	These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.	These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations. The entity's financial performance could also be affected by shifting consumer demands and the development and deployment of new technology.	*No difference*
latest international agreement on climate change	An agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change. The agreements set norms and targets for a reduction in greenhouse gases.	An agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change (i.e. the Paris Agreement, December 2015). The agreements set norms and targets for a reduction in greenhouse gases.	AASB added "(i.e. the Paris Agreement, December 2015)".
Terms defined in other Standards and used with the same meaning			
business model	An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term.	An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic purposes and create value for the entity and hence generate cash flows over the short, medium and long term.	*No difference*

Table 3: Application guidance associated with climate resilience disclosures IFRS S2 vs AASB S2

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
Climate resilience (paragraph 22)			
B1 intro	Paragraph 22 requires an entity to use climate-related scenario analysis to assess its climate resilience, using an approach that is commensurate with its circumstances. The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. Paragraphs B2–B18 provide guidance on how an entity uses scenario analysis to assess the entity's climate resilience. Specifically:	Paragraph 22 requires an entity to use climate-related scenario analysis to assess its climate resilience, using an approach that is commensurate with its circumstances. The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. Paragraphs B2–B18 provide guidance on how an entity uses scenario analysis to assess the entity's climate resilience. Specifically:	*No difference*
B1(a)	paragraphs B2–B7 set out the factors the entity shall consider when assessing its circumstances;	paragraphs B2–B7 set out the factors the entity shall consider when assessing its circumstances;	*No difference*
B1(b)	paragraphs B8–B15 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and	paragraphs B8–B15 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and	*No difference*
B1(c)	paragraphs B16–B18 set out additional factors for the entity to consider when determining its approach to climate-related scenario analysis over time.	paragraphs B16–B18 set out additional factors for the entity to consider when determining its approach to climate-related scenario analysis over time.	*No difference*
Assessing the circumstances			
B2 intro	An entity shall use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis (see paragraph B3). To assess its circumstances the entity shall consider:	An entity shall use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis (see paragraph B3). To assess its circumstances the entity shall consider:	*No difference*
B2(a)	the entity's exposure to climate-related risks and opportunities (see paragraphs B4–B5); and	the entity's exposure to climate-related risks and opportunities (see paragraphs B4–B5); and	*No difference*
B2(b)	the skills, capabilities and resources available to the entity for the climate-related scenario analysis (see paragraphs B6–B7).	the skills, capabilities and resources available to the entity for the climate-related scenario analysis (see paragraphs B6–B7).	*No difference*
B3	An entity shall assess its circumstances each time it carries out its climate-related scenario analysis. For example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph B18) would be required to reconsider for this purpose its exposure to climate-related risks and opportunities and the skills, capabilities and resources available at that time. This application guidance (paragraphs B1–B18) draws on the range of practice outlined in documents published by the Task Force	An entity shall assess its circumstances each time it carries out its climate-related scenario analysis. For example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph B18) would be required to reconsider for this purpose its exposure to climate-related risks and opportunities and the skills, capabilities and resources available at that time. This application guidance (paragraphs B1–B18) draws on the range of practice outlined in documents published by the Task Force	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
	on Climate-related Financial Disclosures (TCFD), including Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (2017) and Guidance on Scenario Analysis for Non-Financial Companies (2020).	on Climate-related Financial Disclosures (TCFD), including Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities (2017) and Guidance on Scenario Analysis for Non-Financial Companies (2020).	
Exposure to climate-related risks and opportunities			
B4	An entity shall consider its exposure to climate-related risks and opportunities in its assessment of its circumstances and when determining the approach to use for its climate-related scenario analysis. This consideration provides essential context for understanding the potential benefits of using a particular approach to climate-related scenario analysis. For example, if an entity has a high degree of exposure to climate-related risk then a more quantitative or technically sophisticated approach to climate-related scenario analysis would be of greater benefit to the entity and users of general purpose financial reports. Users of general purpose financial reports would be less likely to benefit from quantitative or technically sophisticated climate-related scenario analysis if the entity is exposed to few or relatively less severe climate-related risks and opportunities. This means that—with all else being equal—the greater the entity's exposure to climate-related risks or opportunities, the more likely it is the entity would determine that a more technically sophisticated form of climate-related scenario analysis is required.	An entity shall consider its exposure to climate-related risks and opportunities in its assessment of its circumstances and when determining the approach to use for its climate-related scenario analysis. This consideration provides essential context for understanding the potential benefits of using a particular approach to climate-related scenario analysis. For example, if an entity has a high degree of exposure to climate-related risk then a more quantitative or technically sophisticated approach to climate-related scenario analysis would be of greater benefit to the entity and users of general purpose financial reports. Users of general purpose financial reports would be less likely to benefit from quantitative or technically sophisticated climate-related scenario analysis if the entity is exposed to few or relatively less severe climate-related risks and opportunities. This means that—with all else being equal—the greater the entity's exposure to climate-related risks or opportunities, the more likely it is the entity would determine that a more technically sophisticated form of climate-related scenario analysis is required.	*No difference*
B5	This Standard requires an entity to identify the climate-related risks and opportunities to which it is exposed (see paragraph 10) and to disclose information about the process the entity uses to identify, assess, prioritise and monitor those risks and opportunities (see paragraph 25). The information the entity discloses in accordance with paragraphs 10 and 25 can inform the entity's consideration of its exposure to climate-related risks and opportunities.	This Standard requires an entity to identify the climate-related risks and opportunities to which it is exposed (see paragraph 10) and to disclose information about the process the entity uses to identify, assess, prioritise and monitor those risks and opportunities (see paragraph 25). The information the entity discloses in accordance with paragraphs 10 and 25 can inform the entity's consideration of its exposure to climate-related risks and opportunities.	*No difference*
Skills, capabilities and resources available			
B6	An entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis. These skills, capabilities and resources might include both internal and external skills, capabilities and resources. The entity's available skills, capabilities and resources provide context to inform its consideration of the potential cost and level of effort required by	An entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis. These skills, capabilities and resources might include both internal and external skills, capabilities and resources. The entity's available skills, capabilities and resources provide context to inform its consideration of the potential cost and level of effort required by	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
	a particular approach to climate-related scenario analysis. For example, if an entity has only just begun to explore the use of climate-related scenario analysis to assess its climate resilience, it might be unable to use a quantitative or technically sophisticated approach to climate-related scenario analysis without undue cost or effort. For the avoidance of doubt, if resources are available to the entity then it will be able to invest in obtaining or developing the necessary skills and capabilities.	a particular approach to climate-related scenario analysis. For example, if an entity has only just begun to explore the use of climate-related scenario analysis to assess its climate resilience, it might be unable to use a quantitative or technically sophisticated approach to climate-related scenario analysis without undue cost or effort. For the avoidance of doubt, if resources are available to the entity then it will be able to invest in obtaining or developing the necessary skills and capabilities.	
B7	Climate-related scenario analysis can be resource intensive and might—through an iterative learning process—be developed and refined over multiple planning cycles. As an entity repeats the climate-related scenario analysis, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to climate-related scenario analysis over time. For example, if an entity has not yet used climate-related scenario analysis or participates in an industry where climate-related scenario analysis is not commonly used, the entity might need more time to develop its skills and capabilities. In contrast, an entity in an industry where climate-related scenario analysis is established practice—such as extractives and mineral processing—would be expected to have strengthened its skills and capabilities through its experience.	Climate-related scenario analysis can be resource intensive and might—through an iterative learning process—be developed and refined over multiple planning cycles. As an entity repeats the climate-related scenario analysis, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to climate-related scenario analysis over time. For example, if an entity has not yet used climate-related scenario analysis or participates in an industry where climate-related scenario analysis is not commonly used, the entity might need more time to develop its skills and capabilities. In contrast, an entity in an industry where climate-related scenario analysis is established practice—such as extractives and mineral processing—would be expected to have strengthened its skills and capabilities through its experience.	*No difference*
Determining the appropriate approach			
B8 intro	An entity shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the entity's exposure to climate-related risks and opportunities (see paragraphs B4–B5) and its available skills, capabilities and resources (see paragraphs B6–B7). Making such a determination involves:	An entity shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the entity's exposure to climate-related risks and opportunities (see paragraphs B4–B5) and its available skills, capabilities and resources (see paragraphs B6–B7). Making such a determination involves:	*No difference*
B8(a)	selecting inputs to the climate-related scenario analysis (see paragraphs B11–B13); and	selecting inputs to the climate-related scenario analysis (see paragraphs B11–B13); and	*No difference*
B8(b)	making analytical choices about how to carry out the climate-related scenario analysis (see paragraphs B14–B15).	making analytical choices about how to carry out the climate-related scenario analysis (see paragraphs B14–B15).	*No difference*
B9	Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. It also includes quantitative or qualitative	Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. It also includes quantitative or qualitative	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
	information, and information that is obtained from an external source or owned or developed internally.	information, and information that is obtained from an external source or owned or developed internally.	
B10	An entity will need to use judgement to determine the mix of inputs and analytical choices that will enable the entity to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The degree of judgement that is required depends on the availability of detailed information. As the time horizon increases and the availability of detailed information decreases, the degree of judgement required increases.	An entity will need to use judgement to determine the mix of inputs and analytical choices that will enable the entity to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The degree of judgement that is required depends on the availability of detailed information. As the time horizon increases and the availability of detailed information decreases, the degree of judgement required increases.	*No difference*
Selecting inputs			
B11	When an entity selects the inputs to use in its climate-related scenario analysis, the entity shall consider all reasonable and supportable information—including scenarios, variables and other inputs—available to the entity at the reporting date without undue cost or effort. The inputs used in scenario analysis might include information that is qualitative or quantitative, and is obtained from an external source or developed internally. For example, publicly available climate-related scenarios—from authoritative sources—that describe future trends and a range of pathways to plausible outcomes are considered to be available to the entity without undue cost or effort.	When an entity selects the inputs to use in its climate-related scenario analysis, the entity shall consider all reasonable and supportable information—including scenarios, variables and other inputs—available to the entity at the reporting date without undue cost or effort. The inputs used in scenario analysis might include information that is qualitative or quantitative, and is obtained from an external source or developed internally. For example, publicly available climate-related scenarios—from authoritative sources—that describe future trends and a range of pathways to plausible outcomes are considered to be available to the entity without undue cost or effort.	*No difference*
B12	When selecting scenarios, variables and other inputs to use in climate-related scenario analysis, an entity might, for example, use one or more climate-related scenarios—including international and regional scenarios—that are publicly and freely available from authoritative sources. The entity shall have a reasonable and supportable basis for using a particular scenario or set of scenarios. For example, an entity with operations concentrated in a jurisdiction where emissions are regulated—or are likely to be regulated in the future—might determine that it is appropriate to carry out its analysis using a scenario consistent with an orderly transition to a lower-carbon economy or consistent with relevant jurisdictional commitments to the latest international agreement on climate change. Elsewhere, for example, an entity with heightened exposure to physical climate-related risks might determine that it is appropriate to carry out its analysis using a localised climate-related scenario that takes into account current policies.	When selecting scenarios, variables and other inputs to use in climate-related scenario analysis, an entity might, for example, use one or more climate-related scenarios—including international and regional scenarios—that are publicly and freely available from authoritative sources. The entity shall have a reasonable and supportable basis for using a particular scenario or set of scenarios. For example, an entity with operations concentrated in a jurisdiction where emissions are regulated—or are likely to be regulated in the future—might determine that it is appropriate to carry out its analysis using a scenario consistent with an orderly transition to a lower-carbon economy or consistent with relevant jurisdictional commitments to the latest international agreement on climate change. Elsewhere, for example, an entity with heightened exposure to physical climate-related risks might determine that it is appropriate to carry out its analysis using a localised climate-related scenario that takes into account current policies.	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
B13	In considering whether the selected inputs are reasonable and supportable, an entity shall consider the objective of paragraph 22, which requires the entity to disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. This means that the inputs to the entity's climate-related scenario analysis shall be relevant to the entity's circumstances, for example, to the particular activities the entity undertakes and the geographical location of those activities.	In considering whether the selected inputs are reasonable and supportable, an entity shall consider the objective of paragraph 22, which requires the entity to disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. This means that the inputs to the entity's climate-related scenario analysis shall be relevant to the entity's circumstances, for example, to the particular activities the entity undertakes and the geographical location of those activities.	*No difference*
Making analytical choices			
B14	An entity's resilience assessment will be informed not only by the individual inputs to its climate-related scenario analysis, but also by the information it develops in combining those inputs to carry out the analysis. The entity shall prioritise the analytical choices (for example, whether to use qualitative analysis or quantitative modelling) that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. For example, if an entity is able—without undue cost or effort—to incorporate multiple carbon price pathways associated with a given outcome (for example, a 1.5 degree Celsius outcome), this analysis is likely to strengthen the entity's resilience assessment, assuming such an approach is warranted by the entity's risk exposure.	An entity's resilience assessment will be informed not only by the individual inputs to its climate-related scenario analysis, but also by the information it develops in combining those inputs to carry out the analysis. The entity shall prioritise the analytical choices (for example, whether to use qualitative analysis or quantitative modelling) that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. For example, if an entity is able—without undue cost or effort—to incorporate multiple carbon price pathways associated with a given outcome (for example, a 1.5 degree Celsius outcome), this analysis is likely to strengthen the entity's resilience assessment, assuming such an approach is warranted by the entity's risk exposure.	*No difference*
B15	Quantitative information will often enable an entity to carry out a more robust assessment of its climate resilience. However, qualitative information (including scenario narratives), either alone or combined with quantitative data, can also provide a reasonable and supportable basis for the entity's resilience assessment.	Quantitative information will often enable an entity to carry out a more robust assessment of its climate resilience. However, qualitative information (including scenario narratives), either alone or combined with quantitative data, can also provide a reasonable and supportable basis for the entity's resilience assessment.	*No difference*
Additional considerations			
B16	Climate-related scenario analysis is an evolving practice and, therefore, the approach that an entity uses is likely to change over time. As described in paragraphs B2–B7, the entity shall determine its approach to climate-related scenario analysis based on its particular circumstances, including the entity's exposure to climate-related risks and opportunities and the skills, capabilities and resources available for the scenario	Climate-related scenario analysis is an evolving practice and, therefore, the approach that an entity uses is likely to change over time. As described in paragraphs B2–B7, the entity shall determine its approach to climate-related scenario analysis based on its particular circumstances, including the entity's exposure to climate-related risks and opportunities and the skills, capabilities and resources available for the scenario	*No difference*

Paragraph	IFRS S2 requirement	AASB S2 requirement	Difference
	analysis. Those circumstances are also likely to change over time. Therefore, the entity's approach to climate-related scenario analysis need not be the same from one reporting period or strategic planning cycle to the next (see paragraph B18).	analysis. Those circumstances are also likely to change over time. Therefore, the entity's approach to climate-related scenario analysis need not be the same from one reporting period or strategic planning cycle to the next (see paragraph B18).	
B17	An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity does not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative approach to climate-related scenario analysis.	An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity does not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative approach to climate-related scenario analysis.	*No difference*
B18	Although paragraph 22 requires an entity to disclose information about its climate resilience at each reporting date, the entity might carry out its climate-related scenario analysis in line with its strategic planning cycle, including a multi-year strategic planning cycle (for example, every three to five years). Therefore, in some reporting periods the entity's disclosures in accordance with paragraph 22(b) could remain unchanged from the previous reporting period if the entity does not conduct a scenario analysis annually. The entity shall—at a minimum—update its climate-related scenario analysis in line with its strategic planning cycle. However, an assessment of the entity's resilience is required to be carried out annually to reflect updated insight into the implications of climate uncertainty for the entity's business model and strategy. As such, an entity's disclosure in accordance with paragraph 22(a)—that is, the results of the entity's resilience assessment—shall be updated at each reporting period.	Although paragraph 22 requires an entity to disclose information about its climate resilience at each reporting date, the entity might carry out its climate-related scenario analysis in line with its strategic planning cycle, including a multi-year strategic planning cycle (for example, every three to five years). Therefore, in some reporting periods the entity's disclosures in accordance with paragraph 22(b) could remain unchanged from the previous reporting period if the entity does not conduct a scenario analysis annually. The entity shall—at a minimum—update its climate-related scenario analysis in line with its strategic planning cycle. However, an assessment of the entity's resilience is required to be carried out annually to reflect updated insight into the implications of climate uncertainty for the entity's business model and strategy. As such, an entity's disclosure in accordance with paragraph 22(a)—that is, the results of the entity's resilience assessment—shall be updated at each reporting period.	*No difference*

Appendix 3: Supporting analysis applying stakeholder feedback and other evidence

1. This appendix evaluates the evidence supporting our analysis in Appendix 1. For each issue, it separates what stakeholders told us (summarised in Appendix 4) from what we considered in addition, including our comparison with AASB S2, Australian legislation, other jurisdictions, existing IFRS material and staff analysis. It then sets out how we weighed the two and the resulting costs, benefits and practical implications.

Issue 1: Prescribe number of scenarios or temperature outcomes

Stakeholders supported robust analysis but not a common mandatory approach

2. Stakeholders generally agreed that scenario analysis should test materially different and plausible futures and support a robust, decision-useful assessment of climate resilience. Although more stakeholders supported some form of minimum than opposed it, they differed substantially on how that outcome should be achieved. Some supported prescribing two scenarios, others supported retaining three, and others favoured an entity-specific approach without a prescribed minimum. Stakeholders were similarly divided on whether temperature outcomes should be specified and, if so, which outcomes remained appropriate.

3. The feedback was predominantly from preparers and other stakeholders rather than primary users. Only five of the written submissions on scenario analysis were from users, so we have treated apparent differences between user and preparer views with caution and have not relied on them as a basis for prescribing particular scenario parameters.

We consider prescription would add little to what IFRS S2 already achieves

4. In our view, prescribing a minimum number of scenarios could provide a minimum level of comparability and rigour and reduce the risk that entities select scenarios that are insufficiently diverse or challenging. However, meeting a numerical threshold would not, by itself, ensure that the analysis is robust. The quality of the analysis depends on whether the scenarios appropriately test the material uncertainties facing the entity.

5. Prescribed scenario numbers and temperature outcomes could provide some consistency by establishing common reference points for scenario analysis. However, this is different from the use of common sector scenarios, which provide entities with a shared scenario architecture, assumptions and building blocks that can then be adapted for entity-specific analysis and therefore support greater comparability. Prescribing, for example, that entities use particular temperature outcomes would not mean they use the same scenarios. A temperature outcome is only one parameter and entities could use different transition pathways, policy, technology and physical-risk assumptions, time horizons, geographical scopes and modelling methods. Common requirements for temperature outcomes may therefore provide some consistency and minimum rigour in scenario selection, but would not by themselves ensure comparable scenario analysis or resilience assessments.

6. Some stakeholders identified complexity, cost or burden associated with additional scenario requirements. In our view, while we acknowledge that fixed parameters can help to promote comparability, given the need for scenarios to be entity-specific, we consider that further supporting common scenario development at sector level on a voluntary basis may be more appropriate. This would enable a continued reduction in data and specialist costs, consistent assumptions across entities within sectors (and potentially across sectors) and the ability to evolve suitable parameters over time.

7. IFRS S2 requires entities to disclose the scenarios used, whether the analysis included a diverse range, whether transition and physical risks were addressed, whether an internationally aligned scenario was used, and why the selected scenarios were relevant to assessing resilience. These disclosures provide transparency over scenario selection and enable users and regulators to assess the credibility and quality of scenario selection while retaining an entity-specific approach. One stakeholder similarly emphasised that these disclosures enable users to assess the credibility of the analysis.

Stakeholder feedback does not support a single viewpoint on whether and if so which temperature outcomes are needed

8. Stakeholder feedback does not establish a compelling basis for supplementing IFRS S2 with mandatory temperature outcomes. Although more stakeholders supported prescribing a minimum number of scenarios than opposed one, some stakeholders supported retaining 1.5°C as a common transition-risk anchor, others questioned whether a strict 1.5°C scenario without overshoot remained plausible. There was also significant disagreement about the appropriate high-warming outcome, including whether "well above 2°C" would adequately test severe physical risk or whether a 3°C or higher outcome was needed. Whichever outcomes were mandated, many of the stakeholders who supported prescription in principle would probably disagree with the specific outcomes chosen. Divided views of this kind show support for the principle of prescription, not for any particular mandatory requirement. In our view, a modification to IFRS S2 requires a clearer and more consistent basis than this.

9. Specifically relating to the 1.5°C scenario, some respondents questions whether a 1.5°C without overshoot remains plausible as climate science and available scenario pathways evolve. Respondents noted the need to consider temperature overshoot, and one suggested reconsidering whether 1.5°C remains the appropriate prescribed lower-temperature outcome. Prescribing a specific temperature outcome could therefore create implementation difficulties if the pathways needed to support that outcome become less plausible or appropriate over time.

10. IFRS S2 nevertheless provides accountability for scenario selection. An entity must disclose whether it used a scenario aligned with the latest international agreement on climate change and explain why its selected scenarios were relevant to assessing resilience. Its inputs must also be reasonable, supportable and relevant to its activities and geographical circumstances. Retaining these requirements would allow entities to use a 1.5°C-aligned scenario where relevant and supportable without making that outcome mandatory for every entity.

We consider that retaining IFRS S2 supports interoperability with Australian reporting

11. The Australian requirement to use at least two prescribed scenarios arises from section 296D(2B) of the *Corporations Act 2001*, not AASB S2. Retaining IFRS S2 in NZ SX would therefore preserve alignment with AASB S2 and allow entities subject to Australian legislation to use the same scenario analysis for both jurisdictions, provided it also satisfies IFRS S2's entity-specific requirements. This is consistent with feedback from entities with Australian parents that flexibility would enable alignment with their parent's approach and avoid unnecessary cost and burden.

12. Interoperability does not require NZ SX to adopt the Australian legislative parameters. Doing so would impose those parameters on New Zealand entities that have no Australian reporting obligations and could constrain entities that need different scenarios to assess their particular exposures. The objective is to enable entities to use same analysis in both jurisdictions—not to require all New Zealand entities to apply identical parameters.

13. Although section 3(1)(aa)(i) of the *Climate Change Response Act 2002* refers to contributing to the global effort under the Paris Agreement to limit warming to 1.5°C, New Zealand primary legislation does not prescribe scenario numbers or temperature outcomes for entity reporting.

IFRS S2 focuses entities on reasonable and supportable scenarios, not common parameters

14. We consider that retaining IFRS S2 without modification could also potentially better reflect the entity-specific nature of scenario analysis. It places the emphasis on whether the scenarios used provide a reasonable and supportable basis for assessing the entity's resilience, rather than compliance with common scenario parameters. While prescription provides some consistency in scenario selection, we are aware that it may not necessarily improve substantive comparability because entities would continue to use different assumptions, pathways and modelling approaches. In our view, the international alignment benefits of the IFRS S2 approach outweigh the comparability benefits of prescription (that we may be able to continue to support via voluntary sector-level scenario analysis).

International practice favours the entity-specific IFRS S2 approach

15. We have not identified another jurisdiction that, when implementing IFRS S2, has prescribed a minimum number of scenarios or specified temperature outcomes. The United Kingdom and Hong Kong have retained the entity-specific IFRS S2 approach, while providing or referring to implementation guidance. Australia appears to be the exception, however, its minimum of two specified scenarios arises from the Corporations Act 2001 rather than AASB S2.

Stakeholders want proportionality applied, not new requirements added

16. Stakeholders also supported proportionate application of IFRS S2. Several favoured clarifying how the existing proportionality mechanisms apply in practice, while others emphasised materiality, entity circumstances and the needs of smaller entities. This feedback supports retaining the entity-specific IFRS S2 approach rather than imposing additional scenario parameters that would apply uniformly to all CREs. It also supports implementation material that helps entities apply judgement without creating additional mandatory requirements.

Guidance can support sufficiently diverse scenario selection

17. New Zealand-specific, non-mandatory material could address the risk that entities select scenarios that are insufficiently diverse or challenging, without modifying IFRS S2. This could include domestic versions of ISSB educational material and, subject to stakeholder demand, updated 'how to' guidance similar to our existing scenario analysis guidance. Such material could explain how entities might select relevant domestic and international scenario architectures that collectively test the material climate-related uncertainties they face, including materially different transition and physical-risk conditions, timing and severity of effects and, where relevant, intermediate pathways that avoid an unduly binary assessment. It would not prescribe a minimum number of scenarios or temperature outcomes. It should make clear that these are considerations for applying judgement, not additional requirements for complying with NZ SX.

18. Guidance would preserve entity-specific judgement, avoid additional mandatory requirements and be easier to update as climate science, authoritative scenarios and market practice evolve. However, guidance would have no mandatory force so it may be applied inconsistently. IFRS S2's existing disclosure requirements nevertheless enable users to understand and compare what each entity chose to consider and why. This is the meaningful basis for comparison, given that scenarios must be adapted to an entity's circumstances. Any guidance should therefore focus on principles and examples.

19. We would draw on the FMA's monitoring of climate-related disclosures to understand whether entities select sufficiently diverse and challenging scenarios, whether primary users receive decision-useful information, and whether significant comparability issues arise. We would reconsider whether further guidance or a mandatory response is needed if implementation evidence shows that the IFRS S2 requirements and supporting guidance are not achieving these outcomes.

Recommendation: Retain IFRS S2 requirements and develop guidance on scenario selection

20. On balance, the evidence does not show that the benefits of prescribing scenario numbers or temperature outcomes would outweigh the costs, rigidity and reduced alignment with IFRS S2. The consultation identified a shared objective of sufficiently differentiated, challenging and decision-useful analysis, but no broadly supported mandatory approach.

21. We recommend retaining paragraph 22 and its associated application guidance without New Zealand modification and, subject to stakeholder demand, updating non-mandatory guidance on selecting sufficiently diverse scenarios. The FMA monitors climate-related disclosures. We would reconsider the need for further guidance or a mandatory response if its findings, or other implementation evidence, show that entities do not select scenarios that support decision-useful resilience assessments.

Issue 2: Permit technically sophisticated approaches to scenario analysis which are not quantitative

22. Seven submitters and one participant in the verbal sessions raised concerns about the costs, complexity or decision usefulness of quantitative scenario analysis. Stakeholders generally supported quantitative analysis where appropriate but considered that a technically sophisticated approach that was not quantitative may provide a reasonable and supportable basis for assessing resilience in some circumstances.

We consider paragraph B17 narrows the flexibility expressed elsewhere in IFRS S2

23. Paragraph B17 requires an entity with a high degree of exposure to climate-related risks and opportunities, and access to the necessary skills, capabilities or resources, to apply a more advanced quantitative approach. This creates a tension with paragraph B4, which contemplates a “more quantitative or technically sophisticated approach”, and paragraph B15, which recognises that qualitative information, alone or combined with quantitative data, can provide a reasonable and supportable basis for assessing resilience in appropriate circumstances.

24. In our view, paragraph B17’s capability and resource threshold does not fully resolve the concern. It addresses whether an entity has the capability to undertake quantitative modelling, but not whether quantification is the most appropriate or decision-useful analytical approach.

We believe quantification can add insight but is not always the most useful form of sophistication

25. In our view, targeted quantification can provide greater specificity and support useful internal decision-making. However, stakeholders noted that more advanced quantitative scenario analysis can require significant data, specialist expertise and external support, particularly where granular physical-risk data are unavailable or physical and transition risks interact. In those circumstances, modelling may be costly, complex and uncertain and may introduce false precision without producing more decision-useful information.

26. We believe highly exposed and sufficiently resourced entities should be expected to undertake advanced analysis. However, preserving that expectation does not require analytical sophistication to be equated with quantification. A technically sophisticated approach that is

not quantitative could include detailed scenario narratives, systematic analysis of causal relationships and dependencies, entity-specific assessment of physical and transition risks, and structured testing of strategic responses and resilience.

International experience also indicates challenges with mandatory quantification

27. Other jurisdictions have also recognised challenges associated with quantitative scenario analysis. Canada provides three years' transitional relief from the quantitative aspects of scenario analysis, while Rwanda and Sri Lanka have phased or deferred scenario-analysis requirements. These approaches primarily address entities' readiness and the time needed to develop scenario-analysis capability. They do not address the separate issue identified through New Zealand's implementation experience: whether an advanced scenario-analysis approach must necessarily be quantitative once an entity has sufficient capability.

28. New Zealand CREs have several years' experience undertaking mandatory scenario analysis under NZ CS. Stakeholder feedback therefore provides evidence from entities that have developed and applied scenario analysis in practice. That experience suggests that analytical sophistication need not be equated with quantification and that a technically sophisticated approach that is not quantitative may, in some circumstances, provide a more appropriate and decision-useful basis for assessing resilience. The proposed amendment addresses this enduring question of analytical approach rather than providing transitional relief while capability develops.

We believe a targeted amendment would reduce alignment but preserve rigour

29. Amending paragraph B17 would create a New Zealand difference from IFRS S2 and AASB S2, as Australia retained the IFRS S2 requirement. It could also result in greater variation in the form of analysis undertaken. However, in our view the proposed amendment would preserve the required level of analytical sophistication and change only the assumption that greater sophistication must be quantitative. We consider this targeted departure is justified because paragraph B17's capability and resource threshold does not address whether quantification is appropriate or decision useful, and because the amendment would better align paragraph B17 with the flexibility expressed in paragraphs B4 and B15.

30. The fact that other jurisdictions have responded to quantitative scenario-analysis challenges through transitional relief does not remove the concern identified in New Zealand. Transitional relief assumes that quantification remains the appropriate end state once capability develops. The proposed amendment does not make that assumption. It preserves the expectation that highly exposed and sufficiently capable entities undertake advanced analysis, while recognising that an advanced approach may be technically sophisticated without necessarily being quantitative.

Recommendation: Amend paragraph B17 to permit technically sophisticated approaches that are not quantitative

31. We recommend amending paragraph B17 to require a more advanced quantitative <u>or technically sophisticated</u> approach. Consequential changes should be made to the preceding example in paragraph B17 so that the paragraph consistently preserves both pathways.

Ref	Per IFRS S2	Indicative change (not final)
B17	An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity does	An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity

Ref	Per IFRS S2	Indicative change (not final)
	not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative approach to climate-related scenario analysis.	does not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative or technically sophisticated approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative or technically sophisticated approach to climate-related scenario analysis.

32. This targeted amendment would retain the expectation that entities strengthen their analysis as their exposure and capability increase, while allowing a technically sophisticated approach that is not quantitative where it provides a reasonable and supportable basis for assessing resilience and produces decision-useful information for primary users.

33. Although the amendment would create a difference from IFRS S2 and AASB S2, we consider that the benefit of better aligning paragraph B17 with paragraphs B4 and B15, and avoiding quantification that is costly but not more decision useful, outweighs the loss of full alignment.

34. We recommend seeking specific feedback in the exposure draft on whether paragraph B17 should permit a technically sophisticated that is not quantitative, whether the proposed wording preserves an appropriately rigorous expectation for highly exposed and sufficiently resourced entities, and whether further criteria or guidance are needed to distinguish such an approach from a simpler qualitative analysis.

Issue 3: Annual resilience assessment requirement

35. A few stakeholders (three submitters and two participants) supported assessing resilience regularly but questioned whether this should require a full resilience assessment every reporting period where circumstances have not materially changed. They noted that climate risks and scenarios may change gradually and that annual reperformance could add cost and become a compliance exercise without providing materially new information. Stakeholders suggested distinguishing between annual consideration or updating of resilience, reassessing key assumptions, and fully reperforming scenario analysis, with clearer guidance on what is expected when there has been no material change.

36. One submitter expressly supported retaining the IFRS S2 resilience assessment disclosures without amendment because of their value to primary users.

IFRS S2 already permits scenario analysis to follow the strategic planning cycle

37. We consider that IFRS S2 already addresses part of the concern raised. Paragraph B18 does not require entities to repeat their climate-related scenario analysis annually. The analysis may be carried out in line with the entity's strategic planning cycle, including a multi-year cycle, and the related paragraph 22(b) disclosures may remain unchanged in intervening reporting periods.

This is explained in existing IFRS supporting implementation material. However, paragraph B18 requires the entity to assess its climate resilience annually and update the paragraph 22(a) disclosure of the assessment's results at each reporting date. This distinction was confirmed by the ISSB in the Basis for Conclusions paragraph BC68.

38. Some stakeholder concerns may therefore arise from interpreting annual resilience assessment as requiring annual reperformance of scenario analysis. We do not consider an amendment is needed to address that issue, because existing IFRS material already confirms that an entity may use its existing scenario analysis in intervening years, while considering whether updated risks, opportunities, assumptions, strategy, business model or external conditions affect its current resilience assessment. We therefore do not propose to develop NZ SX guidance. If further clarification is required, it should come from the ISSB through established channels, to avoid a different New Zealand interpretation.

39. The remaining issue is whether the annual resilience assessment itself should be required where there has been no material change. Providing relief on that basis would depart from IFRS S2's explicit requirement and from the ISSB's rationale that annual assessment is needed to reflect updated insights into climate uncertainty. We do not consider the feedback demonstrates that the annual assessment necessarily requires a full or costly process when circumstances have not materially changed. The entity may be able to confirm, through a proportionate annual review, that its previous assessment remains current and disclose that conclusion. We therefore recommend retaining the annual assessment and disclosure requirement without modification, and referring entities to existing IFRS material on the distinction between annual assessment and periodic reperformance of scenario analysis.

International practice retains the annual resilience assessment requirement

40. We have not identified another jurisdiction that has amended or proposed amending the annual resilience assessment requirement. Australia and the United Kingdom retained paragraph B18 unchanged. The IFRS S2 approach balances decision usefulness and cost by requiring the resilience assessment to be updated annually while allowing the underlying scenario analysis to follow a multi-year strategic planning cycle. These reasons are relevant in New Zealand. Existing IFRS supporting material already clarifies that annual resilience assessment does not require annual reperformance of scenario analysis, so we do not consider additional NZ SX guidance necessary.

Recommendation: Retain IFRS S2 requirements

41. We recommend retaining the annual resilience assessment requirement without modification. Existing IFRS material already confirms that an entity assesses its climate resilience annually but is not required to update its scenario analysis annually, so we do not propose NZ SX guidance. Any further clarification should come from the ISSB.

Issue 4: Updates to related defined terms

42. A small number of stakeholders commented on definitions. Two supported retaining the NZ CS definitions of "climate-related scenario" and "scenario analysis", noting that these have supported common understanding, consistent application and regulatory oversight. One participant also sought clarification of the meaning of resilience assessment. More generally, respondents emphasised the benefits of consistent terminology with international practice and avoiding unnecessary definitional differences.

We consider adding NZ CS definitions could have unintended consequences

43. IFRS S2 defines "climate resilience" and provides application guidance on using scenario analysis to assess it, but does not separately define "climate-related scenario", "scenario

analysis" or "resilience assessment". We acknowledge that retaining the NZ CS definitions could support continuity and common understanding. However, adding definitions that are not included in IFRS S2 would create a New Zealand-specific difference and could unintentionally narrow, expand or otherwise alter the interpretation of IFRS S2.

44. A New Zealand definition could affect the range of analyses treated as scenario analysis, the relationship between scenario analysis and the resilience assessment, or the application of related requirements. It could also become inconsistent with future ISSB interpretations or amendments. The limited stakeholder feedback does not demonstrate an implementation problem sufficiently significant to justify these risks.

AASB S2 clarifies the latest international climate agreement

45. We identified that AASB S2 modifies one defined term relevant to scenario analysis. IFRS S2 defines the "latest international agreement on climate change" as an agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change. AASB S2 adds that this is "the Paris Agreement, December 2015". Paragraph 22(b)(i)(4) requires an entity to disclose whether it used, among its scenarios, one aligned with the latest international agreement on climate change. IFRS S2 Basis for Conclusions paragraph BC145 explains that, at the time IFRS S2 was issued, this agreement was the Paris Agreement. No stakeholder raised this matter in feedback.

46. We do not recommend incorporating this AASB S2 clarification into NZ SX. The IFRS S2 definition is deliberately capable of applying to the latest relevant international agreement over time. Naming the Paris Agreement would make the definition more immediately explicit, but it could also require a future amendment if the relevant international agreement changes or is superseded. Retaining the IFRS S2 wording avoids creating an unnecessary New Zealand difference and preserves the definition's ability to operate dynamically. In our view, the benefit of explicitness does not outweigh the value of retaining a dynamic, internationally aligned definition.

47. New Zealand's legislative context does not alter this conclusion. The Climate Change Response Act 2002 refers to New Zealand's contribution to the global effort under the Paris Agreement, but it does not require NZ SX to define the latest international agreement. The clarification would also not materially change the paragraph 22(b)(i)(4) disclosure of whether an aligned scenario was used; it does not require an entity to use a Paris-aligned or 1.5°C scenario. We do not propose NZ SX guidance on this term. If further clarification is required, it should come from the ISSB through established channels.

Other jurisdictions retain IFRS S2's defined terms

48. We have not identified similar modifications to the scenario-analysis definitions or terminology in other jurisdictions implementing IFRS S2.

Recommendation: Retain IFRS S2 terminology without adding New Zealand-specific definitions

49. We recommend retaining the definitions and terminology in IFRS S2 without adding New Zealand-specific definitions of "climate-related scenario", "scenario analysis" or "resilience assessment" and without adopting the AASB S2 clarification of "latest international agreement on climate change". We do not propose to develop NZ SX guidance on these terms, because domestic explanation risks creating a different New Zealand interpretation and could operate as a de facto definition. If further clarification is required, it should come from the ISSB through established channels. This approach preserves international alignment with IFRS S2 and AASB S2.

Appendix 4: Summary of relevant stakeholder feedback

50. This section presents the underlying consultation evidence. Evaluation and conclusions are set out above.

Overview of responders

- 39 (of 53) entities provided written submissions with feedback specifically on scenario analysis
- 24 entities provided verbal feedback on scenario analysis at virtual events

Responses from users

51. Of the written submissions received on scenario analysis only five were from users. This means that any observed differences in views between users and preparers needs to be treated with caution.

Most stakeholders favoured alignment, but differed on whether the most appropriate reference point was IFRS S2 or AASB S2

52. Written feedback showed support for international alignment, but stakeholders differed on whether alignment should be with IFRS S2, the Australian approach, a hybrid approach or existing NZ CS settings. Stakeholders supporting Australian harmonisation or a hybrid approach were more likely to support a minimum number of scenarios.
    - Of these 20 (51%) supported international alignment
    - Eight (21%) supported Australian harmonisation, six (15%) supported some kind of hybrid solution and five (13%) supported retaining NZ CS settings
    - In addition, eight submitters including six international investors who did not specifically feedback on scenario analysis were supportive of adopting IFRS S2 without modification. There is no clear position on this point from the remaining six who did not respond specifically on scenario analysis.

Ensure scenario selection supports a robust resilience assessment

53. Written feedback indicated that scenario selection should support a sufficiently robust assessment of resilience. Although views differed on whether entities should use two, three or an entity-specific number of scenarios, respondents generally supported using sufficiently differentiated scenarios that test a range of plausible futures and material transition and physical risks.

54. Across the feedback, respondents emphasised that scenario analysis should produce a sufficiently differentiated and decision-useful assessment of resilience. Many also supported prescribing a minimum number of scenarios as a guardrail for achieving that objective, although views differed on what that minimum should be. No verbal feedback was received on this matter.

More stakeholders supported prescribing a minimum number of scenarios than leaving the number entirely to the entity

55. Of the written submissions 23 (59%) stakeholders supported, or clearly implied support for, a minimum number of scenarios. The remaining 16 stakeholders opposed prescribing a minimum.

56. Verbal feedback expressed broad support for requiring more than one scenario. However, there were mixed views on the number of scenarios required with four entities (including one CRE and one user of climate reporting) preferring flexibility in these areas.

Of those who supported prescribing a minimum number, two scenarios had the broadest support

57. 12 submissions expressly supported two scenarios. These stakeholders generally favoured testing two materially different futures, typically one characterised by greater transition risk and one by greater physical risk. These stakeholders believed this could test resilience while reducing unnecessary complexity and supporting trans-Tasman comparability.

58. Four submissions supported an entity using more than one scenario but they did not express a preference for a particular number of scenarios, while eight submissions suggested that at least three scenarios should be required.

59. At virtual events two stakeholders stressed that a range of scenarios provided for better evaluation of risks faced by the entity. Two non-CRE preparers said that they analyse four scenarios, supporting the perspective of some others that a minimum requirement doesn't stop an entity creating more scenarios for their own purposes. Two stakeholders (both CREs with Australian parents) suggested that flexibility would allow Australian subsidiaries to align with their parent and avoid unnecessary cost and burden.

Stakeholders were divided on whether temperature outcomes should be prescribed

60. Of the 39 written submissions, 20 (51%) supported some prescription in temperature outcomes. Stakeholders had the following suggestions.

    - Five supported 1.5°C and well above 2° which is consistent with the Australian approach
    - Four supported 1.5°C and a higher-warming outcome but did not specify the precise temperature for the higher-warming scenario
    - Three supported 1.5°C, at least 3°C and a third scenario consistent with the existing NZ CS approach
    - The following outcomes were each suggested by one submitter
        - 1.5°C and above 3°
        - 1.5°C, a credible higher-warming outcome and a third scenario
        - 1.5°C, and two others with outcomes not specified
        - 1.5°C, well above 2°C and a third scenario
        - Retaining an outcome of at least 3°C

61. Verbal feedback again suggested mixed views on requiring specific temperature outcomes. Four participants supported flexibility, suggesting that it allows entities to select temperature outcomes relevant to their circumstances. Terms such as 'well exceeding' were suggested. One user of climate reporting added that scenarios should have noticeably different temperature outcomes.

A small number of stakeholders questioned whether a strict 1.5° C scenario remains sufficiently plausible

62. Three submitters questioned whether a 1.5°C scenario with no or limited overshoot remains plausible given evolving climate science. They suggested that any prescribed low-warming scenario should retain sufficient flexibility to reflect overshoot or other developments in the scientific evidence.

63. At the virtual events three stakeholders questioned whether a 1.5°C future was still plausible and how useful this reporting would be. At in-person events, discussions focussed on temperature outcomes, specifically whether a 1.5°C scenario was still plausible.

Respondents sought flexibility in how climate resilience is assessed

64. Four submitters commented on resilience assessments. Two supported regular assessment but considered that entities should not be expected to repeat a full resilience assessment or scenario analysis exercise every year where circumstances have not materially changed. They sought clearer distinctions between annual review, updating assumptions and fully reperforming the analysis. Another respondent emphasised that resilience assessment should be practical, integrated and proportionate to existing investment and regulatory decision making, while the final submitter emphasised that resilience disclosures are particularly useful for users. Two participants also questioned the need for a full annual resilience assessment where climate risks or the business had not materially changed, noting the potential additional cost and complexity and seeking greater clarity about what an annual assessment is expected to involve.

Respondents supported proportionality while preserving decision-useful information

65. Eight submitters supported proportionate application of IFRS S2 but differed on how this should be achieved. Four favoured clarifying the IFRS S2 proportionality mechanisms and their practical application through guidance. Other respondents emphasised materiality, entity circumstances and the needs of smaller entities especially in relation to number of scenarios. Across the feedback, proportionality was generally seen as a means of reducing unnecessary burden while preserving material and decision-useful information.

XRB | Te Kāwai Ārahi Pūrongo Mōwaho EXTERNAL REPORTING BOARD

Memorandum

To:	SRB members
Meeting date:	1 December 2026
Subject:	**Application of the Decision-making framework for NZ SX to the requirements in IFRS S1**
Date:	23 November 2026
Prepared by:	Lisa Kelsey
Through:	Amelia Sharman

☒ **Action Required** ☐ **For Information Purposes Only**

Purpose[1]

1. To seek the Board's consideration of, and agreement in principle to, our proposed approach to the disclosure requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (**IFRS S1**), other than those listed in the table following paragraph 12, based on our application of the *Decision-making framework for NZ SX* (the framework).[2] The remaining IFRS S1 requirements will be brought back to the Board at its 9 February 2027 meeting.

Recommendations

2. That the Board:

   (a) NOTE the analysis of stakeholder feedback on the disclosure requirements in IFRS S1 (other than those listed in the table following paragraph 12) from the climate reporting roadmap consultation in Appendix 3.

   (b) NOTE the comparisons of the disclosure requirements in IFRS S1 (other than those listed in the table following paragraph 12) with the corresponding requirements in Appendix D of AASB S2 *Climate-related Disclosures* (**AASB S2**) in Appendix 2.

   (c) CONSIDER the summary of staff analysis in this memo and the detailed application of the framework in Appendix 1.

   (d) AGREE IN PRINCIPLE to:

      i. include in NZ SX all IFRS S1 paragraphs coded green in Tables 1–4 of Appendix 2, with climate-specific wording and New Zealand references substituted as appropriate

      ii. not include in NZ SX any IFRS S1 paragraphs coded grey in Tables 1–4 of Appendix 2

[1] This memo 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, and ISSB® papers).

[2] "NZ SX" is used as a working title in this memo while the final name of the proposed New Zealand climate standard or standards is being considered.

iii. not include in NZ SX the Australian-specific not-for-profit paragraphs coded purple in Tables 1–4 of Appendix 2

iv. apply the approaches proposed for Issues 1–6 to the paragraphs coded orange in Tables 1–4 of Appendix 2

(e) NOTE the next steps described in this memo.

Background

3. IFRS S2 *Climate-related Disclosures* (**IFRS S2**) is applied together with IFRS S1; an entity does not apply IFRS S2 on its own. IFRS S1 sets the overall requirements for sustainability-related financial disclosures, while IFRS S2 builds on those requirements by specifying additional disclosures about climate-related risks and opportunities.

4. Incorporating the requirements of IFRS S2 into NZ SX therefore requires us to incorporate the climate-relevant requirements of IFRS S1. These requirements include:

   (a) conceptual foundations

   (b) general requirements, including sources of guidance, the location and timing of disclosures, comparative information and statements of compliance

   (c) requirements relating to the exercise of judgement, measurement uncertainty and the correction of errors.

5. Paragraph E5 of IFRS S1 provides transitional relief that permits an entity, in its first annual reporting period applying IFRS S1, to disclose information about only its climate-related risks and opportunities in accordance with IFRS S2—the so-called "climate-first" approach. When using the relief, the entity applies IFRS S1 only insofar as its requirements relate to climate-related risks and opportunities and must disclose that it has used the relief.

6. In January 2025, the ISSB published educational material, *Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2*, to help preparers identify which IFRS S1 requirements apply when using the climate-first relief. Although the material addresses a transitional relief for preparers, rather than the development of a climate-only standard, it is relevant and useful to our work because our statutory mandate is limited to climate standards.

Australian considerations

7. In September 2024, the AASB issued AASB S2. Because AASB S1 is voluntary, the AASB included in Appendix D the IFRS S1 content it considered necessary for AASB S2 to operate as a standalone mandatory standard. It assessed whether each IFRS S1 requirement was already incorporated in AASB S2, and whether it reflected content in the AASB's conceptual frameworks or in Accounting Standards. The AASB's Basis for Conclusions does not explain its reasoning for individual paragraphs. The AASB also did not have the benefit of the ISSB's educational material, which was published later. Consequently, Appendix D and the ISSB's educational material do not align in every respect.[3]

8. Appendix D of AASB S2 reproduces selected IFRS S1 content, drawn from the main requirements as well as the application guidance (Appendix B) and the qualitative characteristics of useful information (Appendix D), with changes to make it climate-specific. These changes include replacing "sustainability-related" with "climate-related" and replacing references to IFRS Sustainability Disclosure Standards and IFRS Accounting Standards with

[3] See paragraphs BC20 to BC21 of Basis for Conclusions on AASB S2.

their Australian equivalents. Appendix D retains the IFRS S1 paragraph numbering and marks omitted paragraphs "[Not included]" without giving reasons. The omitted paragraphs include the core content requirements for governance, strategy, risk management and metrics and targets, which AASB S2 already covers. Appendix D also adds Australian-specific paragraphs where the AASB considered a departure from IFRS S1 was needed, for example Aus20.1 on the reporting entity. AASB S2 also adds Australian-specific paragraphs for not-for-profit entities.

9. The AASB included the IFRS S1 conceptual content in Appendix D even though its conceptual frameworks are not legislative instruments, and its exposure draft (ED SR1) had proposed leaving that content out. Stakeholders told the AASB that sustainability reporting needs this content because there is no comprehensive set of standards behind it. The AASB also noted that the content is largely similar to principles already in some Accounting Standards.[4]

10. We considered both the ISSB's educational material and Appendix D of AASB S2 in assessing which IFRS S1 requirements should be incorporated into NZ SX. Appendix 2 sets out the comparison.

Reference documents

11. Board members may find it helpful to have IFRS S1 open while reading this memo. It is in the reference section of BoardPro.

Application of the framework

Requirements to be brought back to a future meeting

12. We have not applied the framework in this memo to all the IFRS S1 requirements. The requirements in the table below will be brought back to the Board at its 9 February 2027 meeting. The Board is not being asked to make decisions on them now.

Topic	IFRS S1 paragraphs	Related application guidance	Reason
Objective and scope	1–9	None	Best considered at the same time as the equivalent requirements for the other NZ SX standard, so the approach is consistent
Core content–Metrics and targets	45–53	None	To be considered together with the IFRS S2 metrics and targets requirements, so the two are coherent.
Sources of guidance	55(b) and 75(b)	None	Staff need more time to analyse these requirements and consider options before making recommendations.
Disclosure of information about sources of guidance	59	None	
Location of disclosures	60–63	B27 and B45–B47	
Timing of reporting	64–69	B48	
Defined terms	Appendix A	None	Best considered together with the defined terms in the other NZ SX standard, because the definitions need to be aligned and depend on the requirements they support.
Effective date and transition	Appendix E, paragraphs E1–E6	None	Best considered at the same time as the equivalent requirements for the other NZ SX standard, so the approach is consistent

[4] See paragraphs BC22 to BC24 of the Basis for Conclusions on AASB S2.

Requirements to which the framework has been applied

13. We applied the framework to the IFRS S1 disclosure requirements (excluding those listed in the table following paragraph 12).

14. In doing so, we considered:

    (a) relevant New Zealand legislative and regulatory settings

    (b) differences between IFRS S1 and Appendix D of AASB S2

    (c) relevant stakeholder feedback from the climate reporting roadmap consultation.

15. Appendices 2 and 3 contain the supporting comparison and stakeholder feedback analysis. Appendix 1 sets out our detailed application of the framework.

16. For the IFRS S1 requirements coded green in Tables 1–4 of Appendix 2, we did not identify a basis for rebutting the presumption in favour of retaining IFRS S1 requirements. We therefore propose including those requirements in NZ SX, with climate-specific wording (for example, "climate-related" in place of "sustainability-related") and New Zealand references substituted for references to the suite of standards, but without any other change to their substance. We also propose not to include the IFRS S1 requirements coded grey, or the Australian-specific not-for-profit paragraphs coded purple.

17. By contrast, the requirements coded orange in Appendix 2 are those where the ISSB educational material and AASB S2 take different approaches, or where an IFRS S1 example goes beyond climate. Our analysis of these identified matters requiring Board consideration in relation to paragraphs 12, 20, Aus20.1, B38, AusB38.1, 33(c) and B44(b), 71, 75(d), B3–B5, B6(b), B11, B12 and B30. These are summarised as Issues 1–6 below and analysed in Appendix 1.

Summary of our analysis

18. The table below summarises the staff analysis of each matter requiring Board consideration. Appendix 1 contains the detailed analysis applying the relevant steps of the framework.

Issue 1: Reporting entity requirements in IFRS S1

Issue	IFRS S1 paragraph 20 requires climate-related disclosures to be for the same reporting entity as the related financial statements. Part 7A of the Financial Markets Conduct Act 2013 (FMC Act) determines whether, and how, entities are subject to the climate-related disclosures framework and so are classified as climate reporting entities. An unqualified "same reporting entity" requirement in NZ SX could conflict with Part 7A, which a standard cannot override. The Board needs to decide whether to include an override.
Proposed approach	Replace IFRS S1 paragraphs 20 and B38 with New Zealand-specific paragraphs [NZ20.1 and NZB38.1] so that the departure from IFRS S1 is clearly identifiable. The new paragraph would replicate paragraph 21 of NZ CS 3 *General Requirements for Climate-related Disclosures*: "Except as otherwise required by Part 7A of the Financial Markets Conduct Act 2013, an entity must prepare its climate-related disclosures for the same reporting entity as its financial statements." This follows the approach AASB S2 takes in Aus20.1 and AusB38.1 (a separate local paragraph), but is narrower in substance than "unless otherwise permitted by law" and is consistent with NZ CS 3 and the roadmap consultation.
Key reasons and evidence	• Same default as IFRS S1 and NZ CS 3: NZ SX keeps the requirement that climate-related disclosures are prepared for the same reporting entity as the financial statements. This supports "high-quality, credible, integrated reporting" and clear links between the financial statements and the climate-related disclosures

	• Part 7A of the FMC Act decides who reports and how: Part 7A determines whether, and how, entities are subject to the climate-related disclosures framework and so are climate reporting entities. A standard cannot override legislation, so an unqualified "same reporting entity" requirement could conflict with Part 7A. An override is needed for NZ SX to operate consistently with the legislation • Consistent with NZ CS 3: the XRB already included the override in paragraph 21 of NZ CS 3. • Already consulted on: the approach was proposed in section 7.2.2 of the consultation document that accompanied the draft climate reporting roadmap (we did not receive any feedback that we should not do this)

Issue 2: Trade-offs requirement in IFRS S1

Issue	IFRS S1 paragraph 33(c) requires disclosure of trade-offs between sustainability-related risks and opportunities the entity considered. The ISSB educational material treats it as applicable to climate-only reporting, but AASB S2 omits it. The example in paragraph 33(c) also goes beyond climate. Paragraph B44(b) includes a reference to paragraph 33(c). The Board needs to decide whether NZ SX should include paragraph 33(c) and retain B44(b)'s reference to it.
Proposed approach	Include paragraph 33(c) in NZ SX, with "climate-related" wording, replacing its example (environmental impacts and employment opportunities in a community) with a climate-specific example. Retain B44(b) with its reference to 33(c) and replace its restructuring/workforce example with a climate-specific example. Note that we will liaise with ISSB staff on the text of these examples. [Placeholder example for paragraph 33(c) – to be confirmed during drafting of the exposure draft: For example, in making a decision on the location of new operations, an entity might have considered the physical risk of flooding at a lower-cost coastal site against the opportunity to benefit from access to renewable energy and lower operating costs at that site].
Key reasons and evidence	• It aligns with the ISSB educational material • It fills the gap left by IFRS S2, which has no explicit equivalent, so omission would mean trade-offs are not explicitly required • The examples are made climate-specific to stay within the XRB's mandate • It is an additional disclosure compared with AASB S2, but the cost is limited because it applies only to trade-offs the entity actually considered

Issue 3: Comparative information example in IFRS S1

Issue	IFRS S1 paragraph 71 illustrates the types of amounts for which comparative information is disclosed, for example metrics and targets, and current and anticipated financial effects. The ISSB educational material treats it as useful to retain for illustrative purposes, but AASB S2 omits it. The Board needs to decide whether NZ SX should include it.
Proposed approach	Include paragraph 71 in NZ SX, with "climate-related" wording replacing "sustainability-related.
Key reasons and evidence	• It aligns with the ISSB educational material, which treats the paragraph as useful to retain for illustrative purposes on the types of comparative disclosures • It illustrates the comparative information requirement in paragraph 70. Omitting it would remove the illustration of which amounts need comparatives

	• The AASB did not explain its omission, and the cost of departing from the Australian approach is negligible because the paragraph is illustrative and adds no disclosure obligation • No change to the substance of the paragraph is needed beyond the "climate-related" wording

Issue 4: Interdependencies in identifying climate-related risks and opportunities

Issue	IFRS S1 paragraphs B1–B5 provide context on the interdependencies between the entity and its value chain when assessing climate-related risks and opportunities. AASB S2 includes B1 and B2 but omits B3–B5. B3 includes examples that build on B2. The ISSB educational material treats B3–B5 as applicable to climate-only reporting. The examples in B3 (water as a natural resource, and a specialised workforce) go beyond climate. The Board needs to decide whether NZ SX should include B3–B5.
Proposed approach	Include B3 in NZ SX with "climate-related" wording and climate-specific examples in place of the water and workforce examples. Include B4 and B5 with "climate-related" wording replacing "sustainability-related". (B1 and B2 are already in AASB S2.) Note that we will liaise with ISSB staff on the text of this example. [Placeholder example – to be confirmed during the drafting of the exposure draft: For example, if an entity's business model depends on a natural resource such as water, the entity could be affected by changes in its availability or quality due to climate change, such as increased drought or flooding. Degradation or depletion of that resource could create a risk of disruption to the entity's operations and ultimately negatively affect its financial performance and financial position; improved resilience of that resource, or of the entity's access to it, could positively affect the entity. Similarly, an entity's operations may depend on infrastructure and supply chains exposed to climate-related physical risks or transition risks. Investing in the resilience of that infrastructure and those supply chains could reduce the entity's exposure and present an opportunity to protect or improve its financial performance.]
Key reasons and evidence	• It aligns with the ISSB educational material • B3–B5 explain dependencies and impacts throughout the value chain. They complete the context that B1 and B2 start, and AASB S2 includes B1 and B2 • B3's examples build on B2, so omitting B3 leaves B2 without its illustrations • The B3 examples are made climate-specific to stay within the XRB's mandate. The workforce example in particular cannot be made climate-related by changing wording • The AASB did not explain its omission • It adds no new disclosure obligation, so the cost of departing from the Australian approach is low

Issue 5: Value chain scope and reassessment in IFRS S1

Issue	IFRS S1 paragraph B6(b) and its lead in requires an entity to determine the scope of its value chain, including its breadth and composition, using all reasonable and supportable information available without undue cost or effort (see B8–B10). This is a proportionality mechanism: it sets the information to be used and limits the effort required. Paragraph B11 requires an entity to reassess that scope on a significant event or significant change in circumstances, and B12 permits more frequent reassessment. These paragraphs do not in themselves create disclosure requirements, but B6(b) and B11 require an underlying assessment. The B6 lead-in applies the proportionality mechanism of using all reasonable and supportable information available without undue cost or effort (see B8–B10) to determining the scope of the value chain under B6(b). The ISSB educational material treats these paragraphs as applicable to climate-only reporting. AASB S2 includes B8–B10, which explain the proportionality

	mechanism, but omits B6(b) and its lead-in, B11 and B12. Without B6(b), NZ SX would contain no requirement applying the proportionality mechanism to determining value chain scope. The Board needs to decide whether to include these paragraphs in NZ SX.
Proposed approach	Include paragraphs B6(b) and its lead in, B11 and B12 in NZ SX, with "climate-related" wording replacing "sustainability-related".
Key reasons and evidence	• It aligns with the ISSB educational material, which treats B6(b), B11 and B12 as applicable when reporting only climate-related disclosures. • No reason to rebut the presumption in favour of retaining IFRS S1 requirements: the AASB did not explain its omission. • B6(b) applies the proportionality mechanism in B8–B10 to determining value chain scope. AASB S2 includes B8–B10 but not B6(b), so omission would leave no requirement applying the mechanism to value chain scope. • It supports IFRS S2 requirements on value chain scope, including Scope 3 categories • It makes clear the requirements are not limited to greenhouse gas emissions • It adds no new disclosure requirement. The harmonisation cost is low but not nil, because an entity applying NZ SX must, on the occurrence of a significant event or significant change in circumstances, undertake an underlying assessment of its value chain scope that it is not required to carry out under AASB S2.

Issue 6: Example of disaggregation in IFRS S1 paragraph B30

Issue	IFRS S1 paragraph B30 requires an entity not to aggregate information if doing so would obscure material information. Its example (water drawn from abundant sources versus water-stressed areas) is nature-related and goes beyond climate. AASB S2 includes B30 with "climate-related" wording only. The Board needs to decide whether to change the example.
Proposed approach	Include B30 in NZ SX with "climate-related" wording and a climate-specific example in place of the water example. Note that we will liaise with ISSB staff on the text of this example. [Placeholder example – to be confirmed during drafting of the exposure draft: For example, an entity might need to disaggregate information about its physical assets to distinguish between assets located in areas of high exposure to flooding or sea-level rise and assets located in areas of low exposure.]
Key reasons and evidence	• The example is made climate-specific to stay within the XRB's mandate • The requirement is unchanged • It adds no new disclosure obligation, so the cost of departing from the Australian example is negligible

Next steps

19. Subject to the Board's decision, we will reflect the agreed approaches in the drafting of the exposure draft of NZ SX. We will also prepare the accompanying consultation document, including any specific consultation questions agreed by the Board.

20. We will present the exposure draft and the accompanying consultation document to the Board for consideration at a future meeting.

Appendix 1: Staff analysis applying the decision-making framework

Scope of the analysis

21. We applied the Decision-making framework to the IFRS S1 disclosure requirements that are not listed in the table below paragraph 12.

22. The analysis below focuses on the paragraphs coded orange in Appendix 2. These are the requirements for which the ISSB educational material and AASB S2 take different approaches, or where the IFRS S1 example goes beyond climate, so the proposed approach to NZ SX had to be determined.

Key legislative context

23. The XRB prepares and issues climate standards under section 12(aa) of the Financial Reporting Act 2013 (**FR Act**). Climate reporting entities (**CREs**) must report in accordance with the XRB's climate standards.

24. The XRB does not have the power to issue binding general sustainability reporting standards or standards on sustainability-specific topics other than climate. However, section 19A of the FR Act states that the XRB may issue non-binding guidance that relates to non-financial reporting on various matters, including social and environmental matters.

25. As a result, New Zealand's mandatory reporting framework is limited to climate-related disclosures rather than broader sustainability-related disclosures.

26. The analysis below should be read in light of this legislative context.

Applying the decision-making framework

Issue 1: Reporting entity requirements in IFRS S1

27. The sections below apply the relevant steps of the framework to the reporting entity requirements in IFRS S1 – paragraphs 20 and B38. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 20 and B38 of IFRS S1
Has Australia taken a different approach from IFRS S1?	Yes. AASB S2 replaces paragraph 20 with Aus20.1 ('unless otherwise permitted by law') and B38 with AusB38.1. The carve-out avoids a conflict with the Australian Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024.
What issue or concern has been identified?	Whether NZ SX should retain IFRS S1 paragraph 20 and B38, which require climate disclosures to be for the same reporting entity as the related financial statements, or include a carve-out where New Zealand legislation permits or requires a different reporting entity.
How was the issue identified?	Already identified in the consultation document which accompanied the draft climate reporting roadmap
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	Yes

Question	Staff analysis
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Change

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

Question	Staff analysis
Is a modification needed to ensure that NZ SX operates effectively and consistently within New Zealand's legislative or regulatory framework?	Yes. Paragraph 20 would otherwise require the climate statements to cover the same entity as the financial statements, which may conflict with Part 7A of the Financial Markets Conduct Act 2013.
What New Zealand legislative, regulatory, assurance or other legal requirement is relevant?	Part 7A of the Financial Markets Conduct Act 2013
Is the modification limited to what is needed to address that matter?	Yes. The modification only allows a departure from the 'same reporting entity' requirement where legislation requires or permits it. All other requirements are unchanged.
Where possible, how could the modification preserve the substance and intent of the IFRS S1 requirement?	Yes, the default requirement remains that climate statements are for the same entity as the financial statements. This preserves the intent of connected, consistent reporting. The carve-out applies only where Part 7A requires otherwise.

Step 3: Consider whether Australian harmonisation is relevant

☒ *This step is not applicable.*

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

☒ *This step is not applicable.*

Step 5: Consider whether the issue can be addressed outside the standard

☒ *This step is not applicable.*

Step 6: Weigh the evidence and exercise judgement

☒ *This step is not applicable.*

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No, the related application paragraph B38 is also replaced with an NZ specific paragraph.

Question	Staff analysis
Could it have unintended consequences, including undermining another requirement or making it less effective?	No. The carve-out is conditional on legislative permission, so it does not weaken the requirement for entities not covered by it.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It aligns NZ SX with the FMC Act, so climate statements are prepared for the entity the legislation specifies
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Yes. B38 is also replaced with an NZ specific paragraph

Issue 2: Trade-offs requirement in IFRS S1

28. The sections below apply the relevant steps of the framework to paragraph 33(c) of IFRS S1and paragraph B44(b) which references back to paragraph 33(c). Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 33(c) of IFRS S1, read with paragraph 33 and paragraph B44(b) (other examples of connected information) which references back to paragraph 33(c).
Has Australia taken a different approach from IFRS S2?	Yes. Appendix D of AASB S2 does not include paragraph 33(c) and has removed reference to paragraph 33(c) from paragraph B44(b). The AASB's Basis for Conclusions does not explain its reasoning for individual paragraphs.
What issue or concern has been identified?	The ISSB educational material treats paragraph 33(c) as applicable when reporting only climate-related disclosures, but AASB S2 omits it. Omission would mean disclosure of trade-offs between climate-related risks and opportunities is not explicitly required. The example in paragraph 33(c) refers to environmental impacts and employment opportunities in a community, which goes beyond climate. The example in B44(b) refers to the effect of a restructuring decision, made in response to a sustainability-related risk, on the size and composition of the workforce; it is not limited to climate-related risks.
How was the issue identified?	Staff analysis comparing the ISSB educational material with Appendix D of AASB S2 (Appendix 2, Table 1).
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	Partly. The example's scope is affected by the limit of the XRB's mandate to climate.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Change to illustrative example.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 omits paragraph 33(c) (Appendix 2, Table 1) and removes the reference to paragraph 33(c) from paragraph B44(b) (Appendix 2, Table 2)
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	AASB S2
What is the substance of the Australian approach?	Paragraph 33(c) is not reproduced in Appendix D and the reference is removed from paragraph B44(b)
Does the Australian approach add to, remove or change an IFRS S2 requirement?	Remove
Why did Australia take that approach?	Not stated
Does that rationale apply in New Zealand?	Not determinable
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	Possible loss of useful climate-related information
Would adopting the Australian approach reduce the usefulness of information for primary users?	Yes
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	No stakeholder feedback received on this requirement
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to comply with NZ SX and, where relevant, IFRS S1 or AASB S2?	No, the alternative is the Australian omission
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	Some. NZ SX would require disclosure of trade-offs that AASB S2 does not require, so entities reporting under both standards would need to assess this additional requirement. The impact is limited because paragraph 33(c) applies only to trade-offs the entity actually considered. AASB S2 retains paragraph B44(b) without its reference to paragraph 33(c), so omitting 33(c) does leave an internal inconsistency in the Australian approach.

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

Question	Staff analysis
What locally relevant modification is being considered?	Replace the IFRS S1 examples in paragraphs 33(c) and B44(b) with climate-specific examples appropriate to each paragraph. The requirement is unchanged apart from replacing "sustainability-related" with "climate-related".

Question	Staff analysis
What evidence supports a compelling reason for the modification?	NZ's mandatory framework is limited to climate-related disclosures (Financial Reporting Act 2013, section 12(aa); Key legislative context). The IFRS S1 examples are not limited to climate: the 33(c) example refers to environmental impacts and employment opportunities, and the B44(b) example refers to workforce effects of restructuring in response to a sustainability-related risk.
Is the evidence sufficiently clear to justify departing from IFRS S1, with stronger rationale and evidence for a more significant departure?	Yes. The departure is minor and affects only an illustrative example
Would the modification be inconsistent with the statutory purpose of climate standards?	No. It aligns the example with the statutory scope.
What effect would the modification have on the usefulness of information for primary users?	Neutral to positive. It keeps preparers focused on climate-related trade-off
Is there evidence that applying the IFRS S1 requirement in New Zealand would result in undue cost or practical difficulty?	Not applicable
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	Yes. Changing the examples adds no cost. Retaining paragraph 33(c) is an additional disclosure compared with AASB S2, but it applies only to trade-offs the entity actually considered, and the benefit to primary users of understanding those trade-offs outweighs the limited cost.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not applicable
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	Not identified any
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Negligible

Step 5: Consider whether the issue can be addressed outside the standard

☒ *This step is not applicable.*

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	The AASB gave no rationale for omitting paragraph 33(c) (see Step 3)
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Yes. The ISSB treats paragraph 33(c) as applicable, but AASB S2 omits it while retaining B44(b) without its reference to 33(c).
What weight should be given to the different evidence and considerations, and why?	More weight on international alignment and the ISSB educational material. We consider the weight of international alignment is stronger than replicating what appears to be a potential oversight in AASB S2, which omits paragraph 33(c) but retains B44(b) without its reference to 33(c), and for which the AASB

Question	Staff analysis
	gave no reasoning. The harmonisation cost is low but not nil: entities reporting under both standards will have an additional disclosure requirement that AASB S2 does not impose. This is limited because 33(c) applies only to trade-offs the entity actually considered.
Has the presumption that IFRS S1 requirements will be retained been rebutted?	No
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain paragraph 33(c) with a climate-specific example.

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes. It complements paragraph 33(a)–(b), which Table 1 maps to IFRS S2.14.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No. Retaining 33(c) keeps B44(b)'s reference to it coherent within NZ SX. The inconsistency lies in AASB S2, not NZ SX.
Could it have unintended consequences, including undermining another requirement or making it less effective?	No for NZ SX. The example is illustrative and the requirement is unchanged. The only consequence is the additional disclosure for entities that also report under AASB S2 (see Step 3).
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It fills the gap that omission would leave.
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Yes. Paragraph B44(b) refers back to paragraph 33(c), and AASB S2 removed that reference. Retaining 33(c) therefore also restores the reference in B44(b). B44(b) also includes an example about restructuring in response to a sustainability-related risk and its effect on the workforce. This example will be replaced with a climate-specific example.

Issue 3: Comparative information example in IFRS S1

29. The sections below apply the relevant steps of the framework to paragraph 71 of IFRS S1. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph 71 of IFRS S1 (illustrative description of amounts reported in sustainability-related financial disclosures, such as metrics and targets and current and anticipated financial effects). It supports the comparative information requirement in paragraph 70
Has Australia taken a different approach from IFRS S1?	Yes. Appendix D of AASB S2 does not include paragraph 71. The AASB's Basis for Conclusions does not explain its reasoning for individual paragraphs.

Question	Staff analysis
What issue or concern has been identified?	The ISSB educational material treats paragraph 71 as applicable when reporting only climate-related disclosures, noting it is useful to retain for illustrative purposes on the types of comparative disclosures. AASB S2 omits it
How was the issue identified?	The ISSB educational material treats paragraph 71 as applicable when reporting only climate-related disclosures, noting it is useful to retain for illustrative purposes on the types of comparative disclosures. AASB S2 omits it
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	No
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	No

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 omits paragraph 71 (Appendix 2, Table 1)
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	AASB S2
What is the substance of the Australian approach?	Paragraph 71 is not reproduced in Appendix D
Does the Australian approach add to, remove or change an IFRS S1 requirement?	Remove
Why did Australia take that approach?	Not stated
Does that rationale apply in New Zealand?	Not determinable.
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	No. Omitting an illustrative paragraph would not be inconsistent with the statutory purpose.
Would adopting the Australian approach reduce the usefulness of information for primary users?	Limited. Paragraph 71 is explanatory, but removing it would take away the illustration of which amounts need comparatives, which could reduce clarity for preparers.
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	No stakeholder feedback received on this requirement.
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to	No. The alternative is the Australian omission.

Question	Staff analysis
comply with NZ SX and, where relevant, IFRS S1 or AASB S2?	
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	No. The paragraph is illustrative and adds no disclosure obligation.

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

☒ *This step is not applicable.*

Step 5: Consider whether the issue can be addressed outside the standard

This step applies only where a modification to NZ SX is being considered.

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	No. Paragraph 71 is a short explanatory paragraph. Moving it into non-mandatory guidance would not be worth the effort.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	No. Paragraph 71 is a short explanatory paragraph. Moving it into non-mandatory guidance would not be worth the effort.
Would this approach maintain alignment with IFRS S1?	No. Paragraph 71 is a short explanatory paragraph. Moving it into non-mandatory guidance would not be worth the effort.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Moving the paragraph out of the standard would separate the explanation from the requirement it supports. Preparers would have to consult a second document to read paragraph 70, and the guidance would have no legal force. The cost of developing and maintaining separate material is not justified for one short paragraph.
Staff conclusion on Step 5 Address in NZ SX. Paragraph 71 is best retained in the standard, immediately after paragraph 70, where it explains the comparative information requirement.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	The AASB gave no rationale for omitting paragraph 71 (see Step 3)
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Yes, a limited one. The ISSB treats the paragraph as useful to retain and AASB S2 omits it
What weight should be given to the different evidence and considerations, and why?	More weight on international alignment and the ISSB educational material, because the AASB gave no reasoning and the paragraph is illustrative. The harmonisation cost is negligible.

Question	Staff analysis
Has the presumption that IFRS S1 requirements will be retained been rebutted?	No
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain paragraph 71 with "climate-related" wording.

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes. It illustrates the comparative information requirement for amounts such as metrics and targets and financial effects.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No
Could it have unintended consequences, including undermining another requirement or making it less effective?	No. The paragraph is illustrative and adds no new requirement.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Yes paragraph 70 (comparative information)

Issue 4: Interdependencies in identifying climate-related risks and opportunities

30. The sections below apply the relevant steps of the framework to paragraphs B3, B4 and B5 of IFRS S1. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraphs B3, B4 and B5 of IFRS S1. With B1 and B2, they provide application guidance on interdependencies in identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects (paragraph 12). B3 includes examples that build on B2.
Has Australia taken a different approach from IFRS S1?	Yes. Appendix D of AASB S2 includes B1 and B2 but does not include B3–B5. The AASB's Basis for Conclusions does not explain its reasoning for individual paragraphs.
What issue or concern has been identified?	The ISSB educational material treats B3–B5 as applicable when reporting only climate-related disclosures. They explain dependencies and impacts throughout the value chain. AASB S2 omits them. Without them, B1 and B2 stand without the supporting examples and guidance. The examples in

Question	Staff analysis
	B3 refer to water and to a specialised workforce, which go beyond climate.
How was the issue identified?	Staff analysis comparing the ISSB educational material with Appendix D of AASB S2 (Appendix 2, Table 2).
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	Partly. The scope of the B3 examples is affected by the limit of the XRB's mandate to climate.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Change to illustrative examples in B3. No change to B4 and B5 beyond "climate-related" wording.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 includes B1 and B2 but omits B3–B5 (Appendix 2, Table 2).
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	AASB S2
What is the substance of the Australian approach?	B3, B4 and B5 are not included in Appendix D.
Does the Australian approach add to, remove or change an IFRS S1 requirement?	Remove
Why did Australia take that approach?	Not stated
Does that rationale apply in New Zealand?	Not determinable
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	Yes, to a limited extent. Omission leaves less guidance on how dependencies and impacts throughout the value chain affect the identification of climate-related risks and opportunities. That could affect the completeness of climate-related disclosures.
Would adopting the Australian approach reduce the usefulness of information for primary users?	Yes. Without B3–B5, preparers have less guidance on interdependencies in assessing climate-related risks and opportunities. That could reduce the consistency and completeness of the information.
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	No stakeholder feedback received on this requirement.
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to comply with NZ SX and, where relevant, IFRS S1 or AASB S2?	No. The alternative is the Australian omission.

Question	Staff analysis
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	No. B3–B5 are application guidance that explain and illustrate B1 and B2. They add no disclosure obligation beyond those paragraphs.

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

This step applies only where a locally relevant modification is being considered.

Question	Staff analysis
What locally relevant modification is being considered?	Replace the water and workforce examples in B3 with climate-specific examples. B3 is otherwise unchanged apart from replacing "sustainability-related" with "climate-related".
What evidence supports a compelling reason for the modification?	See key legislative context above
Is the evidence sufficiently clear to justify departing from IFRS S1, with stronger rationale and evidence for a more significant departure?	Yes. The departure is minor and affects only illustrative examples.
Would the modification be inconsistent with the statutory purpose of climate standards?	No. It aligns the examples with the statutory scope.
What effect would the modification have on the usefulness of information for primary users?	Neutral to positive. It keeps preparers focused on how dependencies and impacts give rise to climate-related risks and opportunities.
Is there evidence that applying the IFRS S1 requirement in New Zealand would result in undue cost or practical difficulty?	Not applicable
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	Yes. There is no additional cost to entities.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not applicable
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	Not applicable
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Negligible. Similar changes to illustrative examples are proposed for paragraph 33(c) (Issue 2).

Step 5: Consider whether the issue can be addressed outside the standard

This step applies only where a modification to NZ SX is being considered.

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	No. The only modification is to the illustrative examples in B3, and B3 builds on B2. The examples are part of the paragraph they illustrate. Separate guidance would leave B3 in the standard without its examples, or with examples that go beyond climate. The workforce example cannot be made climate-related by changing wording.

Question	Staff analysis
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Not applicable. Staff do not recommend producing separate guidance for B3.
Would this approach maintain alignment with IFRS S1?	Not applicable. Retaining B3–B5 in NZ SX, with climate-specific examples in B3, keeps alignment with the ISSB educational material, which treats B3–B5 as applicable. It also keeps B1–B5 together as a set.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	Examples held in non-mandatory material would be separated from the paragraph they illustrate. Preparers would have to consult a second document to apply B2 and B3, and the examples would have no legal force. The cost of developing and maintaining separate material is not justified for illustrative examples that add no disclosure obligation.
Staff conclusion on Step 5 Address in NZ SX. B3 should be retained in the standard with climate-specific examples, alongside B1, B2, B4 and B5.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	The AASB gave no rationale for omitting B3–B5 (see Step 3). It is also unclear why AASB S2 includes B1 and B2 but omits B3, which contains examples building on B2. The B3 examples go beyond climate (see Step 4)
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Yes, a limited one. The ISSB treats B3–B5 as applicable and AASB S2 omits them
What weight should be given to the different evidence and considerations, and why?	More weight on international alignment and the ISSB educational material. The AASB gave no reasoning. B3–B5 explain dependencies and impacts throughout the value chain, and complete the context that B1 and B2 start. The harmonisation cost is low because the paragraphs are application guidance and add no disclosure obligation. The B3 examples are replaced with climate-specific examples to stay within the XRB's mandate
Has the presumption that IFRS S1 requirements will be retained been rebutted?	No
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain B3 with climate-specific examples. Retain B4 and B5 with "climate-related" wording

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes. B3–B5 support the identification of climate-related risks and opportunities, including through the value chain, which IFRS S2 requires.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No. The B3 modification is consistent with the climate-specific example proposed for paragraph 33(c) (Issue 2).
Could it have unintended consequences, including undermining another requirement or making it less effective?	No. The examples are illustrative and the requirement is unchanged.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It keeps B1–B5 together as a set, rather than only B1 and B2.
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Yes. B3 builds on B2, which AASB S2 includes, and B1 and B2 are also retained. Paragraph 12 refers to B1–B12 (see also Issue 5).

Issue 5: Value chain scope and reassessment in IFRS S1

31. The sections below apply the relevant steps of the framework to paragraphs B6(b), B11 and B12 of IFRS S1. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph B6(b) and its lead-in and paragraphs B11 and B12. The B6 lead-in requires an entity to use all reasonable and supportable information available at the reporting date without undue cost or effort (see B8–B10). Paragraph B6(b) applies this to determining the scope of the entity's value chain, including its breadth and composition, in relation to each climate-related risk and opportunity. This is a proportionality mechanism: it sets the information to be used and limits the effort required to obtain it.. B11 requires an entity to reassess its value chain scope on the occurrence of a significant event or significant change in circumstances. B12 permits, but does not require, more frequent reassessment. Paragraph B6(b), B11 and B12 do not in themselves create disclosure requirements, however paragraph B11 does trigger an underlying re assessment.
Has Australia taken a different approach from IFRS S1?	Yes. Appendix D of AASB S2 does not include paragraphs B6(b) and its lead in, B11 or B12, but includes B8–B10, which explain the proportionality mechanism. The AASB's Basis for Conclusions does not explain its reasoning for individual paragraphs.
What issue or concern has been identified?	The ISSB educational material treats B6(b), B11 and B12 as applicable when reporting only climate-related disclosures. It says they explain how to determine the scope of the value chain and when to reassess it. That includes reassessing which Scope 3 categories and which entities in the value chain to

Question	Staff analysis
	include in the Scope 3 greenhouse gas emissions measure. AASB S2 omits them. Without B6(b), no requirement would apply the proportionality mechanism to determining value chain scope.
How was the issue identified?	Staff analysis comparing the ISSB educational material with Appendix D of AASB S2 (Appendix 2, Table 2).
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	No
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	No

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable*.

Step 3: Consider whether Australian harmonisation is relevant

Question	Staff analysis
Cross-reference the Australian difference identified in Step 1 and describe any additional information relevant to this analysis.	AASB S2 omits paragraphs B6(b) and its lead in, B11 and B12 (Appendix 2, Table 2) but includes B8–B10.
Does the difference arise from AASB S2, the Australian Corporations Act 2001, or both?	AASB S2
What is the substance of the Australian approach?	Paragraphs B6(b) and its lead in, B11 and B12 are not included in Appendix D.
Does the Australian approach add to, remove or change an IFRS S1 requirement?	Remove
Why did Australia take that approach?	Not stated. The Basis for Conclusions does not explain the omission.
Does that rationale apply in New Zealand?	Not determinable.
Would adopting the Australian approach be inconsistent with the statutory purpose of climate standards?	Yes, to a limited extent. Omission leaves no explicit requirement on how to determine the scope of the value chain, and no trigger for reassessing it, for climate-related risks and opportunities. That could affect the completeness of climate-related disclosures.
Would adopting the Australian approach reduce the usefulness of information for primary users?	Yes. Without these paragraphs, there is no requirement to determine and update value chain scope on a consistent basis, including which Scope 3 categories and entities to include. That could reduce the consistency and comparability of the information.
What does stakeholder feedback indicate about the costs, benefits and practical implications of the Australian approach for New Zealand entities, including those without Australian reporting obligations?	No stakeholder feedback received on this requirement.

Question	Staff analysis
Is there an alternative New Zealand approach that would provide flexibility while enabling entities to comply with NZ SX and, where relevant, IFRS S1 or AASB S2?	No. The alternative is the Australian omission.
Would an alternative approach create unnecessary complexity for entities operating across both jurisdictions?	Some. NZ SX would require an underlying assessment of value chain scope (B6(b)) and its reassessment on a significant event or change in circumstances (B11) that AASB S2 does not require. The impact is limited because B6(b) applies to value chain scope the proportionality mechanism explained in B8–B10, which AASB S2 includes but does not apply to value chain scope, none of these paragraphs creates a new disclosure requirement, and B12 is permissive only..

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

☒ *This step is not applicable*.

Step 5: Consider whether the issue can be addressed outside the standard

☒ *This step is not applicable*.

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	The AASB gave no rationale for omitting B6(b), B11 and B12 (see Step 3).
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Yes, The ISSB treats B6(b), B11 and B12 as applicable and AASB S2 omits them
What weight should be given to the different evidence and considerations, and why?	More weight on international alignment and the ISSB educational material, which treats B6(b), B11 and B12 as applicable when reporting only climate-related disclosures. The AASB gave no reasoning for omitting them, so we see no reason to rebut the presumption in favour of retaining them. They relate directly to the IFRS S2 requirements on value chain scope, including Scope 3, and apply to climate-related risks and opportunities beyond greenhouse gas emissions. B6(b) is also the requirement that applies the proportionality mechanism in B8–B10 to determining value chain scope. AASB S2 includes B8–B10 but not B6(b). The harmonisation cost is low but not nil: none of these paragraphs creates a new disclosure requirement, but an entity applying NZ SX must undertake the underlying assessment of its value chain scope (B6(b)) and reassess it on a significant event or change in circumstances (B11), which it may not otherwise do under AASB S2. The proportionality mechanism limits the information and

Question	Staff analysis
	effort required. B12 is permissive and adds no obligation.
Has the presumption that IFRS S1 requirements will be retained been rebutted?	No
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain B6(b) and its lead in, B11 and B12 with "climate-related" wording

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes. B6(b) sets how the scope of the value chain is determined. B11 requires reassessment of that scope on a significant event or significant change in circumstances, and B12 permits more frequent reassessment. This supports the IFRS S2 requirements on value chain scope, including Scope 3 categories.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No
Could it have unintended consequences, including undermining another requirement or making it less effective?	No. B6(b), through its lead-in, applies the proportionality mechanism of using all reasonable and supportable information available without undue cost or effort, which B8–B10 explain. B11 requires reassessment on a significant event or change in circumstances. B12 is permissive.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It keeps the determination and reassessment of value chain scope together. It connects B8–B10, which AASB S2 includes, to the requirement that applies them to value chain scope, and shows that the requirements cover more than greenhouse gas emissions.
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	Paragraph 75(d) includes a reference to paragraph B11

Issue 6: Example of disaggregation in IFRS S1 paragraph B30

32. The sections below apply the relevant steps of the framework to paragraph B30 of IFRS S1. Steps that are not relevant have been identified as not applicable.

Step 1: Identify the issue and relevant IFRS S1 requirement

Question	Staff analysis
What is the relevant IFRS S2 requirement or climate-relevant provision of IFRS S1?	Paragraph B30 of IFRS S1. It requires an entity not to aggregate information if doing so would obscure material information, and it gives an example of when disaggregation may be needed.
Has Australia taken a different approach from IFRS S2?	No. Appendix D of AASB S2 includes B30, replacing 'sustainability-related' with 'climate-related'. The water example is unchanged.

Question	Staff analysis
What issue or concern has been identified?	The example in B30 refers to disaggregating information about water use, to distinguish water drawn from abundant sources from water drawn from water-stressed areas. That is a nature-related example, which goes beyond climate.
How was the issue identified?	Staff analysis of paragraph B30 against the limit of the XRB's mandate to climate (Appendix 2, Table 2).
Does the issue arise from NZ legislation, regulation, reporting practice or market context?	Partly. The scope of the example is affected by the limit of the XRB's mandate to climate.
Does the issue involve a possible addition, removal or change to an IFRS S2 requirement or climate-relevant provision of IFRS S1?	Change to the illustrative example. No change to the requirement beyond "climate-related" wording.

Step 2: Consider whether a modification is required for New Zealand legislative or regulatory settings

☒ *This step is not applicable.*

Step 3: Consider whether Australian harmonisation is relevant

☒ *This step is not applicable.*

Step 4: Consider whether there is a compelling reason for any other locally relevant modification

This step applies only where a locally relevant modification is being considered.

Question	Staff analysis
What locally relevant modification is being considered?	Replace the water example in B30 with a climate-specific example. B30 is otherwise unchanged apart from replacing "sustainability-related" with "climate-related".
What evidence supports a compelling reason for the modification?	See Key legislative context. NZ's mandatory framework is limited to climate-related disclosures (Financial Reporting Act 2013, section 12(aa)). The water example is nature-related and is not limited to climate.
Is the evidence sufficiently clear to justify departing from IFRS S1, with stronger rationale and evidence for a more significant departure?	Yes. The departure is minor and affects only an illustrative example.
Would the modification be inconsistent with the statutory purpose of climate standards?	No. It aligns the example with the statutory scope.
What effect would the modification have on the usefulness of information for primary users?	Neutral to positive. A climate-related example keeps preparers focused on disaggregating climate-related information.
Is there evidence that applying the IFRS S1 requirement in New Zealand would result in undue cost or practical difficulty?	Not applicable
Is there evidence that the modification would provide benefits to primary users that outweigh the expected costs for entities?	Yes. Changing the example adds no cost to entities.
Is there evidence that the proportionality mechanisms in IFRS S2 would address the concern?	Not applicable

Question	Staff analysis
Have other jurisdictions taken, or are they considering, a similar approach? If so, why, and are those reasons relevant in the New Zealand context?	Not identified any
What would be the cumulative impact of multiple locally relevant modifications (additions, removals or changes)?	Negligible. Similar changes to illustrative examples are proposed for paragraph 33(c) and B44(b) (Issue 2) and B3 (Issue 4).

Step 5: Consider whether the issue can be addressed outside the standard

This step applies only where a modification to NZ SX is being considered.

Question	Staff analysis
Could the issue be addressed through non-mandatory material instead of modifying NZ SX?	No. The only modification is to the illustrative example in B30. The example is part of the paragraph it illustrates. Separate guidance would leave B30 in the standard with an example that goes beyond climate, or with no example.
What form could that material take, for example domestic versions of ISSB educational material, implementation support, illustrative examples, guidance on locally relevant modifications, or other non-mandatory material?	Not applicable. Staff do not recommend producing separate guidance for B30.
Would this approach maintain alignment with IFRS S1?	Not applicable. Retaining B30 in NZ SX, with a climate-specific example, keeps its requirement unchanged and aligned with IFRS S1 and AASB S2.
What are the limitations of addressing the issue outside the standard, including the lack of legal force and possible effects on complexity and comparability?	The example would be separated from the paragraph it illustrates. Preparers would have to consult a second document, and the guidance would have no legal force. The cost of developing and maintaining separate material is not justified for one illustrative example.
Staff conclusion on Step 5 Address in NZ SX. B30 should be retained in the standard with a climate-specific example.	

Step 6: Weigh the evidence and exercise judgement

Question	Staff analysis
What contested, contradictory, unclear or incomplete evidence has been identified in the earlier steps?	None identified. B30 applies in both the ISSB educational material and AASB S2. The only question is whether the water example should stay.
Is there a potential conflict between international alignment, Australian harmonisation and local relevance?	Yes, a limited one. Retaining the water example would maintain alignment with IFRS S1 and AASB S2 but would include a nature-related example in a climate standard.
What weight should be given to the different evidence and considerations, and why?	More weight on local relevance, because the XRB's mandate is limited to climate. The harmonisation cost is negligible because the example is illustrative and adds no disclosure obligation.
Has the presumption that IFRS S1 requirements will be retained been rebutted?	No. The requirement is retained. Only the illustrative example is changed.

Question	Staff analysis
If the evidence is contradictory, unclear or incomplete, what response do staff recommend?	Retain B30 with "climate-related" wording and replace the water example with a climate-specific example.

Step 7: Apply an internal coherence check

Complete this step for all proposed modifications.

Question	Staff analysis
Is the proposed approach consistent with the architecture and intent of IFRS S1 as incorporated into NZ SX?	Yes. B30 supports the principle that material information is not obscured by aggregation. The requirement is unchanged.
Does it create any inconsistency with other requirements in NZ SX, including other proposed New Zealand modifications?	No. The change is consistent with the climate-specific examples proposed for paragraph 33(c) and B44(b) (Issue 2) and B3 (Issue 4).
Could it have unintended consequences, including undermining another requirement or making it less effective?	No. The example is illustrative and the requirement is unchanged.
Would the proposed approach support the coherence of New Zealand climate-related disclosure requirements as a whole?	Yes. It keeps all illustrative examples within the climate mandate.
Does the proposed modification affect related requirements, requiring particular attention to the internal coherence check?	No.

Appendix 2: Supporting comparison of IFRS S1 disclosure requirements

33. This appendix supports the analysis in Appendix 1 by comparing the disclosure requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* with the corresponding requirements in Appendix D of AASB S2 *Climate-related*. The compiled versions have been used, incorporating amendments to December 2025.

34. The comparison does not cover the paragraphs listed in the table following paragraph 12, which will be brought back to the Board at a future meeting. Where those paragraphs fall with Tables 1-4, they are marked as "to be brought back to a future meeting" and have not been compared or colour coded.

35. Each row represents a separate paragraph or sub-paragraph. Where wording differs, struck-through text shows the IFRS S1 wording that has been replaced or omitted, and underlined text shows the wording used instead in AASB S2.

36. We then considered the ISSB educational material *Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2* to identify which IFRS S1 requirements the ISSB regards as relevant when reporting only climate-related information (see paragraphs 3–10 in the Background section).

37. We have used the following colour coding in Tables 1-4 of this appendix:

Colour	Meaning
Green	The IFRS S1 paragraph **WILL BE INCLUDED** in NZ SX with appropriate New Zealand modifications. This means making the wording climate-specific (for example, replacing "sustainability-related" with "climate-related") and updating references to the suite of standards to use the New Zealand name, once the naming convention has been decided.
Orange	**TO BE DECIDED –** the ISSB educational material and AASB S2 take different approaches, or the IFRS S1 example goes beyond climate. We propose an approach for each – see Issues 1–6 in the main memo.
Grey	The IFRS S1 paragraph **WILL NOT BE INCLUDED** in NZ SX. These paragraphs are identified in the ISSB educational material as not applicable when using a climate-first approach, because either specific corresponding requirements for climate-related disclosures are already included in IFRS S2; the requirements in IFRS S1 are applicable only in the absence of a specific requirement in another ISSB Standard; or the requirements in IFRS S1 refer to specific requirements in another ISSB Standard, for example IFRS S2.
Purple	Australian specific paragraphs for not-for-profit entities – **WILL NOT BE INCLUDED** in NZ SX. Under the Australian Corporations Act, some not-for profit entities will be required to disclose climate-related financial information.[5]
Blue	Paragraphs that will be brought back to a future meeting (see paragraph 12).

[5] See paragraphs BC31 to BC35 of the Basis for Conclusions on AASB S2.

Table 1 – IFRS S1 paragraphs 1–86 compared with Appendix D of AASB S2

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
Objective [paragraphs 1-4, to be brought back to a future meeting]				
Scope [paragraphs 5-9, to be brought back to a future meeting]				
Conceptual foundations				
10	For sustainability-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent. These are fundamental qualitative characteristics of useful sustainability-related financial information. The usefulness of sustainability-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. These are enhancing qualitative characteristics of useful sustainability-related financial information (see Appendix D).	For climate-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent. These are fundamental qualitative characteristics of useful climate-related financial information. The usefulness of climate-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. These are enhancing qualitative characteristics of useful climate-related financial information (see Appendix D).	For ~~sustainability-related~~ climate-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent. These are fundamental qualitative characteristics of useful ~~sustainability-related~~ climate-related financial information. The usefulness of ~~sustainability-related~~ climate-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. These are enhancing qualitative characteristics of useful ~~sustainability-related~~ climate-related financial information (see Appendix D).	**Applicable IFRS S1 requirement when taking a climate-first approach**
Fair presentation				
11	A complete set of sustainability-related financial disclosures shall present fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.	A complete set of climate-related financial disclosures shall present fairly all climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects.	A complete set of ~~sustainability-related~~ climate-related financial disclosures shall present fairly all ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects.	**Applicable IFRS S1 requirement when taking a climate-first approach**
12	To identify sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall apply paragraphs B1–B12.	To identify climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall apply paragraphs B8–B10.	To identify ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect an	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
			entity's prospects, an entity shall apply paragraphs ~~B1–B12.~~ B8–B10.	*Staff comments* *The AASB has amended paragraph references because it included paragraphs B1, B2, B8-B10 but did not include B3-B7, B11 and B12.* *Not sure why this AASB S2 paragraph does not include reference to B1 and B2.* *See issues 4 and 5 in main memo*
13	Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities.	Fair presentation requires disclosure of relevant information about climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those climate-related risks and opportunities.	Fair presentation requires disclosure of relevant information about ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those ~~sustainability-related~~ climate-related risks and opportunities.	**Applicable IFRS S1 requirement when taking a climate-first approach**
14	Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's sustainability-related financial disclosures.	Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's climate-related financial disclosures.	Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's ~~sustainability-related~~ climate-related financial disclosures.	**Applicable IFRS S1 requirement when taking a climate-first approach**
15 (intro)	Fair presentation also requires an entity:	Fair presentation also requires an entity:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
15(a)	to disclose information that is comparable, verifiable, timely and understandable; and	to disclose information that is comparable, verifiable, timely and understandable; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
15(b)	to disclose additional information if compliance with the specifically	to disclose additional information if compliance with the specifically	to disclose additional information if compliance with the specifically	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	applicable requirements in IFRS Sustainability Disclosure Standards is insufficient to enable users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	applicable requirements in Australian Sustainability Reporting Standards is insufficient to enable users of general purpose financial reports to understand the effects of climate-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	applicable requirements in ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards is insufficient to enable users of general purpose financial reports to understand the effects of ~~sustainability-related~~ climate-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	
16	Applying IFRS Sustainability Disclosure Standards, with additional information disclosed when necessary (see paragraph 15(b)), is presumed to result in sustainability-related financial disclosures that achieve fair presentation.	Applying Australian Sustainability Reporting Standards, with additional information disclosed when necessary (see paragraph 15(b)), is presumed to result in climate-related financial disclosures that achieve fair presentation.	Applying ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards, with additional information disclosed when necessary (see paragraph 15(b)), is presumed to result in ~~sustainability-related~~ climate-related financial disclosures that achieve fair presentation.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Materiality				
17	An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	An entity shall disclose material information about the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	An entity shall disclose material information about the ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	**Applicable IFRS S1 requirement when taking a climate-first approach**
18	In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.	In the context of climate-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and climate-related financial disclosures and which provide information about a specific reporting entity.	In the context of ~~sustainability-related~~ climate-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and ~~sustainability-related~~ climate-related financial disclosures and which provide information about a specific reporting entity.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
19	To identify and disclose material information, an entity shall apply paragraphs B13–B37.	To identify and disclose material information, an entity shall apply paragraphs B13–B19 and B21–B37.	To identify and disclose material information, an entity shall apply paragraphs ~~B13–B37.~~ B13–B19 and B21–B37.	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comment:*** *Paragraph B20 is identified in the ISSB educational as not applicable when using the climate-first approach. Therefore, edit made by AASB is correct and should be made in NZ SX*
Reporting entity				
20	An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements (see paragraph B38).	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations:*** *Carve out introduced to avoid a potential conflict with the Australian Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 and the reporting entity requirements in IFRS S1* ***Staff comment:*** *We have same carve out in NZ CS* *See issue 1 in main memo*
Aus20.1	*No direct IFRS S2 paragraph*	An entity's climate-related financial disclosures shall be for the same reporting entity as the related financial statements, unless otherwise permitted by law (see paragraph AusB38.1).	*Australian-specific paragraph; no IFRS S1 equivalent.*	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations:*** *Carve out introduced to avoid a potential conflict with the Australian Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 and the reporting entity requirements in IFRS S1* ***Staff comment:***

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				The following is an extract from the comparison with IFRS S2 in the front of AASB S2: *To comply with IFRS S2, in accordance with IFRS S1 paragraphs 20 and B38, an entity would need to prepare climate-related financial disclosures for its consolidated group if the related financial statements are prepared for that consolidated group. The Corporations Act 2001, as amended by the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024, does not require a parent entity of a consolidated group to prepare climate-related financial disclosures for its consolidated group. Under section 292A(2) of the Corporations Act, a parent entity has the choice of preparing a sustainability report for either the consolidated entity or the parent entity. Accordingly, the AASB modified the requirements set out in Appendix D based on those IFRS S1 paragraphs to specify that an entity's climate-related financial disclosures shall be for the same reporting entity as the related financial statements unless otherwise permitted by law.* *We have same carve out in NZ CS and we stated in the consultation document accompanying the roadmap they we would carry this forward into an NZ SX std* *See issue 1 in main memo*
Connected information				
21 (intro)	An entity shall provide information in a manner that enables users of general	An entity shall provide information in a manner that enables users of general	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	purpose financial reports to understand the following types of connections:	purpose financial reports to understand the following types of connections:		
21(a)	the connections between the items to which the information relates —such as connections between various sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and	the connections between the items to which the information relates—such as connections between various climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and	the connections between the items to which the information relates —such as connections between various ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
21(b)	the connections between disclosures provided by the entity:	the connections between disclosures provided by the entity:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
21(b)(i)	within its sustainability-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and	within its climate-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and	within its ~~sustainability-related~~ climate-related financial disclosures—such as connections between disclosures on governance, strategy, risk management and metrics and targets; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
21(b)(ii)	across its sustainability-related financial disclosures and other general purpose financial reports published by the entity — such as its related financial statements (see paragraphs B39–B44).	across its climate-related financial disclosures and other general purpose financial reports published by the entity— such as its related financial statements (see paragraphs B39–B44).	across its ~~sustainability-related~~ climate-related financial disclosures and other general purpose financial reports published by the entity —such as its related financial statements (see paragraphs B39–B44).	**Applicable IFRS S1 requirement when taking a climate-first approach**
22	An entity shall identify the financial statements to which the sustainability-related financial disclosures relate.	An entity shall identify the financial statements to which the climate-related financial disclosures relate.	An entity shall identify the financial statements to which the ~~sustainability-related~~ climate-related financial disclosures relate.	**Applicable IFRS S1 requirement when taking a climate-first approach**
23	Data and assumptions used in preparing the sustainability-related financial disclosures shall be consistent—to the extent possible considering the requirements of IFRS Accounting Standards or other applicable GAAP— with the corresponding data and assumptions	Data and assumptions used in preparing the climate-related financial disclosures shall be consistent— to the extent possible considering the requirements of Australian Accounting Standards—with the corresponding data and assumptions	Data and assumptions used in preparing the ~~sustainability-related~~ climate-related financial disclosures shall be consistent— to the extent possible considering the requirements of ~~IFRS~~ Australian Accounting Standards ~~or other applicable GAAP~~ — with the corresponding data and	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	used in preparing the related financial statements (see paragraph B42).	used in preparing the related financial statements (see paragraph B42).	assumptions used in preparing the related financial statements (see paragraph B42).	
24	When currency is specified as the unit of measure in the sustainability-related financial disclosures, the entity shall use the presentation currency of its related financial statements.	When currency is specified as the unit of measure in the climate-related financial disclosures, the entity shall use the presentation currency of its related financial statements.	When currency is specified as the unit of measure in the ~~sustainability-related~~ climate-related financial disclosures, the entity shall use the presentation currency of its related financial statements.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Core content				
25 (intro)	Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise in specified circumstances, an entity shall provide disclosures about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures on the topics**
25(a)	governance—the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities (see paragraphs 26–27);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures on the topics**
25(b)	strategy—the approach the entity uses to manage sustainability-related risks and opportunities (see paragraphs 28–42);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures on the topics**
25(c)	risk management—the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities (see paragraphs 43–44); and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures on the topics**
25(d)	metrics and targets—the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	set or is required to meet by law or regulation (see paragraphs 45–53).			**corresponding requirements for climate-related disclosures on the topics**
Governance				
26	The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27 (intro)	To achieve this objective, an entity shall disclose information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(a)	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(a)(i)	how responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s); RELATED FINANCIAL INFORMATION	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
27(a)(ii)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(a)(iii)	how and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(a)(iv)	how the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(a)(v)	how the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	opportunities, including information about:			**IFRS S2.5-6**
27(b)(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
27(b)(ii)	whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.5-6**
Strategy				
28	The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**
29 (intro)	Specifically, an entity shall disclose information to enable users of general purpose financial reports to understand:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**
29(a)	the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 30–31);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				corresponding requirements for climate-related disclosures **IFRS S2.8-9**
29(b)	the current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain (see paragraph 32);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**
29(c)	the effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making (see paragraph 33);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**
29(d)	the effects of those sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those sustainability-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 34–40); and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**
29(e)	the resilience of the entity's strategy and its business model to those sustainability-related risks (see paragraphs 41–42). Sustainability-related risks and opportunities	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.8-9**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
30 (intro)	An entity shall disclose information that enables users of general purpose financial reports to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.10**
30(a)	describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.10**
30(b)	specify the time horizons—short, medium or long term—over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.10**
30(c)	explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.10**
31	Short-, medium and long- term time horizons can vary between entities and depend on many factors, including industry-specific characteristics, such as cash flow, investment and business cycles, the planning horizons typically used in an entity's industry for strategic decision-making and capital allocation plans, and the time horizons over which	Short-, medium and long-term time horizons can vary between entities and depend on many factors, including industry-specific characteristics, such as cash flow, investment and business cycles, the planning horizons typically used in an entity's industry for strategic decision-making and capital allocation plans, and the time horizons over which	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	users of general purpose financial reports conduct their assessments of entities in that industry.	users of general purpose financial reports conduct their assessments of entities in that industry.		
32 (intro)	An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.13**
32(a)	a description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.13**
32(b)	a description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.13**
33 (intro)	An entity shall disclose information that enables users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.14(a)** ***Staff comment:*** *If we include paragraph 33(c) will need this lead in* *See issue 2 in main memo*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
33(a)	how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.14(a)**
33(b)	the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.14(c)**
33(c)	trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community).	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations:*** *Consider to retain. Absence of 33(c) means that disclosures on trade-offs between climate-related risks and opportunities that the entity considered are not explicitly required.* ***Staff comment*** *This example is broader than climate* *Note that paragraph B44(b) (other examples of connected information) references back to paragraph 33(c)* *See issue 2 in main memo*
34 (intro)	An entity shall disclose information that enables users of general purpose financial reports to understand:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
34(a)	the effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
34(b)	the anticipated effects of sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how sustainability-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35 (intro)	Specifically, an entity shall disclose quantitative and qualitative information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35(a)	how sustainability-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35(b)	the sustainability-related risks and opportunities identified in paragraph 35(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
35(c)	how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities, taking into consideration:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35(c)(i)	its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35(c)(ii)	its planned sources of funding to implement its strategy; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
35(d)	how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability-related risks and opportunities.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
36	In providing quantitative information, an entity may disclose a single amount or a range.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
37 (intro)	In preparing disclosures about the anticipated financial effects of a	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	sustainability-related risk or opportunity, an entity shall:			**because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
37(a)	use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort (see paragraphs B8–B10); and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
37(b)	use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
38 (intro)	An entity need not provide quantitative information about the current or anticipated financial effects of a sustainability-related risk or opportunity if the entity determines that:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
38(a)	those effects are not separately identifiable; or	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
38(b)	the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	information would not be useful (see paragraphs 77–82).			**corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
39	In addition, an entity need not provide quantitative information about the anticipated financial effects of a sustainability-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
40 (intro)	If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a sustainability-related risk or opportunity applying the criteria set out in paragraphs 38–39, the entity shall:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
40(a)	explain why it has not provided quantitative information;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
40(b)	provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that sustainability-related risk or opportunity; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
40(c)	provide quantitative information about the combined financial effects of that sustainability-related risk or opportunity with other sustainability-related risks or	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful. Resilience			**corresponding requirements for climate-related disclosures** **IFRS S2.15-21**
41	An entity shall disclose information that enables users of general purpose financial reports to understand its capacity to adjust to the uncertainties arising from sustainability-related risks. An entity shall disclose a qualitative and, if applicable, quantitative assessment of the resilience of its strategy and business model in relation to its sustainability-related risks, including information about how the assessment was carried out and its time horizon. When providing quantitative information, an entity may disclose a single amount or a range.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.22-23**
42	Other IFRS Sustainability Disclosure Standards may specify the type of information an entity is required to disclose about its resilience to specific sustainability-related risks and how to prepare those disclosures, including whether a scenario analysis is required.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.22-23**
Risk management				
43 (intro)	The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reports:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
43(a)	to understand an entity's processes to identify, assess, prioritise and monitor	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and			**because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
43(b)	to assess the entity's overall risk profile and its overall risk management process.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44 (intro)	To achieve this objective, an entity shall disclose information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)	the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)(i)	the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)(ii)	whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				corresponding requirements for climate-related disclosures **IFRS S2.24-25**
44(a)(iii)	how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)(iv)	whether and how the entity prioritises sustainability-related risks relative to other types of risk;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)(v)	how the entity monitors sustainability-related risks; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(a)(vi)	whether and how the entity has changed the processes it uses compared with the previous reporting period;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
44(b)	the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				IFRS S2.24-25
44(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures** **IFRS S2.24-25**
Metrics and targets [paragraphs 45-53 to be brought back to a future meeting]				
General requirements – Sources of guidance				
54	In identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, an entity shall apply IFRS Sustainability Disclosure Standards.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because this paragraph in IFRS S1 refers to specific requirements in other ISSB Standards, so it is not necessary to apply this paragraph when reporting on climate-related information using IFRS S2.** **IFRS S2.11**
55 (intro)	In addition to IFRS Sustainability Disclosure Standards:	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach**
55(a)	an entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards. An entity might conclude that the disclosure topics in the SASB Standards are not applicable in the entity's circumstances.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific corresponding requirements for climate-related disclosures.** **IFRS S2.12**[7] **Footnote 7** IFRS S2 Climate-related Disclosures requires a company to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on implementing

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				Climate-related Disclosures—IFRS S2. This guidance has been derived from Sustainability Accounting Standards Board (SASB) Standards. The climate-related metrics in this guidance are identical to corresponding requirements in the SASB Standards. Therefore, for those reporting only on climate-related risks and opportunities (in accordance with IFRS S2), there is no need to also apply paragraph 55(a) of IFRS S1.
Sources of guidance –[paragraph 55(b) will be brought back to a future meeting]				
56	In identifying applicable disclosure requirements about a sustainability-related risk or opportunity that could reasonably be expected to affect an entity's prospects, an entity shall apply the IFRS Sustainability Disclosure Standard that specifically applies to that risk or opportunity.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because this paragraph requires a company to apply the specific ISSB Standard. A company reporting only climate-related financial information applying IFRS S2 will have applied the specific ISSB Standard; therefore, paragraph 56 of IFRS S1 is not applicable.**
57 (intro)	In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
57(a)	is relevant to the decision-making of users of general purpose financial reports; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
57(b)	faithfully represents that sustainability-related risk or opportunity.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
58 (intro)	In making the judgement described in paragraph 57:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
58(a)	an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards. An entity might conclude that the metrics specified in the SASB Standards are not applicable in the entity's circumstances.	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
58(b)	an entity may—to the extent that these sources do not conflict with IFRS Sustainability Disclosure Standards—refer to and consider the applicability of:	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
58(b)(i)	the CDSB Framework Application Guidance;	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
58(b)(ii)	the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports; and	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
58(b)(iii)	the information, including metrics, disclosed by entities that operate in the same industry(s) or geographical region(s).	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
58(c)	an entity may—to the extent that these sources assist the entity in meeting the objective of this Standard (see paragraphs 1–4) and do not conflict with IFRS Sustainability Disclosure Standards—refer to and consider the applicability of the sources specified in Appendix C. Disclosure of information about sources of guidance	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
Disclosure of information about sources of guidance [Paragraph 59 to be brought back to a future meeting]				
Location of disclosures [Paragraphs 60-63 to be brought back to a future meeting]				
Timing of reporting [Paragraphs 64-69 to be brought back to a future meeting]				
Comparative information				
70	Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive sustainability-related financial information (see paragraphs B49–B59).	Unless another Australian Sustainability Reporting Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the climate-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive climate-related financial information (see paragraphs B49–B59).	Unless another ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the ~~sustainability-related~~ climate-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive ~~sustainability-related~~ climate-related financial information (see paragraphs B49–B59).	**Applicable IFRS S1 requirement when taking a climate-first approach**
71	Amounts reported in sustainability-related financial disclosures might relate, for example, to metrics and targets or to current and anticipated financial effects of	Not included in Appendix D of AASB S2		**Applicable IFRS S1 requirement when taking a climate-first approach** *Useful to retain for illustrative purposes on types of comparative disclosures.*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	sustainability-related risks and opportunities.			***Staff comment:*** *See issue 3 in main memo*
Statement of compliance				
72	An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards shall make an explicit and unreserved statement of compliance. An entity shall not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards.	An entity whose climate-related financial disclosures comply with all the requirements of this Australian Sustainability Reporting Standard shall make an explicit and unreserved statement of compliance. An entity shall not describe climate-related financial disclosures as complying with this Standard unless they comply with all the requirements of this Standard.	An entity whose ~~sustainability-related~~ climate-related financial disclosures comply with all the requirements of ~~IFRS~~ this Australian Sustainability ~~Disclosure Standards~~ Reporting Standard shall make an explicit and unreserved statement of compliance. An entity shall not describe ~~sustainability-related~~ climate-related financial disclosures as complying with ~~IFRS Sustainability Disclosure Standards~~ this Standard unless they comply with all the requirements of ~~IFRS Sustainability Disclosure Standards.~~ this Standard.	**Applicable IFRS S1 requirement when taking a climate-first approach**
73	This Standard relieves an entity from disclosing information otherwise required by an IFRS Sustainability Disclosure Standard if law or regulation prohibits the entity from disclosing that information (see paragraph B33). This Standard also relieves an entity from disclosing information about a sustainability-related opportunity otherwise required by an IFRS Sustainability Disclosure Standard if that information is commercially sensitive as described in this Standard (see paragraphs B34–B37). An entity using these exemptions is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards.	This Standard relieves an entity from disclosing information otherwise required by an Australian Sustainability Reporting Standard if law or regulation prohibits the entity from disclosing that information (see paragraph B33). This Standard also relieves an entity from disclosing information about a climate-related opportunity otherwise required by an Australian Sustainability Reporting Standard if that information is commercially sensitive as described in this Standard (see paragraphs B34–B37). An entity using these exemptions is not prevented from asserting compliance with Australian Sustainability Reporting Standards.	This Standard relieves an entity from disclosing information otherwise required by an ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard if law or regulation prohibits the entity from disclosing that information (see paragraph B33). This Standard also relieves an entity from disclosing information about a ~~sustainability-related~~ climate-related opportunity otherwise required by an ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard if that information is commercially sensitive as described in this Standard (see paragraphs B34–B37). An entity using these exemptions is not prevented from asserting compliance with ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
Judgements				
74	An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts (see paragraph 77), that the entity has made in the process of preparing its sustainability-related financial disclosures and that have the most significant effect on the information included in those disclosures.	An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts (see paragraph 77), that the entity has made in the process of preparing its climate-related financial disclosures and that have the most significant effect on the information included in those disclosures.	An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts (see paragraph 77), that the entity has made in the process of preparing its ~~sustainability-related~~ climate-related financial disclosures and that have the most significant effect on the information included in those disclosures.	**Applicable IFRS S1 requirement when taking a climate-first approach**
75 (intro)	In the process of preparing sustainability-related financial disclosures, an entity makes various judgements, apart from those involving estimations, that can significantly affect the information reported in the entity's sustainability-related financial disclosures. For example, an entity makes judgements in:	In the process of preparing climate-related financial disclosures, an entity makes various judgements, apart from those involving estimations, that can significantly affect the information reported in the entity's climate-related financial disclosures. For example, an entity makes judgements in:	In the process of preparing ~~sustainability-related~~ climate-related financial disclosures, an entity makes various judgements, apart from those involving estimations, that can significantly affect the information reported in the entity's ~~sustainability-related~~ climate-related financial disclosures. For example, an entity makes judgements in:	**Applicable IFRS S1 requirement when taking a climate-first approach**
75(a)	identifying sustainability-related risks and opportunities that could be reasonably expected to affect the entity's prospects;	identifying climate-related risks and opportunities that could be reasonably expected to affect the entity's prospects;	identifying ~~sustainability-related~~ climate-related risks and opportunities that could be reasonably expected to affect the entity's prospects;	**Applicable IFRS S1 requirement when taking a climate-first approach**
Paragraph 75(b) to be brought back to a future meeting				
75(c)	identifying material information to include in the sustainability-related financial disclosures; and	identifying material information to include in the climate-related financial disclosures; and	identifying material information to include in the ~~sustainability-related~~ climate-related financial disclosures; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
75(d)	assessing whether an event or change in circumstances is significant and requires reassessment of the scope of all affected sustainability-related risks and	assessing whether an event or change in circumstances is significant and requires reassessment of the scope of all affected climate-related risks and opportunities throughout the entity's value chain.	assessing whether an event or change in circumstances is significant and requires reassessment of the scope of all affected ~~sustainability-related~~ climate-related risks	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:***

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	opportunities throughout the entity's value chain (see paragraph B11).		and opportunities throughout the entity's value chain ~~(see paragraph B11).~~	*AASB did not include B11which is why removed reference, not sure why if deleted B11 kept this paragraph – see issue 5*
76	Other IFRS Sustainability Disclosure Standards may require disclosure of some of the information that an entity would otherwise be required to disclose in accordance with paragraph 74.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs acknowledge applicability of specific requirements in other ISSB Standards. A company reporting only climate-related information applying IFRS S2 will have applied its specific requirements.**
Measurement uncertainty				
77	An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its sustainability-related financial disclosures.	An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its climate-related financial disclosures.	An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its ~~sustainability-related~~ climate-related financial disclosures.	**Applicable IFRS S1 requirement when taking a climate-first approach**
78 (intro)	An entity shall:	An entity shall:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
78(a)	identify the amounts that it has disclosed that are subject to a high level of measurement uncertainty; and	identify the amounts that it has disclosed that are subject to a high level of measurement uncertainty; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
78(b)	in relation to each amount identified in paragraph 78(a), disclose information about:	in relation to each amount identified in paragraph 78(a), disclose information about:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
78(b)(i)	the sources of measurement uncertainty—for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's value chain; and	the sources of measurement uncertainty—for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's value chain; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
78(b)(ii)	the assumptions, approximations and judgements the entity has made in measuring the amount.	the assumptions, approximations and judgements the entity has made in measuring the amount.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
79	When amounts reported in sustainability-related financial disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing sustainability-related financial disclosures and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an estimate from providing useful information.	When amounts reported in climate-related financial disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing climate-related financial disclosures and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an estimate from providing useful information.	When amounts reported in ~~sustainability-related~~ climate-related financial disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing ~~sustainability-related~~ climate-related financial disclosures and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an estimate from providing useful information.	**Applicable IFRS S1 requirement when taking a climate-first approach**
80	The requirement in paragraph 77 for an entity to disclose information about the uncertainties affecting the amounts reported in sustainability-related financial disclosures relates to the estimates that require the entity's most difficult, subjective or complex judgements. As the number of variables and assumptions increases, those judgements become more subjective and complex, and the uncertainty affecting the amounts reported in the sustainability-related financial disclosures increases accordingly.	The requirement in paragraph 77 for an entity to disclose information about the uncertainties affecting the amounts reported in climate-related financial disclosures relates to the estimates that require the entity's most difficult, subjective or complex judgements. As the number of variables and assumptions increases, those judgements become more subjective and complex, and the uncertainty affecting the amounts reported in the climate-related financial disclosures increases accordingly.	The requirement in paragraph 77 for an entity to disclose information about the uncertainties affecting the amounts reported in ~~sustainability-related~~ climate-related financial disclosures relates to the estimates that require the entity's most difficult, subjective or complex judgements. As the number of variables and assumptions increases, those judgements become more subjective and complex, and the uncertainty affecting the amounts reported in the ~~sustainability-related~~ climate-related financial disclosures increases accordingly.	**Applicable IFRS S1 requirement when taking a climate-first approach**
81 (intro)	The type and extent of the information an entity might need to disclose vary	The type and extent of the information an entity might need to disclose vary	The type and extent of the information an entity might need to disclose vary	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	according to the nature of the amount reported in the sustainability-related financial disclosures—the sources of and the factors contributing to the uncertainty and other circumstances. Examples of the type of information an entity might need to disclose are:	according to the nature of the amount reported in the climate-related financial disclosures—the sources of and the factors contributing to the uncertainty and other circumstances. Examples of the type of information an entity might need to disclose are:	according to the nature of the amount reported in the ~~sustainability-related~~ climate-related financial disclosures—the sources of and the factors contributing to the uncertainty and other circumstances. Examples of the type of information an entity might need to disclose are:	
81(a)	the nature of the assumption or other source of measurement uncertainty;	the nature of the assumption or other source of measurement uncertainty;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
81(b)	the sensitivity of the disclosed amount to the methods, assumptions and estimates underlying its calculation, including the reasons for the sensitivity;	the sensitivity of the disclosed amount to the methods, assumptions and estimates underlying its calculation, including the reasons for the sensitivity;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
81(c)	the expected resolution of an uncertainty and the range of reasonably possible outcomes for the disclosed amount; and	the expected resolution of an uncertainty and the range of reasonably possible outcomes for the disclosed amount; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
81(d)	an explanation of changes made to past assumptions concerning the disclosed amount, if the uncertainty remains unresolved.	an explanation of changes made to past assumptions concerning the disclosed amount, if the uncertainty remains unresolved.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
82	Other IFRS Sustainability Disclosure Standards may require disclosure of some of the information that an entity would otherwise be required to disclose in accordance with paragraphs 77–78.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs acknowledge applicability of specific requirements in other ISSB Standards. A company reporting only climate-related information applying IFRS S2 will have applied its specific requirements.**
Errors				
83	An entity shall correct material prior period errors by restating the comparative	An entity shall correct material prior period errors by restating the comparative	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	amounts for the prior period(s) disclosed unless it is impracticable to do so.	amounts for the prior period(s) disclosed unless it is impracticable to do so.		
84 (intro)	Prior period errors are omissions from and misstatements in the entity's sustainability-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:	Prior period errors are omissions from and misstatements in the entity's climate-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:	Prior period errors are omissions from and misstatements in the entity's ~~sustainability-related~~ climate-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:	**Applicable IFRS S1 requirement when taking a climate-first approach**
84(a)	was available when the sustainability-related financial disclosures for that period(s) were authorised for issue; and	was available when the climate-related financial disclosures for that period(s) were authorised for issue; and	was available when the ~~sustainability-related~~ climate-related financial disclosures for that period(s) were authorised for issue; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
84(b)	could reasonably be expected to have been obtained and considered in the preparation of those disclosures.	could reasonably be expected to have been obtained and considered in the preparation of those disclosures.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
85	Corrections of errors are distinguished from changes in estimates. Estimates are approximations that an entity might need to revise as additional information becomes known.	Corrections of errors are distinguished from changes in estimates. Estimates are approximations that an entity might need to revise as additional information becomes known.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
86	If an entity identifies a material error in its prior period sustainability-related financial disclosures, it shall apply paragraphs B55–B59.	If an entity identifies a material error in its prior period climate-related financial disclosures, it shall apply paragraphs B55–B59.	If an entity identifies a material error in its prior period ~~sustainability-related~~ climate-related financial disclosures, it shall apply paragraphs B55–B59	**Applicable IFRS S1 requirement when taking a climate-first approach**

Table 2 – Cross-referenced paragraphs: Appendix B application guidance (IFRS S1 paragraphs B1–B59) compared with Appendix D of AASB S2

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
Sustainability/climate-related risks and opportunities (paragraphs 11–12)				
B1	This Standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects') (see paragraph 3).	This Standard requires an entity to disclose information about all climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').	This Standard requires an entity to disclose information about all ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (referred to as ~~'sustainability-related~~ 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects')~~ (see paragraph 3).~~	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *AASB has removed the reference to paragraph 3 as they did not include paragraph 3 from the objective section of IFRS S1 in AASB S2. The educational material identifies paragraph 3 as applicable when taking a climate first approach.* *We will be considering the objective and scope paragraphs at a future meeting.*
B2	An entity's sustainability-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. These interactions—which can be direct and indirect—result from operating an entity's business model in pursuit of the entity's strategic purposes and from the external environment in which the entity operates. These interactions take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain to generate cash flows and affects those resources and relationships through its activities and outputs—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and	An entity's climate-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. These interactions—which can be direct and indirect—result from operating an entity's business model in pursuit of the entity's strategic purposes and from the external environment in which the entity operates. These interactions take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain to generate cash flows and affects those resources and relationships through its activities and outputs—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and	An entity's ~~sustainability-related~~ climate-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. These interactions—which can be direct and indirect—result from operating an entity's business model in pursuit of the entity's strategic purposes and from the external environment in which the entity operates. These interactions take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain to generate cash flows and affects those resources and relationships through its activities and outputs—contributing to the preservation, regeneration and development of those resources and	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *Paragraph B2, refers to "the natural environment" and "stakeholders, society, the economy". That is the general description of how risks arise. Climate-related risks and opportunities also arise through those interactions*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	depletion. These dependencies and impacts might give rise to sustainability-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	depletion. These dependencies and impacts might give rise to climate-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	relationships or to their degradation and depletion. These dependencies and impacts might give rise to ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	
B3	For example, if an entity's business model depends on a natural resource—such as water—the entity could both affect and be affected by the quality, availability and affordability of that resource. Specifically, degradation or depletion of that resource could create a risk of disruption to the entity's operations and ultimately negatively affect its financial performance and financial position; regeneration and preservation of that resource could positively affect the entity. Similarly, an entity operating in a highly competitive market requiring a specialised workforce will depend on its ability to attract and retain that resource, which in turn depends on its employment practices and levels of employee satisfaction, engagement and retention.	Not included in Appendix D of AASB S2		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations*** *B1-B5 provide important context on interdependencies in assessing climate-related risks and opportunities* ***Staff comments:*** *Both examples are non-climate, first one is about degradation, depletion and availability of water (a natural resource) the second about attracting and retaining a specialised workforce, employment practices and employee satisfaction* *See Issue 4*
B4	Resources and relationships that an entity depends on and affects by its activities and outputs can take various forms, such as natural, manufactured, intellectual, human, social or financial. They can be internal or external, and include, but are not limited to, the resources and relationships recognised as assets in the entity's financial statements.	Not included in Appendix D of AASB S2		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations*** *B1-B5 provide important context on interdependencies in assessing climate-related risks and opportunities* ***Staff comments:*** *B4 lists resource types (natural, manufactured, intellectual, human, social,*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				financial). This is a generic description of resources and relationships, not a topic-specific example *See issue 4*
B5	An entity's dependencies and impacts are not limited to resources the entity engages with directly, and to the entity's direct relationships. Those dependencies and impacts also relate to resources and relationships throughout the entity's value chain, such as its supply and distribution channels, the effects of consumption and disposal of its products, and its sources of finance and investments. If the entity's business partners throughout its value chain face sustainability-related risks and opportunities, the entity could be exposed to related consequences of its own.	Not included in Appendix D of AASB S2		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations*** *B1-B5 provide important context on interdependencies in assessing climate-related risks and opportunities* ***Staff comments:*** *Paragraph B5 has no examples or topic-specific content. It covers value chain dependencies and impacts (supply and distribution channels, consumption and disposal of products, sources of finance and investments). Each of these applies to climate-related risks and opportunities, such as supplier exposure to physical risks, product-use emissions and financed emissions* *See issue 4*
B6 (intro)	An entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort (see paragraphs B8–B10):	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments:*** *See issue 5*
B6(a)	to identify the sustainability-related risks and opportunities that could reasonably	*Not included in Appendix D of AASB S2*		**NOT applicable IFRS S1 requirement when using the climate-first approach because IFRS S2 includes specific**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	be expected to affect the entity's prospects; and			**corresponding requirements for climate-related disclosures.** **IFRS S2.11**
B6(b)	to determine the scope of its value chain, including its breadth and composition, in relation to each of those sustainability-related risks and opportunities.	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment considerations:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments:*** *See issue 5*
B7	In identifying the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, an entity shall apply the requirements on sources of guidance in paragraphs 54–55.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because this paragraph refers to other paragraphs in IFRS S1 that are either replicated in IFRS S2 or addressed in Table 1.**
Reasonable and supportable information				
B8	Reasonable and supportable information used by an entity in preparing its sustainability-related financial disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases—such as in identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects —reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. Other IFRS Sustainability Disclosure Standards may specify what is	Reasonable and supportable information used by an entity in preparing its climate-related financial disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases—such as in identifying climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects—reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. Other Australian Sustainability Reporting Standards may specify what is	Reasonable and supportable information used by an entity in preparing its ~~sustainability-related~~ climate-related financial disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases—such as in identifying ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects—reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. Other ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	reasonable and supportable information in specific cases.	reasonable and supportable information in specific cases.	Standards may specify what is reasonable and supportable information in specific cases.	
B9	An entity may use various sources of data that may be both internal and external. Possible data sources include the entity's risk management processes; industry and peer group experience; and external ratings, reports and statistics. Information that is used by the entity in preparing its financial statements, operating its business model, setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.	An entity may use various sources of data that may be both internal and external. Possible data sources include the entity's risk management processes; industry and peer group experience; and external ratings, reports and statistics. Information that is used by the entity in preparing its financial statements, operating its business model, setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B10	An entity need not undertake an exhaustive search for information to identify sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for primary users. That assessment can change over time as circumstances change.	An entity need not undertake an exhaustive search for information to identify climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for primary users. That assessment can change over time as circumstances change.	An entity need not undertake an exhaustive search for information to identify ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for primary users. That assessment can change over time as circumstances change	**Applicable IFRS S1 requirement when taking a climate-first approach**
B11 (intro)	On the occurrence of a significant event or significant change in circumstances, an entity shall reassess the scope of all affected sustainability-related risks and opportunities throughout its value chain. A significant event or significant change in circumstances can occur without the	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** Paragraphs IFRS S1 B11-B12 These paragraphs explain when a company is required to reassess the scope of sustainability-related risks and opportunities (including climate-related

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	entity being involved in that event or change in circumstances or as a result of a change in what the entity assesses to be important to users of general purpose financial reports. For example, such significant events or significant changes in circumstances might include:			risks and opportunities) throughout its value chain. This is relevant to IFRS S2 requirements on reassessing the scope of all climate-related risks and opportunities throughout the value chain, including reassessing which Scope 3 categories and companies throughout its value chain to include in the measurement of its Scope 3 greenhouse gas emissions ***Alignment consideration:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments*** *See issue 5*
B11(a)	a significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions);	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment consideration:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments*** *Example ok for a climate only standard* *See issue 5*
B11(b)	a significant change in the entity's business model, activities or corporate structure (for example, a merger or acquisition that expands the entity's value chain); and	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment consideration:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments*** *Example ok for a climate only standard*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
				See issue 5
B11(c)	a significant change in an entity's exposure to sustainability-related risks and opportunities (for example, a supplier in the entity's value chain is affected by the introduction of a new regulation that the entity had not anticipated).	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment consideration:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments*** *See issue 5*
B12	An entity is permitted, but not required, to reassess the scope of any sustainability-related risk or opportunity throughout its value chain more frequently than required by paragraph B11.	Not included in Appendix D of AASB S2		**Applicable IFRS S1 requirement when taking a climate-first approach** ***Alignment consideration:*** *These provisions enable understanding that these requirements are not limited to GHG emissions.* ***Staff comments*** *See issue 5*
Materiality (paragraphs 17–19)				
B13	Paragraph 17 requires an entity to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Materiality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity.	Paragraph 17 requires an entity to disclose material information about the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Materiality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity.	Paragraph 17 requires an entity to disclose material information about the ~~sustainability-related~~ climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Materiality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B14 (intro)	The decisions of primary users relate to providing resources to the entity and involve decisions about:	The decisions of primary users relate to providing resources to the entity and involve decisions about:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B14(a)	buying, selling or holding equity and debt instruments;	buying, selling or holding equity and debt instruments;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B14(b)	providing or settling loans and other forms of credit; or	providing or selling loans and other forms of credit; or	providing or ~~settling~~ selling loans and other forms of credit; or	**Applicable IFRS S1 requirement when taking a climate-first approach** *Staff comment:* *AASB need to make and editorial correction to AASB S2* *On the 11 November 2026 the AASB issued **AASB 2026-5** Editorial Corrections to Australian Accounting Standards and Australian Sustainability Reporting Standards and Repeal of Redundant Standards*
B14(c)	exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.	exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
AusB14.1 (intro)	*No direct IFRS S2 paragraph*	In respect of not-for-profit entities, the following are examples of decisions of primary users relating to providing resources to an entity:	*Australian-specific paragraph; no IFRS S1 equivalent.*	
AusB14.1(a)	*No direct IFRS S2 paragraph*	parliaments deciding on behalf of constituents whether to fund particular programmes for delivery by an entity;	*Australian-specific paragraph; no IFRS S1 equivalent.*	
AusB14.1(b)	*No direct IFRS S2 paragraph*	taxpayers deciding who should represent them in government;	*Australian-specific paragraph; no IFRS S1 equivalent.*	
AusB14.1(c)	*No direct IFRS S2 paragraph*	donors deciding whether to donate resources to an entity; and	*Australian-specific paragraph; no IFRS S1 equivalent.*	

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
AusB14.1(d)	*No direct IFRS S2 paragraph*	recipients of goods and services deciding whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers.	*Australian-specific paragraph; no IFRS S1 equivalent.*	
B15	The decisions described in paragraph B14 depend on primary users' expectations about returns, for example, dividends, principal and interest payments or market price increases. Those expectations depend on primary users' assessment of the amount, timing and uncertainty of future net cash inflows to the entity and on their assessment of stewardship of the entity's economic resources by the entity's management and its governing body(s) or individual(s).	The decisions described in paragraph B14 depend on primary users' expectations about returns, for example, dividends, principal and interest payments or market price increases. Those expectations depend on primary users' assessment of the amount, timing and uncertainty of future net cash inflows to the entity and on their assessment of stewardship of the entity's economic resources by the entity's management and its governing body(s) or individual(s).	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
AusB15.1	*No direct IFRS S2 paragraph*	In respect of not-for-profit entities, the decisions described in paragraph AusB14.1 depend on primary users' expectations about returns and a not-for-profit entity's ability to continue providing goods or services. Those expectations depend on primary users' assessment of the amount, timing and uncertainty of future net cash inflows to the entity and on their assessment of stewardship of the entity's economic resources by the entity's management and its governing body(s) or individual(s).	Australian-specific paragraph; no IFRS S1 equivalent.	
B16	Assessing whether information could reasonably be expected to influence the decisions made by primary users requires consideration of the characteristics of those users and of the entity's own circumstances.	Assessing whether information could reasonably be expected to influence the decisions made by primary users requires consideration of the characteristics of those users and of the entity's own circumstances.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B17	Sustainability-related financial disclosures are prepared for primary users who have reasonable knowledge of business and economic activities and who review and analyse information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand sustainability-related financial information.	Climate-related financial disclosures are prepared for primary users who have reasonable knowledge of business and economic activities and who review and analyse information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand climate-related financial information.	~~Sustainability-related~~ Climate-related financial disclosures are prepared for primary users who have reasonable knowledge of business and economic activities and who review and analyse information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand ~~sustainability-related~~ climate-related financial information.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B18	Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of primary users may also evolve over time. Sustainability-related financial disclosures are intended to meet common information needs of primary users.	Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of primary users may also evolve over time. Climate-related financial disclosures are intended to meet common information needs of primary users.	Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of primary users may also evolve over time. ~~Sustainability-related~~ Climate-related financial disclosures are intended to meet common information needs of primary users.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Identifying material information				
B19	Materiality judgements are specific to an entity. Consequently, this Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation.	Materiality judgements are specific to an entity. Consequently, this Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B20	To identify material information about a sustainability-related risk or opportunity, an entity shall apply, as the starting point, the requirements of the IFRS Sustainability Disclosure Standard that specifically applies to that risk or opportunity. In the absence of a specifically applicable Standard, the entity shall apply the requirements on sources of guidance specified in paragraphs 57–58.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because this paragraph requires a company to apply the specific ISSB Standard. A company reporting only climate-related information applying IFRS S2 will have applied its specific requirements.**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B21	An entity shall assess whether the information identified in applying paragraph B20, either individually or in combination with other information, is material in the context of the entity's sustainability-related financial disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider the magnitude and the nature of the effect of a sustainability-related risk or opportunity on the entity.	An entity shall assess whether information, either individually or in combination with other information, is material in the context of the entity's climate-related financial disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider the magnitude and the nature of the effect of a climate-related risk or opportunity on the entity.	An entity shall assess whether ~~the~~ information ~~identified in applying paragraph B20,~~ either individually or in combination with other information, is material in the context of the entity's ~~sustainability-related~~ climate-related financial disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider the magnitude and the nature of the effect of a ~~sustainability-related~~ climate-related risk or opportunity on the entity.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B22 (intro)	In some cases, IFRS Sustainability Disclosure Standards require the disclosure of information about possible future events with uncertain outcomes. In judging whether information about such possible future events is material, an entity shall consider:	In some cases, Australian Sustainability Reporting Standards require the disclosure of information about possible future events with uncertain outcomes. In judging whether information about such possible future events is material, an entity shall consider:	In some cases, ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards require the disclosure of information about possible future events with uncertain outcomes. In judging whether information about such possible future events is material, an entity shall consider:	**Applicable IFRS S1 requirement when taking a climate-first approach**
B22(a)	the potential effects of the events on the amount, timing and uncertainty of the entity's future cash flows over the short, medium and long term (referred to as 'the possible outcome'); and	the potential effects of the events on the amount, timing and uncertainty of the entity's future cash flows over the short, medium and long term (referred to as 'the possible outcome'); and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B22(b)	the range of possible outcomes and the likelihood of the possible outcomes within that range.	the range of possible outcomes and the likelihood of the possible outcomes within that range.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B23	When considering possible outcomes, an entity shall consider all pertinent facts and circumstances. Information about a possible future event is more likely to be judged as being material if the potential	When considering possible outcomes, an entity shall consider all pertinent facts and circumstances. Information about a possible future event is more likely to be judged as being material if the potential	When considering possible outcomes, an entity shall consider all pertinent facts and circumstances. Information about a possible future event is more likely to be judged as being material if the potential	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	effects are significant and the event is likely to occur. However, an entity shall also consider whether information about low-probability and high-impact outcomes might be material either individually or in combination with information about other low-probability and high-impact outcomes. For example, an entity might be exposed to several sustainability-related risks, each of which could cause the same type of disruption—such as disruption to the entity's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources —might be material.	effects are significant and the event is likely to occur. However, an entity shall also consider whether information about low-probability and high-impact outcomes might be material either individually or in combination with information about other low-probability and high-impact outcomes. For example, an entity might be exposed to several climate-related risks, each of which could cause the same type of disruption—such as disruption to the entity's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources—might be material.	effects are significant and the event is likely to occur. However, an entity shall also consider whether information about low-probability and high-impact outcomes might be material either individually or in combination with information about other low-probability and high-impact outcomes. For example, an entity might be exposed to several ~~sustainability-related~~ climate-related risks, each of which could cause the same type of disruption—such as disruption to the entity's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources —might be material.	
B24	If a possible future event is expected to affect an entity's cash flows, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected to occur sooner. However, in some circumstances, an item of information could reasonably be expected to influence primary users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular sustainability-related risk or opportunity is highly scrutinised by primary users of an entity's general purpose financial reports.	If a possible future event is expected to affect an entity's cash flows, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected to occur sooner. However, in some circumstances, an item of information could reasonably be expected to influence primary users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular climate-related risk or opportunity is highly scrutinised by primary users of an entity's general purpose financial reports.	If a possible future event is expected to affect an entity's cash flows, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected to occur sooner. However, in some circumstances, an item of information could reasonably be expected to influence primary users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular ~~sustainability-related~~ climate-related risk or opportunity is highly scrutinised by primary users of an entity's general purpose financial reports.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B25	An entity need not disclose information otherwise required by an IFRS Sustainability Disclosure Standard if the information is not material. This is the case even if the IFRS Sustainability Disclosure Standard contains a list of specific requirements or describes them as minimum requirements.	An entity need not disclose information otherwise required by an Australian Sustainability Reporting Standard if the information is not material. This is the case even if the Australian Sustainability Reporting Standard contains a list of specific requirements or describes them as minimum requirements.	An entity need not disclose information otherwise required by an ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard if the information is not material. This is the case even if the ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard contains a list of specific requirements or describes them as minimum requirements.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B26	An entity shall disclose additional information when compliance with the specifically applicable requirements in an IFRS Sustainability Disclosure Standard is insufficient to enable users of general purpose financial reports to understand the effects of sustainability-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	An entity shall disclose additional information when compliance with the specifically applicable requirements in an Australian Sustainability Reporting Standard is insufficient to enable users of general purpose financial reports to understand the effects of climate-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	An entity shall disclose additional information when compliance with the specifically applicable requirements in an ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard is insufficient to enable users of general purpose financial reports to understand the effects of ~~sustainability-related~~ climate-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Paragraph B27 will be brought back to a future meeting				
B28	An entity shall reassess its materiality judgements at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's sustainability-related financial disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.	An entity shall reassess its materiality judgements at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's climate-related financial disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.	An entity shall reassess its materiality judgements at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's ~~sustainability-related~~ climate-related financial disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Aggregation and disaggregation				

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B29	When an entity applies IFRS Sustainability Disclosure Standards, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its sustainability-related financial disclosures. The entity shall not reduce the understandability of its sustainability-related financial disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.	When an entity applies Australian Sustainability Reporting Standards, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its climate-related financial disclosures. The entity shall not reduce the understandability of its climate-related financial disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.	When an entity applies ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its ~~sustainability-related~~ climate-related financial disclosures. The entity shall not reduce the understandability of its ~~sustainability-related~~ climate-related financial disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B30	An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. The entity might need to disaggregate information about sustainability-related risks and opportunities, for example, by geographical location or in consideration of the geopolitical environment. For example, to ensure that material information is not obscured, an entity might need to disaggregate information about its use of water to distinguish between water drawn from abundant sources and water drawn from water-stressed areas.	An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. The entity might need to disaggregate information about climate-related risks and opportunities, for example, by geographical location or in consideration of the geopolitical environment. For example, to ensure that material information is not obscured, an entity might need to disaggregate information about its use of water to distinguish between water drawn from abundant sources and water drawn from water-stressed areas.	An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. The entity might need to disaggregate information about ~~sustainability-related~~ climate-related risks and opportunities, for example, by geographical location or in consideration of the geopolitical environment. For example, to ensure that material information is not obscured, an entity might need to disaggregate information about its use of water to distinguish between water drawn from abundant sources and water drawn from water-stressed areas.	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *This example is a nature-related recommend we should replace example with a climate-related example* *an entity might need to disaggregate information about its physical assets to distinguish between assets located in areas of high exposure to flooding or sea-level rise and assets located in areas of low exposure*
Interaction with law or regulation				
B31	Law or regulation might specify requirements for an entity to disclose	Law or regulation might specify requirements for an entity to disclose	Law or regulation might specify requirements for an entity to disclose	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	sustainability-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its sustainability-related financial disclosures information to meet legal or regulatory requirements, even if that information is not material. However, such information shall not obscure material information.	climate-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its climate-related financial disclosures information to meet legal or regulatory requirements, even if that information is not material. However, such information shall not obscure material information.	~~sustainability-related~~ climate-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its ~~sustainability-related~~ climate-related financial disclosures information to meet legal or regulatory requirements, even if that information is not material. However, such information shall not obscure material information.	
B32	An entity shall disclose material sustainability-related financial information, even if law or regulation permits the entity not to disclose such information.	An entity shall disclose material climate-related financial information, even if law or regulation permits the entity not to disclose such information.	An entity shall disclose material ~~sustainability-related~~ climate-related financial information, even if law or regulation permits the entity not to disclose such information.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B33	An entity need not disclose information otherwise required by an IFRS Sustainability Disclosure Standard if law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.	An entity need not disclose information otherwise required by an Australian Sustainability Reporting Standard if law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.	An entity need not disclose information otherwise required by an ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standard if law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Commercially sensitive information				
B34	If an entity determines that information about a sustainability-related opportunity is commercially sensitive in the limited circumstances described in paragraph B35, the entity is permitted to omit that information from its sustainability-related financial disclosures. Such an omission is permitted even if information is otherwise required by an IFRS Sustainability	If an entity determines that information about a climate-related opportunity is commercially sensitive in the limited circumstances described in paragraph B35, the entity is permitted to omit that information from its climate-related financial disclosures. Such an omission is permitted even if information is otherwise required by an Australian Sustainability	If an entity determines that information about a ~~sustainability-related~~ climate-related opportunity is commercially sensitive in the limited circumstances described in paragraph B35, the entity is permitted to omit that information from its ~~sustainability-related~~ climate-related financial disclosures. Such an omission is permitted even if information is otherwise required by an ~~IFRS~~ Australian	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	Disclosure Standard and the information is material.	Reporting Standard and the information is material.	Sustainability ~~Disclosure~~ Reporting Standard and the information is material.	
B35 (intro)	An entity qualifies for the exemption specified in paragraph B34 if, and only if:	An entity qualifies for the exemption specified in paragraph B34 if, and only if:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B35(a)	information about the sustainability-related opportunity is not already publicly available;	information about the climate-related opportunity is not already publicly available;	information about the ~~sustainability-related~~ climate-related opportunity is not already publicly available;	**Applicable IFRS S1 requirement when taking a climate-first approach**
B35(b)	disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity; and	disclosure of that information could reasonably be expected to prejudice seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B35(c)	the entity has determined that it is impossible to disclose that information in a manner—for example, at an aggregated level—that would enable the entity to meet the objectives of the disclosure requirements without prejudicing seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity.	the entity has determined that it is impossible to disclose that information in a manner—for example, at an aggregated level—that would enable the entity to meet the objectives of the disclosure requirements without prejudicing seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity.	the entity has determined that it is impossible to disclose that information in a manner—for example, at an aggregated level—that would enable the entity to meet the objectives of the disclosure requirements without prejudicing seriously the economic benefits the entity would otherwise be able to realise in pursuing the opportunity.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B36 (intro)	If an entity elects to use the exemption specified in paragraph B34, the entity shall, for each item of information omitted:	If an entity elects to use the exemption specified in paragraph B34, the entity shall, for each item of information omitted:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B36(a)	disclose the fact that it has used the exemption; and	disclose the fact that it has used the exemption; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B36(b)	reassess, at each reporting date, whether the information qualifies for the exemption.	reassess, at each reporting date, whether the information qualifies for the exemption.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B37	An entity is prohibited from using the exemption specified in paragraph B34 in	An entity is prohibited from using the exemption specified in paragraph B34 in	An entity is prohibited from using the exemption specified in paragraph B34 in	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	relation to a sustainability-related risk or as a basis for broad non-disclosure of sustainability-related financial information.	relation to a climate-related risk or as a basis for broad non-disclosure of climate-related financial information.	relation to a ~~sustainability-related~~ climate-related risk or as a basis for broad non-disclosure of ~~sustainability-related~~ climate-related financial information.	
Reporting entity (paragraph 20)				
B38	Paragraph 20 requires that sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements. For example, consolidated financial statements prepared in accordance with IFRS Accounting Standards provide information about the parent and its subsidiaries as a single reporting entity. Consequently, that entity's sustainability-related financial disclosures shall enable users of general purpose financial reports to understand the effects of the sustainability-related risks and opportunities on the cash flows, access to finance and cost of capital over the short, medium and long term for the parent and its subsidiaries. Connected information (paragraphs 21–24)	*Not included in Appendix D of AASB S2*		**Applicable IFRS S1 requirement when taking a climate-first approach.** *See paragraph 20 above* *See issue 1 in main memo*
AusB38.1	*No direct IFRS S2 paragraph*	Unless otherwise permitted by law, paragraph Aus20.1 requires that climate-related financial disclosures shall be for the same reporting entity as the related financial statements. For example, consolidated financial statements prepared in accordance with Australian Accounting Standards provide information about the parent and its subsidiaries as a single reporting entity. Consequently, that entity's climate-related financial disclosures shall enable users of general purpose financial reports to understand	*Australian-specific paragraph; no IFRS S1 equivalent.*	*Staff comments:* *This is what we said in the consultation document that accompanied the draft climate reporting roadmap:* *7.2.2 The reporting entity requirements cannot override the FMC Act* *IFRS S2 requires an entity to prepare its climate-related disclosures for the same reporting entity as its financial statements. This is consistent with the approach in NZ CS, where the XRB decided climate-related disclosures should be prepared for the*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
		the effects of the climate-related risks and opportunities on the cash flows, access to finance and cost of capital over the short, medium and long term for the parent and its subsidiaries.		*same reporting entity as the financial statements to support "high-quality, credible, integrated reporting" and to enable clear links between the financial statements and the climate-related disclosures. However, Part 7A of the FMC Act determines whether (and how) entities are subject to the CRD framework and therefore classified as CREs. To reflect this, the XRB included an override in paragraph 21 of NZ CS 3: Except as otherwise required by Part 7A of the Financial Markets Conduct Act 2013, an entity must prepare its climate-related disclosures for the same reporting entity as its financial statements. We propose to replicate this requirement in NZ IFRS S2.* *See issue 1 in main memo*
Connected information (paragraphs 21–24)				
B39	Paragraph 21 requires an entity to provide information in a manner that enables users of general purpose financial reports to understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.	Paragraph 21 requires an entity to provide information in a manner that enables users of general purpose financial reports to understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B40 (intro)	Connected information provides insight into connections between the items to which the information relates. For example:	Connected information provides insight into connections between the items to which the information relates. For example:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B40(a)	if an entity pursued a particular sustainability-related opportunity and that resulted in an increase in the entity's revenue, connected information will	if an entity pursued a particular climate-related opportunity and that resulted in an increase in the entity's revenue, connected information will depict that	if an entity pursued a particular ~~sustainability-related~~ climate-related opportunity and that resulted in an increase in the entity's revenue,	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	depict that relationship between the entity's strategy and its financial performance;	relationship between the entity's strategy and its financial performance;	connected information will depict that relationship between the entity's strategy and its financial performance;	
B40(b)	if an entity identified a trade-off between two sustainability-related risks it is exposed to and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks and the entity's strategy; and	if an entity identified a trade-off between two climate-related risks it is exposed to and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks and the entity's strategy; and	if an entity identified a trade-off between two ~~sustainability-related~~ climate-related risks it is exposed to and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks and the entity's strategy; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
B40(c)	if an entity committed to a particular sustainability-related target, but that commitment has not yet affected the entity's financial position or financial performance because the applicable recognition criteria have not been met, connected information will depict that relationship.	if an entity committed to a particular climate-related target, but that commitment has not yet affected the entity's financial position or financial performance because the applicable recognition criteria have not been met, connected information will depict that relationship.	if an entity committed to a particular ~~sustainability-related~~ climate-related target, but that commitment has not yet affected the entity's financial position or financial performance because the applicable recognition criteria have not been met, connected information will depict that relationship.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B41 (intro)	Connected information includes:	Connected information includes:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B41(a)	connections between various types of information about a particular sustainability-related risk or opportunity, such as:	connections between various types of information about a particular climate-related risk or opportunity, such as:	connections between various types of information about a particular ~~sustainability-related~~ climate-related risk or opportunity, such as:	**Applicable IFRS S1 requirement when taking a climate-first approach**
B41(a)(i)	between disclosures on governance, strategy and risk management; and	between disclosures on governance, strategy and risk management; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B41(a)(ii)	between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).	between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B41(b)	connections between disclosures about various sustainability-related risks and	connections between disclosures about various climate-related risks and	connections between disclosures about various ~~sustainability-related~~ climate-	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	opportunities. For example, if an entity integrates its oversight of sustainability-related risks and opportunities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each sustainability-related risk and opportunity.	opportunities. For example, if an entity integrates its oversight of climate-related risks and opportunities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each climate-related risk and opportunity.	related risks and opportunities. For example, if an entity integrates its oversight of ~~sustainability-related~~ climate-related risks and opportunities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each ~~sustainability-related~~ climate-related risk and opportunity.	
B42 (intro)	Drawing connections between disclosures involves, but is not limited to, providing necessary explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:	Drawing connections between disclosures involves, but is not limited to, providing necessary explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B42(a)	explain connections between disclosures in a clear and concise manner;	explain connections between disclosures in a clear and concise manner;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B42(b)	avoid unnecessary duplication if IFRS Sustainability Disclosure Standards require the disclosure of common items of information; and	avoid unnecessary duplication if Australian Sustainability Reporting Standards require the disclosure of common items of information; and	avoid unnecessary duplication if ~~IFRS~~ Australian Sustainability ~~Disclosure~~ Reporting Standards require the disclosure of common items of information; and	**Applicable IFRS S1 requirement when taking a climate-first approach**
B42(c)	disclose information about significant differences between the data and assumptions used in preparing the entity's sustainability-related financial disclosures and the data and assumptions used in preparing the related financial statements.	disclose information about significant differences between the data and assumptions used in preparing the entity's climate-related financial disclosures and the data and assumptions used in preparing the related financial statements.	disclose information about significant differences between the data and assumptions used in preparing the entity's ~~sustainability-related~~ climate-related financial disclosures and the data and assumptions used in preparing the related financial statements.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B43	For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy	For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy	For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments*** *Check this example*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	relates to the metrics the entity uses to measure progress against targets. Another entity might need to explain how its use of natural resources or changes within its supply chain could amplify or, in contrast, reduce its sustainability-related risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its supply chain to information about current or anticipated financial effects on the entity's production costs, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.	relates to the metrics the entity uses to measure progress against targets. Another entity might need to explain how its use of natural resources or changes within its supply chain could amplify or, in contrast, reduce its climate-related risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its supply chain to information about current or anticipated financial effects on the entity's production costs, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.	relates to the metrics the entity uses to measure progress against targets. Another entity might need to explain how its use of natural resources or changes within its supply chain could amplify or, in contrast, reduce its ~~sustainability-related~~ climate-related risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its supply chain to information about current or anticipated financial effects on the entity's production costs, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.	
B44 (intro)	Other examples of connected information include:	Other examples of connected information include:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B44(a)	an explanation of the combined effects of the entity's sustainability-related risks and opportunities and its strategy on its financial position, financial performance and cash flows over the short, medium and long term. For example, an entity might face decreasing demand for its products because of consumer preferences for lower-carbon alternatives. The entity might need to explain how its strategic response, such as closing a major factory, could affect its workforce and local communities, and the effect of such a closure on the useful lives of its assets and on impairment assessments.	an explanation of the combined effects of the entity's climate-related risks and opportunities and its strategy on its financial position, financial performance and cash flows over the short, medium and long term. For example, an entity might face decreasing demand for its products because of consumer preferences for lower-carbon alternatives. The entity might need to explain how its strategic response, such as closing a major factory, could affect its workforce and local communities, and the effect of such a closure on the useful lives of its assets and on impairment assessments.	an explanation of the combined effects of the entity's ~~sustainability-related~~ climate-related risks and opportunities and its strategy on its financial position, financial performance and cash flows over the short, medium and long term. For example, an entity might face decreasing demand for its products because of consumer preferences for lower-carbon alternatives. The entity might need to explain how its strategic response, such as closing a major factory, could affect its workforce-and local communities, and the effect of such a closure on the useful lives of its assets and on impairment assessments.	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *Check example is ok in climate-only standard*

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B44(b)	a description of the alternatives that an entity evaluated in setting its strategy in response to its sustainability-related risks and opportunities, including a description of the trade-offs between those risks and opportunities that the entity considered (see paragraph 33(c)). For example, an entity might need to explain the potential effects of its decision to restructure its operations in response to a sustainability-related risk on the future size and composition of the entity's workforce.	a description of the alternatives that an entity evaluated in setting its strategy in response to its climate-related risks and opportunities, including a description of the trade-offs between those risks and opportunities that the entity considered. For example, an entity might need to explain the potential effects of its decision to restructure its operations in response to a climate-related risk on the future size and composition of the entity's workforce.	a description of the alternatives that an entity evaluated in setting its strategy in response to its ~~sustainability-related~~ climate-related risks and opportunities, including a description of the trade-offs between those risks and opportunities that the entity considered ~~(see paragraph 33(c)).~~ For example, an entity might need to explain the potential effects of its decision to restructure its operations in response to a ~~sustainability-related~~ climate-related risk on the future size and composition of the entity's workforce.	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *See paragraph 33(c) above, AASB did not include in paragraph 33(c)AASB S2 which is why they have removed the reference to it. Not sure why the AASB kept this paragraph that references the trade-offs that paragraph 33(c) requires.* *The example is not climate-related*
Information included by cross-reference (paragraph 63) [Paragraphs B45-B47 to be brought back to a future meeting]				
Interim reporting (paragraph 69) [paragraph B48 will be brought back to a future meeting]				
Comparative information (paragraphs 52, 70 and 83–86)				
B49	Paragraph 70 requires an entity to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period.	Paragraph 70 requires an entity to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B50 (intro)	In some cases, the amount disclosed for a metric is an estimate. Except as specified in paragraph B51, if an entity identifies new information in relation to the estimated amount disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period, the entity shall:	In some cases, the amount disclosed for a metric is an estimate. Except as specified in paragraph B51, if an entity identifies new information in relation to the estimated amount disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period, the entity shall:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B50(a)	disclose a revised comparative amount that reflects that new information;	disclose a revised comparative amount that reflects that new information;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B50(b)	disclose the difference between the amount disclosed in the preceding period and the revised comparative amount; and	disclose the difference between the amount disclosed in the preceding period and the revised comparative amount; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B50(c)	explain the reasons for revising the comparative amount.	explain the reasons for revising the comparative amount.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B51 (intro)	In applying the requirement in paragraph B50, an entity need not disclose a revised comparative amount:	In applying the requirement in paragraph B50, an entity need not disclose a revised comparative amount:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B51(a)	if it is impracticable to do so (see paragraph B54).	if it is impracticable to do so (see paragraph B54).	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B51(b)	if the metric is forward-looking. Forward-looking metrics relate to possible future transactions, events and other conditions. The entity is permitted to revise a comparative amount for a forward-looking metric if doing so does not involve the use of hindsight.	if the metric is forward-looking. Forward-looking metrics relate to possible future transactions, events and other conditions. The entity is permitted to revise a comparative amount for a forward-looking metric if doing so does not involve the use of hindsight.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B52 (intro)	If an entity redefines or replaces a metric in the reporting period, the entity shall:	If an entity redefines or replaces a metric in the reporting period, the entity shall:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B52(a)	disclose a revised comparative amount, unless it is impracticable to do so;	disclose a revised comparative amount, unless it is impracticable to do so;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B52(b)	explain the changes; and	explain the changes; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B52(c)	explain the reasons for those changes, including why the redefined or replacement metric provides more useful information.	explain the reasons for those changes, including why the redefined or replacement metric provides more useful information.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B53	If an entity introduces a new metric in the reporting period, it shall disclose a	If an entity introduces a new metric in the reporting period, it shall disclose a	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	comparative amount for that metric unless it is impracticable to do so.	comparative amount for that metric unless it is impracticable to do so.		
B54	Sometimes, it is impracticable to revise a comparative amount to achieve comparability with the reporting period. For example, data might not have been collected in the preceding period in a way that allows retrospective application of a new definition of a metric, and it might be impracticable to recreate the data. If it is impracticable to revise a comparative amount for the preceding period, an entity shall disclose that fact.	Sometimes, it is impracticable to revise a comparative amount to achieve comparability with the reporting period. For example, data might not have been collected in the preceding period in a way that allows retrospective application of a new definition of a metric, and it might be impracticable to recreate the data. If it is impracticable to revise a comparative amount for the preceding period, an entity shall disclose that fact.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
Errors				
B55	Paragraph 83 requires an entity to correct material prior period errors.	Paragraph 83 requires an entity to correct material prior period errors.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B56	Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.	Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B57	Potential reporting period errors discovered in that period are corrected before the sustainability-related financial disclosures are authorised for issue. However, material errors are sometimes not discovered until a subsequent period.	Potential reporting period errors discovered in that period are corrected before the climate-related financial disclosures are authorised for issue. However, material errors are sometimes not discovered until a subsequent period.	Potential reporting period errors discovered in that period are corrected before the ~~sustainability-related~~ climate-related financial disclosures are authorised for issue. However, material errors are sometimes not discovered until a subsequent period.	**Applicable IFRS S1 requirement when taking a climate-first approach**
B58 (intro)	If an entity identifies a material error in its prior period(s) sustainability-related financial disclosures, it shall disclose:	If an entity identifies a material error in its prior period(s) climate-related financial disclosures, it shall disclose:	If an entity identifies a material error in its prior period(s) ~~sustainability-related~~ climate-related financial disclosures, it shall disclose:	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
B58(a)	the nature of the prior period error;	the nature of the prior period error;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B58(b)	the correction, to the extent practicable, for each prior period disclosed; and	the correction, to the extent practicable, for each prior period disclosed; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B58(c)	if correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.	if correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
B59	When it is impracticable to determine the effect of an error on all prior periods presented, the entity shall restate the comparative information to correct the error from the earliest date practicable.	When it is impracticable to determine the effect of an error on all prior periods presented, the entity shall restate the comparative information to correct the error from the earliest date practicable. Qualitative characteristics of useful climate-related financial information (from AASB S1, Appendix D)	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Appendix A Defined terms – [to be brought back to a future meeting]

Table 3 – Cross-referenced paragraphs: Appendix C of IFRS S1, Sources of guidance (paragraphs C1–C3), compared with Appendix D of AASB S2

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
Sources of guidance				
C1 (intro)	This Standard requires (see paragraph 57) that in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that:	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
C1(a)	is relevant to the decision-making of users of general purpose financial reports; and	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
C1(b)	faithfully represents that sustainability-related risk or opportunity.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
C2 (intro)	In making that judgement, an entity may—to the extent that these sources assist the entity in meeting the objective of this Standard (see paragraphs 1–4) and do not conflict with IFRS Sustainability Disclosure Standards—refer to and consider the applicability of:	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
C2(a)	the Global Reporting Initiative Standards; and	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
C2(b)	the European Sustainability Reporting Standards.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**
C3	In applying the sources of guidance specified in paragraph C2, an entity shall not obscure material information required by IFRS Sustainability Disclosure Standards (see paragraph B27). If an entity applies the sources of guidance specified in paragraph C2 without applying the requirements in IFRS Sustainability Disclosure Standards, the entity shall not make an explicit and unreserved statement of compliance with IFRS Sustainability Disclosure Standards.	Not included in Appendix D of AASB S2		**NOT applicable IFRS S1 requirement when using the climate-first approach because these paragraphs in IFRS S1 are only applicable in the absence of a specific ISSB Standard.**

Table 4 – Cross-referenced paragraphs: Appendix D of IFRS S1, Qualitative characteristics (paragraphs D1–D33), compared with Appendix D of AASB S2

38. Paragraph 10 of IFRS S1 (see Table 1) cross-refers to Appendix D of IFRS S1 (Qualitative characteristics of useful sustainability-related financial information). The AASB copied this appendix into Appendix D of AASB S2 in full, retaining the same D-paragraph numbers, so no paragraphs are excluded in this table.

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
Introduction				
D1	The Conceptual Framework for Financial Reporting (Conceptual Framework) was issued by the International Accounting Standards Board (IASB). It describes the objective of, and the concepts that apply to, general purpose financial reports. One purpose of the Conceptual Framework is to assist the IASB to develop IFRS Accounting Standards for preparing financial statements based on consistent concepts.	The Conceptual Framework for Financial Reporting (as amended to December 2021) and the Framework for the Preparation and Presentation of Financial Statements (as amended to March 2020) (the Conceptual Frameworks) were issued by the AASB. They describe the objective of, and the concepts that apply to, general purpose financial reports. One purpose of the Conceptual Frameworks is to assist the AASB to develop Australian Accounting Standards for preparing financial statements based on consistent concepts.	The Conceptual Framework for Financial Reporting ~~(Conceptual Framework) was~~ (as amended to December 2021) and the Framework for the Preparation and Presentation of Financial Statements (as amended to March 2020) (the Conceptual Frameworks) were issued by the ~~International Accounting Standards Board (IASB). It describes~~ AASB. They describe the objective of, and the concepts that apply to, general purpose financial reports. One purpose of the Conceptual ~~Framework~~ Frameworks is to assist the ~~IASB~~ AASB to develop ~~IFRS~~ Australian Accounting Standards for preparing financial statements based on consistent concepts.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D2	Sustainability-related financial disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Framework, therefore, apply to sustainability-related financial information. However, the nature of some of the information required to meet the objective of this Standard (see paragraphs 1–4) differs in some respects	Climate-related financial disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Frameworks, therefore, apply to climate-related financial information. However, the nature of some of the information required to meet the objective of this Standard differs in some respects from the information provided in financial statements.	~~Sustainability-related~~ Climate-related financial disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual ~~Framework,~~ Frameworks, therefore, apply to ~~sustainability-related~~ climate-related financial information. However, the nature of some of the information required to meet the objective of this Standard ~~(see paragraphs 1–4)~~ differs in	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	from the information provided in financial statements.		some respects from the information provided in financial statements.	
D3	Sustainability-related financial information is useful if it is relevant and faithfully represents what it purports to represent. Relevance and faithful representation are fundamental qualitative characteristics of useful sustainability-related financial information. The usefulness of sustainability-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. Comparability, verifiability, timeliness and understandability are enhancing characteristics of useful sustainability-related financial information. Fundamental qualitative characteristics of useful sustainability-related financial information	Climate-related financial information is useful if it is relevant and faithfully represents what it purports to represent. Relevance and faithful representation are fundamental qualitative characteristics of useful climate-related financial information. The usefulness of climate-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. Comparability, verifiability, timeliness and understandability are enhancing characteristics of useful climate-related financial information. Fundamental qualitative characteristics of useful climate-related financial information	~~Sustainability-related~~ Climate-related financial information is useful if it is relevant and faithfully represents what it purports to represent. Relevance and faithful representation are fundamental qualitative characteristics of useful ~~sustainability-related~~ climate-related financial information. The usefulness of ~~sustainability-related~~ climate-related financial information is enhanced if the information is comparable, verifiable, timely and understandable. Comparability, verifiability, timeliness and understandability are enhancing characteristics of useful ~~sustainability-related~~ climate-related financial information. Fundamental qualitative characteristics of useful ~~sustainability-related~~ climate-related financial information	**Applicable IFRS S1 requirement when taking a climate-first approach**
Relevance				
D4	Relevant sustainability-related financial information is capable of making a difference in the decisions made by primary users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Sustainability-related financial information is capable of making a difference in decisions made by users if it has predictive value, confirmatory value or both.	Relevant climate-related financial information is capable of making a difference in the decisions made by primary users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Climate-related financial information is capable of making a difference in decisions made by users if it has predictive value, confirmatory value or both.	Relevant ~~sustainability-related~~ climate-related financial information is capable of making a difference in the decisions made by primary users. Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. ~~Sustainability-related~~ Climate-related financial information is capable of making a difference in decisions made by users if it has predictive value, confirmatory value or both.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
D5	Sustainability-related financial information has predictive value if it can be used as an input to processes employed by primary users to predict future outcomes. Sustainability-related financial information need not be a prediction or forecast to have predictive value. Sustainability-related financial information with predictive value is employed by primary users in making their own predictions. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	Climate-related financial information has predictive value if it can be used as an input to processes employed by primary users to predict future outcomes. Climate-related financial information need not be a prediction or forecast to have predictive value. Climate-related financial information with predictive value is employed by primary users in making their own predictions. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	~~Sustainability-related~~ Climate-related financial information has predictive value if it can be used as an input to processes employed by primary users to predict future outcomes. ~~Sustainability-related~~ Climate-related financial information need not be a prediction or forecast to have predictive value. ~~Sustainability-related~~ Climate-related financial information with predictive value is employed by primary users in making their own predictions. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	**Applicable IFRS S1 requirement when taking a climate-first approach** ***Staff comments:*** *The water-quality example is not a good fit for a climate-only standards.* *Suggest we replace with a climate example* *A physical-risk alternative: "For example, information about the exposure of an entity's assets to flooding or sea-level rise could inform the expectations of users about future damage costs and insurance availability."*
D6	Sustainability-related financial information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	Climate-related financial information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	~~Sustainability-related~~ Climate-related financial information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D7	The predictive value and confirmatory value of sustainability-related financial information are interrelated. Information that has predictive value often also has confirmatory value. For example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help a user to correct	The predictive value and confirmatory value of climate-related financial information are interrelated. Information that has predictive value often also has confirmatory value. For example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help a user to correct	The predictive value and confirmatory value of ~~sustainability-related~~ climate-related financial information are interrelated. Information that has predictive value often also has confirmatory value. For example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	and improve the processes that were used to make those previous predictions.	and improve the processes that were used to make those previous predictions.	comparisons can help a user to correct and improve the processes that were used to make those previous predictions.	
Materiality				
D8	Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance. The materiality of information is assessed in the context of an entity's sustainability-related financial disclosures and is based on the nature or magnitude of the item to which the information relates, or both.	Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance. The materiality of information is assessed in the context of an entity's climate-related financial disclosures and is based on the nature or magnitude of the item to which the information relates, or both.	Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance. The materiality of information is assessed in the context of an entity's ~~sustainability-related~~ climate-related financial disclosures and is based on the nature or magnitude of the item to which the information relates, or both.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Faithful representation				
D9	Sustainability-related financial information represents phenomena in words and numbers. To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent.	Climate-related financial information represents phenomena in words and numbers. To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent.	~~Sustainability-related~~ Climate-related financial information represents phenomena in words and numbers. To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D10	To be a faithful representation, a depiction would be complete, neutral and accurate. The objective of general purpose financial reports is to maximise those qualities to the extent possible.	To be a faithful representation, a depiction would be complete, neutral and accurate. The objective of general purpose financial reports is to maximise those qualities to the extent possible.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
D11	A complete depiction of a sustainability-related risk or opportunity includes all material information necessary for primary users to understand that risk or opportunity.	A complete depiction of a climate-related risk or opportunity includes all material information necessary for primary users to understand that risk or opportunity.	A complete depiction of a ~~sustainability-related~~ climate-related risk or opportunity includes all material information necessary for primary users to understand that risk or opportunity.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D12	Sustainability-related financial information shall be neutral. A neutral depiction is one without bias in the selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that primary users will receive that information favourably or unfavourably. Neutral information is not information without purpose or without influence on behaviour. On the contrary, relevant information is, by definition, capable of making a difference in users' decisions.	Climate-related financial information shall be neutral. A neutral depiction is one without bias in the selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that primary users will receive that information favourably or unfavourably. Neutral information is not information without purpose or without influence on behaviour. On the contrary, relevant information is, by definition, capable of making a difference in users' decisions.	~~Sustainability-related~~ Climate-related financial information shall be neutral. A neutral depiction is one without bias in the selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that primary users will receive that information favourably or unfavourably. Neutral information is not information without purpose or without influence on behaviour. On the contrary, relevant information is, by definition, capable of making a difference in users' decisions.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D13	Some sustainability-related financial information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	Some climate-related financial information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	Some ~~sustainability-related~~ climate-related financial information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D14	Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the	Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	understatement of opportunities or the overstatement of risks.	understatement of opportunities or the overstatement of risks.		
D15 (intro)	Sustainability-related financial information shall be accurate. Information can be accurate without being perfectly precise in all respects. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that:	Climate-related financial information shall be accurate. Information can be accurate without being perfectly precise in all respects. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that:	~~Sustainability-related~~ Climate-related financial information shall be accurate. Information can be accurate without being perfectly precise in all respects. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that:	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(a)	factual information is free from material error;	factual information is free from material error;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(b)	descriptions are precise;	descriptions are precise;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(c)	estimates, approximations and forecasts are clearly identified as such;	estimates, approximations and forecasts are clearly identified as such;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(d)	no material errors are made in selecting and applying an appropriate process for developing an estimate, approximation or forecast;	no material errors are made in selecting and applying an appropriate process for developing an estimate, approximation or forecast;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(e)	assertions and inputs used in developing estimates are reasonable and based on information of sufficient quality and quantity; and	assertions and inputs used in developing estimates are reasonable and based on information of sufficient quality and quantity; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D15(f)	information on judgements about the future faithfully reflects both those judgements and the information on which they are based. Enhancing qualitative characteristics of useful	information on judgements about the future faithfully reflects both those judgements and the information on which they are based. Enhancing qualitative characteristics of useful climate-related financial information	information on judgements about the future faithfully reflects both those judgements and the information on which they are based. Enhancing qualitative characteristics of useful	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	sustainability-related financial information		~~sustainability-related~~ climate-related financial information	
Enhancing qualitative characteristics				
D16	The usefulness of sustainability-related financial information is enhanced if it is comparable, verifiable, timely and understandable.	The usefulness of climate-related financial information is enhanced if it is comparable, verifiable, timely and understandable.	The usefulness of ~~sustainability-related~~ climate-related financial information is enhanced if it is comparable, verifiable, timely and understandable.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Comparability				
D17 (intro)	The decisions made by the primary users of general purpose financial reports involve choosing between alternatives; for example, selling or holding an investment, or investing in one reporting entity or another. Comparability is the characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items. Information is more useful to users if it is also comparable, that is, if it can be compared with:	The decisions made by the primary users of general purpose financial reports involve choosing between alternatives; for example, selling or holding an investment, or investing in one reporting entity or another. Comparability is the characteristic that enables users to identify and understand similarities in, and differences among, items. Unlike the other qualitative characteristics, comparability does not relate to a single item. A comparison requires at least two items. Information is more useful to users if it is also comparable, that is, if it can be compared with:	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D17(a)	information provided by the entity in previous periods; and	information provided by the entity in previous periods; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D17(b)	information provided by other entities, in particular those with similar activities or operating within the same industry.	information provided by other entities, in particular those with similar activities or operating within the same industry.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D18	Sustainability-related financial disclosures shall be provided in a way that enhances comparability.	Climate-related financial disclosures shall be provided in a way that enhances comparability.	~~Sustainability-related~~ Climate-related financial disclosures shall be provided in a way that enhances comparability.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
D19	Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for providing disclosures about the same sustainability-related risks and opportunities, from period to period, both by a reporting entity and other entities. Comparability is the goal; consistency helps to achieve that goal.	Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for providing disclosures about the same climate-related risks and opportunities, from period to period, both by a reporting entity and other entities. Comparability is the goal; consistency helps to achieve that goal.	Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for providing disclosures about the same ~~sustainability-related~~ climate-related risks and opportunities, from period to period, both by a reporting entity and other entities. Comparability is the goal; consistency helps to achieve that goal.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D20	Comparability is not uniformity. For information to be comparable, like things shall look alike and different things shall look different. Comparability of sustainability-related financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.	Comparability is not uniformity. For information to be comparable, like things shall look alike and different things shall look different. Comparability of climate-related financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.	Comparability is not uniformity. For information to be comparable, like things shall look alike and different things shall look different. Comparability of ~~sustainability-related~~ climate-related financial information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.	**Applicable IFRS S1 requirement when taking a climate-first approach**
Verifiability				
D21	Verifiability helps to give users confidence that information is complete, neutral and accurate. Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiable information is more useful to primary users than information that is not verifiable.	Verifiability helps to give users confidence that information is complete, neutral and accurate. Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiable information is more useful to primary users than information that is not verifiable.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D22	Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point	Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Quantified information need not be a single point	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	estimate to be verifiable. A range of possible amounts and the related probabilities could also be verified.	estimate to be verifiable. A range of possible amounts and the related probabilities could also be verified.		
D23 (intro)	Sustainability-related financial information shall be provided in a way that enhances its verifiability. Verifiability can be enhanced by, for example:	Climate-related financial information shall be provided in a way that enhances its verifiability. Verifiability can be enhanced by, for example:	~~Sustainability-related~~ Climate-related financial information shall be provided in a way that enhances its verifiability. Verifiability can be enhanced by, for example:	
D23(a)	including information that can be corroborated by comparing it with other information available to primary users about an entity's business, about other businesses or about the external environment in which the entity operates;	including information that can be corroborated by comparing it with other information available to primary users about an entity's business, about other businesses or about the external environment in which the entity operates;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D23(b)	providing information about inputs and methods of calculation used to produce estimates or approximations; and	providing information about inputs and methods of calculation used to produce estimates or approximations; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D23(c)	providing information reviewed and agreed by the entity's board, board committees or equivalent bodies.	providing information reviewed and agreed by the entity's board, board committees or equivalent bodies.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D24	Some sustainability-related financial information will be presented as explanations or forward-looking information. That information can be supportable, for example by faithfully representing fact-based strategies, plans and risk analyses. To help primary users decide whether to use such information, an entity shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the	Some climate-related financial information will be presented as explanations or forward-looking information. That information can be supportable, for example by faithfully representing fact-based strategies, plans and risk analyses. To help primary users decide whether to use such information, an entity shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the	Some ~~sustainability-related~~ climate-related financial information will be presented as explanations or forward-looking information. That information can be supportable, for example by faithfully representing fact-based strategies, plans and risk analyses. To help primary users decide whether to use such information, an entity shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	information reflects the actual plans or decisions made by the entity	information reflects the actual plans or decisions made by the entity.	information reflects the actual plans or decisions made by the entity.	
Timeliness				
D25	Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.	Timeliness means having information available to decision-makers in time to be capable of influencing their decisions. Generally, the older information is, the less useful it is. However, some information may continue to be timely long after the end of a reporting period because, for example, some users may need to identify and assess trends.	*No difference*	
Understandability				
D26 (intro)	Sustainability-related financial information shall be clear and concise. For sustainability-related financial disclosures to be concise, they need:	Climate-related financial information shall be clear and concise. For climate-related financial disclosures to be concise, they need:	~~Sustainability-related~~ Climate-related financial information shall be clear and concise. For ~~sustainability-related~~ climate-related financial disclosures to be concise, they need:	**Applicable IFRS S1 requirement when taking a climate-first approach**
D26(a)	to avoid generic information, sometimes called 'boilerplate', that is not specific to the entity;	to avoid generic information, sometimes called 'boilerplate', that is not specific to the entity;	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D26(b)	to avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and	to avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D26(c)	to use clear language and clearly structured sentences and paragraphs.	to use clear language and clearly structured sentences and paragraphs.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D27	The clearest form a disclosure can take will depend on the nature of the information and might include tables,	The clearest form a disclosure can take will depend on the nature of the information and might include tables,	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
	graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail.	graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail.		
D28	Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity's sustainability-related governance and risk management processes that have changed since the previous reporting period.	Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity's climate-related governance and risk management processes that have changed since the previous reporting period.	Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity's ~~sustainability-related~~ climate-related governance and risk management processes that have changed since the previous reporting period.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D29	Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information.	Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information.	*No difference*	**Applicable IFRS S1 requirement when taking a climate-first approach**
D30	Some sustainability-related risks and opportunities are inherently complex and might be difficult to present in a manner that is easy to understand. An entity shall present such information as clearly as possible. However, complex information about these risks and opportunities shall not be excluded from general purpose financial reports to make those reports easier to understand. Excluding such information would render those reports incomplete and, therefore, possibly misleading.	Some climate-related risks and opportunities are inherently complex and might be difficult to present in a manner that is easy to understand. An entity shall present such information as clearly as possible. However, complex information about these risks and opportunities shall not be excluded from general purpose financial reports to make those reports easier to understand. Excluding such information would render those reports incomplete and, therefore, possibly misleading.	Some ~~sustainability-related~~ climate-related risks and opportunities are inherently complex and might be difficult to present in a manner that is easy to understand. An entity shall present such information as clearly as possible. However, complex information about these risks and opportunities shall not be excluded from general purpose financial reports to make those reports easier to understand. Excluding such information would render those reports incomplete and, therefore, possibly misleading.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Paragraph	IFRS S1 requirement	AASB S2 Appendix D requirement	Difference	What does the ISSB say in its educational material
D31	The completeness, clarity and comparability of sustainability-related financial information all rely on information being presented as a coherent whole. For sustainability-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	The completeness, clarity and comparability of climate-related financial information all rely on information being presented as a coherent whole. For climate-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	The completeness, clarity and comparability of ~~sustainability-related~~ climate-related financial information all rely on information being presented as a coherent whole. For ~~sustainability-related~~ climate-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D32	If sustainability-related risks and opportunities located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	If climate-related risks and opportunities located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	If ~~sustainability-related~~ climate-related risks and opportunities located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	**Applicable IFRS S1 requirement when taking a climate-first approach**
D33	Coherence also requires an entity to provide information in a way that allows users to relate information about its sustainability-related risks and opportunities to information in the entity's financial statements.	Coherence also requires an entity to provide information in a way that allows users to relate information about its climate-related risks and opportunities to information in the entity's financial statements.	Coherence also requires an entity to provide information in a way that allows users to relate information about its ~~sustainability-related~~ climate-related risks and opportunities to information in the entity's financial statements.	**Applicable IFRS S1 requirement when taking a climate-first approach**

Appendix E – Effective Date and transition [paragraphs E1-E6 to be brought back to a future meeting]

Appendix 3: Supporting analysis of stakeholder feedback

1. This appendix supports the analysis in Appendix 1 by summarising stakeholder feedback on the IFRS S1 requirements from the climate reporting roadmap consultation.

2. We did not ask specific questions about the IFRS S1 requirements or whether they should be modified. The feedback below was given in response to other questions. We coded it as general (IFRS S1) feedback where it referred to matters such as materiality, purpose and objective, section 19B of the Financial Reporting Act 2013, statements of compliance, comparatives, commercially sensitive information, or the location and timing of reporting.

3. This appendix covers the feedback where staff identified a matter for the Board's consideration. It does not reproduce feedback that supported the IFRS S1 requirements or the general approach and needed no further action. Where relevant, we distinguish between matters raised by more than one submitter and individual comments.

Topic: Objectives and purpose statement

Feedback received

4. Five submitters commented on the purpose of the regime, and their views differed.

5. One confidential submitter (S-confidential-1) supported adopting the IFRS S2 scope and objective without an additional standard-level purpose statement. It considered that relying on the purpose in section 19B of the Financial Reporting Act would be clearer and more coherent. It described the current landscape as fragmented across the explanatory note to the Bill, section 19B and the NZ CS objectives. It suggests the XRB could address the policy considerations behind the former NZ CS purpose statement by exploring double materiality.

6. Two submitters supported referring to the NZ CS purpose statement. An individual submitter (S18) considered NZ IFRS S2 should retain the NZ CS purpose statement on supporting capital allocation consistent with a transition to a low-emissions, climate-resilient future. They said this message resonates with Australian clients more than a reference to an entity's prospects. IGCC (S46) said there may also be merit in the XRB considering a reference to the objective of the current NZ CS: "...support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future."

7. IAG (S26) and the Insurance Council of New Zealand (S32) each asked the XRB to clarify whether adopting NZ IFRS S2 would change the purpose of the regime. The Insurance Council noted that New Zealand disclosures have been developed on the wider NZ CS purpose.

Staff analysis

8. We will consider this feedback as part of our application of the decision-making framework to the objective and scope sections at the Board’s meeting on 9 February 2026.

Topic: Commercially sensitive information

Feedback received

9. Five submitters commented on commercially sensitive information. No contrary views were identified.

10. The Institute of Directors (S20) and EcoVision (S49) supported carrying forward a limited exemption for commercially sensitive information about opportunities. Both said it should be narrow and transparent, and should not be used to omit material information about climate-related risks.

11. Air New Zealand (S22) asked for a workable mechanism for genuinely commercially sensitive information that does not undermine the disclosure of material information.

12. Vector (S23) asked to be able to omit anticipated financial effects information where reliable disclosure is not possible, or where disclosure would be commercially sensitive or potentially misleading. It said entities relying on this should explain the omission, disclose as much as practicable and reassess at each reporting date. Vector's request was framed more broadly than the IFRS S1 exemption, because it referred to risks as well as opportunities. Its reasons were:

    (a) disclosing expected cash flows from opportunities could undermine commercial and negotiating positions; and

    (b) for regulated infrastructure, anticipated financial effects depend on future regulatory allowances, recovery timing and price-quality decisions.

13. Auckland Council (S38) asked for guidance on balancing transparency with legitimate commercial sensitivity, for example where disclosing future investment, adaptation, acquisition, disposal or property buy-out programmes could prejudice negotiations or procurement.

Staff analysis

14. We propose including paragraphs B33–B37 of IFRS S1 in NZ SX, with "climate-related" wording replacing "sustainability-related". Together they address the concerns raised by submitters in two ways.

15. Paragraphs B34–B37 let an entity omit information about a climate-related opportunity that is commercially sensitive. The exemption is deliberately narrow:

    (a) B35 allows it only if the information is not already publicly available, disclosure could reasonably be expected to prejudice seriously the economic benefits the entity could otherwise realise, and the entity has determined it is impossible to disclose the information (for example, at an aggregated level) in a way that meets the disclosure objectives without that prejudice.

    (b) B36 requires the entity to disclose that it has used the exemption for each item omitted, and to reassess at each reporting date whether the information still qualifies.

    (c) B37 prohibits using the exemption for a climate-related risk, or as a basis for broad non-disclosure.

16. This responds to the feedback as follows:

    (a) The Institute of Directors (S20) and EcoVision (S49) supported a narrow and transparent exemption that is not used to omit material risk information. B35 to B37 provide this.

    (b) Air New Zealand (S22) asked for a workable mechanism. B34–B37 provide one, and B35(c) lets entities first consider whether aggregated disclosure can meet the objective.

    (c) Auckland Council (S38) raised the need to balance transparency with commercial sensitivity for investment, adaptation, acquisition, disposal and buy-out programmes. B35 already provides that balance. An entity may omit information only if it is not already publicly available and disclosure could reasonably be expected to prejudice seriously the economic benefits of the opportunity. It must also have determined that it cannot disclose the information in another way, such as at an aggregated level, that meets the disclosure objective. Programmes that are already public, or that can be described at an aggregated level, remain subject to disclosure.

17. Vector (S23) asked to omit anticipated financial effects information where reliable disclosure is not possible, or where the information is commercially sensitive or potentially misleading. It also asked for an explanation, as much disclosure as practicable, and reassessment at each reporting date. Its request goes further than B34–B37 because it covers risks as well as opportunities. We do not propose extending the exemption to risks, because B37 prohibits this and because it would conflict with the views of the Institute of Directors and EcoVision. IFRS S1 and IFRS S2 already address Vector's other concerns:

    (a) Reliability and uncertainty. IFRS S2 paragraph 19 permits an entity to omit quantitative information about anticipated financial effects if those effects are not separately identifiable, or if measurement uncertainty is so high that the information would not be useful. Paragraph 20 also permits omission if the entity lacks the skills, capabilities or resources to provide it.

    (b) Explanation and partial disclosure. Where an entity relies on those provisions, paragraph 21 requires it to explain why it has not provided quantitative information, to provide qualitative information (including the line items likely to be affected), and to provide combined quantitative information unless that would not be useful. This reflects Vector's request for an explanation and as much disclosure as practicable.

    (c) Regulatory constraints. B33 exempts information that law or regulation prohibits the entity from disclosing. The entity must identify the type of information omitted and explain the source of the restriction. B32 confirms that an entity must disclose material information even where law or regulation would permit it not to.

18. Vector's concern about regulated infrastructure, where anticipated financial effects depend on regulatory allowances, recovery timing and price-quality decisions, is a measurement uncertainty and separate identifiability issue. Paragraphs 19 and 21 of IFRS S2 address it. We do not consider that regulatory uncertainty justifies a separate exemption.

19. We therefore recommend that NZ SX include B33–B37 and the IFRS S2 provisions without modification, other than "climate-related" wording.

Topic: comparatives and changed estimates

Feedback received

20. Two submitters commented on comparative information and changes in estimates, and their views differed.

21. One individual submitter (S18) wanted NZ IFRS S2 to retain the NZ CS requirement for two prior periods of comparative information for metrics. They had no strong view on whether to keep the NZ CS explanatory approach or require revised comparatives for some changes in estimates.

22. The Institute of Directors (S20) saw no need at this stage for a New Zealand-specific departure on comparative information and changed estimates. It said first-time application difficulties should be handled through transition arrangements rather than permanent modification, unless implementation evidence shows a material problem.

Staff analysis

23. We do not propose any changes to the IFRS S1 requirements on comparative information (paragraphs 70–71 and B49–B54). We propose including them in NZ SX with "climate-related" wording replacing "sustainability-related".

24. This is consistent with the Institute of Directors (S20), who saw no need for a New Zealand-specific departure. Any first-time application difficulties are better addressed through transition arrangements, which will be brought back to the Board on 9 February 2027.

25. S18 wanted NZ SX to retain the NZ CS requirement for two prior periods of comparatives for metrics. IFRS S1 requires comparatives for the preceding period but does not prohibit an entity from disclosing more, so entities can provide two years if users find it useful.

26. S18 had no strong view on changes in estimates. For metrics, IFRS S1 already requires a revised comparative amount, the difference from the amount previously disclosed, and an explanation of the reasons. This applies where new information shows that circumstances existed in the preceding period (B50). Exceptions apply where revision is impracticable or the metric is forward-looking (B51 and B54).

27. We have not identified a basis for rebutting the presumption in favour of retaining the IFRS S1 requirements.

Topic: Materiality

Feedback received

28. One confidential submitter (S-confidential-1) suggested the XRB revisit whether the current materiality approach is fit for purpose. It referred to:

    (a) developments over the past five years

    (b) international moves toward double materiality

    (c) the connection between the regime and National Adaptation Plan actions

    (d) whether stakeholder information needs are being met.

29. Mindful Money (S25) urged the XRB to incorporate climate impact reporting (double materiality), citing the approach of major trading partners such as the EU, China, India and Taiwan. It also asked for a clearer definition of primary users that includes retail and potential investors, and said most investors seek information on climate performance as well as financial performance.

30. Other submitters supported the financial materiality focus of the ISSB Standards, for example Neuberger (S7), ICGN (S8), UPP (S9), Northern Trust Asset Management (S10), T. Rowe Price International (S15) and Wellington Management (S12). The Institute of Directors (S20) said double materiality should be considered separately from this roadmap and with appropriate consultation.

31. Institute of Directors (S20), MSCI (S6) and Harbour Asset Management (S37) supported the XRB continuing to monitor international developments, including on double materiality, while keeping the roadmap focused on climate-related financial disclosure for primary users. Insitute of Directors (S20) said this would support future interoperability and alignment. EcoVision (S49) listed double materiality and impact reporting among the developments the XRB should monitor. Beca (S51) noted that climate risks are interconnected with impact and double materiality.

Staff analysis

32. We do not propose to introduce double materiality or impact reporting into NZ SX at this time. NZ SX will be based on IFRS S2 and the IFRS S1 requirements that support it, which use a financial materiality approach (IFRS S1 paragraph 18). This responds to S-confidential-1 and Mindful Money (S25).

33. Introducing double materiality would also depart from IFRS S2 and AASB S2, reducing international and trans-Tasman alignment. The feedback does not provide a basis for rebutting the presumption in favour of retaining IFRS requirements. The Institute of Directors (S20) said double materiality should be considered separately and with appropriate consultation, which has not yet happened.

34. Several submitters supported continued monitoring while keeping the roadmap focused on climate-related financial disclosure for primary users (see paragraph 31). We agree. We will continue to monitor developments on double materiality and impact reporting.

35. Mindful Money (S25) asked for a broader definition of primary users, including retail and potential investors. The IFRS S1 definition of primary users already covers existing and potential investors, lenders and other creditors. "Investors" includes both retail and institutional investors. We therefore do not propose any change to the definition.

Topic: Structure and numbering of the standard

Feedback received

36. A confidential submitter said it had heard that embedding selected IFRS S1 content alongside IFRS S2 may add complexity through paragraph numbering and structure. It recommended that the New Zealand standard be self-contained where practicable and that any incorporated IFRS S1 content be clearly identified and integrated without duplicate paragraph numbering or unnecessary appendices.

Staff analysis

37. We have recommended to the Board that we have two standards not one which will solve the issue of having appendices within appendices and duplicative numbering like AASB S2.

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To:	SRB Members
Meeting date:	Tuesday 1 December 2026
Subject:	**Update on international and jurisdictional monitoring**
Date:	20 November 2026
Prepared by:	The Sustainability Reporting Team
Through:	Amelia Sharman

☐ **Action Required** ☒ **For Information Purposes Only**

Purpose

1. To provide the Board with an update of our international and jurisdictional monitoring from 1 October 2026 to 19 November 2026.

Recommendations

2. To NOTE this update.

Structure

3. This paper is structured as follows:

   Section 1: IFRS Foundation and the International Sustainability Standards Board (**ISSB**)

   Section 2: Update on other international standard-setters

   Section 3: Update on jurisdictions

   Section 4: Glossary

Section 1: IFRS Foundation and the ISSB

ISSB technical work and implementation

ISSB considers feedback on the proposed SASB Standards enhancements (phase 1 project)

4. At its meeting on 18–19 November 2026, the ISSB will consider feedback on proposed amendments to three priority SASB Standards, cross-cutting issues arising from the consultation, and ISSB staff recommendations on the approach to determining content in industry-based materials.

5. The cover paper shows ISSB received 163 comment letters and survey responses from 152 respondents on its proposed amendments to the Agricultural Products, Meat, Poultry & Dairy, and Electric Utilities & Power Generators SASB Standards. Feedback indicated broad support for the direction of the proposals, including their improved international applicability and alignment with IFRS S1, IFRS S2 and the TNFD framework. The November papers are primarily

feedback summaries and do not seek decisions, except for a separate paper on determining the content of industry-based materials. ISSB staff will provide further analysis and recommendations at future meetings.

6. For the Agricultural Products Standard, respondents generally supported expanding the industry scope to include direct farming and adding or reorganising disclosure topics. Key issues for further consideration include clearer boundaries between adjacent industries and business models; reconsideration of the proposed removal of the GMO Management topic; and possible additional coverage of labour conditions, Indigenous Peoples and community relations, biodiversity, climate resilience and workforce matters. Respondents also sought additional or refined metrics for Scope 3 emissions, methane and nitrous oxide, pesticide use, water, soil health and supplier engagement. Concerns about data availability and implementation costs were concentrated in supply-chain, traceability and geospatial metrics.

7. For the Meat, Poultry & Dairy Standard, respondents generally supported the revised industry description, disclosure topics and metrics, including retaining Antibiotic Use in Animal Production as a standalone topic and adding Product Innovation. Further work is likely to focus on clarifying boundaries with Agricultural Products and Processed Foods, providing an interim approach for aquaculture and fishing, and considering possible additional topics such as labour conditions, food loss and waste, Indigenous Peoples and community relations, climate resilience and waste management. Metric-level issues include whether to add Scope 3 emissions and greenhouse gas disaggregation, how to reflect upstream value-chain activities, and how to improve the comparability and feasibility of animal welfare, antibiotic use, nutrient management and supply-chain metrics.

8. For the Electric Utilities & Power Generators Standard, respondents supported updating the industry description to reflect different regulatory models, energy storage, distributed energy resources and electricity trading. Areas for further consideration include whether disclosure topics are appropriately structured, internationally applicable and sufficiently focused on risks and opportunities that could affect an entity's prospects. Respondents also questioned the removal of some existing metrics, the clarity and verifiability of technical protocols, and the feasibility of metrics addressing ecological impacts, Indigenous Peoples and communities, energy affordability, workforce data, supply chains, cybersecurity and system resilience. ISSB staff will consider how to balance decision-usefulness against cost, data availability and commercial or security sensitivity.

9. Cross-cutting feedback focused on proportionality, transition time, interoperability and the relationship between the SASB Standards and IFRS Sustainability Disclosure Standards. The ISSB has tentatively decided that entities applying the SASB Standards with ISSB Standards may use all reasonable and supportable information available without undue cost or effort. ISSB staff will consider whether additional metric-specific proportionality mechanisms are needed and how proportionality should operate when the SASB Standards are used independently. Although the proposed effective date was 12 to 18 months after issuance, ISSB staff considers that a later date or transitional relief may be warranted for data-intensive metrics. Respondents also requested clearer mapping between SASB metrics and IFRS S2, GRI, ESRS and TNFD requirements.

10. Agenda Paper 6E recommends clarifying that information required elsewhere in ISSB literature should not, by itself, be excluded from industry-based materials. Instead, content should be determined by whether common industry business models, activities or other characteristics provide a basis for specifying information useful to investors. Applying this approach, ISSB staff recommends retaining industry-based Scope 1 greenhouse gas emissions metrics unless an

assessment of a particular metric supports amendment or removal. Further analysis is required before ISSB staff makes recommendations on Scope 2 and Scope 3 metrics. This approach would preserve a reasonably complete industry view, but may retain some apparent duplication between the SASB Standards and IFRS S1 or IFRS S2.

ISSB considers workforce-related terms and definitions

11. At its meeting on 18–19 November 2026, the ISSB will discuss two staff papers on its Workforce-related Disclosures research project (formerly Human Capital). The ISSB is not asked to make any decisions; ISSB staff are seeking its views on the findings and on suggested working descriptions to use for the rest of the research phase

12. Agenda Paper 4A compares about 86 workforce-related terms across the ESRS, GRI Standards, ILO instruments, IFRS Accounting Standards and SASB Standards. It finds that most are defined by only one source, and that 'benefit' and 'employee' are the substantive differences. It also sets out considerations for any future standard-setting, including interoperability with the ESRS and GRI Standards, connection with IFRS Accounting Standards, and jurisdictional context. Agenda Paper 4B suggests working descriptions for five terms that define the population the project covers: worker, own workforce, employee, non-employee, and worker in other parts of the value chain. These are built from existing ESRS and GRI definitions. ISSB staff stress that they are for research only and are not proposed ISSB definitions.

ISSB tentatively decides SASB Standards reliefs apply when SASB is used with ISSB Standards

13. The ISSB considered a paper titled Relationship of the SASB Standards to ISSB Standards at its meeting on 29 October. The ISSB tentatively decided to include an explanation in the SASB Standards that the requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* apply when an entity uses the SASB Standards to prepare disclosures in accordance with IFRS Sustainability Disclosure Standards.

14. This means that the reliefs available under IFRS S1 and IFRS S2 also apply when using the SASB standards to prepare disclosures in accordance with the IFRS Sustainability Disclosure Standards. These are:

    (a) the relief from disclosing information when domestic law or regulations prohibit the information from being disclosed

    (b) the relief from disclosing commercially sensitive information about sustainability-related opportunities

    (c) the proportionality relief for certain disclosures using the ‘all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort’ test

15. The ISSB members also discussed whether and how to revise the name of the SASB Standards to enhance clarity of their status and intended function but were not asked make decisions.

16. The ISSB also agreed to consider, as next steps:

    (a) whether an additional proportionality mechanism should be introduced for particular SASB metrics

    (b) whether similar measures to those outlined above should apply when the SASB standards are being other than in relation to disclosures in accordance with the IFRS Sustainability Disclosure Standards.

The ISSB issues Exposure Draft of IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*

17. On 22 October 2026, the ISSB issued its Exposure Draft of IFRS Sustainability Disclosure Practice Statement 1 *Nature-related Disclosures*. Further detail, including the comment period, is in the Documents open for comment agenda paper.

Two key papers to be discussed at TIG meeting on 19 November

Paper 2: Changes to the GHG Protocol do not change IFRS S2 unless and until the ISSB decides to incorporate them into IFRS S2

18. The paper considers the implications for IFRS S2 of the GHG Protocol's current programme of revisions to its corporate GHG accounting standards. It clarifies how the ISSB will assess future changes to the GHG Protocol and confirms that revised requirements will not apply under IFRS S2 unless and until the ISSB decides, following due process, to incorporate them.

19. IFRS S2 currently incorporates specific versions of the GHG Protocol standards by reference. New or revised GHG Protocol requirements will not automatically flow into IFRS S2. The ISSB would first assess their likely effects and undertake its own due process before changing the versions referenced by IFRS S2.

20. This is intended to preserve the ISSB's control over IFRS S2 requirements and avoid entities being required to adopt GHG Protocol changes before the ISSB has assessed their implications. The ISSB would consider matters such as the usefulness of the resulting information, implementation costs, comparability and potential disruption for entities already applying IFRS S2.

Paper 3 discusses treatment of claims-settlement emissions

21. Agenda Paper 3 considers how insurers should classify emissions arising from settling insurance claims. It clarifies that IFRS S2 does not currently resolve the classification and that the issue instead turns on applying the existing GHG Protocol standards, which do not expressly address these emissions.

22. The classification has a significant reporting consequence. The paper identifies three possible treatments:

    (a) Category 1, purchased goods and services: emissions would be included in Scope 3 if material.

    (b) Category 15, investments: emissions would not need to be included because IFRS S2 permits entities to limit Category 15 to financed emissions, and claims-settlement emissions do not meet IFRS S2's definition of financed emissions.

    (c) Outside the existing 15 categories: emissions would not be required in the Scope 3 measure, consistent with the earlier TIG view that IFRS S2 can reasonably be read as not requiring emissions beyond those categories.

23. ISSB staff view is that the classification question arises under the GHG Protocol Corporate Standard and Value Chain Standard, rather than IFRS S2. They do however confirm that claims-settlement emissions are not financed emissions. An insurer therefore needs to apply judgement to decide whether claims-settlement emissions fall within the existing categories and, if so, which category. In practice, this leaves scope for continued diversity in reporting, particularly because classification as Category 1 could require inclusion while the other two treatments may result in exclusion from the reported Scope 3 total.

Other IFRS Foundation updates

Emmanuel Faber and Sue Lloyd discuss the ISSB's nature-related disclosure proposals in October podcast

24. Following each ISSB meeting, Chair Emmanuel Faber and Vice-Chair Sue Lloyd record a podcast covering the key matters discussed by the ISSB, together with other recent developments across the IFRS Foundation and the ISSB. A link to the podcast and a summary is provided below.

Link	Summary
ISSB podcast October 2026 21.47 mins	ISSB Chair Emmanuel Faber and Vice-Chair Sue Lloyd discuss the ISSB's proposals for nature-related disclosure and cover engagement at the United Nations Biodiversity Conference (COP17) and with national standard-setters. They also explain the ISSB's discussions on enhancements to the SASB Standards, which include clarifying their relationship with the ISSB Standards.

Section 2: Update on other International Standard-setters

IPSASB

25. IPSASB received a 2026 UNCTAD ISAR Honours recognition in October for IPSASB SRS 1 Climate-related Disclosures.

26. IPSASB's next meeting will be held on 8-10 December 2026, with sustainability-related discussions expected to include the next phase of its climate-related disclosures work, focused on public policy programmes, and its future sustainability reporting work programme, including general sustainability-related disclosure requirements and non-financial disclosures relating to natural resources.

ISO and GHG Protocol

Work continues on scope 2 market-based methods

27. GHG Protocol's Independent Standards Board has continued developing proposed revisions to the Scope 2 market-based method, including hourly matching, deliverability and incrementality requirements and transitional use of the existing 2015 method. The transition date and treatment of existing long-term electricity contracts remain unresolved, and the proposals are not yet final. Any revised requirements could have implications for emissions reported under IFRS S2, although changes to GHG Protocol requirements would not automatically amend IFRS S2.

Two new appointments to International Standards Board

28. GHG Protocol appointed Ming Xu of Tsinghua University and Steve Davis of Stanford University to its Independent Standards Board in November, strengthening its technical expertise and geographic representation. It also renewed the terms of six existing Board members for a further two years, providing continuity as the Board oversees the ongoing update of GHG Protocol standards and guidance.

PCAF

PCAF continues expanding its international network

29. Since 30 September 2026, PCAF has continued to expand its international engagement and implementation network, including through new accredited partners and the addition of Korea

Credit Information Services to its Engagement Group; however, it has not announced any changes to its Standard or technical methodologies.

GRI GSSB

GRI approves new financial sector standards and responds to EFRAG

30. The GRI Due Process Oversight Committee approved GRI's new Banking, Capital Markets and Insurance Sector Standards on 9 October 2026, completing the standards' approval process. The standards address the sustainability impacts associated with financing and underwriting activities and are expected to be formally published and launched in 2027.

31. At its meeting on 19 November, the GSSB is also expected to consider approval of a Textiles and Apparel Sector Standard, its 2026–2028 work programme and project schedule, and GRI's response to EFRAG on the proposed ESRS for certain non-EU undertakings.

32. GRI has responded to EFRAG's proposed ESRS-40a, recommending that qualifying assured GRI reporting be recognised as a means of compliance and that interoperability with GRI be more clearly recognised. GRI also opposes allowing some non-EU companies to limit reporting to impacts associated with EU sales, arguing that a global reporting perimeter would improve comparability and reduce duplication

CDP

CDP finds SMEs are strengthening environmental governance but implementation remains limited

33. CDP analysis published in October indicates that SMEs are strengthening their environmental governance and planning, but implementation remains limited. Of almost 11,000 SMEs assessed, only 20% had an emissions-reduction target, 32% had emissions-reduction initiatives and 15% had a transition plan, although a further 48% expected to develop one within two years. CDP's SME questionnaire is closely aligned with the European voluntary sustainability reporting standard for SMEs.

Capitals Coalition

Capitals Coalition hosts the Impact Value Standards Board

34. The Capitals Coalition is hosting the independent Impact Value Standards Board (IVSB), which is developing a global baseline for impact valuation. The IVSB aims to establish consistent approaches for valuing organisations' impacts on natural, social and human capital and integrating this information into decision-making. An October update sets out the IVSB's mandate, governance, due process and planned work programme.

Capitals Coalition identifies five success factors for nature in the ISSB

35. The Capitals Coalition has published a briefing identifying five critical success factors for the ISSB's integration of nature into the global baseline: consistency with established concepts and market practice; comprehensive consideration of nature-related impacts and dependencies; decision-useful information, including monetary valuation where appropriate; location-specific information; and uniform application across reporting entities. It considers these factors important to ensuring the ISSB's nature-related requirements are interoperable, comparable and useful for assessing financial effects.

AOSSG

36. The Asian-Oceanian Standard Setters Group (**AOSSG**) Annual Meeting 2026 was held in Auckland on 12–13 November 2026. The XRB hosted the event on behalf of the Australian Accounting Standards Board.

37. The XRB presented on He Tauira and participated in several sessions where other jurisdictions shared their implementation experience of IFRS S1/S2. Papers presented at the annual meeting will be available at some point on the AOSSG Annual Meeting page.

38. The AOSSG is also coordinating an outreach session on the ISSB's proposed Nature-related Disclosures Practice Statement. The session will provide an overview of the Exposure Draft and an opportunity to share views directly with the ISSB technical team. We have advertised this session on our website and via direct emails to potentially interested New Zealand entities.

ITPN

39. The International Transition Plan Network (**ITPN**) has published two new papers that are of relevance to the SRB.

40. The first is *The Debt Discount: A study evaluating the financial track record of companies with transition plans*. This paper explores the relationship between corporate transition plans and financial performance, based on an analysis of approximately 8,000 publicly listed companies globally. Two findings of interest:

    (a) Disclosing transition planning information equals a lower cost of debt. For every additional 1% increase in transition plan completeness, companies reduce cost of debt (i.e. their average annual interest rate) by 0.15%, on average. Importantly, the report finds that each small component that adds up—an entity need not have a full or 'perfect' transition plan to get the benefit.

    (b) Investors value transition plan follow-through. Companies that disclose having an 'on track' emissions target tend to outperform the stock market (i.e. 58.2 basis point (bps) higher stock alpha) in the year after disclosure as compared to companies that have no targets on track.

41. The second is *7 corporate transition metrics for climate councils*. The paper is an output of the first phase of the ITPN's Policy Lab for Public Sector Use of Transition Information, which brings together policymakers, regulators, financiers and data providers to explore public sector uses of corporate transition information. It identifies seven metrics that are reported by entities and which can inform climate council advice (a climate council could be, for example, the New Zealand Climate Change Commission):

    (a) Corporate targets

    (b) Sustainable investment

    (c) Emissions reduction initiatives

    (d) Policy engagement

    (e) Corporate dependencies

    (f) Physical risk exposure

    (g) Physical risk response

42. This paper is particularly interesting because it is showing where company targets, investment, and actions can align with national or sector pathways, and where they can diverge. This type of

analysis has not yet been done in New Zealand, although a analysis was commissioned in 2025 by the Parliamentary Commissioner for the Environment where the sector climate scenarios (prepared voluntarily to support climate reporting entities' own disclosures) were reviewed to identify cross-cutting issues relevant to New Zealand.

TISFD

SBC establishes a TISFD Preparer Forum in New Zealand

43. Since 30 September, TISFD has continued work to develop and test its disclosure framework following the release of Beta Version 0.1 in May 2026. In New Zealand, the Sustainable Business Council, a TISFD Alliance Partner, has established a quarterly TISFD Preparer Forum to build capability, test emerging materials and provide New Zealand perspectives to TISFD as the framework develops.

Section 3: Update on Jurisdictions

Australia

AASB staff see early-stage practice in first-year AASB S2 reporting and no need for standard-setting at this time

44. At its October 2026 meeting the AASB received a AASB staff update on AASB S2 implementation monitoring. AASB staff reviewed the first-year climate-related disclosures of 484 entities (187 listed and 297 unlisted) and carried out outreach with 40 stakeholders. The analysis was AI-assisted, with a sample of 20 reports validated by AASB staff, and the results indicate emerging practice rather than assess compliance.

45. Practice varied most in forward-looking and judgement-based areas. For example, 54% of entities used two scenarios and 40% quantified some anticipated financial effects. Advisers and assurance providers also said many entities may have treated vulnerability as equivalent to exposure. 90% stated that they used the first-year transition relief for Scope 3 emissions.

46. AASB staff consider the variation mainly reflects first-year implementation challenges, and the outreach did not identify a need for standard-setting at this time. AASB staff propose to continue monitoring, to raise awareness of existing AASB and ISSB educational material, and to explore more targeted support as Groups 2 and 3 begin reporting.

Australian Sustainability Standards Board appointments not yet announced

47. There was no information on the Financial Reporting Council website about Australian Sustainability Standards Board appointments or an inaugural meeting date at the time of writing.

Australian investment peak bodies issue joint statement on climate disclosures

48. On 2 November, six finance and investment peak bodies issued a joint investor statement outlining why high-quality climate information is central to Australia's economic resilience and long-term prosperity.

Australian Treasury consultation paper on climate-related financial disclosures

49. Submissions closed on 2 October on the Australian Treasury consultation paper on improving the efficiency of climate-related financial disclosures. The paper outlines potential:

    (a) alternatives to the requirement in the Corporations Act to transition from limited to reasonable assurance for all disclosures by all reporting entities by 1 July 2030

(b) options for increasing clarity by issuing guidance about how to apply the proportionality mechanisms in AASB S1 and AASB S2 and the disclosure and assurance requirements in the Corporations Act

(c) options for reducing supply chain administrative burdens for SMEs

(d) options for aligning the measurement methodology and reporting periods for GHG emissions under the National Greenhouse and Energy Reporting legislation and AASB S2

(e) options for changing the practical experience requirements for Registered Company Auditors as they relate to sustainability assurance practitioners

Productivity Commission inquiry on business reporting requirements

50. The Australian Government asked the Productivity Commission to analyse non-financial business reporting requirements to identify significant regulatory pain points and instances the objectives of the reporting could be achieved more efficiently. The Commission's call for submissions included a section on sustainability and environmental reporting (including climate-related financial disclosures). The Commission stated that it is interested in the cumulative costs of sustainability and environmental reporting, opportunities to improve its efficiency, and how the requirements fit together.

51. The PC's interim report was due to be released in November. It had not been released at the time of writing. We will provide you with a verbal update if the interim report is published before your board meeting on 1 December.

Canada

The CSSB has issued a concurrent exposure draft of the ISSB's proposed Practice Statement

52. The Canadian Sustainability Standards Board (**CSSB**) has issued a concurrent exposure draft of the ISSB's proposed Practice Statement on nature-related disclosures. It seeks Canadian views on whether the Practice Statement is appropriate for application in Canada, whether Canadian modifications are needed, whether it should be included in the CPA Canada Handbook – Sustainability as non-authoritative material, and whether it gives sufficient direction on engagement with Indigenous Peoples.

SHARE report argues Canada's pause on climate disclosure disadvantages Canadian companies

53. On 28 October, the Shareholder Association for Research and Education published a report titled The price of the pause – How Canada's standstill on climate disclosure puts Canadian companies at a global disadvantage.

54. It responds to the Canadian federal government's decision in 2025 to pause work on mandatory climate-related disclosures. The report states that the pause appears to be putting Canadian companies at a competitive disadvantage. It states that Canadian companies are fielding climate disclosure requests in the ordinary course of business from both domestic and international counterparties and that these demands are set to increase in both volume and detail. As of Q1 2026, Canadian companies are underweighted by international sustainable mutual funds and exchange-traded funds by an estimated C$44 billion.

55. The report recommends that Canadian lawmakers and regulators should require companies incorporated in Canada and/or listed on Canadian stock exchanges to report in accordance with the IFRS S2 aligned disclosure standards that were finalised by the Canadian Sustainability Standards Board in December 2024.

The European Union

EFRAG consults on its sustainability reporting agenda for 2027–29

56. EFRAG has launched a public consultation on its sustainability reporting agenda for 2027-29. It is particularly seeking views on:
    - the strategic direction and balance of sustainability reporting activities
    - the key features of future implementation support activities and deliverables
    - their needs and corresponding technical issues that could be addressed in implementation activities
    - priority topics for research on emerging trends and issues.
57. The consultation closes on 15 February 2027.

EFRAG consultation on ESRS for non-EU undertakings has closed

58. On 23 July 2026, EFRAG issued the Exposure Draft of the European Sustainability Reporting Standards for Certain Non-EU Undertakings (**ESRS-40a**). The consultation closed on 31 October 2026.
59. EFRAG received 110 public responses to their consultation survey and 36 public comment letters. All survey responses and letters are available on EFRAG's website here.
60. The Board approved a feedback letter prepared by staff at its meeting on 13 October 2026, subject to minor amendments, which were incorporated before submission. The letter has been submitted to EFRAG and is available on the XRB website and alongside other stakeholder feedback on EFRAG's website.
61. We understand EFRAG are now analysing stakeholder feedback before finalising its technical advice in December 2026.

United Kingdom

FCA finalises UK SRS listing rules on a comply or explain basis

62. On 30 September, the FCA finalised listing rules requiring listed companies to report against UK Sustainability Reporting Standards (UK SRS) on a comply or explain basis. The new rules apply to accounting periods starting on or after 1 January 2027. They provide transitional reliefs for scope 3 GHG emissions disclosures (one year) and wider sustainability disclosures under UK SRS S1 (two years).
63. The FCA also opened a consultation on a technical note to help companies apply the comply or explain approach in a proportionate way. Submissions closed on 28 October.

UK National Audit Office finds mixed picture of government climate resilience

64. On 2 November, the UK National Audit Office published a report reviewing climate-related disclosures made by 31 large central government bodies for 2025-26.
65. The report concludes that there is a mixed picture of the government's resilience to climate change. Most of the bodies are still at an early stage in understanding and reporting their most important climate-related risks. 15 bodies that decided that climate was material. 10 provided a relevant metric, but only five provided a target.

United States of America

CARB confirms 10 November 2026 as first SB 253 emissions reporting deadline

66. On 12 October, the California Air Resources Board (CARB) published a bulletin stating that 10 November 2026 is the initial reporting deadline under its GHG emissions disclosure regulation (SB 253). SB 253 applies to US-based companies with total annual revenues more than US$1 billion that do business in California. The 2026 reports must disclose Scope 1 and Scope 2 emissions information. The reports for 2027 and outyears will also need to include Scope 3 emissions information.

67. CARB has also published a Guidance Document for SB 253 2026 Reporting Submittals.

Section 4: Glossary

68. The following table outlines the set of undefined abbreviations used in this paper:

Abbreviation	Definition
AASB	Australian Accounting Standards Board
AOSSG	Asian-Oceanian standard-setters group
ASIC	Australian Securities & Investments Commission
CARB	California Air Resources Board
CDP	CDP (formally known as Carbon Disclosure Project)
CSSB	Canadian Sustainability Standards Board
EC	European Commission
ED	Exposure Draft
EFRAG	European Financial Reporting Advisory Group
EFRAG SRB	European Financial Reporting Advisory Group Sustainability Reporting Board
ERA	External Reporting Australia
ESRS	European Sustainability Reporting Standards
GHG	Greenhouse Gas Protocol
GHG ISB	GHG Protocol Independent Standards Board
GRI	Global Reporting Initiative
GRI GSSB	Global Reporting Initiative Global Sustainability Standards Board
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPSASB	International Public Sector Accounting Standards Board
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
ISSB TIG	International Sustainability Standards Board Transition Implementation Group on IFRS S1 and IFRS S2
ITPN	International Transition Plan Network
OECD	Organisation for Economic Co-operation and Development
PCAF	Partnership for Carbon Accounting Financials
TISFD	The Taskforce on Inequality and Social-related Financial Disclosures

Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Memorandum

To: SRB Members

Meeting date: 1 December 2026

Subject: **Combined communications register**

Date: 20 November 2026

Prepared by: Nicola van Rooijen

☐ **Action Required** ☒ **For Information Purposes Only**

Purpose

1. To inform the Board about key communications of the Sustainability Reporting team.

Recommendations

2. To NOTE this memo (containing updated information since the previous communications memo was issued on 2 October 2026).

Key communication items

What	Content
Climate Alert – 6 October 2026	Closing of submissions on the draft climate reporting roadmap consultation. View here.
Climate Alert – 19 October 2026	NZ CS 1 amendments in relation to GHG emissions exclusions approved and update on climate reporting roadmap. View here.
Climate Alert – 3 November 2026	NZ CS 1 amendments in relation to GHG emissions exclusions issued. View here.
Climate Alert – 12 November 2026	ISSB seeks views on proposed nature-related disclosures. View here.

Correspondence

What	Date
XRB's submission on the IFRS Foundation Trustees' Exposure Draft: Proposed Targeted Amendments to the IFRS Foundation Constitution. View here.	16 November 2026

Confirmed future speaking engagements

Event name	Presenter(s)	Date
University of Auckland Faculty of Business and Economics PhD Conference	Amelia Sharman	4 Dec 26