

RIAA Submission: XRB Draft Climate Reporting Roadmap

30 September 2026

Overview

The Responsible Investment Association Australasia (RIAA) thanks the External Reporting Board (XRB) for the opportunity to comment on the [Draft Climate Reporting Roadmap](#). We also thank XRB for its engagement with RIAA members on this important policy area.

RIAA **broadly supports** the proposed strategic direction of greater international alignment through a New Zealand climate reporting standard based on IFRS S2, provided this is implemented in a way that preserves the quality, comparability and decision-usefulness of climate disclosures for investors.

RIAA's response has been informed by previous RIAA submissions on climate-related disclosures, international alignment and sustainability reporting, and by engagement with members of RIAA's Aotearoa Collaborative Working Group (ACWG), which is made up of some of New Zealand's largest investment firms. We are grateful for the strong engagement by RIAA members who contributed to the development of this submission.

This submission represents RIAA's policy position. While ACWG engagement has provided important input and helped identify member perspectives and practical considerations, the submission should not be read as a formal consensus view of the ACWG or of RIAA's broader membership.

RIAA **encourages** XRB to use the roadmap to support a clear and proportionate transition to an internationally aligned regime, while ensuring that any changes do not reduce the usefulness of climate information for investors. This includes maintaining a focus on robust disclosure quality, practical implementation support and appropriate trans-Tasman harmonisation. RIAA also considers that the roadmap should acknowledge the importance of market coverage to the regime's effectiveness. Although decisions on the scope of climate reporting entities sit outside XRB's remit, the roadmap should identify this as an important dependency and signpost the relevant agencies responsible for those settings.

Any reforms or amendments to the regime that have the effect of reducing the scope, relevance and quality of climate-related information available to inform investment decisions will be counter-productive to the interests of investors, New Zealand's economy and New Zealand's ability to attract investment.

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand, with our members representing more than NZ\$83 trillion globally. See [About RIAA](#) below for more information about our mission and membership.

For more information, please contact: policy@responsibleinvestment.org

Relevant RIAA submissions

RIAAs has actively contributed to the development of climate-related disclosure and sustainability reporting frameworks across Australia and Aotearoa New Zealand. This submission should be read in conjunction with RIAAs's previous policy engagements on this topic. The positions set out below have been informed by RIAAs's previous submissions on international alignment, climate reporting implementation and sustainability reporting, including:

Aotearoa New Zealand

- [XRB – Request for Information on Climate Reporting 2025 – RFI on value of international alignment – Submission](#)
- [MBIE – Adjustments to the CRD regime – Submission](#)
- [XRB – Climate-reporting disclosure - Proposed transitional changes to NZ climate-reporting regime – Submission](#)

Australia

- [AASB – Proposed amendments to AASB S2 – Submission](#)
- [AASB – Sustainability reporting standards exposure draft – Submission](#)
- [AU Treasury – Climate-related disclosures – Submission](#)

General comments

Navigating intensifying climate risks require decision-useful information

Climate change is increasing portfolio, business and system-wide financial risks

Aotearoa New Zealand faces increasing exposure to both the physical and economic impacts of climate change:

- He Pou a Rangi Climate Change Commission's [2026 National Climate Change Risk Assessment](#) identifies significant climate-related risks to Aotearoa New Zealand's economy, society, environment and ecology.
- The [2026 progress report on the National Adaptation Plan](#) notes exposure and vulnerability to flooding, landslides, extreme heat, coastal flooding and insurance availability as nationally relevant adaptation issues.
- The Ministry for the Environment's [National Adaptation Framework](#) states that climate change is making floods and storms more frequent and intense and that information sharing, investment in risk reduction and cost-sharing are core pillars of New Zealand's adaptation response.

More frequent and severe weather events, changing climate conditions and the costs associated with the transition to a lower-emissions economy are expected to affect communities, infrastructure, businesses and investment portfolios across the economy. New Zealand's climate objectives and adaptation priorities will require significant public and private investment over coming decades. As these risks become more material, high-quality climate-related information will become increasingly important for investors, companies and policymakers seeking to understand exposures, assess resilience and allocate capital effectively. Transparent and comparable disclosures can help market participants identify risks and opportunities, support investment in resilience and transition activities, and improve the overall efficiency of capital allocation.

Climate disclosures help investors assess risk, allocate capital and support resilience

Climate-related disclosures provide value at both the individual entity level and across the broader financial system. For investors, disclosures improve understanding of how climate-related risks and opportunities may affect business models, strategy, financial performance and long-term value creation. Consistent and comparable information supports more informed investment decisions and strengthens stewardship and engagement activities.

At a market-wide level, climate disclosures contribute to greater transparency regarding the distribution of climate-related risks and opportunities across the economy. This information can assist regulators, policymakers and market participants to better understand systemic vulnerabilities, identify emerging risks and support a more orderly transition to a resilient, low-emissions economy. Climate reporting therefore serves not only the needs of individual investors and reporting entities, but also broader public policy objectives relating to economic resilience, adaptation and sustainable growth.

The information generated through the climate reporting regime is also important for mobilising private capital towards climate mitigation and adaptation activities. As identified by the Ministry for the Environment's [first emissions reduction plan](#), funding and finance are key enablers of the transition, including mobilising private capital, aligning investment with climate objectives and supporting high-quality investment decisions. Investors require reliable and comparable information to assess climate-related risks and opportunities, evaluate transition readiness and direct capital towards investments that support long-term economic resilience. Maintaining a robust climate disclosure framework can therefore help support the flow of private investment needed to meet New Zealand's climate and resilience objectives.

Strengthening entity-level climate risk preparedness supports system-wide resilience

Climate reporting helps strengthen resilience within reporting entities by encouraging more systematic identification, assessment and management of climate-related risks and opportunities. Over time, the processes, governance arrangements and strategic planning developed to meet disclosure requirements can improve organisational preparedness for both physical and transition-related risks.

In fact, this is a key objective of climate-related disclosures:

- [XRB](#) notes that reporting supports better decision-making and encourages entities to consider strategic choices in light of climate risks and opportunities, including the transition to a low-emissions future.
- The [Ministry for the Environment](#) explains that mandatory climate-related disclosures are intended to ensure climate change is routinely considered in business, investment, lending and insurance decisions and to support more efficient capital allocation and a smoother transition to a low-emissions economy.

These benefits extend beyond individual entities. As more organisations develop a clearer understanding of their climate exposures and resilience strategies, investors and other stakeholders gain better visibility of risks across the market. This contributes to more informed capital allocation, strengthens market discipline and supports the overall resilience of the financial system. While disclosure alone will not reduce climate risk, it provides important information that can help businesses, investors and policymakers respond more effectively to the challenges posed by climate change.

Better climate information supports investment decisions, but capital flows need enabling policy

Climate-related disclosures play an important role in improving the availability, consistency and comparability of information available to investors. This information supports the assessment of climate-related risks and opportunities, strengthens stewardship and engagement activities, and helps market participants allocate capital more efficiently. However, climate reporting alone will not be sufficient to mobilise the scale of private investment required to support New Zealand's climate mitigation and adaptation objectives.

Investment decisions are influenced by a broader set of policy, regulatory and market factors. These include the existence of credible transition pathways, investment-ready projects, supporting policy frameworks, carbon pricing signals, infrastructure planning, adaptation strategies and regulatory certainty. Climate reporting can help identify investment needs and opportunities, but additional policy measures are often required to translate information into investment outcomes. The *Survey of Aotearoa Investors: Climate Policies & Actions 2026* ([2026 AoNZ Investor Survey](#)) found that only 21% of investors considered barriers to climate investing to have improved over the prior 12 months, while 43% considered them to have worsened.

The barrier to climate solutions investment which was most commonly identified was a lack of opportunities with appropriate risk-return objectives; policy or regulatory uncertainty, fiduciary duty concerns, and a lack of clarity and/or government incentives were also frequently cited. (pp. 18–19.)

RIAA therefore encourages the final roadmap to acknowledge that the success of the climate reporting regime will be dependent on a number of different government bodies and priorities. While the XRB will be central due to the substance of the standards, the effectiveness of the regime will also depend on complementary actions across government and regulatory agencies, such as MBIE in relation to reporting legislation and scope and FMA in relation to regulation and enforcement of the reporting regime.

Market coverage is critical to decision-useful climate reporting

From an investor perspective, the usefulness of climate disclosures depends not only on the quality of information disclosed by individual entities, but also on the breadth of coverage across the market. Investors typically construct portfolios, assess sectors and allocate capital across multiple entities rather than evaluating organisations in isolation. The value of climate-related disclosures is therefore significantly enhanced when information is available across a meaningful proportion of the market and can be compared consistently between entities.

Broad market coverage improves transparency regarding the distribution of climate-related risks and opportunities across the economy, supports benchmarking and peer comparison, and enables investors to identify leaders, laggards and areas of emerging risk. It also helps regulators and policymakers develop a more complete understanding of systemic climate-related risks and the resilience of the financial system. Conversely, where climate reporting applies to only a limited subset of entities, investors may face information gaps that reduce comparability and make it more difficult to assess risks and opportunities consistently across portfolios. Improvements in reporting quality are therefore most valuable when accompanied by sufficient market coverage to ensure that climate-related information remains meaningful, comparable and decision-useful at both the entity and system levels.

For this reason, RIAA considers that the roadmap should recognise market coverage as an important factor influencing the long-term effectiveness of New Zealand's climate reporting regime. While decisions regarding the scope of reporting entities sit outside XRB's remit, the roadmap should acknowledge this dependency and clearly signpost the relevant policy and regulatory processes responsible for determining market coverage.

Mutual recognition can support efficient, interoperable climate reporting

RIAA also encourages continued consideration of mutual recognition between Australia and New Zealand as a mechanism to reduce duplicative reporting where equivalent investor information is provided. Mutual recognition arrangements have the potential to support the roadmap's objectives of international alignment and trans-Tasman interoperability, while helping preserve the usefulness of information available to investors across both markets. [MBIE](#) has described the Closer Economic Relations and Trans-Tasman Mutual Recognition arrangements as supporting regulatory co-operation, lower business costs and a more seamless trans-Tasman market.

While decisions regarding mutual recognition sit outside the XRB, RIAA considers that the roadmap should acknowledge the importance of regulatory interoperability and identify mutual recognition as a complementary mechanism that could support the efficient operation of an internationally aligned climate reporting regime.

Consultation questions

1) *Do you support the strategic direction for climate reporting set out in the draft climate reporting roadmap?*

RIAIA **supports** the proposed long-term direction of greater international alignment through a New Zealand standard based on IFRS S2, together with appropriate harmonisation with Australia and modifications required for the New Zealand context.

Internationally aligned, robust climate disclosures are important to investors because they strengthen comparability, support more informed capital allocation and reduce unnecessary duplication for entities and investors operating across markets.

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.

2) *Do you have any further information you consider relevant to our consideration of the benefits and costs of the draft roadmap?*

Certainty is a key consideration for investors and should be a priority in the development of the final roadmap. Investors need a clear pathway for the transition to NZ IFRS S2, including timing, milestones, implementation expectations and how XRB will manage alignment with international and Australian standards over time.

The principal benefits include improved international and trans-Tasman comparability, reduced duplication for cross-border entities, better investor decision-making and continued access to global capital. Mandatory reporting also builds internal systems, capability and climate-risk awareness within reporting entities, strengthening business resilience over time. The [2026 AoNZ Investor Survey](#) supports this: 57% of respondents published annual climate statements aligned with global or local standards (page 9), while 85% had undertaken scenario analysis across all or part of their portfolios, i.e. more than the proportion publishing climate statements. This indicates that investors are therefore using scenario analysis for business and investment reasons, rather than solely to meet disclosure obligations (page 10). Conversely, delayed or weakened climate reporting would carry its own costs, including poorer visibility of climate-related risks, less informed capital allocation and reduced resilience across the New Zealand economy.

3) *From a primary user perspective:*

- a. Would adopting IFRS S2 improve the climate information you rely on for your decision making?*
- b. Which disclosures matter most to you?*

RIAIA **submits** that adopting IFRS S2 will improve information for primary users where it increases consistency across entities and jurisdictions without removing decision-useful information currently available under NZ CS.

The disclosures most relevant to investors include Scope 1, 2 and 3 emissions, including financed emissions where material; credible transition plans, including assumptions, dependencies and progress; scenario

analysis and climate-resilience assessments; current and anticipated financial effects; targets and progress against them; industry-relevant metrics; and forward-looking information showing how an entity is positioned relative to credible transition pathways.

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

N/A

5) What are your views on the Australian harmonisation options for industry-based disclosures?

RIA A **does not support** deleting the requirement to disclose industry-based metrics. Industry-relevant information supports comparison between entities with similar business models, improves decision-usefulness for investors and helps maintain alignment with the ISSB baseline.

RIA A **recommends** that XRB includes the IFRS S2 requirement of disclosing industry-based metrics with flexibility in relation to the industry-based guidance being optional.

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

RIA A **supports** greater interoperability with Australia and IFRS S2 in the approach to scenario analysis, with a minimum of 2 scenarios being mandatory.

RIA A's June 2025 submission to the [XRB's Request for Information on Climate Reporting 2025 – RFI on value of international alignment](#) identified that New Zealand's three-scenario requirement can create data availability and cost challenges because international providers commonly support fewer scenarios. Scenario analysis may also not be equally useful for all entities, so the requirement should be proportionate and avoid a one-size-fits-all approach.

There is therefore a basis to move away from a fixed three-scenario requirement, unless XRB can demonstrate a compelling New Zealand-specific user benefit. However, any revised approach should still require more than one scenario so investors can assess resilience and transition planning across materially different climate futures. The [2026 AoNZ Investor Survey](#) found that 71% of respondents undertook scenario analysis for their whole portfolio and a further 14% for part of their portfolio. All respondents undertaking scenario analysis used warming scenarios of 1.5°C, 2°C and above 3°C, and three quarters published their results (page 10-11). This demonstrates both the practical use of multiple scenarios and the value investors place on testing materially different physical and transition outcomes. The requirement should be supported by clear guidance and should minimise duplicative analysis for entities also reporting in Australia or other jurisdictions.

7) Are any changes or additions needed to NZ IFRS S2 to fit with New Zealand's reporting practice and market context?

RIA A **supports** an approach to NZ IFRS S2 that is as internationally aligned as possible, with local modifications kept to those required by legislation or justified by a clear New Zealand-specific need. Any modification should preserve, rather than weaken, information that is material and decision-useful for New Zealand investors.

On that basis, XRB should consider retaining requirements such as emissions-intensity information and relevant industry-based metrics where they support comparability, reflect New Zealand's market context and provide useful information for investors.

RIAIA **does not** support removing requirements solely because they are difficult to implement, where those challenges can be addressed through proportionality, guidance, phased assurance or improved methodologies. The roadmap should therefore distinguish between changes needed for alignment or workability, and changes that would materially reduce disclosure quality or investor usefulness.

8) Do you support the proposed implementation timeline?

No – while supporting a phased transition and the availability of early adoption, RIAA does not agree with the proposed implementation timeline with a mandatory date of 1 January 2033.

Maintaining NZ CS and NZ IFRS S2 concurrently for an extended period will create uncertainty for users and reduce comparability across the market. XRB should balance the need for adequate consultation, guidance and assurance readiness with the risks of a prolonged dual-framework period. This concern is supported by the [2026 AoNZ Investor Survey](#): policy or regulatory uncertainty was one of the significant barriers to climate-aligned and climate solutions investment, and respondents identified policy-backed, science-based 1.5°C-aligned national targets and aligned sector pathways among their leading government priorities. A clear, credible and timely reporting transition would reduce rather than add to that uncertainty. (pp. 18–21.)

RIAIA **recommends** that XRB work towards an earlier mandatory commencement date, closer to 2030. Unlike the initial commencement of the NZ Climate Standards, reporting entities are not without relevant information and guidance, as well as direct experience. In setting the date, XRB should consider the relevance (or otherwise) of Australian implementation timelines, noting the significant divergence of the relative scope of New Zealand climate reporting entities.

RIAIA also **recommends** that the XRB clarifies as soon as possible that the October 2026 commencement of the transition to ISSB is to support those who are already reporting under ISSB who likely require limited guidance for this transition.

9) Do you have any other comments?

Yes – see [general comments](#) above.

About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

