

Submission

to the

External Reporting Board

on the

Consultation Document: *Draft climate reporting roadmap*

30 September 2026



About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following sixteen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank (New Zealand) Limited
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank N.A.
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the External Reporting Board (**XRB**) on the Consultation Document: *Draft climate reporting roadmap (Consultation Paper)*. NZBA commends the work that has gone into developing the Consultation Paper.
5. As an overarching comment, NZBA submits that any future standard and transition approach should balance the following needs:
 - 5.1. for clarity, certainty and stability in New Zealand's climate-related disclosure requirements;
 - 5.2. to minimise unnecessary divergence from international requirements, and in doing so enabling greater consistency with Australian requirements;
 - 5.3. to avoid requiring climate reporting entities (**CREs**) having to prepare substantially different calculations or disclosures for the same underlying climate-related information; and
 - 5.4. to provide clear implementation and transitional guidance, utilising existing IFRS S2 guidance and implementation resources wherever appropriate in a New Zealand context.
6. While we acknowledge it is outside the scope of this consultation, in order to help drive continual improvement for the regime we would also welcome consideration of differential reporting standards to apply proportionate requirements that reflect an entity's size, complexity, and data availability.
7. The balance of our submission responds to the questions posed by XRB in the Consultation Paper.

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

8. NZBA supports the overall strategic direction proposed in the Consultation Paper. We believe the three principles of international alignment, harmonisation with Australia, and local relevance are appropriate. Given Australia has built its climate reporting framework on IFRS, we consider that in most cases, harmonisation with Australia will follow on naturally from a primary focus on international alignment more broadly.
9. We believe that introducing a new "NZ IFRS S2" standard, which would replace current New Zealand climate standards and incorporate the appropriate elements of IFRS S2 and the climate reporting elements of IFRS S1, could be an appropriate way to achieve these principles.



10. In relation to the proposed timeframe for deciding whether to move to IFRS standards in New Zealand, views vary among our members, and accordingly NZBA has not put forward a position in this submission. We understand our members may submit on this point individually.

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

11. We broadly agree with the assessment set out in the Consultation Paper, including that most costs will likely be one-off transition costs. We do note that transitioning to a standard more closely aligned with IFRS S2 would require substantial time and investment.
12. Closer alignment with IFRS S2 would increase international alignment and reduce duplication over time for a number of New Zealand CREs, particularly in relation to group reporting, data collection, systems, controls, governance and assurance processes. However, for New Zealand entities that are not part of an international group, these benefits are not applicable and accordingly the costs of alignment to IFRS S2 will be more significant.
13. The shift from NZ CS to a new standard will require CREs to assess changes to disclosure requirements – including the factors listed above – which may pose practical challenges to implementation. Sufficient lead time will be important to help avoid unnecessary cost and rework, in conjunction with a long transition period.

Question 3: From a primary user perspective:

(b) which disclosures matter most to you?

14. Disclosures which provide decision-useful information to support financed emissions, physical risk analysis and metrics, target measurement and PCAF data quality – i.e. clearly defined disclosures that are actionable, including actual emissions and climate-related data from clients, rather than estimates or proxies. For example, GHG emissions information and transition plans are useful disclosures in understanding an entity's current emissions profile, its response to climate-change risks and opportunities, and its intended transition towards its climate objectives.
15. Our members also value disclosures relating to how entities identify, assess and manage climate-related risks and opportunities, including how these are reflected in governance and strategy decisions, how current and anticipated financial impacts are calculated, and transition planning.



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

16. With very limited international examples of reporting under IFRS S2 and AASB S2 by banks to date, we consider that it is premature to comment definitively on the removal or addition of IFRS S2 requirements. However, based on currently available information, we consider the following exceptions would be appropriate:
 - 16.1. Non-mandatory IFRS S2 industry-based guidance should not be incorporated into the proposed New Zealand standard. These requirements are, in our view, too prescriptive.
 - 16.2. We would not support the adoption of any additional, prescriptive modelling requirements as part of NZ IFRS S2. Such requirements risk making scenario analysis less useful given the uncertainty, complexity and limitations inherently associated with climate data and modelling.
 - 16.3. We strongly agree with XRB's proposal not to make any changes to existing New Zealand assurance requirements.
17. See our responses to Questions 5 and 6 below for further submission on IFRS S2 industry-based guidance and scenario analysis requirements.

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

18. We support the deletion of the requirement to disclose industry-based metrics, with CREs having the option to voluntarily disclose these metrics in line with industry-based guidance if they wish to assert full IFRS S2 compliance. Accordingly, we see value in entities continuing to have access to industry-based guidance as a voluntary reference point, which may assist in consistency and comparability where an individual CRE voluntarily elects to include industry-based metrics.
19. Removing, rather than modifying, the requirement allows for more flexibility for a CRE in achieving compliance. We consider the industry-based disclosure requirements are too prescriptive, and may not produce decision-useful information.
20. However, we do not necessarily support harmonisation with Australia in relation to these disclosures – we understand that Australia may be moving towards introducing industry-based disclosures. If Australia did introduce industry-based disclosures, we would need to assess the costs and benefits of adopting them in a New Zealand context. We submit that any future proposal to make industry-based metrics mandatory must therefore be subject to consultation.



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

21. NZBA submits that, under a NZ IFRS S2:
- 21.1. Applying IFRS S2 to scenario analysis would allow a CRE to determine the number of scenarios it analyses (subject to our comments at 22.2 below), while also providing alignment with both AASB S2 and NZ CS.
 - 21.2. The standard should not adopt prescriptive modelling requirements for scenario analysis. For example, there should not be any requirement on the temperature outcomes of the scenarios – this would allow CREs to set temperature pathways consistent with other relevant reporting jurisdictions and / or those considered by the CRE as plausible scenario pathways that demonstrate differing outcomes.

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

22. We consider appropriate New Zealand amendments to IFRS S2 would include:
- 22.1. removing the requirement for industry-based disclosures;
 - 22.2. the requirement for a *minimum* of two scenarios for scenario analysis; and
 - 22.3. allowing for early adoption of NZ IFRS S2, or continued application of NZ CS until the mandatory adoption date for the former.
23. Beyond these changes, NZBA does not currently propose any additions, removals, or changes to IFRS S2. However, it will be important to assess whether any further changes are appropriate in the New Zealand context to ensure the requirements are proportionate for smaller entities.

Question 8: Do you support the proposed implementation timeline?

24. As noted in our response to Question 1, there are a range of views among our members in relation to the proposed implementation timeline. Broadly, NZBA supports a long transition period, but understands that our members may submit more detailed responses to this question – including on when a decision should be made to move to a new standard – in their individual submissions.