

Aotearoa New Zealand Climate Standard 2

Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)

Incorporates amendments to 13 November 2025

Issued December 2022



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Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)

Issued 14 December 2022 and incorporates amendments to 13 November 2025.

This Standard has been issued as a result of the New Zealand Government enacting legislation to require certain entities to prepare climate-related disclosures.

In finalising this Standard, the External Reporting Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

Legal status of Standard

This Standard was issued on 14 December 2022 by the External Reporting Board pursuant to section 12(aa) of the Financial Reporting Act 2013.

This Standard is secondary legislation for the purposes of the Legislation Act 2019.

This Standard, pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on the 28th day after the date of its publication. The Standard was published under the Legislation Act 2019 on 14 December 2022 and takes effect on 11 January 2023.

Commencement and application

This Standard, pursuant to section 28(2) of the Financial Reporting Act 2013, has a mandatory date of 1 January 2023, meaning that it must be applied by reporting entities for accounting periods that begin on or after this date.

Reporting entities that are subject to this Standard are required to apply it in accordance with the application dates in paragraph B2 to B9 of Appendix B.

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NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* is set out in paragraphs 1 to 26 and Appendices A and B. All the paragraphs, including Appendices A and B, have equal authority. Terms defined in Appendix A are in *italics* the first time that they appear in this Standard. This Standard should be read in the context of its objective, the Basis for Conclusions, NZ CS 1 *Climate-related Disclosures* and NZ CS 3 *General Requirements for Climate-related Disclosures*.

The climate-related disclosure framework comprises three Aotearoa New Zealand Climate Standards that have been designed as a package. It is important that they are read in context of each other.

- NZ CS 1 *Climate-related Disclosures* contains the climate-related disclosure requirements for each of the four thematic areas (Governance, Strategy, Risk Management and Metrics and Targets) and the assurance requirements for greenhouse gas emissions disclosures.
- NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* provides optional adoption provisions.
- NZ CS 3 *General Requirements for Climate-related Disclosures* contains the principles, the underlying concepts such as materiality, and the general requirements.

The need for materiality judgements is pervasive in the preparation and presentation of all disclosure requirements in Aotearoa New Zealand Climate Standards.

Objective

1. In recognition that it may take time to develop the capability to produce high-quality climate-related disclosures, and that some disclosure requirements, by their nature, may require an exemption, this Standard provides a limited number of adoption provisions from the disclosure requirements in *Aotearoa New Zealand Climate Standards*.
- 1.1 This Standard also provides an adoption provision relating to the assurance of scope 3 GHG emissions disclosures. This adoption provision recognises the temporary challenges in obtaining sufficient reliable data to support the disclosures subject to an assurance engagement and to enable increased consistency across the assurance market.
2. The ultimate aim of Aotearoa New Zealand Climate Standards is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.

Scope

3. This Standard applies to entities that are required by the Financial Markets Conduct Act 2013 to prepare *climate statements* or *group climate statements* that comply with the *climate-related disclosure framework*.
4. Any entity that elects to or is otherwise directed to prepare climate statements or group climate statements is encouraged to apply all the requirements of Aotearoa New Zealand Climate Standards.¹
5. This Standard does not apply to an *interim period*.
6. An entity may elect to use one or more of the adoption provisions contained in this Standard. Some of the adoption provisions exempt certain disclosures whereas other adoption provisions require alternative information to be disclosed.
7. Adoption provisions 1 and 3 are only available to an entity when preparing and presenting climate statements or group climate statements for its *first reporting period*.
8. Adoption provisions 2 and 4 to 7 are available to an entity when preparing and presenting climate statements or group climate statements for its first reporting period, *second reporting period*, *third reporting period*, *fourth reporting period*, *fifth reporting period* or *sixth reporting period*.
- 8.1 Adoption provision 8 is available to an entity when preparing and presenting climate statements or group climate statements in relation to accounting periods ending before 31 December 2027.
9. An entity that has prepared and presented climate statements or group climate statements in a previous reporting period, but not in its immediately preceding reporting period, is permitted by this Standard to use adoption provisions 6 and 7 again. This paragraph applies despite paragraph 8.

Adoption provisions

Adoption provision 1: Current financial impacts

10. Paragraph 12(b) of NZ CS 1 *Climate-related Disclosures* requires the following disclosure:

the current financial impacts of its physical and transition impacts identified in paragraph 12(a).

This Standard provides an exemption from this disclosure requirement in an entity's first reporting period.

¹ For example, Crown Financial Institutions as directed by a letter of expectation from the Minister of Finance.

11. If an entity elects to use the adoption provision in paragraph 10, this Standard also provides an exemption from paragraph 12(c) of NZ CS 1:
if the entity is unable to disclose quantitative information for paragraph 12(b), an explanation of why that is the case.

Adoption provision 2: Anticipated financial impacts

12. Paragraph 15(b) of NZ CS 1 requires the following disclosure:
the anticipated financial impacts of climate-related risks and opportunities reasonably expected by the entity.
This Standard provides an exemption from this disclosure requirement in an entity's first reporting period, second reporting period, third reporting period and fourth reporting period.
13. If an entity elects to use the adoption provision in paragraph 12, this Standard also provides an exemption from paragraph 15(c) of NZ CS 1:
a description of the time horizons over which the anticipated financial impacts of climate-related risks and opportunities could reasonably be expected to occur.
14. If an entity elects to use the adoption provision in paragraph 12, this Standard also provides an exemption from paragraph 15(d) of NZ CS 1:
if the entity is unable to disclose quantitative information for paragraph 15(b), an explanation of why that is the case.

Adoption provision 3: Transition planning

15. Paragraphs 16(b) and 16(c) of NZ CS 1 require the following disclosure:
the transition plan aspects of its strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and
the extent to which transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes.
This Standard provides an exemption from these disclosure requirements in an entity's first reporting period.
16. If an entity elects to use the adoption provision in paragraph 15, it must provide a description of its progress towards developing the transition plan aspects of its strategy, in its first reporting period.

Adoption provision 4: Scope 3 GHG emissions

17. Paragraph 22(a)(iii) of NZ CS 1 requires the following disclosure:
greenhouse gas (GHG) emissions: gross emissions in metric tonnes of carbon dioxide equivalent (CO₂e) classified as scope 3.
Although disclosure of *scope 3 greenhouse gas (GHG)* emissions is encouraged for all entities on adoption of Aotearoa New Zealand Climate Standards, this Standard provides an exemption from this disclosure requirement in an entity's first reporting period, second reporting period, third reporting period and fourth reporting period. An entity may choose to apply the adoption provision in this paragraph to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. If an entity discloses a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.

Adoption provision 5: Comparatives for Scope 3 GHG emissions

18. Paragraph 40 of NZ CS 3 *General Requirements for Climate-related Disclosures* requires the following disclosure:
For each metric disclosed in the current reporting period an entity must disclose comparative information for the immediately preceding two reporting periods.

19. If an entity elects to use the adoption provision in paragraph 17:
- (a) for its first reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its second reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its third reporting period;
 - (b) for its first reporting period and second reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its third reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fourth reporting period;
 - (c) for its first reporting period, second reporting period and third reporting period, this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fourth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its fifth reporting period; or
 - (d) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude comparative information for scope 3 GHG emissions in its fifth reporting period and permits an entity to provide one year of comparative information for scope 3 GHG emissions in its sixth reporting period.

Adoption provision 6: Comparatives for metrics

20. Paragraph 40 of NZ CS 3 requires the following disclosure:
- For each metric disclosed in the current reporting period an entity must disclose comparative information for the immediately preceding two reporting periods.
- This Standard provides an exemption from this disclosure requirement in an entity's first reporting period.
21. In an entity's second reporting period, this Standard permits an entity to provide one year of comparative information for each metric.

Adoption provision 7: Analysis of trends

22. Paragraph 42 of NZ CS 3 requires the following disclosure:
- An entity must disclose an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.
- This Standard provides an exemption from this disclosure requirement in an entity's first reporting period and second reporting period.
- 22.1 If an entity elects to use the adoption provision in paragraph 17:
- (a) for its first reporting period and second reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period and third reporting period;
 - (b) for its first reporting period, second reporting period and third reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period and fourth reporting period; or
 - (c) for its first reporting period, second reporting period, third reporting period and fourth reporting period this Standard allows an entity to exclude an analysis of main trends (see paragraph 22) for scope 3 GHG emissions in an entity's first reporting period, second reporting period, third reporting period, fourth reporting period and fifth reporting period.

Use of adoption provisions

23. If an entity elects to use any of the adoption provisions in this Standard, it must include a description of the adoption provisions used in conjunction with its statement of compliance with Aotearoa New Zealand Climate Standards (see NZ CS 3, paragraph 55).

Assurance of GHG emissions disclosures

Adoption provision 8: Scope 3 GHG emissions assurance

24. For accounting periods ending before 31 December 2027, this adoption provision allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1). This means that the assurance of the entity's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December 2027.
25. For the avoidance of doubt, if adoption provision 8 is used, the entity's scope 1 and scope 2 GHG emissions disclosures must be the subject of an assurance engagement (see paragraphs 25, 26(a)(i) and (ii), 26(b) and 26(c) of NZ CS 1).

Use of adoption provision 8

26. If an entity elects not to use adoption provision 4 it may still use adoption provision 8. In such a case, this Standard requires an entity to clearly identify that its scope 3 GHG emissions disclosures have not been mandatorily assured.

Appendix A

Defined terms

This appendix is an integral part of NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and has the same authority as the other parts of this Standard. Some defined terms are used in at least one other Aotearoa New Zealand Climate Standard, always with the same meaning.

Aotearoa New Zealand Climate Standards	Standards issued by the External Reporting Board that comprise the climate-related disclosure framework.
climate-related disclosure framework	Climate-related disclosure framework has the meaning set out in section 9AA of the Financial Reporting Act 2013.
climate statements	Climate statements has the meaning set out in section 5 of the Financial Reporting Act 2013.
fifth reporting period	The reporting period immediately following an entity's fourth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards
first reporting period	The first reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.
fourth reporting period	The reporting period immediately following an entity's third reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards
GHG	See greenhouse gas.
greenhouse gas	The greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF ₃), perfluorocarbons (PFCs), and sulphur hexafluoride (SF ₆).
group climate statements	Group climate statements has the meaning set out in section 5 of the Financial Reporting Act 2013.
interim period	A financial reporting period shorter than a full financial year.
scope 3	Other indirect GHG emissions not covered in scope 2 that occur in the value chain of the reporting entity, including upstream and downstream GHG emissions. Scope 3 categories are purchased goods and services, capital goods, fuel-related and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.
second reporting period	The reporting period immediately following an entity's first reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.
sixth reporting period	The reporting period immediately following an entity's fifth reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards
third reporting period	The reporting period immediately following an entity's second reporting period in which an entity makes an explicit and unreserved statement of compliance with Aotearoa New Zealand Climate Standards.

Appendix B

Commencement and application

This appendix is an integral part of NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* and has the same authority as the other parts of this Standard.

Commencement and application

- B1. An entity must apply this Standard for annual reporting periods beginning on or after 1 January 2023.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024

- B2. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, published in November 2024, amended paragraphs 7, 8, 12, 17, 18 and 19 and added paragraphs 1.1, 8.1, 19.1, 22.1, 24, 25, 26 and a new defined term 'fourth reporting period' to Appendix A. An entity must apply those amendments in accordance with the commencement and application date provisions in paragraphs B3 to B5.

When amending Standard takes effect (section 27 Financial Reporting Act 2013)

- B3. This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019. The amending Standard was published on 27 November 2024 and takes effect on 25 December 2024.

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)

- B4. The accounting periods in relation to which this amending Standard commences to apply are those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

- B5. In paragraph B4:

mandatory date means 1 January 2024.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025

- B6. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*, published in November 2025, amended paragraphs 8, 8.1, 12, 17, 18, 19, 22 and 24, added paragraphs 19(b) 19(c), 19(d), 22.1(b), 22.1(c), added new defined terms 'fifth reporting period' and 'sixth reporting period' to Appendix A, amended paragraph 19.1 and renumbered as 19(a), and split the content of paragraph 22.1 between paragraph 22.1 and subparagraph 22.1(a). An entity must apply those amendments in accordance with the commencement and application date provisions in paragraphs B7 to B9.

When amending Standard takes effect (section 27 Financial Reporting Act 2013)

- B7. This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019.²

Accounting period in relation to which standards commence to apply (section 28 Financial Reporting Act 2013)

- B8. The accounting periods in relation to which this amending Standard commences to apply are those accounting periods following, and including, the first accounting period for the entity that begins on or after the **mandatory date**.

- B9. In paragraph B8:

mandatory date means 1 January 2025.

² This footnote is not part of the standard. The amending Standard was published on 13 November 2025 and takes effect on 11 December 2025.

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Basis for Conclusions on NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*

This Basis for Conclusions accompanies, but is not part of, NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

Introduction

- BC1. This Basis for Conclusions summarises the XRB Board's considerations in developing NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* as part of the climate-related disclosure framework for Aotearoa New Zealand.
- BC2. The Basis for Conclusions accompanying NZ CS 1 *Climate-related Disclosures* contains further information on the development of the climate-related disclosure framework, including an explanation of the multi-phase consultation process undertaken by the XRB.

Reasons for issuing this Standard

- BC3. The XRB Board became aware through its consultation process that the depth of understanding of climate-related risks and opportunities varied substantially across entities in the climate reporting regime. Furthermore, capability to enable high-quality climate-related disclosures will take time to develop and evolve. Rather than delay the application of Aotearoa New Zealand Climate Standards, the XRB Board decided to issue a separate Standard containing adoption provisions to assist entities while they are developing that capability. The XRB Board noted that those entities that are more advanced in their climate reporting journey may choose not to apply any of the adoption provisions in this Standard.
- BC4. The XRB Board also decided that some disclosure requirements, by their nature, require an exemption. For example, an exemption from providing comparative information for an entity in the early years of reporting when that information has not previously been compiled.

Consultation

- BC5. As discussed in the Basis for Conclusions accompanying NZ CS 1, the XRB Board issued ED NZ CS 2 *First-time Adoption of Aotearoa New Zealand Climate Standards* in July 2022.
- BC6. The XRB Board received 56 formal submissions in response to the three July 2022 exposure drafts, being ED NZ CS 1 *Climate-related Disclosures*, ED NZ CS 2 and ED NZ CS 3 *General Requirements for Climate-related Disclosures*. Comments were received by respondents on the proposed adoption provisions in ED NZ CS 2. This Basis for Conclusions includes the reasons for accepting particular views and rejecting others.

Scope

- BC7. The XRB Board received feedback on ED NZ CS 2 that it should clarify whether any adoption provisions are available for use by an entity that had previously prepared and presented climate-related disclosures in accordance with Aotearoa New Zealand Climate Standards but had not done so for several reporting periods. This situation could arise where an entity no longer has a legislative requirement to prepare climate statements because it is no longer large, but subsequently becomes large again in a future reporting period.
- BC8. The XRB Board agreed that it should be clear in this Standard when an entity is able to use the adoption provisions. The XRB Board's view expressed in ED NZ CS 2 was that the adoption provisions should only be available to entities the first time an entity adopts Aotearoa New Zealand Climate Standards and that an entity should not be able to take advantage of any adoption provisions in future reporting period(s). However, on reflection, the XRB Board decided that the two types of adoption provisions proposed in ED NZ CS 2 were fundamentally different in nature. These were Type A: those that applied to disclosure requirements representing more complicated areas of disclosure such as the disclosure of scope 3 GHG

emissions, and Type B: those that, by their nature, required an exemption, such as, the disclosure of comparative information.

- BC9. The XRB Board concluded that an entity should be permitted to use the Type A provisions only once but should be permitted to use the Type B provisions more than once if necessary. This means that, for example, if an entity no longer meets the criteria of being a climate reporting entity by dropping under the size threshold, but then, after an intervening period of not meeting the criteria, becomes 'large' again, that entity can avail itself of adoption provisions 6 and 7. Paragraphs 7 to 9 of this Standard have been included to reflect this decision.
- BC10. The XRB Board also decided to remove 'First-time' from the title of this Standard so that its application was clearer.

Governance and Risk Management

- BC11. The XRB Board sought feedback on its preliminary view that adoption provisions were not required for the Governance and Risk Management sections of NZ CS 1 as part of its October 2021 Governance and Risk Management consultation (GRM consultation). Most respondents agreed with the XRB Board's view that adoption provisions were unnecessary for the Governance and Risk Management disclosures. Of those respondents advocating for adoption provisions, the primary arguments related to recognising that many entities are in the early stages of developing their capability in relation to climate-related reporting, and that it can be a large task for entities to implement climate risk frameworks.
- BC12. The XRB Board acknowledged the feedback received but noted that the intent of both the Governance and Risk Management sections of NZ CS 1 is for an entity to disclose the extent of its activities, not to require a certain level of performance. An entity will be able to meet the Governance and Risk Management disclosures by describing its current processes and activities. The XRB Board affirmed its preliminary view and did not propose any adoption provisions for the Governance and Risk Management disclosures in ED NZ CS 2. Responses to ED NZ CS 2 indicated support for this decision.

Strategy (Adoption provisions 1 to 3)

- BC13. In March 2022, the XRB Board published the Strategy, and Metrics and Targets Consultation Document (SMT consultation). In the SMT consultation, the XRB Board requested feedback on its proposed Strategy adoption provisions, covering current and anticipated financial impacts disclosures, and transition planning disclosures.
- BC14. The XRB Board received generally positive feedback on the proposed adoption provisions. Many acknowledged that the underlying disclosures required difficult underlying analysis and planning, and that the proposed adoption provisions provided some relief. Other feedback noted that, in the context of climate change, entities need to have incentives to start dealing with these more difficult issues and that primary users are seeking information on these matters now. These respondents argued in favour of no adoption provisions.
- BC15. Given that the analytical methods currently available to undertake analysis on financial impacts are relatively novel to entities, the XRB Board decided to provide adoption provisions for financial impact disclosures. The XRB Board recognises that undertaking this type of analysis is challenging, involves grappling with a high degree of uncertainty, and, in many instances, longer time horizons than those considered in other contexts such as financial reporting.
- BC16. The XRB Board decided to provide an adoption provision for transition planning to give entities time to develop such plans and to ensure entities properly scope and embed transition planning as a core aspect of strategy. Unlike other adoption provisions, the XRB Board decided that entities must disclose their progress towards developing a transition plan if they take advantage of this adoption provision. This is due to both strong primary user demand for this information and the important role of transition planning in an entity's ability to build resilience to climate change and in communicating specific actions they are taking to reduce emissions.

- BC17. In the SMT consultation, the XRB Board carefully considered, but decided against, proposing adoption provisions for Strategy disclosures relating to scenario analysis. Scenario analysis plays a core role in the broader context of NZ CS 1. Scenario analysis should precede the calculation of financial impacts, as well as transition planning aspects of an entity's strategy. This is because scenario analysis provides entities with systemic insights into how future climate-related risks and opportunities might affect their business models and strategies. Furthermore, if adoption provisions for scenario analysis were included, the XRB Board considered that disclosures for current and anticipated financial impacts, and transition planning would subsequently need to be further delayed. Such delays would create broader risks for the financial system if this information was not disclosed until 2025–2030, in the context of New Zealand's 2030 emissions reduction target and broader climate change objectives.
- BC18. Although some respondents to the SMT consultation requested relief from scenario analysis, many respondents (including comments made during informal consultation), observed that it is important that entities start now on this work. The XRB Board therefore decided to confirm its original decision not to provide adoption provisions for scenario analysis in NZ CS 2. The XRB Board's parallel encouragement of sector-level collaboration on scenario analysis is also expected to reduce the resourcing requirements and cost burden for a significant number of entities.

Metrics and Targets (Adoption provision 4)

- BC19. The XRB Board did not propose any adoption provisions for Metrics and Targets in the SMT consultation, except for the adoption provision which exempted the disclosure of comparative information for metrics.
- BC20. While respondents agreed with the requirement to disclose scope 3 greenhouse gas (GHG) emissions, many respondents highlighted challenges with measuring these emissions. Particular areas of concern were financed and underwritten emissions, including concerns raised about the lack of methods for calculating scope 3 emissions, including for general insurance underwriting, health and travel insurance, derivatives and sovereign bonds. Concerns were also raised about the effort required, and ability to, identify and collate data for other categories of financed emissions. Respondents requested that the XRB Board consider providing some adoption relief from the disclosure of scope 3 GHG emissions.
- BC21. The XRB Board considered options for providing relief from the disclosure of scope 3 GHG emissions, including whether to provide an exemption from disclosing certain scope 3 categories in the first year of reporting (for example, category 15 financed emissions). The XRB Board decided, on balance, to propose in ED NZ CS 2 an exemption from disclosing all scope 3 GHG emissions in an entity's first reporting period. Following feedback received on ED NZ CS 2 the XRB Board clarified in this Standard, that an entity may choose to apply the adoption provision to all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources. The XRB Board decided that, if an entity chose to disclose a selected subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed (see paragraph 17).
- BC22. Although the XRB Board decided to provide an exemption from disclosure for the first year of reporting, it strongly encourages entities to measure their scope 3 GHG emissions. For most entities, scope 3 GHG emissions are where their most material emissions risks and opportunities lie. Obtaining a clear picture of the scale and scope of these emissions sources will greatly assist entities to understand their climate-related risks and opportunities and assist with transition planning.
- BC23. The XRB Board noted that the GHG Protocol Corporate Accounting and Reporting Standard does not require an entity to report its scope 3 GHG emissions. Therefore, an entity would be able to measure in accordance with the Corporate Accounting and Reporting Standard while disclosing either none, or a subset of, its scope 3 GHG emissions. The XRB Board also noted that ISO 14064-1:2018 requires an entity to identify the intended use of its GHG inventory. This use may include regulated disclosure schemes such as the GHG emissions disclosures required by Aotearoa New Zealand Climate Standards.

- BC24. In addition, the XRB Board noted that the GHG Protocol Corporate Accounting and Reporting Standard, the Corporate Value Chain (Scope 3) Accounting and Reporting Standard and ISO 14064-1:2018 – Greenhouse gases, allow an entity to exclude emission sources, including facilities, operations or assets under certain limited circumstances. Any specific exclusions of sources must be disclosed with a justification for their exclusion. The XRB Board believes the justification of exclusions is an important disclosure in its own right and has included it in NZ CS 1 (see NZ CS 1, paragraph 24(d)).
- BC25. Some respondents requested adoption provisions in relation to Metrics and Targets generally as part of the feedback received during the SMT consultation. They cited concerns that the Task Force on Climate-related Financial Disclosures (TCFD) cross-industry metric categories were relatively new and that there was a lack of data. In addition, time was needed for entities to put in place systems to measure and track these metrics and related targets. The XRB Board considered this feedback but decided not to provide any additional adoption provisions in ED NZ CS 2 as it considered that entities should be able to provide the metrics identified, albeit with a higher level of uncertainty or estimation in the first few years of disclosure. Responses to ED NZ CS 2 indicated support for this decision, and as a result no additional metrics and targets adoption provisions were included in this Standard.

Comparative information, consistency of reporting, and restatement of comparatives (Adoption provisions 5, 6 and 7)

- BC26. In ED NZ CS 2, the XRB Board noted that because Aotearoa New Zealand Climate Standards are based on TCFD recommendations, those entities that had voluntarily applied the TCFD's recommendations may be able to apply a retrospective approach and provide comparative metrics in their first reporting period. However, the XRB Board acknowledged that not all entities would be able to use a retrospective approach. Consequently, the XRB Board decided to include an adoption provision to provide exemptions from disclosing comparative information for metrics (see Adoption provision 6). Responses to ED NZ CS 2 supported the XRB Board's decision.
- BC27. Some respondents to ED NZ CS 2 requested that the XRB Board clarify the requirement to disclose comparative information when an entity uses adoption provision 4: Scope 3 GHG emissions. The XRB Board agreed clarification was required and consequently added Adoption provision 5: Comparatives for Scope 3 GHG emissions.
- BC28. Some respondents to ED NZ CS 2 requested an additional adoption provision from having to restate comparative information when methods had changed. The XRB Board had already decided that restatement of comparative information would not be required when an entity changes the methods used to calculate a metric. This decision is reflected in the requirements in NZ CS 3 (see NZ CS 3, paragraphs 44-46).
- BC29. Because the XRB Board had decided to include an adoption provision for comparative information, it concluded that entities should also be given an exemption for trend analysis in its first two reporting periods (see paragraph 22).

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024

Reasons for amendments

- BC30. During 2024, the XRB was made aware of challenges and concerns relating to the implementation of *Aotearoa New Zealand Climate Standards* (NZ CS). Stakeholders advised they were facing challenges with obtaining reliable data, high costs, and how to disclose in the absence of comprehensive guidance on certain topics. Stakeholders also shared challenges relating to assurance over scope 3 GHG emissions disclosures because of difficulties in obtaining sufficient reliable data from up and downstream entities.
- BC31. Responding to the implementation challenges and concerns raised by stakeholders, in October 2024, the XRB Board issued Exposure Draft – *Amendments to Adoption of Aotearoa New*

Zealand Climate Standards 2024. In the exposure draft, the XRB Board proposed amending NZ CS 2 as follows:

- (a) a one-year extension to the adoption provision for scope 3 GHG emissions disclosures;
- (b) a new one-year adoption provision relating to the assurance of scope 3 GHG emissions disclosures;
- (c) a one-year extension to the adoption provision for anticipated financial impacts disclosures; and
- (d) a one-year extension to the adoption provision for transition planning disclosures.

BC32. The XRB Board at the same time also issued Exposure Draft – *Amendments to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2024*. This exposure draft proposed amendments to NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* as a result of the proposed new one-year adoption provision relating to the assurance of scope 3 GHG emissions in NZ CS 2.

Response to consultation

BC33. The XRB Board received 106 written responses to the consultation. During the consultation period the XRB held six online feedback sessions, with 55 attendees across the six sessions. The XRB also held eight targeted workshops and meetings to seek feedback from the following stakeholders:

- (a) XRAP;³
- (b) the Climate and ESG Committee of the Financial Services Council;
- (c) the Institute of Directors;
- (d) Data providers; and
- (e) Assurance practitioners.

Scope 3 Greenhouse Gas Emissions Disclosures

BC34. Most respondents agreed with the XRB Board's proposal to extend the existing adoption provision for the disclosure of scope 3 GHG emissions by one more year. Respondents noted that the extension would allow for more accurate, reliable, and quality data to be available. Many respondents commented that the extension would allow time for them to put in place effective controls, processes and systems to collect and report on their scope 3 GHG emissions.

BC35. Managed investment scheme managers (MIS managers) expressed concerns with their ability to assess the reliability of data, noting that a large portion of their scope 3 GHG emissions are estimated by third party data providers. MIS managers emphasised the need to provide enough time for the level of company-reported emissions data to mature so that MIS managers can draw from more accurate and reliable data sources. They noted that this would give assurance practitioners and end users of the climate statements greater certainty over the data disclosed.

BC36. Some respondents did not agree with the XRB Board's proposal. Some of the reasons provided by these respondents included:

- (a) users and entities need the information about scope 3 GHG emissions now to support the allocation of capital to a low-emissions, climate-resilient future;
- (b) a further delay risks entities doing nothing or making decisions to de-prioritise work and be in the same place in a year's time;
- (c) entities will learn by doing i.e., the journey of improvement only starts once scope 3 GHG emissions reporting commences, and the entity understands where further refinement is needed; and

³ The External Reporting Advisory Panel (XRAP) provides a forum where the XRB can consult with individuals and representatives of organisations affected by XRB work.

- (d) scope 3 GHG emissions are an important metric to assess transition risk within the value chain.

BC37. The XRB Board decided on balance to proceed with the one-year extension to the adoption provision for scope 3 GHG emissions disclosures as proposed. However, when deciding on the additional one-year relief, the XRB Board noted that the data issues and collection challenges identified by stakeholders will not all be resolved in a year and may continue for some time into the future. The XRB Board noted that by nature, scope 3 GHG emissions contain high levels of estimation and uncertainty and that NZ CS acknowledges and allows for this (for example, disclosures on any exclusions, disclosure of methods and assumptions and level of uncertainty). The XRB Board noted that one additional year will allow entities more time to put in place effective controls, processes and systems to collect and report on their scope 3 GHG emissions. It will also allow the XRB time to provide further implementation support to entities disclosing scope 3 GHG emissions.

Assurance of Scope 3 Greenhouse Gas Emissions Disclosures

- BC38. Most respondents indicated strong support for the XRB Board's proposed inclusion of a new adoption provision that gives relief before the entity is required to obtain assurance over their scope 3 GHG emissions disclosures. Respondents supported this delay to enable entities time to put in place effective controls, processes and systems to collect and report on their scope 3 GHG emissions.
- BC39. However, there were mixed views as to whether a one-year delay would be long enough to enable systems to mature adequately to support the availability of appropriate sufficient evidence for an assurance engagement. Some respondents agreed that one year would be enough time, some respondents were unsure or held no view about the appropriate length of time, while some did not agree that one year would be sufficient. A few respondents reflected that their entity would not disclose their GHG emissions without obtaining assurance. Many of the respondents who wanted to delay the assurance for more than one year also requested a delay in the disclosure of scope 3 GHG emissions for longer than one year.
- BC40. MIS managers expressed concerns about the ability to obtain reliable data from third-party data providers and whether a one-year delay would be sufficient. However, during the consultation, XRB staff heard from third party data providers that they are moving at pace to address these matters and that the opportunity for assurance practitioners to rely on service organisation control reports covering the description, design and operating effectiveness of controls⁴ will be available within the year.
- BC41. A few respondents expressed a concern at a lack (or perceived lack) of capacity and capability in the assurance market to provide the required assurance engagements. Assurance practitioners submitted that there is adequate resource.
- BC42. The XRB Board decided to proceed with an optional delay in assurance of scope 3 GHG emissions disclosures by one year to recognise the current challenges in obtaining sufficient reliable information. However, it notes that, given the nature of scope 3 GHG emissions disclosure, there will always be inherent uncertainty and a high degree of estimation. For the avoidance of doubt, if the adoption provision is used by the entity, the scope 1 and scope 2 GHG emissions disclosures shall be the subject of an assurance engagement.
- BC43. The XRB Board is committed to supporting the implementation of the assurance over GHG emissions disclosures and is developing guidance for both preparers and assurance practitioners.
- BC44. The XRB Board also understands that the Financial Markets Authority will undertake targeted consultation in December 2024 on a possible class exemption to ensure the new one-year adoption provision relating to the assurance of scope 3 GHG emissions can be implemented with complete certainty by climate reporting entities. The FMA is considering exemption relief

⁴ Service organisation control reports are assurance reports issued in regard to the controls in place over a third party system or service. It enables an assurance practitioner to place trust and confidence in the data outputs from that third party as another practitioner has assured the controls.

for one year for those entities in 2025 who disclose their scope 3 GHG emissions but do not have them assured, to complement the XRB relief.

Anticipated Financial Impacts Disclosures

- BC45. Respondents strongly supported allowing more time for the underlying analysis relating to anticipated financial impacts disclosures. They noted that this would allow for more robust processes to be put in place, and data to be gathered, which would lead to higher-quality, more trusted disclosures. MIS managers in particular expressed concerns with their ability to do this type of analysis. They broadly supported the proposal (with some noting that they intended to make use of the 'unable to disclose quantitative information' ability in paragraph 15(d) of NZ CS 1).
- BC46. Respondents strongly supported further guidance be issued by the XRB Board on this topic. Many requested that this be internationally aligned, delivered promptly and well targeted.
- BC47. Some professional service providers noted that while further guidance would be welcome, they were of the view that learning-by-doing is an important part of the regime. They noted that, for example, the experience to date with scenario analysis is that starting early and learning is important and preferable to delay. Some noted that the data, tools and methods already exist for entities to draw from while others reiterated the complexity of the analysis in this area.
- BC48. The key issue for the XRB Board to consider was whether more time would result in entities delaying their assessment, or enable better assessments. There is a risk that maturity does not grow if the time is not utilised by entities to learn-by-doing. If the work is simply pushed back by a year, then when entities come to disclose, they will find they are unprepared, potentially leading to lower quality disclosure. However, a lack of adequate guidance is a compelling reason for allowing more time and therefore the XRB Board decided to provide the additional year as proposed. The XRB is committed to prioritising further guidance for release in 2025, engaging with international standard setters, and with entities to encourage learning-by-doing and knowledge sharing.

Transition Planning Disclosures

- BC49. Most respondents supported extending the adoption provision regarding transition planning disclosures for a second reporting period. However, most of these supportive submissions appeared to base their support on an understanding that this disclosure requires a fully-fledged, certain and finished 'plan', rather than an understanding that it is an iterative and dynamic process, with the disclosure reflecting this over time.
- BC50. Some respondents, comprised of primary users, practitioners, and entities who had already started transition planning, provided a different perspective. They described transition planning as an iterative and dynamic process, and a key conversation starter, both internally and with primary users. These respondents provided a strong theme of learning-by-doing, with some noting that transition planning will be a "work in progress for the foreseeable future" and an important tool to improve business decision making and capital allocation, therefore strongly contributing to the purpose of the climate reporting regime as a whole.
- BC51. Primary users indicated in their submissions that they see this disclosure as critical to assess entities' maturity and level of commitment, and what the entities are doing to avoid capital misallocation while refining their long-term transition plan. Primary users expressed expectations aligned with this continuous improvement approach of transition planning, and while more guidance might be needed in the future as entities progress, the guidance readily available is sufficient for most entities to start disclosing useful information to their primary users.
- BC52. Primary users raised concerns that they needed more information regarding entities' transition planning progress and maturity than was disclosed in the first year by some entities under paragraph 16 of NZ CS 2. As expressed in paragraph BC16 of NZ CS 2, transition planning plays an important role in an entity's ability to build resilience to climate change and in communicating specific actions taken to reduce emissions. Any further delay in starting transition planning work and disclosure could result in adverse effects contrary to the stated

aim of NZ CS to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.

- BC53. The XRB Board has decided not to proceed with the proposal to provide an additional year for transition planning disclosures on the basis of hearing strong primary user demand for this information and to avoid accumulating broader risks for the financial system if this information was not disclosed. The XRB has already issued guidance on transition planning and further guidance will be issued by Q1 2025. The XRB will emphasise that transition planning is an ongoing iterative and dynamic process.

Small number of requests for further time than proposed

- BC54. Some respondents (mostly climate reporting entities) made requests for further time than the proposals. The XRB Board considered these requests closely both as an overarching consideration and specifically in relation to each of the proposals.
- BC55. Overall, the XRB Board's view was that to most appropriately balance information demands from primary users, the availability of methods, support, guidance, and costs and benefits, a one-year extension for these proposals was generally most appropriate. In relation to transition planning, the urgency and nature of the information (iterative, rather than 'finished'), means it can be provided without further delay.
- BC56. Some respondents emphasised the importance of aligning the timing of disclosure requirements with international climate reporting regimes, particularly that of Australia. In support, some cited the fact their parent companies had incoming disclosure requirements in Australia, data quality benefits, market capacity and the potential to reduce costs. During the consultation process, XRB staff engagement found that the planned introduction of regimes in other jurisdictions, particularly Australia, will influence the New Zealand regime. Specifically, it will drive significant improvements in data availability and transparency for New Zealand entities and professional service providers in the very near future.
- BC57. The XRB Board also considers that some of the perceived benefits of alignment cited by respondents relate much more to aligning substantive disclosure requirements rather than timing alone. These are broader questions outside the scope of this consultation, but important questions that the XRB Board intends to consider in 2025 as part of the previously signalled post-implementation review.

Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025⁵

Sustainability Reporting Board

- BC58. The XRB Board issued NZ CS 2 in December 2022, and the amending standard — *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, which amended NZ CS 2 in November 2024. The Sustainability Reporting Board (SRB) was established by the XRB Board under clause 14 of Schedule 5 of the Crown Entities Act 2004 (CE Act). The XRB Board used the powers under section 73 of the CE Act to delegate to the SRB the function of preparing and issuing climate standards. The SRB has issued this 2025 amending Standard.
- BC59. This section of the Basis for Conclusions summarises the SRB's considerations in developing *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.

⁵ This section of the Basis for Conclusions 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).

Scope 3 greenhouse gas emissions disclosure and assurance

How and why we consulted on extending scope 3 GHG emissions adoption provisions

BC60. The XRB obtained information through three consultation processes:

- (a) In April 2025, the XRB issued *Request for information: The international alignment of climate reporting* (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 greenhouse gas (GHG) emissions was continuing to be a challenge for entities.⁶
- (b) In August 2025, XRB staff conducted targeted follow-up meetings with entities, assurance practitioners and data providers, to understand these issues in more detail.
- (c) In September 2025, the XRB issued *Proposed 2025 Amendments to Climate and Assurance Standards* (the consultation document) proposing a two-year extension to AP 4, AP 5, AP 7 and AP 8. The proposed amendments to NZ CS 2 would provide additional time for entities to address the challenges they faced whilst continuing to progress disclosures, with or without assurance, and engage in assurance readiness assessments during the transition period. The consultation document also included questions about the other options: retain the status quo, a one-year extension and an extension of more than two years.

Targeted follow-up meetings

BC61. During the targeted follow-up meetings, entities told XRB staff that disclosing and assuring scope 3 GHG emissions is far more complex, costly and resource intensive than anticipated, reducing comparability and creating significant implementation challenges including data collection and system upgrades. They highlighted major uncertainties around defining boundaries of what needs to be reported and avoiding scope creep, particularly for facilitated emissions in banking, insurance-associated emissions, and applying GHG Protocol categories such as “use of sold products”.

BC62. Entities raised concerns about measurement-related methodological gaps and interpretation issues due to the absence of sector-specific guidance in an evolving international landscape. Data quality and availability remain problematic, and there are concerns about the potential inconsistencies between New Zealand disclosure requirements and international standards such as IFRS S2 *Climate-related Disclosures* adding complexity for entities with overseas (in particular Australian) parents. High compliance costs, disproportionate impacts on smaller entities, and diversion of resources away from emissions reduction and adaptation efforts were also key concerns.

BC63. Some entities commented that there is a lack of capability or capacity in the assurance market. The assurance practitioners XRB staff spoke to noted that disclosures are becoming easier with experience and that there is no demonstrable need for delay, as many entities are already disclosing scope 3 GHG emissions under NZ CS 1. All assurance opinions to date have been unmodified, and SOC 2 reports are not essential because alternative evidence can meet the assurance requirements. These assurance practitioners confirmed that they have the capability and capacity to meet demand.

The consultation document

BC64. The consultation document emphasised that the disclosure and assurance of scope 3 GHG emissions are an integral component of the climate-related disclosure framework. It highlighted the importance of such disclosures, noting that scope 3 GHG emissions often represent significant climate-related risks and opportunities for entities, support credible transition planning, and were an increasingly common international ask for access to capital. It noted that

⁶ Throughout this section of the Basis for Conclusions, references to ‘entity’ or ‘entities’ should be read as ‘climate reporting entity’ or ‘climate reporting entities’, i.e. those entities required by the Financial Markets Conduct Act 2013 to prepare climate statements or group climate statements that comply with the climate-related disclosure framework.

mandatory reporting enhances transparency to support investor decision making, and assurance enhances trust and confidence in the information, reducing the risk of greenwashing.

BC65. The consultation document stated that the purpose of the proposed two-year extension would be to provide time for:

- (a) the XRB to produce and support additional guidance material and clarifications, and introduce differential reporting if warranted depending on the Government's decisions about the CRD regime;
- (b) helpful information to become available from other local and international sources;
- (c) greater clarity to emerge about inclusions and boundaries for scope 3 GHG emissions, together with specific climate-related disclosure obligations in other jurisdictions;
- (d) entities to upskill and improve their systems and processes; and
- (e) data providers to continue to work towards an industry-wide solution for assurance requests from multiple customers (SOC 2 reports).

BC66. The consultation document also stated that a two-year extension would better align timing with the scope 3 GHG emissions disclosure and assurance obligations in Australia.

Consultation responses

BC67. The XRB received 102 submissions, 57 from entities and 45 from other stakeholders (comprising mostly individuals, professional service providers and industry bodies). 97 submitters, comprising 53 entities and 44 other stakeholders responded to the question on scope 3 GHG emissions disclosure and assurance. More specifically:

- (a) 73 of the 97 submitters (75%) supported an extension. Of the 73 submitters that supported an extension, 75% agreed with the proposed two years. Views were split amongst the other 25% about whether a shorter (one year) or longer extension (three or more years) should be implemented.
- (b) 50 of the 53 entities (94%) supported an extension. Of the 50 entities that supported an extension, 82% supported the proposed two years. The other 18% supported three or more years.
- (c) 23 of the 44 other stakeholders (52%) supported an extension. Of the 23 entities that supported an extension, 61% supported the proposed two years. Seven of the 13 professional service providers (including assurance practitioners) (54%) and nine of 15 individuals (60%) did not support an extension.

BC68. Almost all entities supported an extension, with most favouring a two-year extension. entities cited several key reasons. Data availability and quality remain insufficient across value chains, with heavy reliance on third-party estimates and low supplier coverage, making robust disclosure and assurance challenging. Some entities emphasised the need to align timing and requirements with Australia's AASB S2 *Climate-related Disclosures* and ISSB standards to reduce duplication, improve comparability, and address uncertainty—particularly for dual-listed entities and insurers concerned about insurance-associated emissions.

BC69. Entities' assurance readiness and assurance cost were also noted, due to the complexity and resource requirements of scope 3 GHG emissions, with some entities still developing systems and internal capability. Entities also highlighted unresolved methodological issues (for example, lack of measurement methodologies for derivatives and facilitated emissions) and uncertainties regarding the boundaries for scope 3 GHG emissions inclusion. Some noted the need for time to build internal capability and systems.

BC70. Nine entities supported an extension beyond two years, citing four main reasons: high compliance and assurance costs that currently outweigh benefits to users and investors; immature methodologies for calculating and assuring scope 3 GHG emissions, requiring time to refine and align with global best practice; insufficient data availability and quality across value chains, leading to unreliable estimates; and assurance market readiness. Additional points included low investor interest in climate statements and the need to align with Australian implementation timelines to leverage more mature overseas practice.

BC71. Three entities did not support an extension. One provided no rationale, while the other two emphasised the importance of scope 3 GHG emissions disclosure, noting that this amount is

usually much higher than scope 1 and 2 GHG emissions combined and is critical for complete, decision-useful climate statements.

- BC72. Other stakeholders expressed mixed views about extending adoption provisions, 52% supported extending adoption provisions, citing assurance readiness and cost concerns, particularly for scope 3 GHG emissions where methodologies, data quality, and assurance practices remain immature. Stakeholders contended that there was limited assurance capacity, a risk of qualified opinions, and disproportionate burdens on smaller entities, emphasising the need for scalable, threshold-sensitive settings. Most stated that time is required to build systems, processes, and capability, and call for alignment with international standards, especially IFRS S2 and AASB S2, to ensure comparability and avoid duplication. Stakeholders warned that premature mandatory reporting could undermine investor confidence and market comparability, given current uncertainty and inconsistency in data and methodologies.
- BC73. 48% of other stakeholders did not agree with extending adoption provisions, citing that further delays would undermine achieving the purpose of the climate-related disclosure framework, and reduce momentum and weaken trust in the CRD regime as a whole. They stressed that scope 3 GHG emissions disclosures are critical for decision-useful information, comparability, and effective risk assessment, and note that existing guidance provides sufficient flexibility for meaningful reporting. Many stated that capability improves through practice, with many entities already disclosing or obtaining limited assurance, and warn that further deferral risks misalignment with international regimes and reduced market confidence. While most rejected blanket extensions, some supported short, time-bound assurance deferrals or targeted relief for specific categories (for example, financed emissions), alongside practical support measures rather than delay.
- BC74. Assurance practitioners stated that they have capacity to carry out the assurance work. They also stated that assurance brings to the surface method, boundary and data issues early, raising quality and confidence. Hence, deferral of assurance would dilute these benefits.
- BC75. The Financial Markets Authority (FMA) has indicated that they would issue any necessary exemption notice in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025.

The SRB's decision on extending scope 3 GHG emissions adoption provisions

- BC76. In considering whether to extend the adoption provisions, the SRB reiterated the importance of the disclosure and assurance of scope 3 GHG emissions as stated in the consultation document (see paragraph BC64).
- BC77. The SRB decided that a two-year extension for both scope 3 GHG emissions disclosure and assurance adoption provisions as proposed in the consultation paper is appropriate. The SRB noted that no significant new issues were raised in submissions, with feedback largely confirming what was learnt from the targeted consultation in August 2025. The SRB acknowledged the strong weight of information provided by entities regarding the challenges of these disclosure and assurance requirements and considered that the mixed views provided by other stakeholders were insufficient on balance to counter the challenges raised in the entities' submissions.
- BC78. The SRB noted that there was limited user feedback to the consultation. However, they acknowledged the user feedback to the consultation on *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024*, particularly in the context of strong demand to not extend the adoption provision relating to transition planning (see paragraphs BC50-52). The SRB also noted the clear user feedback to the RFI. The SRB considered that given XRB consultations do receive user feedback, should these proposals have caused significant concern to users, that feedback would have been provided. The SRB also acknowledged the weight of entities' views in the context of one of the stated purposes of climate-related disclosures in the Financial Reporting Act 2013, being to encourage entities to routinely consider the short-, medium-, and long-term risks and opportunities that climate change presents for the activity of the entity or the entity's group (see also paragraph BC2 in NZ CS 1).
- BC79. The SRB considered that a two-year extension acknowledges the real and immediate challenges faced by entities and assurance providers, allowing those entities who need more

time to use the optional adoption provisions as required, while providing sufficient time for capability building and methodological improvement to reduce risk and costs. The SRB agreed that an extension maintains momentum and credibility in the regime, as not amending the standards risks negatively impacting their effective implementation and the decision usefulness of the reported information.

- BC80. The SRB noted the implementation of scope 3 GHG disclosure and assurance in particular has required entities to implement new systems and processes in an economically challenging and resource-constrained environment. The SRB further noted that the information provided by entities made it clear that challenges were not limited to financed emissions. Rather that several categories of scope 3 GHG emissions including purchased goods and services, the use of sold products, and facilitated emissions beyond financed emissions were also challenging.
- BC81. The SRB observed that this extension should provide the time needed for further international standardisation of disclosure expectations and requirements, as well as measurement approaches relating to scope 3 GHG emissions. During this period the XRB will also determine appropriate next steps regarding the international alignment of climate reporting (see paragraph BC60(a)).
- BC82. Although the SRB decided to provide a two-year extension to the scope 3 GHG emissions adoption provisions, it strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure and assurance. The SRB highlighted that the adoption provisions are optional, and that the structure of adoption provision 4 relating to GHG emissions disclosure is specifically designed to enable entities to work towards full scope 3 GHG emissions disclosure. The SRB considers that a two-year extension should be sufficient time such that further extensions are unlikely to be needed. The XRB continues to be committed to issuing guidance to support the implementation of these disclosure and assurance requirements and will remain responsive to changing circumstances.

Anticipated Financial Impacts

Why we consulted on extending the anticipated financial impacts adoption provision

- BC83. The XRB consulted on extending Adoption Provision 2: Anticipated financial impacts (AP 2) for two main reasons: (i) international uncertainty as to when and whether anticipated financial impacts (AFIs) must be quantified and (ii) implementation challenges on disclosure of AFIs in the absence of comprehensive 'how to' guidance. The XRB became aware of these issues as a result of its stakeholder engagement processes both domestically and internationally.
- BC84. The consultation document emphasised that the disclosure of AFIs is an integral component of the climate-related disclosure framework. It highlighted the importance of such disclosures, noting that the disclosure of the AFIs of climate-related risks and opportunities enables investors and stakeholders to assess how these factors may affect an entity's financial position, financial performance, and cash flows over time. It noted that these disclosures improve transparency, support informed decision making, and help demonstrate the credibility of an entity's strategy and transition planning.
- BC85. The consultation document proposed a two-year extension to AP 2. The consultation document also included questions about the other options: retain the status quo, a one-year extension and an extension of more than two years. The consultation document stated that the purpose of the proposed two-year extension to AP 2 would provide time for guidance materials to become embedded and more clarity on international requirements to become available.

Response to consultation

- BC86. The XRB received 102 submissions, 57 from entities and 45 from other stakeholders (comprising mostly individuals, professional service providers and industry bodies). 99 submitters, comprising 57 entities and 42 other stakeholders responded to the question on AFIs. More specifically:
- (a) 84 of the 99 submitters (85%) supported an extension. Of the 84 submitters that supported an extension, 62 (74%) agreed with the proposed two years. Views were split

amongst the other 22 submitters (26%) about whether a shorter (one year) or longer extension (three or more years) should be implemented.

- (b) All 57 entities supported an extension. 46 entities (81%) supported the proposed two years. One entity supported a one-year extension, and the other 10 entities (18%) supported three or more years.
 - (c) 27 of the 42 other stakeholders (64%) supported an extension. Of the 27 other stakeholders that supported an extension, 16 (38%) supported the proposed two years. Six of 13 professional service providers (including assurance providers) (46%) and five of 15 individuals (33%) did not support an extension.
- BC87. 81% of entities supported a two-year extension of the adoption provision for AFI disclosures, citing the need for clear, practical guidance and international alignment before implementation. Entities emphasised that meaningful AFI reporting requires detailed “how to” guidance, worked examples, and standardised methodologies to ensure comparability and avoid misleading disclosures given high measurement uncertainty and limited data. Some stressed the importance of alignment with AASB S2 and IFRS S2 standards, substantial resourcing and capability building needs, and tailored approaches for managed investment scheme managers. Additional concerns include liability risks, timing for entities with December or January year ends, and the opportunity to learn from Australian practice.
- BC88. 18% of entities supported extending the adoption provision for AFIs beyond two years, with one registered bank favouring three years and the remainder seeking four or more. Key reasons included the speculative nature and low decision-usefulness of AFI figures, given reliance on long-horizon scenarios and uncertain methodologies; the need for lead time to embed forthcoming guidance; unresolved director liability settings; immature risk management frameworks; lack of standardised methodologies; and limited professional expertise in climate-related financial analysis. Entities argued that mandating AFI disclosures prematurely could mislead investors and undermine comparability and reliability.
- BC89. Other stakeholders expressed mixed views about extending the adoption provision for AFIs, 27 supported an extension (64% of other stakeholders). Of these, 20 supported an extension for two or more-years and seven for one year. The reasons given by the 20 stakeholders that supported extending the adoption provisions for AFI by two years or more included: the need for international alignment with ISSB and Australia’s AASB S2 to ensure comparability and avoid rework; time to develop detailed, sector-specific guidance and build internal capability, systems, and assurance readiness; and high estimation uncertainty, which risks unreliable or misleading AFI disclosures.
- BC90. The reasons given by the seven other stakeholders that supported a one-year extension included: the need for time to absorb and apply evolving XRB and ISSB guidance and to establish robust processes for AFIs. Stakeholders emphasised that AFIs require new governance, modelling frameworks, and internal approvals, and argued that an additional year would enable credible methodologies without undermining momentum. Some note existing flexibility in standards and view a short delay as a pragmatic compromise to maintain stakeholder confidence while avoiding New Zealand lagging behind Australia.
- BC91. 15 other stakeholders did not agree with extending the adoption provisions for AFIs, citing that AFIs are financially material and essential for investors’ decision-making and capital allocation. They argued that delay undermines transparency, accountability, and alignment with international standards reducing interoperability and comparability. Stakeholders noted that existing flexibility in NZ CS 1 allows compliance despite uncertainty, and that tools and data for AFI disclosure are already available. Some stressed urgency, stating imperfect early disclosures are preferable to postponement, which risks eroding confidence, slowing capability building, and damaging New Zealand’s reputation for leadership. Further deferral could hinder robust transition planning, peer benchmarking, and integration with financial reporting, ultimately weakening investor confidence and global capital flows.

The SRB’s decision on extending AFI adoption provision

- BC92. In considering the feedback received on the consultation document and in making its decisions on whether to extend the adoption provision for the disclosure of AFIs, the SRB reiterated the

importance of the disclosure of AFIs as stated in the consultation document (see paragraph BC84).

- BC93. The SRB decided that a two-year extension for the adoption provision relating to AFIs as proposed in the consultation document is appropriate, striking the right balance between optional relief and the requirement for mandatory reporting. The SRB considers that a two-year extension should be sufficient time such that further extensions are unlikely to be needed. The XRB continues to be committed to issuing guidance to support the implementation of this disclosure requirement, and will remain responsive to changing circumstances. Importantly, it should give entities time to absorb guidance and to build necessary capability before disclosure is required. The SRB also noted that this period allows time for further clarity to develop on evolving international practice and expectations on disclosure requirements (and to more closely align with timings in other jurisdictions to reduce costs for those with offshore parent entities). The SRB acknowledged the importance of providing guidance and support to entities to ensure that the work they undertake on AFIs is sufficiently flexible to enable the work to remain valuable in the face of evolving expectations.
- BC94. Although the SRB decided to provide a two-year extension to the AFI adoption provision, it strongly encourages entities that use the adoption provision to continue to work internally so that they are prepared for mandatory disclosure. The SRB noted that information obtained from entities that have commenced their work on AFIs is that it takes time for necessary internal systems and governance to be established. The SRB encourages entities that intend to make use of the adoption provision to commence work well in advance of mandatory disclosure, so that they understand the intent and practicalities of AFIs to ensure that disclosures are decision useful.

Government decisions on legislative changes to the climate reporting regime

- BC95. On 22 October 2025, the Minister of Commerce and Consumer Affairs announced that the Government had decided to make the following changes to the climate reporting regime as part of the Financial Markets Conduct Amendment Bill (with the legislation expected to be passed in 2026):
- (a) increase the mandatory climate reporting threshold for listed issuers from \$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;
 - (b) remove managed investment schemes; and
 - (c) amend director and company liability settings.
- BC96. The decisions did not change the inclusion of, or thresholds relating to, the other classes of climate reporting entity: registered banks, licensed insurers, credit unions and building societies.
- BC97. On 28 October 2025, the FMA stated that they would provide interim relief in the form of taking a 'no action' approach to affected entities who are expecting their climate reporting obligations to cease once the legislation is passed. This means that the FMA will not take action in respect of a failure to prepare or lodge climate statements or any other obligation under Part 7A of the Financial Markets Conduct Act 2013.
- BC98. The SRB considered the Government announcement and noted that it did not change its decisions relating to *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*.
- BC99. As part of its decision making, the SRB highlighted that 100% of entities that responded to the XRB's consultation that are expected to remain in the regime post changes to the legislation supported extending the adoption provisions for both scope 3 GHG emissions disclosure and assurance, as well as for AFIs. The reasons provided by these entities were focused on the importance of these adoption provision extensions for their own reporting due to the challenges or issues faced
- BC100. For scope 3 GHG emissions disclosure and assurance, the main issues identified by entities expected to remain in the regime were:

- (a) the need for international alignment (including learning from and cost reductions associated with an Australian parent entity);
- (b) data quality and availability issues (and that an extension will enable entities to work towards completeness, so that users can have confidence in reported data); and
- (c) high costs (including being exacerbated by unavailable or unclear guidance or methodologies).

BC101. For AFIs, the main issues identified by entities expected to remain in the regime were:

- (a) guidance being a necessary input for quality AFI disclosures, and that and sufficient time is needed to both ensure guidance is internationally aligned and for entities to understand and implement guidance internally;
- (b) significant uncertainty regarding disclosure expectations (especially international expectations);
- (c) allowing time to learn from or collaborate with a parent entity; and
- (d) more time being needed for entities to obtain sufficient information and improve internal understanding of inputs and analysis needed for AFI analysis.

History of Amendments

Table of Pronouncements – NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*

This table lists the pronouncements establishing and substantially amending NZ CS 2. This table is based on amendments issued as at 13 November 2025.

Pronouncements	Date issued	Early adoption	Mandatory date (annual reporting periods...on or after...)
NZ CS 2 <i>Adoption of Aotearoa New Zealand Climate Standards</i>	14 Dec 2022	–	1 Jan 2023
<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i>	27 Nov 2024	–	1 Jan 2024
<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>	13 Nov 2025	–	1 Jan 2025

Table of Amended Paragraphs in NZ CS 2		
Paragraph affected	How affected	By ... [date]
Paragraph 1.1	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 7	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 8	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 8	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 8.1	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 8.1	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 12	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 12	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 17	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 17	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 18	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 18	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 19	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 19	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]

Table of Amended Paragraphs in NZ CS 2		
Paragraph affected	How affected	By ... [date]
Paragraph 19(b)	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 19(c)	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 19(d)	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 19.1	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 19.1	Amended (now 19(a))	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 22	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 22.1	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 22.1	Amended (split into 22.1 and 22.1(a))	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 22.1(b)	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 22.1(c)	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 24 and preceding headings	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 24	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph 25	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph 26	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Appendix A, definition of fourth reporting period	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Appendix A, definition of fifth reporting period and definition of sixth reporting period	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Appendix B headings	Amended	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph B2 and preceding heading	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph B3	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph B4	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph B5	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024</i> [Nov 24]
Paragraph B6 and preceding heading	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph B7	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]

Table of Amended Paragraphs in NZ CS 2		
Paragraph affected	How affected	By ... [date]
Paragraph B8	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]
Paragraph B9	Added	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i> [Nov 25]