Wendy Venter
Chief Executive
External Reporting Board
Level 6, 154 Featherston Street
Wellington 6011
New Zealand

23 September 2026

Dear Ms Venter,

Subject: Draft Climate Reporting Roadmap

The International Corporate Governance Network (ICGN) welcomes the opportunity to comment on the External Reporting Board's (XRB) Draft Climate Reporting Roadmap and accompanying consultation document.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

ICGN supports the XRB's decision to develop sustainability reporting standards in line with the International Sustainability Standards Board (ISSB) Standards. ICGN supports the ISSB's mission to develop a global baseline of sustainability-related corporate disclosures.

Investors have been calling for comparable, reliable, and verifiable corporate sustainability disclosures, grounded in financial materiality, to make informed investment and stewardship decisions, and for their own reporting to beneficiaries. The ICGN believes that global adoption of the ISSB Standards is key to achieve this and contribute to greater transparency on companies' exposure to and management of sustainability risks and opportunities.

We believe that international standards should be adopted with as few amendments as possible. Investors rely on comparability across companies, markets and sectors, and over time, so we encourage the XRB to adopt IFRS S2 without substantial modifications, to the greatest extent possible.

We are supportive of much of the proposal; however, we have two primary concerns:

- Exclusion or amendment of the industry-based elements of the standards: We are not supportive of exclusion or amendment of the industry-based elements of the standards (see our answer to Question 5 below for further detail). We believe that the industry-based guidance should be more fully incorporated, and we caution against any weakening of the requirement to disclose industry-based metrics.
- Implementation Timeline: A mandatory application date of 1 January 2033 is a significant outlier against comparable adopters, and defers the comparability benefits that are the main reason for adopting IFRS S2. We strongly urge a much more ambitious timeline for implementation. At a maximum, we would like to see a 3-year timeline and a phased implementation that requires the largest Climate Reporting Entities (CREs) to comply within a 12-18 month timeframe (in line with Australia and other jurisdictions' approaches).

Answers to specific questions:

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

Broadly, yes. ICGN supports adopting IFRS S2 as the basis for NZ IFRS S2. We support the International Sustainability Standards Board's (ISSB) work to establish a global baseline of sustainability-related financial disclosure, and adoption keeps New Zealand's framework consistent with that baseline as other jurisdictions converge on IFRS S2. In May 2024, ICGN joined 121 investors, companies, industry associations and stock exchanges in calling on authorities to adopt the ISSB Standards.[1]

Our key consideration is international comparability. We therefore encourage the XRB to avoid any deviation from IFRS S2 or at worst, limit modifications to those for which there is a clear New Zealand-specific need.[2]

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

For investors, the principal benefit is comparable, decision-useful, financially material climate information that can be read alongside IFRS S2 disclosures in other markets. This supports more consistent capital allocation and reduces the cost, for investors, of understanding and benchmarking New Zealand disclosures. These benefits accrue only once CREs report under NZ IFRS S2, so the length of the transition is itself a cost to primary users, as set out under Question 8.

Question 3: From a primary user perspective: (a) Would adopting IFRS S2 improve the climate information you rely on for your decision making? (b) Which disclosures matter most to you?

(a) Yes, adopting IFRS S2 would improve climate information that is relied upon by investors to make investment decisions. IFRS S2 is more specific and prescriptive than NZ CS in several respects, and that specificity supports comparability.

(b) While different investors will have different specific investment processes and assessment frameworks and models, the disclosures that matter most to investors are those that are material to the reporting entity. We therefore support the entity-specific materiality approach in IFRS S2 rather than prescribing a universal hierarchy of metrics. Industry-based disclosures are particularly important because they help investors compare companies exposed to similar business risks.

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

Generally, no. While investors may support minimal changes to the ISSB standards based on local market specifications, we do not support broad or material changes as it reduces comparability against the global baseline and shifts cost onto investors, who must identify and adjust for the divergence.

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

[1] PRI, London Stock Exchange Group, UN Sustainable Stock Exchanges initiative and World Business Council for Sustainable Development, Call to Action: ISSB Global Adoption, 22 May 2024

Our preferred outcome is full alignment with IFRS S2, including the industry-based disclosure requirements and associated guidance. We therefore do not favour any of the Australian harmonisation options as currently drafted, nor do we consider alignment with the Australian approach necessary.

However, should the XRB wish to follow one of the harmonisation options proposed in Australia, we find Option 2 least objectionable since it preserves the IFRS S2 requirement to disclose industry-based metrics while making reference to the underlying industry-based guidance optional. This maintains an important element of convergence with IFRS S2 while allowing the XRB to meet its domestic due process obligations.

We do not support Options 1 or 3 because they would remove or make optional the requirement to disclose industry-based metrics. Likewise, we do not support Option 4 since although it would retain industry-based disclosure, it would do so without the same connection to a common international reference point.

Therefore, out of the options available, Option 2 is the best available approach at this stage. We encourage the XRB to keep the treatment of the industry-based guidance under review as the ISSB continues to enhance the SASB Standards.

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

We favour close alignment with IFRS S2. Scenario analysis should be proportionate to an entity's circumstances and focused on material climate-related risks and opportunities. The choice of scenarios and significant assumptions should remain an entity-specific judgement, with appropriate board oversight of the process and the resulting assessment of resilience. Entities should also transparently disclose the rationale for the scenarios selected, the key assumptions underpinning the analysis and the relevant time horizons. This would support comparability and investor understanding without prescribing a single scenario or methodology.

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

We do not propose any new New Zealand-specific changes.

Where the XRB considers carrying forward requirements already established under NZ CS, we support doing so where they provide financially material, decision-useful information to primary users and are consistent with the objective of maintaining international alignment.

However, any removal or relaxation of an IFRS S2 requirement should require a compelling reason, particularly where it would reduce international comparability.

Question 8: Do you support the proposed implementation timeline?

No, we do not support the proposed implementation timeline.

We believe that a mandatory application date of 1 January 2033 is too distant. A prolonged transition would not only defer compliance, it would also postpone the comparability benefits that investors expect from alignment with IFRS S2 and extend the period in which New Zealand disclosures remain fragmented from those in other markets. This is a significant outlier against comparable adopters, measured from the issue of the local standard to first mandatory reporting for the largest entities:

- Australia legislated its regime in September 2024, and its largest entities began mandatory reporting for periods beginning on or after 1 January 2025, with later groups following from 1 July 2026 and 1 July 2027.[3]
- The United Kingdom published UK SRS S1 and S2 in early 2026 and is progressing towards mandatory application for periods beginning on or after 1 January 2027.[4]
- South Korea issued its final standards in February 2026 and proposes mandatory reporting for its largest listed companies from the 2027 financial year, reported in 2028.[5]

In New Zealand, CREs and their advisers already have several years of practical experience implementing NZ CS. If the proposed narrowing of the CRE definition proceeds, the population subject to the regime will also be reduced, further strengthening the case for a shorter transition.[6]

We therefore recommend mandatory application within two to three years of NZ IFRS S2 being issued. The largest CREs could apply the standard within a shorter timeframe of 12-18 months, followed by the remaining CREs over a similar length second phase. Early adoption should in any case remain available throughout the transition.

Question 9: Do you have any other comments?

- We support incorporating the climate-relevant requirements of IFRS S1 into NZ IFRS S2.
- We support retaining the existing assurance requirements. Assurance is key to investors receiving reliable and decision-useful climate information and the current requirements should therefore be preserved.
- For CREs already reporting under NZ CS, we support the XRB's proposal not to carry forward the IFRS S2 first-time application reliefs. The proposed tailored relief for comparative information appears reasonable given their existing reporting experience.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact our Global Policy Director, Peter van Veen, and Senior Policy Executive, Ayan Tewari (policy@icgn.org).

[3] AASB, AASB S2 Climate-related Disclosures, 2024
[4] Department for Business and Trade, UK Sustainability Reporting Standards, 2026
[5] Korea Sustainability Standards Board, Korean Sustainability Disclosure Standards, 2026
[6] New Zealand Parliament, Financial Markets Conduct Amendment Bill, 2026.