

PRI RESPONSE

NEW ZEALAND EXTERNAL REPORTING BOARD REQUEST FOR INFORMATION ON CLIMATE REPORTING 2025

June 2025

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To inform this paper, PRI signatories based in New Zealand have been consulted.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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United Nations
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ABOUT THE PRI

The Principles for Responsible Investment (PRI) works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a range of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. We welcome the opportunity to respond to the New Zealand External Reporting Board (XRB) [Request for Information on Climate Reporting 2025](#).

ABOUT THIS CONSULTATION

The XRB is requesting information about the costs and benefits of improving international alignment of its [Aoetaroa New Zealand Climate Standards](#) (NZ CS), to both climate reporting entities (CREs) and primary users of this reporting. These standards are relatively [well-aligned](#) with the climate reporting standard of the IFRS Foundation's International Sustainability Standards Board (ISSB) – [IFRS S2 Climate-related Disclosures](#) – and climate-relevant requirements within IFRS S1 *General requirements for Disclosure of Sustainability-related Financial Information*. However, the XRB acknowledges the ISSB standards are more prescriptive, such that entities applying ISSB standards will not necessarily comply with NZ CS and vice versa. As such, there is still scope to improve alignment. This would enhance interoperability with reporting requirements in the 35+ jurisdictions that have adopted ISSB-aligned reporting requirements or are in the process of doing so.

The consultation also hints at the potential for further alignment with standards in other jurisdictions such as Australia – which are aligned with the ISSB standards – and with the GRI standards.

Based on feedback received, the XRB may publish a consultation document outlining potential changes in Q4 2025, followed by revised draft climate standards for consultation the following year.

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RESPONSE

Further alignment with IFRS S2 will benefit investors

Decision-useful corporate sustainability disclosure¹ is a prerequisite for responsible investment. However, investors currently lack such information across their portfolios, including the most basic sustainability-related data. Therefore, the PRI supports the introduction of sustainability disclosure requirements aligned with the ISSB standards by governments. This can provide investors with the decision-useful² climate disclosure needed from portfolio companies, enabling them to allocate capital more efficiently – accounting for climate-related risks and opportunities and addressing climate goals.

In 2024 the PRI published a [call to action](#) for jurisdictions to commit to adopting both ISSB standards at pace. This was issued in collaboration with the London Stock Exchange Group, UN Sustainable Stock Exchanges initiative and World Business Council for Sustainable Development – and endorsed by 121 investors, companies, stock exchanges and other organisations. As we engage with local markets on sustainability reporting, we have consistently found that investors support the full adoption of both ISSB standards by international and local standard setting and policymaking bodies.

We recognise that the XRB's Aotearoa New Zealand Climate Standards are relatively well-aligned with IFRS S2, but that there is still [scope to improve alignment](#). Full alignment from a content perspective, with proportionality achieved by phasing-in certain requirements, is preferable for investors given it will provide them with more comparable and better-quality reporting across portfolios – particularly now that 35+ jurisdictions (including many in the APAC region) have adopted ISSB-aligned reporting requirements or are currently doing so.

Investors need decision-useful reporting on a wide range of sustainability topics beyond climate, where material to investment decisions

The XRB's current approach of only requiring reporting on climate-related risks and opportunities is misaligned with the ISSB's climate-first approach. This is because IFRS S1 requires that all material information about sustainability-related risks and opportunities that can reasonably be expected to affect an entity's prospects is transparently communicated, with detailed relief provisions.

Investors need decision-useful information on governance, strategy, risk management and metrics and targets related to a wide range of sustainability issues beyond climate, where material to investment decisions. As such, the PRI recommends that the XRB clarify when IFRS S1-aligned reporting will be required on material sustainability-related risks and opportunities beyond climate.

¹ As set out in the PRI's [Investor Data Needs framework](#), to be decision-useful, sustainability information must be available, accessible, verifiable, comparable across multiple dimensions, a faithful representation and relevant to investors.

² The ISSB standards are underpinned by the structure and concepts of accounting standards from the International Accounting Standards Board (IASB) and build on the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations, among other well established voluntary sustainability reporting frameworks. They have also been endorsed by the International Organization of Securities Commissions (IOSCO), which has recommended that its member jurisdictions consider ways in which they might adopt, apply or otherwise be informed by the standards.

Additional disclosure requirements should be adopted in the future to meet the breadth of investor data needs

Further, while all investors need sustainability-related information on companies' risks and opportunities to assess companies, some investors also need information on a company's impacts and their alignment with sustainability goals and thresholds to assess and interpret their position. The ISSB standards are expected to enable disclosure of some of this information, but are unlikely to provide investors with all the information they need on companies' impacts and dependencies, particularly for issues beyond climate change.

To meet these needs and ensure comparable reporting for investors, we suggest the XRB considers setting additional requirements in the future that capture further information on companies' sustainability impacts. These additional requirements should build on the GRI Standards (as referenced in the RFI), European Sustainability Reporting Standards (which themselves build on the GRI and ISSB standards) and other voluntary standards (e.g. the TNFD framework) – an approach consistent with the IFRS Foundation's "building blocks" approach.

The PRI has experience of contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the work of XRB further to promote the application of a sustainability disclosure in line with the global baseline in New Zealand.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org