



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Developing Aotearoa New Zealand's Climate Standards

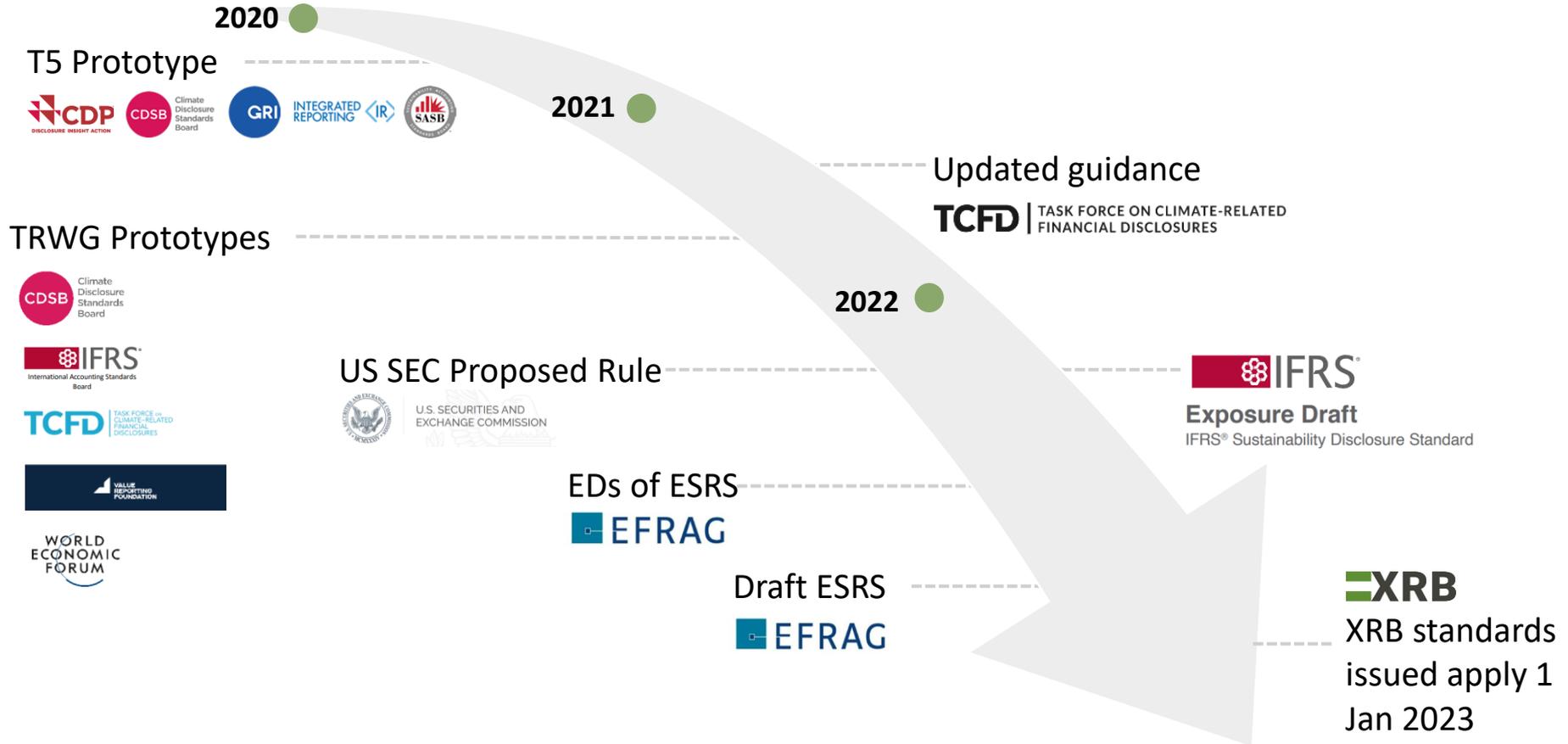
A new way of working

IPSASB

14 September 2023
April Mackenzie – Chief Executive



A fluid global context



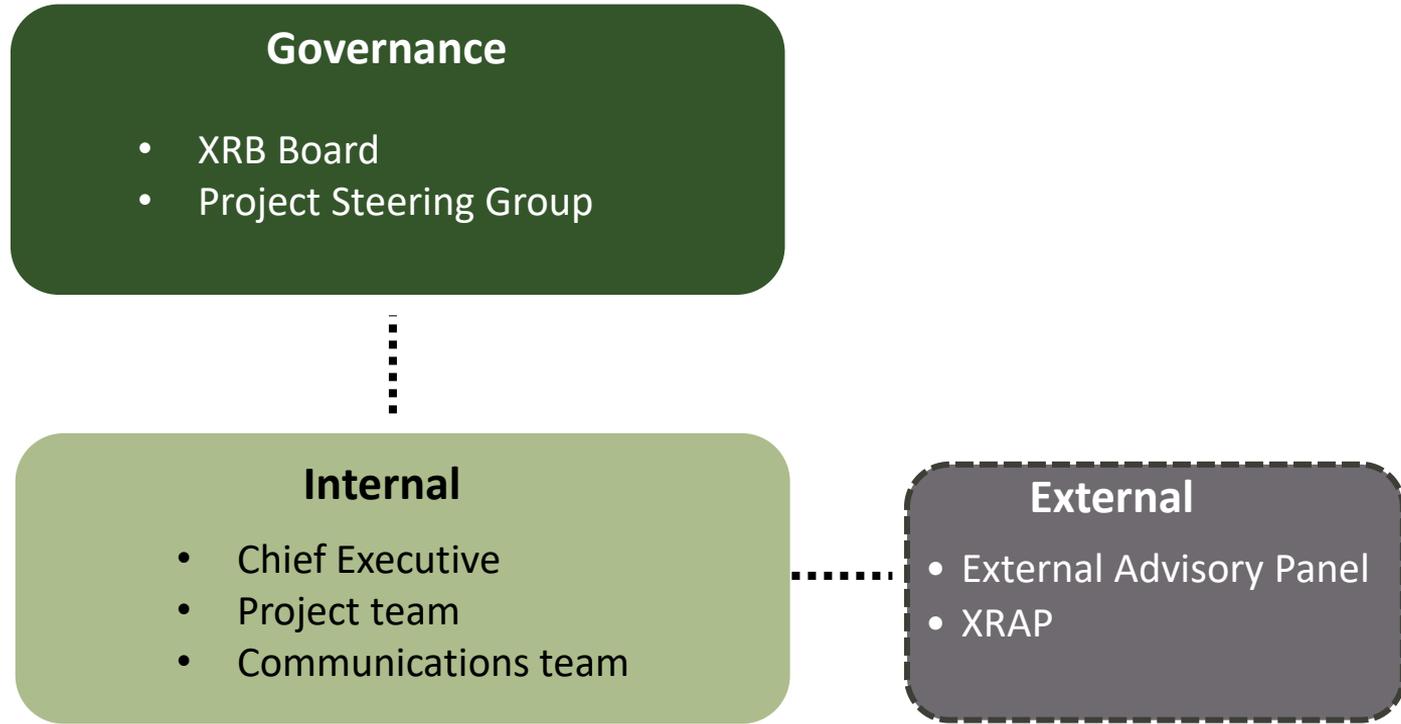
Building a team



Expertise Requirement	What we had	What we needed
Standard Setting	✓	
Financial Reporting	✓	
Assurance	✓	
Climate Change		✓
Non-financial Reporting		✓
Scenario Analysis		✓
GHG Emissions		✓
Assurance of GHG Emissions		✓
Communication & Engagement		✓



Project Structure



Engagement



Collaborative process



Consulting early and broadly

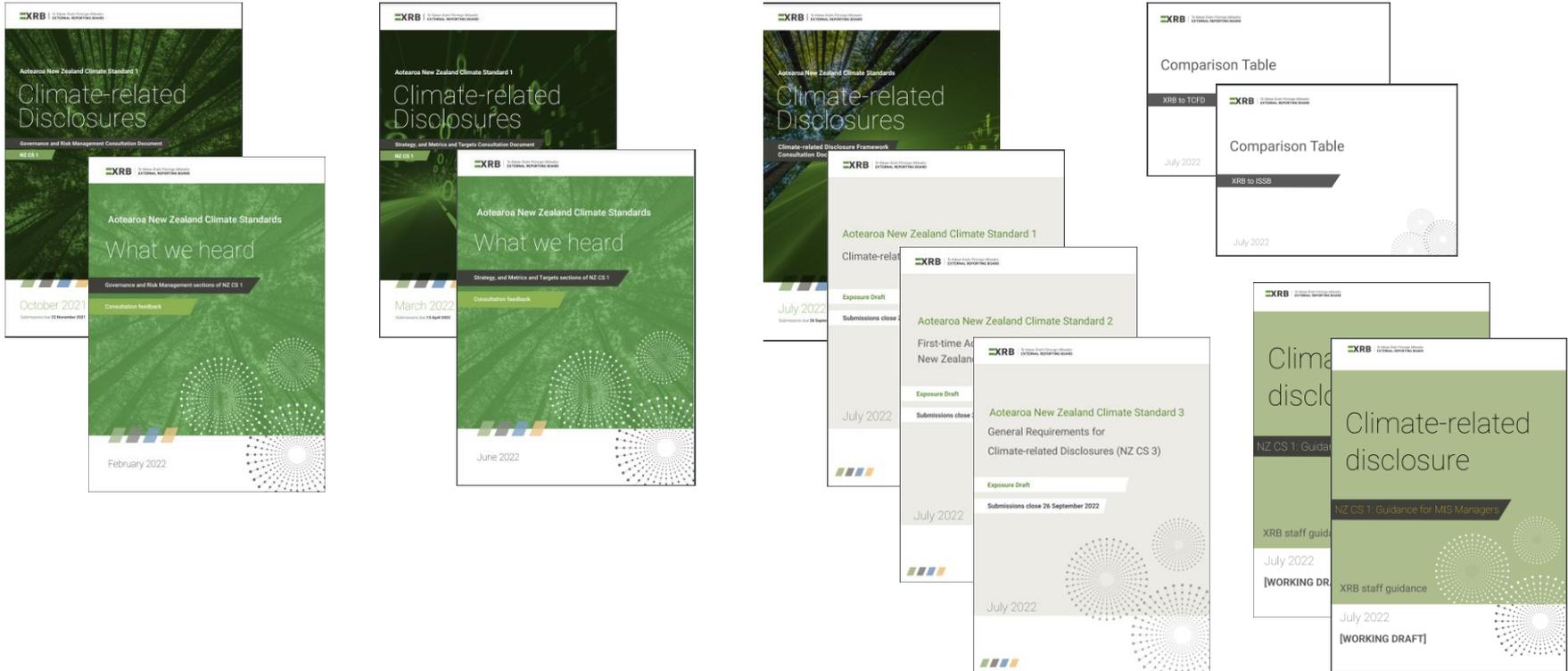


Among the first to create mandatory climate-related disclosure regime

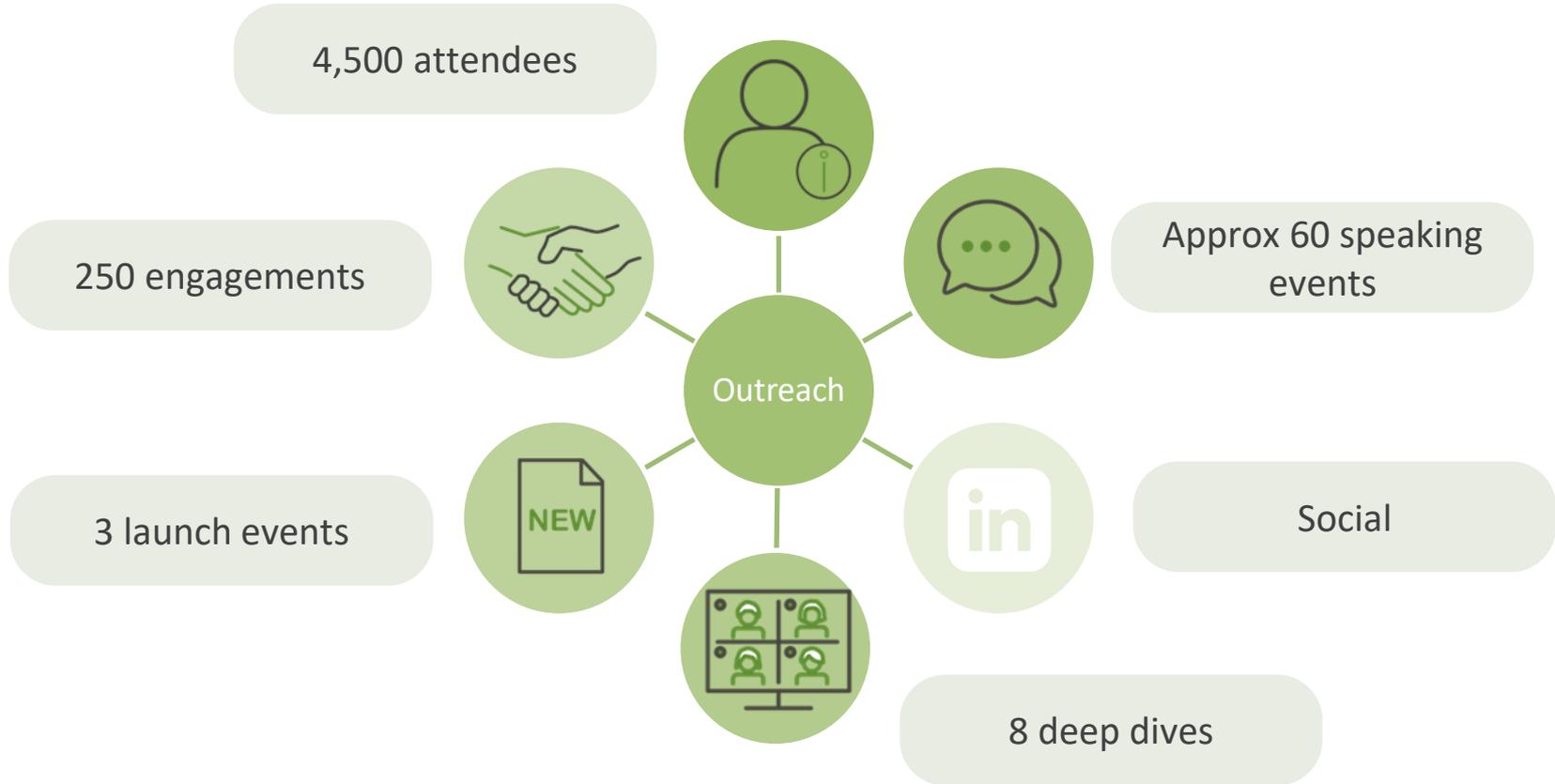


Take existing, and new stakeholders on the journey

Consultation documents

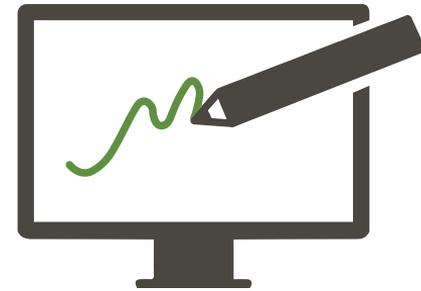


Engagement



Design principles

- ✓ Focus on reporting entities
- ✓ User needs focus
- ✓ Based on TCFD
- ✓ Concise
- ✓ Principles based
- ✓ Guided by QCs
- ✓ Separate staff guidance



Climate-related Disclosure Framework

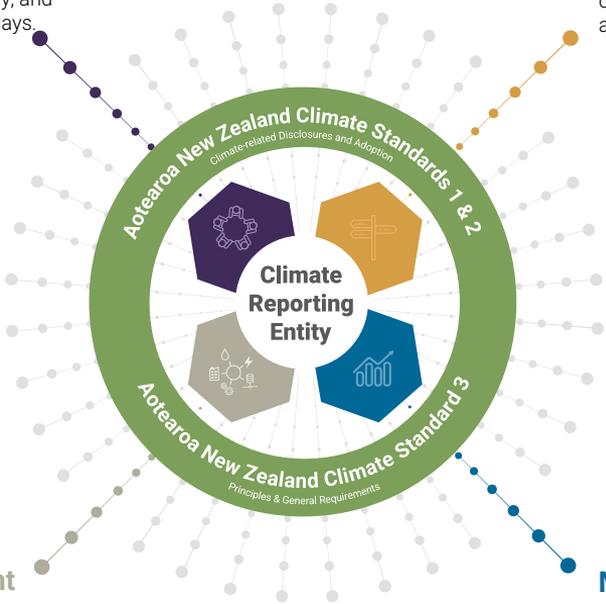
“The ultimate aim of Aotearoa New Zealand Climate Standards is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate resilient future.”

Governance

Disclose the oversight of an entity's governance body, and the role management plays.

Strategy

Disclose how climate change is currently impacting an entity and how it may do so in future.



Risk Management

Disclose how an entity identifies, assesses and manages climate-related risks.

Metrics & Targets

Disclose the metrics and targets an entity uses to measure and manage climate-related risks and opportunities.

Climate-related disclosures



Governance

- Identity of the governance body
- Governance body oversight of climate-related risks and opportunities
- Management's role in assessing and managing climate-related risks and opportunities



Strategy

- Identification of climate-related risks and opportunities
- Scenario analysis against a minimum of three climate-related scenarios
- Current climate-related impacts, and anticipated impacts of identified climate-related risks and opportunities
- How the entity will position itself in the transition to a low-emissions, climate-resilient future



Risk Management

- Process for identifying, assessing and managing climate-related risks
- How these processes are integrated into overall risk management processes



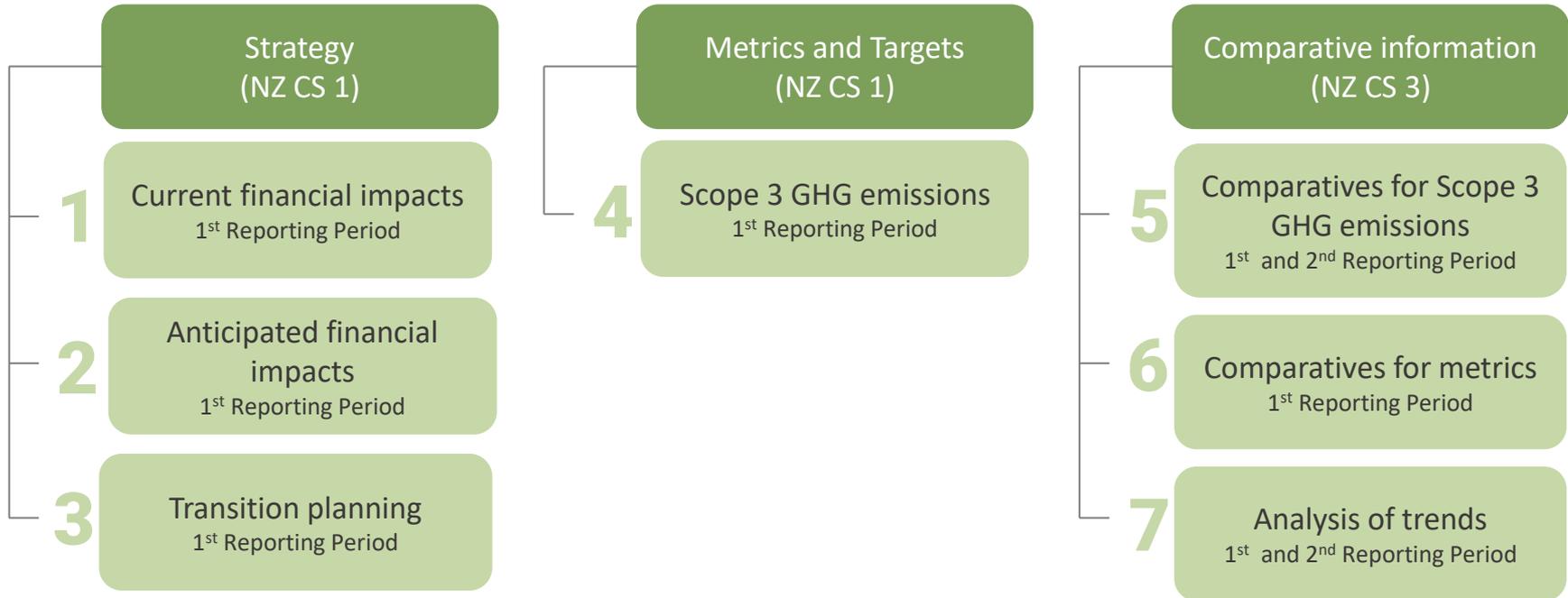
Metrics and Targets

- Metric categories (including scope 1, 2 and 3 greenhouse gas (GHG) emissions)
- Industry-based metrics
- Key performance indicators
- Targets, and performance against targets

Assurance

- GHG emissions disclosures are subject to limited assurance for any accounting period that ends on or after 27 October 2024

Adoption of Aotearoa New Zealand Climate Standards



General Requirements for Climate-related Disclosures



Overarching principle of fair presentation

Information

- Relevance
- Verifiability
- Consistency
- Accuracy
- Comparability
- Timeliness

Presentation

- Balance
- Completeness
- Understandability
- Coherence

General Requirements

- Location of disclosures
- Reporting entity and reporting period
- Value chain
- Materiality
- Comparative information
- Methods and assumptions, and data and estimation uncertainty

Overview of staff guidance

General resources

We have released targeted guidance and fact sheets on topics of particular concern to reporting entities:

- Scenario analysis: Getting started at the sector level
- Scenario analysis factsheet
- Getting started on measuring your emissions
- Director preparation guide

Download from: [Resources » XRB](#)

Draft staff guidance

Two draft guidance documents were released with the Exposure Draft materials. These will be reissued in 2023:

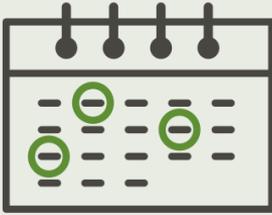
- Guidance for all sectors
- Guidance for MIS Managers

In development

Additional guidance resources are in development and will be issued over the course of 2023:

- Scenario analysis
- Transition planning
- Guidance for banks
- Guidance for insurers

Assessing quality and impact



Post-implementation review to begin by **December 2025**



Multi-year effectiveness evaluation to began in **May 2023**

Progress on public sector climate reporting

Action 3.5 of the National Adaptation Plan (NAP) is to:

‘Support high-quality implementation of climate-related disclosures and explore expansion’

Under this action, the NAP states that:

“The Government will decide whether to extend mandatory disclosure requirements to public entities by 2024”



- This work is being actively pursued at present by New Zealand’s Ministry for the Environment
- The XRB is engaging with the Ministry for the Environment on the full range of reporting and assurance issues

Developing a non-financial reporting framework

Traditional frameworks



Focus on the financial value



Can hinder progress towards broader goals



Emphasis on short term rather than communicate long term vision or consider varying perspectives

Aotearoa New Zealand framework



Looks beyond the financials with a focus on preserving Aotearoa New Zealand



People, land and intergenerational focused



Increases trust allowing for open communication and informed decision making



Questions?

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