Developing Aotearoa New Zealand’s Climate Standards
A new way of working

IPSASB

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A fluid global context

- **T5 Prototype**
  - 2020

- **TRWG Prototypes**
  - 2021
  - Updated guidance
    - TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- **US SEC Proposed Rule**
  - 2022

- **EDs of ESRS**
  - EFRAG

- **Draft ESRS**
  - EFRAG

- **XRB standards**
  - Issued apply 1 Jan 2023
# Building a team

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Project Structure

**Governance**

- XRB Board
- Project Steering Group

**Internal**

- Chief Executive
- Project team
- Communications team

**External**

- External Advisory Panel
- XRAP
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
Engagement

- 4,500 attendees
- 250 engagements
- 3 launch events
- Approx 60 speaking events
- Social
- 8 deep dives
Design principles

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

Climate-related Disclosure Framework

- **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

1. Current financial impacts
   - 1st Reporting Period

2. Anticipated financial impacts
   - 1st Reporting Period

3. Transition planning
   - 1st Reporting Period

4. Scope 3 GHG emissions
   - 1st Reporting Period

5. Comparatives for Scope 3 GHG emissions
   - 1st and 2nd Reporting Period

6. Comparatives for metrics
   - 1st Reporting Period

7. Analysis of trends
   - 1st and 2nd Reporting Period
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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