



*Te Kāwai Ārahi Pūrongo Mōwaho*  
**EXTERNAL REPORTING BOARD**

# Developing Aotearoa New Zealand's Climate Standards

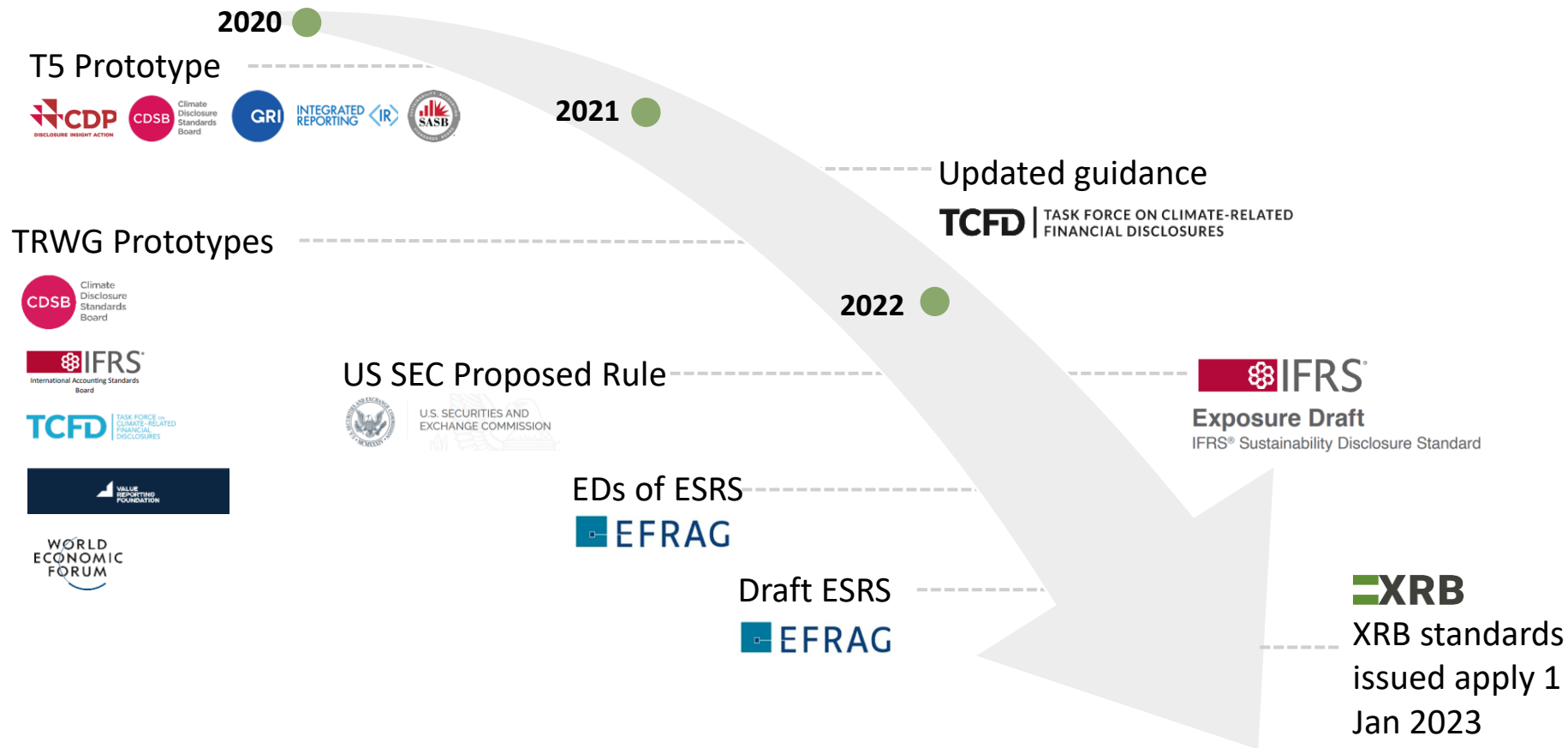
A new way of working

IPSASB

14 September 2023  
April Mackenzie – Chief Executive



# A fluid global context



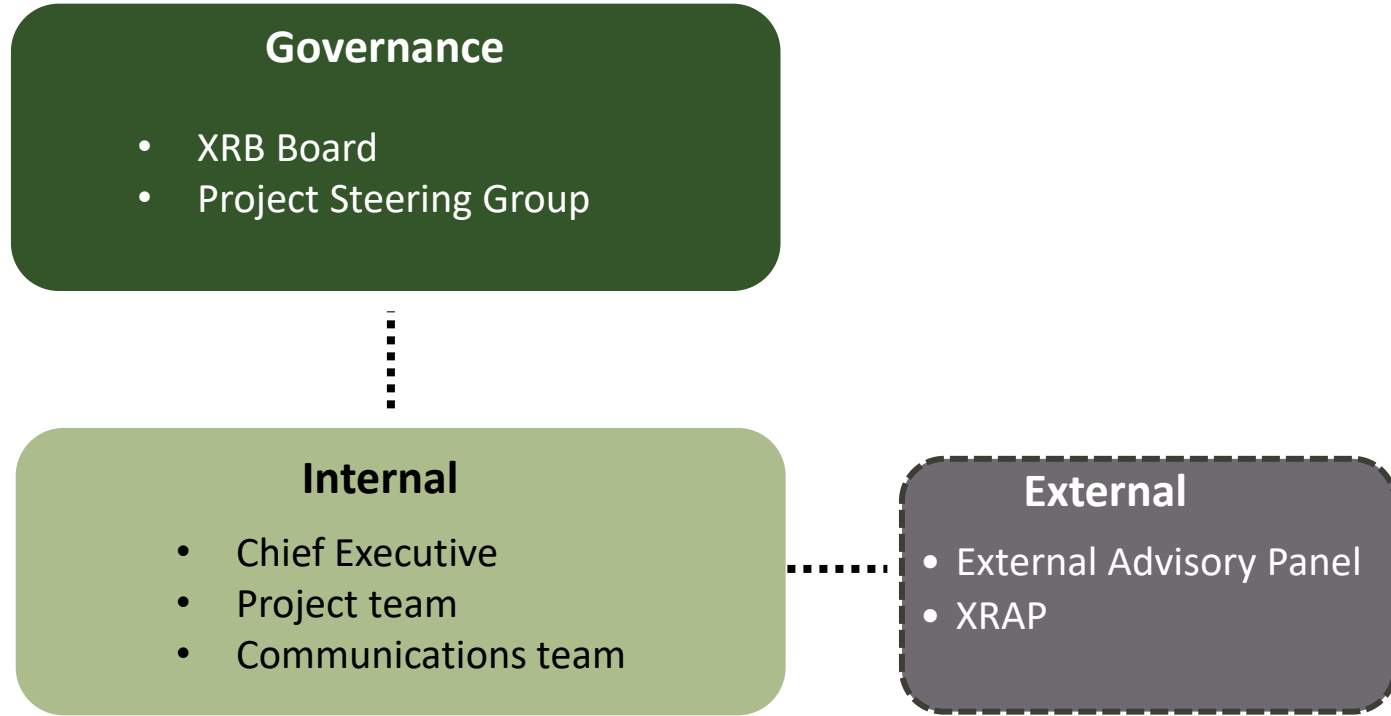
## Building a team



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

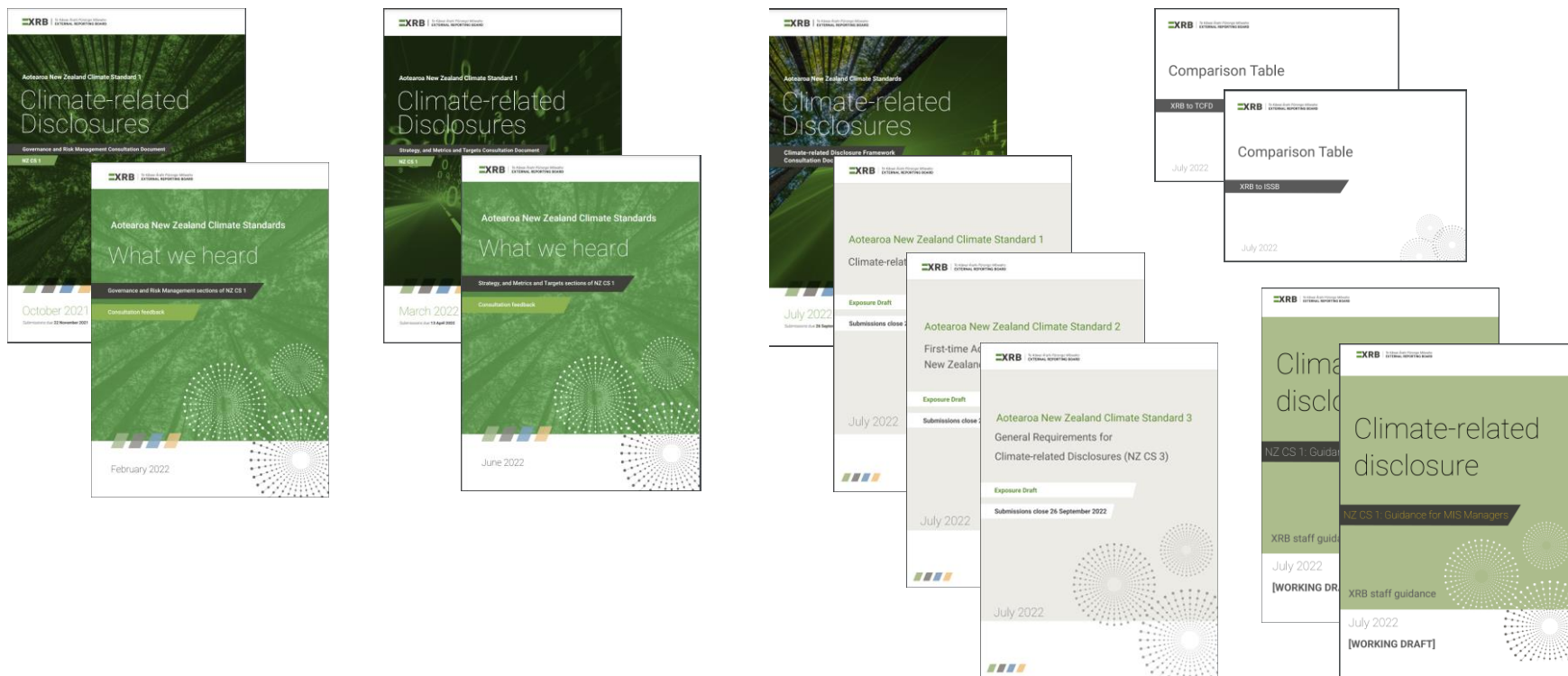


Among the first to create mandatory climate-related disclosure regime

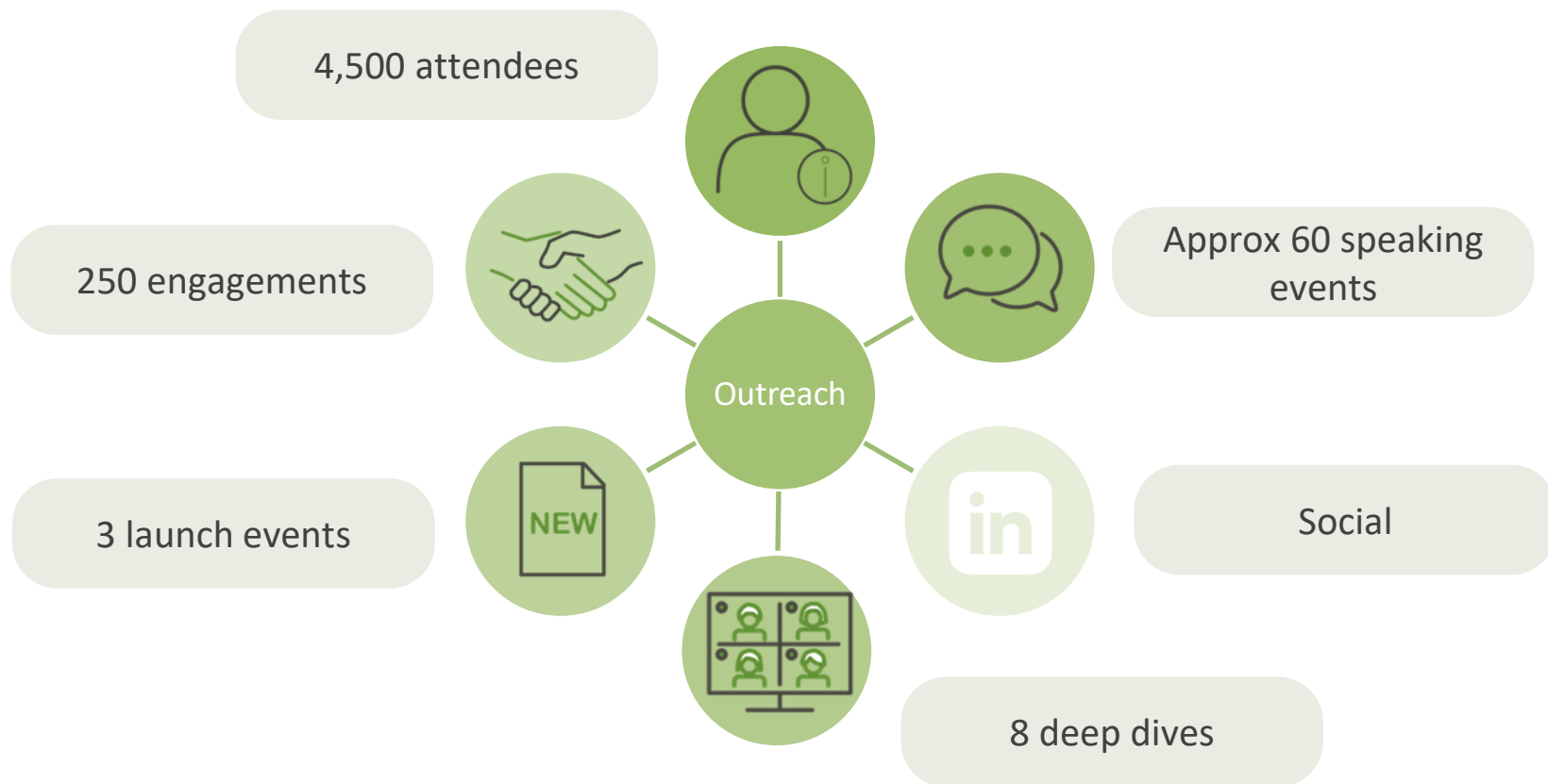


Take existing, and new stakeholders on the journey

# Consultation documents

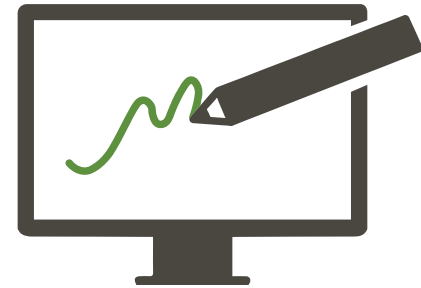


# Engagement



## 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



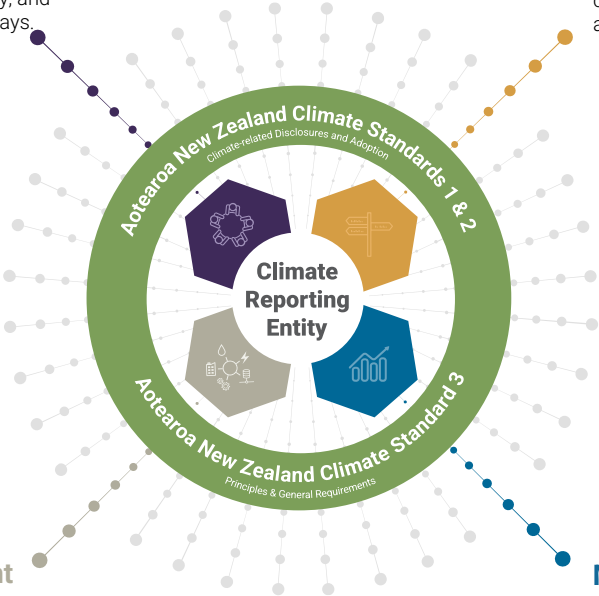
“The ultimate aim of Aotearoa New Zealand Climate Standards is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate resilient future.”

## 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



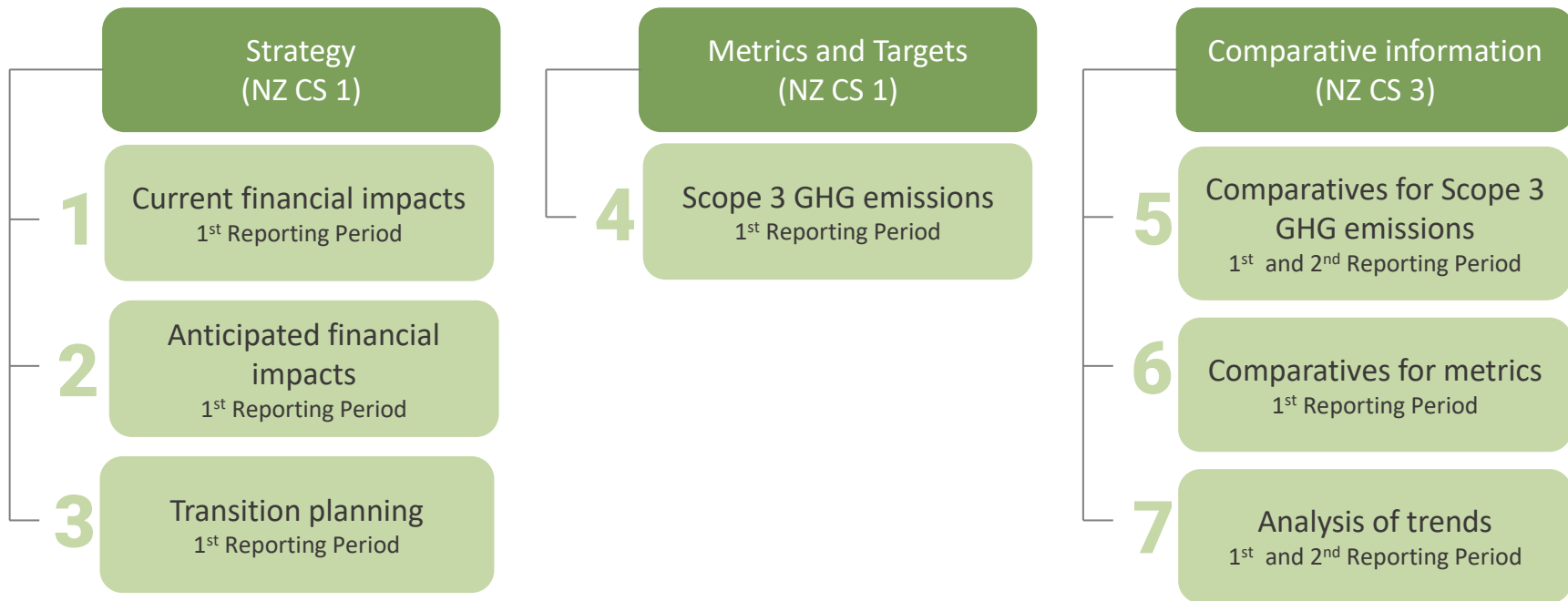
## Metrics and Targets

- 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:

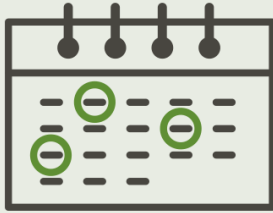
- Guidance for all sectors
- Guidance for MIS Managers

## 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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