

**[DRAFT]**

## **Terms of Reference for the Sustainability Reporting Board (SRB)**

*November 2023*

### **Role**

**The Sustainability Reporting Board, by delegation from the External Reporting Board, acts in an oversight capacity and is responsible for the development, approval and promulgation of climate standards and non-binding guidance on other non-financial reporting matters in New Zealand.<sup>1</sup>**

### **Specific Responsibilities**

The SRB's specific oversight responsibilities are set out below:

- Develop or adopt, expose, finalise and promulgate standards and authoritative notices appropriate for climate reporting by those entities required to prepare under New Zealand legislation (known as Climate-reporting entities). Such standards are to be consistent with the XRB's Sustainability Reporting Strategy, the annual SRB workplan approved by the XRB Board and applicable due process procedures.
- Develop or adopt, expose, finalise and promulgate non-binding guidance appropriate on non-financial reporting matters consistent with the XRB's Sustainability Reporting Strategy, the annual SRB workplan approved by the XRB Board and applicable due process procedures.
- Oversee the development and promulgate guidance material to support the application of issued standards and authoritative notices to the extent necessary.
- Undertake or commission research relating to sustainability reporting issues relevant to New Zealand in accordance with the annual SRB workplan approved by the XRB Board.
- Liaise with the Australian equivalent body within the parameters of the Sustainability Reporting Strategy established by the XRB Board.
- Provide input and oversight to submissions prepared by XRB staff to international standard-setting bodies on due process documents issued by them and/or matters of importance to sustainability reporting in New Zealand.
- Assist the SRB Chair and the Director of Sustainability Reporting (as appropriate) to liaise with, and contribute to the work of, international standard-setting bodies in areas of importance to sustainability reporting in New Zealand and which are consistent with the XRB Board's reporting strategy.
- Provide strategic insights to staff on emerging international and domestic developments relevant to the activities of the SRB, provide oversight to ensure strategic risks are being effectively managed.
- Act as a sounding board for staff on strategic SRB matters and leverage members individual and collective networks to assist the activities of the SRB where needed.
- Ensure emerging strategic issues are escalated to the XRB Board.

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<sup>1</sup> This is consistent with the current mandate for non-financial reporting.

### **Approach to Undertaking Responsibilities**

**In undertaking its responsibilities, the SRB shall give effect to the XRB Strategic Plan through the implementation of the annual SRB's Work Plan (as approved by the XRB Board) and in doing so seek to:**

- Meet the differing sustainability reporting needs of the users of various categories of reporting entities;
- Provide high quality standards and non-binding guidance that promote confidence in reported climate and other non-financial reporting information;
- Respect and encourage input from all of its stakeholders;
- Bring objectivity to the consideration of issues;
- Respect the ability of its stakeholders to exercise professional judgement; and
- Improve the process of standard setting.

### **Accountabilities and Authorities**

The SRB is a committee of the XRB Board established in accordance with the XRB Board's authorities under Schedule 5 of the Crown Entities Act 2004. Clauses 14 and 15 of that Schedule apply to the Members of the SRB.

Members of the SRB are appointed by the XRB Board and serve at its pleasure. They report to the Chair of the SRB who in turn is accountable to the XRB Board for the performance of the SRB.

The SRB has delegated authority from the XRB Board to act in a quasi-autonomous manner in carrying out its responsibilities, including (and in particular) the promulgation of climate standards and sustainability guidance without requiring the approval of the XRB Board (subject to any requirements under section 26 of the Financial Reporting Act 2013 for a member of the XRB Board to sign certificates of determination). However, in doing so the SRB is required to comply with:

- The sections of the Financial Reporting Act 2013 relevant to its functions (including, and in particular, sections 13, 15-19, 22, 24, 26, 27 and 28);
- The Sustainability Reporting Strategy established by the XRB Board;
- Any other additional written instructions or parameters issued by the XRB Board from time to time; and
- The requirements of this Terms of Reference.

### **Due Process**

In overseeing the development or adoption of climate standards and sustainability guidance the SRB shall follow a process of consultation with affected parties (due process) in accordance with the requirements of section 22 of the Financial Reporting Act 2013.

### **Operating Procedures**

The SRB shall comply with the following operating procedures in carrying out its responsibilities.

#### *Meetings*

- Meetings shall be held as frequently as necessary to discharge its responsibilities.
- Meetings may be held in person or by telephone, videoconference or other similar means.
- A quorum at any meeting shall be a majority of members of the SRB.
- Meetings shall be conducted in accordance with the XRB Policy on Open Meeting Arrangements and are to normally be held in public but the SRB may, at its discretion, decide to conduct a portion of the meeting in private if the subject matter warrants it.
- The SRB may invite non-member observers to attend and participate in its meetings regardless of whether they are in public or private. Observers invited to attend and participate in meetings do not have any voting rights.

#### *Deputy Chair*

- A Deputy Chair is empowered to act in the absence of the Chair.
- In particular, a Deputy Chair will chair meetings if the Chair is absent.

#### *Voting*

- Each member, including the Chair, shall have one vote. The Chair shall have an additional vote if required to break a tie.
- Members shall vote according to their own beliefs, experience and judgement based on the discussions they have taken part in, and not according to the views of any firm, organisation or constituency with which they are associated.
- The affirmative vote of two-thirds of all members (not just members present) is required for all decisions involving the issuing of an exposure draft, standard, guidance material or the like. A simple majority of all members (not just members present) is required for other decisions.
- A Member not present at a meeting may not vote on a matter considered at that meeting.
- All votes taken in meetings shall be documented in the minutes. The minutes shall constitute proper evidence of the decisions of the SRB.
- Matters may be voted on by resolution outside of a meeting by way of circular resolution and the same voting rules are to apply.
  - All decision making will be by consensus, and that once a decision is made, all members must abide by that decision.

#### *Conflicts of Interest*

- Conflicts of interest may arise where a member has a relationship with another person or entity that could be viewed as impairing the objectivity of the member in relation to a particular issue under consideration. The prior or current giving of professional advice by a member of the SRB (or by that member's firm or employer) on a matter that is being considered, or is about to be considered, by the SRB, is not considered, by itself, to constitute a material personal interest in the matter. However, in such cases, for reasons of transparency, members must declare they have done so or are in the process of doing so at any relevant meeting.
- Where a member believes they may have a conflict of interest, the member concerned must inform the SRB of the nature of the relationship which could be viewed as affecting the member's objectivity in relation to the particular issue under consideration. This notification is required to be made prior to consideration of the matter(s) concerned. The Chair shall determine the future participation, or otherwise, of the member declaring the conflict of interest in the matter under consideration.
- In the event that the Chair has a conflict of interest, a Deputy Chair shall determine the future participation, or otherwise, of the Chair in the matter under

consideration.

- When the Chair (or a Deputy Chair as appropriate) has determined that a member has a conflict of interest, that member shall not be eligible to vote on that matter.

#### *Confidentiality*

- Members are subject to section 57 of the Crown Entities 2004 and as such have a duty not to disclose information unless authorised to do so. Accordingly, Members shall keep meeting materials and information confidential, unless the SRB or XRB Board decides to release a particular document or information to the public.

#### *Code of Conduct*

- Members shall comply with any Code of Conduct established by the XRB Board.

#### *Media Contact*

- All contact with the media by members of the SRB shall be conducted in accordance with the XRB Board's media policy.

#### *Other*

- The SRB may establish other operating procedures in conjunction with the Chief Executive as it sees fit.

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