

XRB Submission April 2022

To External Reporting Board

climate@xrb.govt.nz.

Re: Second consultation on Strategy, Metrics and Targets

Dear XRB

Thank you for the opportunity to prepare this submission on the proposed Climate Standard CS 1. My comments follow.

A IN REFERENCE TO THE DOCUMENT “XRB CRD CONSULTATION DOCUMENT MARCH 2022”

1 Definition of Strategy

In the document “XRB CrD Consultation Document March 2022”, Strategy Defined page 23. In my view the proposed definition of strategy as being “An entity’s desired future state” needs review.

My suggestion is that strategy is defined along the lines of the Oxford English Dictionary as “a plan of action or policy” for <achieving a goal, or objective>”.

2 Strategy Section Draft – Sequence of Questions

1 In my view the sequence of questions the strategy section is disjointed. The narrative does not flow naturally from the description of the business model and strategy through to identifying climate related risks, financial impacts, and scenario analysis.

An alternative sequence of disclosure questions might be as follows,

- (5 a)
- (4 a)
- (4 c)
- (6 a)
- (4 b)
- (6 b)
- (5 e)
- (5 d)
- (5 b)
- (5 c)
- (6 c)
- (6 d)
- (7 a)
- (7 b)

3 Questions (5 C) and (6 C).

Question (5 c). In my view it would clarify the narrative if the time frame of the term “actual” was defined. For example, “in the year ending March 2023 the actual financial impacts were ...”

Similarly with question (6 c). In my view it would clarify the narrative if the time frame of the term “potential” was defined. For example, “in the year ending March 2024 the potential financial impacts are expected to be ...” Or, another example, “in our medium-term time frame the potential financial impacts are expected to be ...”

4 A Single Set of Short-, Medium- and Long-Term Time Frame Definitions

In my view the time frames defined by the entity in (4 a) should apply across all disclosures. In other words, the time frames defined for capital deployment plans, strategic planning horizons, end points and scenarios should be consistent. For example, the short-, medium- and long-term time frames defined in (4 a) should be the same as the short-, medium- and long-term time frames, time horizons and endpoints for the scenarios defined in (7 a)

Likewise in questions (5 c) and (6 c) the time frame for actual and potential financial impacts should be the same as time frames defined by the entity in (4 a).

B TRAINING AND GUIDANCE

1 It would be useful if the XRB prepared basic training and guidance materials for climate reporting entities and primary users. The tools and materials might be similar to the training and workshop materials available from the TCFD or other agencies.

1.1 It would be useful if the XRB prepared a high-level process flow chart or PowerPoint presentation of the steps a CRE will need to take to prepare their annual climate related disclosure. This would reference New Zealand circumstances, conditions, and regulations. This material could include guidance on documentation, record keeping, due dates, assurance, filing, supporting evidence, financial information, scenarios, etc. The material could reference the TCFD and other training materials. The TCFD’s “Top Tips for Finance Teams” could be a starting point. This material could be made available, for example, through a link to a website.

1.2 It would be useful if the XRB prepared a climate related disclosure template. The disclosure questions, and space for responses, would be arranged logically under each of the four themes. The template would include provision for appendices, references, glossary of terms, etc. The disclosure template could be made available as a down-loadable word document, plain text document or a pdf file.

1.3 In one of the webinars I attended it was mentioned that some NZ industry sectors were developing climate related scenarios, specific to their sector. If XRB staff have knowledge of key contacts and the organisations who are responsible for preparing these scenarios could they make that information publicly available? For example, through a link to a website or a downloadable pdf. This would help CRE’s and primary users in their search for relevant information.

1.4 Other ways to communicate guidance for CRE’s could be by a series of training videos published on your website and/or YouTube. These could be simple PowerPoint presentations with talking heads and/or a voiceover.

Prepared by:

Michael Venter, Applied Support Services
2/48 Lemnos Place, Auckland 0604

www.appliedsupportservices.co.nz

m.venter@appliedsupportservices.co.nz

0211 323 955

Monday, 2 May 2022