

Aotearoa New Zealand Climate Standards

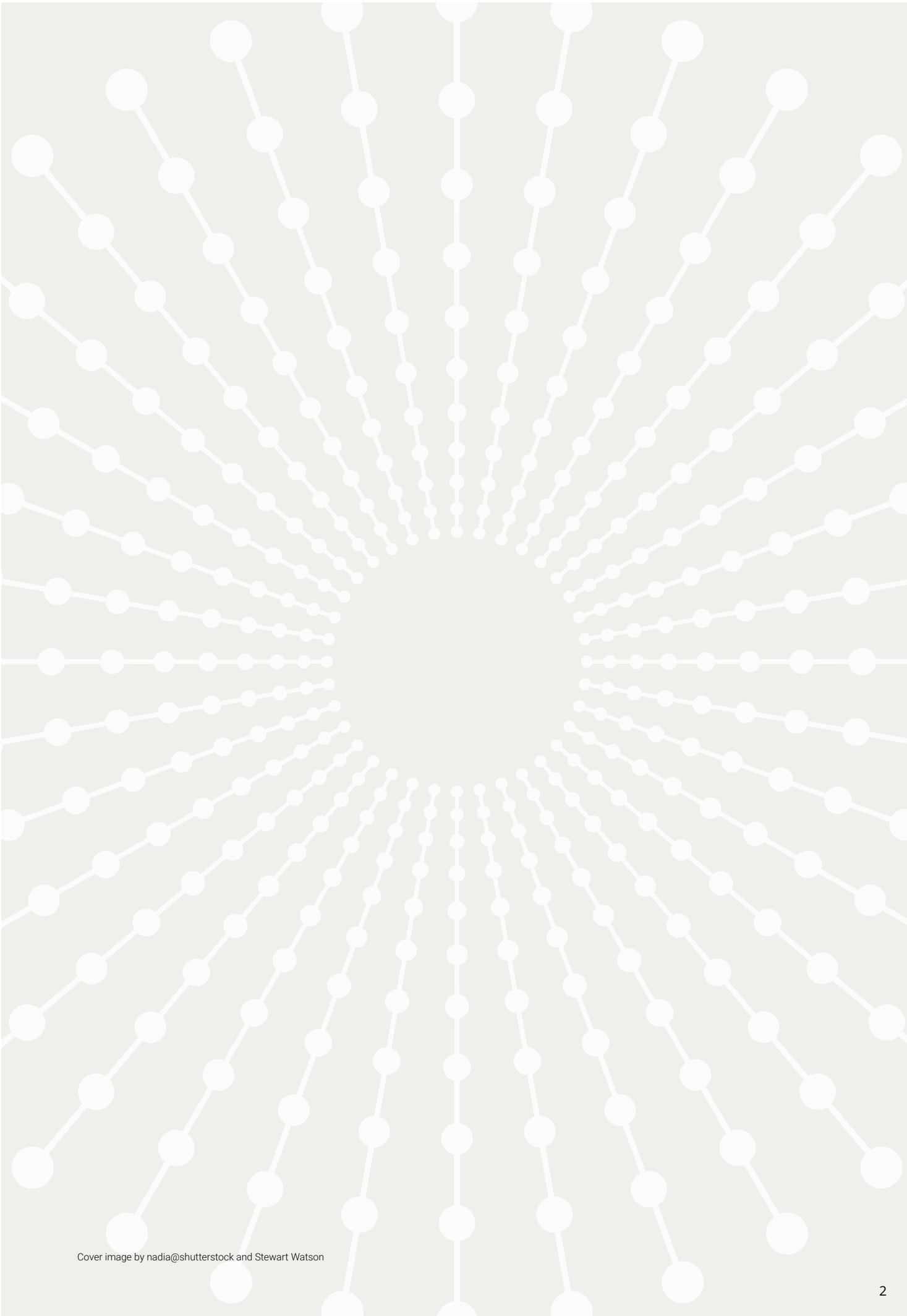
Climate-related Disclosures

Climate-related Disclosure Framework
Consultation Document

A decorative graphic consisting of four horizontal bars of different colors: light green, dark grey, blue, and orange.

July 2022

Submissions due **26 September 2022**



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Contents

Message from the Chair and Chief Executive	4
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PART ONE: INTRODUCTION 5

1. What is this consultation document about?	6
2. Our journey so far	8
3. How can you contribute?	9
4. How to read the exposure drafts	10
5. An update on the domestic and international context	13

PART TWO: AOTEAROA NEW ZEALAND CLIMATE STANDARDS 15

6. Draft NZ CS 1: Climate-related Disclosures	16
7. Draft NZ CS 2: First-time Adoption of Aotearoa New Zealand Climate Standards	19
8. Draft NZ CS 3: General Requirements for Climate-related Disclosures	21

PART THREE: CONSULTATION QUESTIONS 22

9. Consultation questions	23
10. Abbreviations	24

List of tables

Table 1: Consultation documents	7
Table 2: Main changes for sections of draft NZ CS 1 between first consultation round and ED	16
Table 3: Summary of proposed first-time adoption provisions	19

List of figures

Figure 1: The climate-related disclosure framework	6
Figure 2: Consultation timeline	8
Figure 3: How Aotearoa New Zealand Climate Standards fit together	10



Message from the Chair and Chief Executive

The publication of the exposure drafts (EDs) of Aotearoa New Zealand Climate Standards is a major milestone. The External Reporting Board (XRB) is very pleased to be at this point in the process and would like to acknowledge the significant time and effort that our stakeholders have contributed to get us to where we are today. We cannot emphasise enough how the participation of entities, advisors and others, has informed and enhanced this work. We hope this involvement will continue as we head towards the home stretch of developing these standards.

This consultation document is one part of a suite of ED materials which you are encouraged to read together, as a package. We have attempted to remain principles based, globally consistent, and ambitious in developing the climate-related disclosure framework – please give us feedback on whether we have achieved the right balance.

For this consultation we have, for the first time, published drafts of supporting staff guidance. We anticipate that the guidance and standards, read together, should provide a clear picture to entities of the ‘what’ and ‘how’ of the disclosure requirements.

Since our last consultation in March 2022, the International Sustainability Standards Board (ISSB) has published EDs of their climate standard and general sustainability standard. We are paying close attention to the ISSB’s work and are acutely aware of the need to enable New Zealand entities to report in a globally consistent manner. To that end, we will continue to engage with the ISSB and monitor their work.

As well as climate-related disclosures, in 2021 the XRB’s mandate also expanded to enable us to issue non-binding guidance on non-financial reporting. Our aim is to develop a credible, world-class sustainability reporting framework that, in the first instance, will focus deeply on te ao Māori. Our Ngā pou o te kawa ora¹ project aims to develop a framework for Māori entities to externally report the intergenerational and interconnected impact of the various activities they undertake. This is a longer-term project for the XRB which we will progress at a more moderate pace than our delivery of the climate-related disclosure framework, to be published by December 2022.

With the December 2022 deadline in mind, we are looking forward to constructive and solutions-focused feedback on the EDs.

Michele Embling

Chair

April Mackenzie

Chief Executive



¹ This kōrero refers to the pillars that are the principles of life.



PART ONE: INTRODUCTION



1.

What is this consultation document about?

The *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021* ([the Act](#)) gives the External Reporting Board (XRB) a mandate to issue a climate-related disclosure framework.








This consultation document relates to the exposure drafts (EDs) of the three proposed standards that the XRB intends to comprise the climate-related disclosure framework, collectively known as *Aotearoa New Zealand Climate Standards* (Figure 1). We are seeking feedback from you to help us finalise these standards so that we can issue them in December 2022.



Figure 1: The climate-related disclosure framework

Table 1 details the documents that are part of the current consultation.

Table 1: Consultation documents

Document	Contents	Link
Consultation document	The key context in which we have developed these proposals and consultation questions for the climate-related disclosure framework and guidance	
Exposure draft of NZ CS 1: Climate-related Disclosures	The disclosure requirements relating to the four thematic sections (Governance, Risk Management, Strategy, and Metrics and Targets) and the assurance requirements	
Exposure draft of NZ CS 2: First-time Adoption of Aotearoa New Zealand Climate Standards	The adoption provisions available to climate reporting entities the first time that they are required to disclose	
Exposure draft of NZ CS 3: General Requirements for Climate-related Disclosures	General requirements and principles for preparers to follow when making disclosures under Aotearoa New Zealand Climate Standards	
Draft guidance for all sectors	Draft staff guidance relating to draft NZ CS 1 that is applicable for all types of climate reporting entities	
Draft guidance for MIS managers	Draft staff guidance relating to draft NZ CS 1 and draft NZ CS 3, specific for managers of registered managed investment schemes (MIS managers)	
Comparison tables	Comparison between draft NZ CS 1 and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and guidance	
	Comparison between draft NZ CS 1 and the International Sustainability Standards Board draft climate standard (IFRS S2 Climate-related Disclosures)	

The XRB intends to issue Aotearoa New Zealand Climate Standards, and available guidance documents, in December 2022.

Part One of this document begins by explaining the process for providing feedback. It then provides a short explainer on how to read the EDs and an update on the domestic and international context.

Part Two provides the key context for the development of Aotearoa New Zealand Climate Standards.

Part Three concludes the document with the consultation questions that reflect on the EDs and the guidance together as a package.



2.

Our journey so far

As part of the due process for developing standards, we have a statutory obligation to consult with stakeholders. These EDs are the culmination of an extensive consultation process that the XRB began at the end of 2020, including two formal consultation periods in October 2021 and March 2022.

All previous consultation and feedback documents can be found on [our website](#). We have taken into consideration all the formal and informal feedback received in developing the EDs of Aotearoa New Zealand Climate Standards which are now being issued for final consultation.

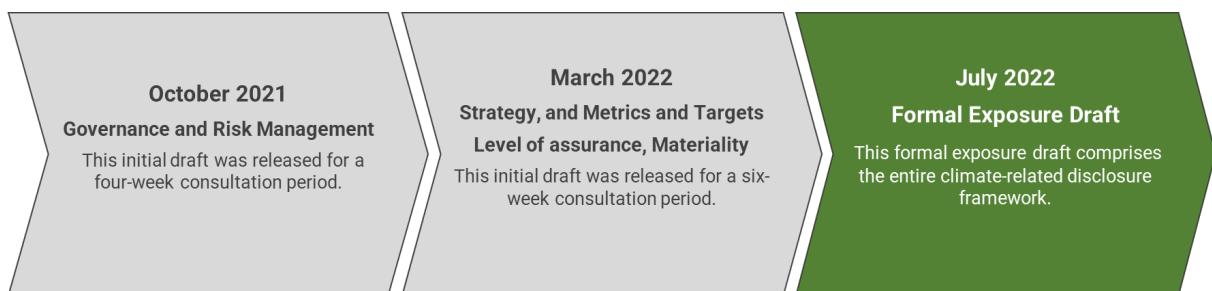


Figure 2: Consultation timeline

As a result of consultation, we are aware that the proposed disclosure requirements are substantial, but equally, that they are being demanded by primary users to inform their decision making. Importantly, our aim is for the disclosures made by climate reporting entities (CREs) to be high quality and meet the disclosure requirements from the outset, but we are mindful that the underlying practices within CREs will become more sophisticated over time.

The XRB intends to begin a post-implementation review of the climate-related disclosure framework no later than December 2025.



3.

How can you contribute?

Submissions on this consultation document can be provided via any of the avenues below.

- Commenting on our website: <https://www.xrb.govt.nz/standards/climate-related-disclosures/consultation/exposure-draft>
- Asking questions and providing comments at any of our consultation events: see <https://xrb.govt.nz/events/> for a list of relevant events.
- Commenting on our LinkedIn posts: <https://www.linkedin.com/company/external-reporting-board/>
- Emailing us: climate@xrb.govt.nz
- Sending a letter to: External Reporting Board, PO Box 11250, Manners St Central, Wellington 6142.

The closing date for submissions is **26 September 2022**. Submissions must be received by this date to enable the XRB to issue Aotearoa New Zealand Climate Standards by December 2022. We appreciate detailed comments, whether supportive or critical, as both supportive and critical comments are essential to a balanced view. We will consider all comments received.

This consultation document contains several questions (in Section 9). Responses to these questions are most useful if they indicate the specific paragraph to which they relate, contain a clear rationale and, where applicable, suggest an alternative. Please comment on any or all of the questions or any parts of the EDs that are relevant to you.



4.

How to read the exposure drafts

Aotearoa New Zealand Climate Standards are secondary legislation and apply to CREs as defined in the Act. They are designed as a package and should be read together (Figure 3).

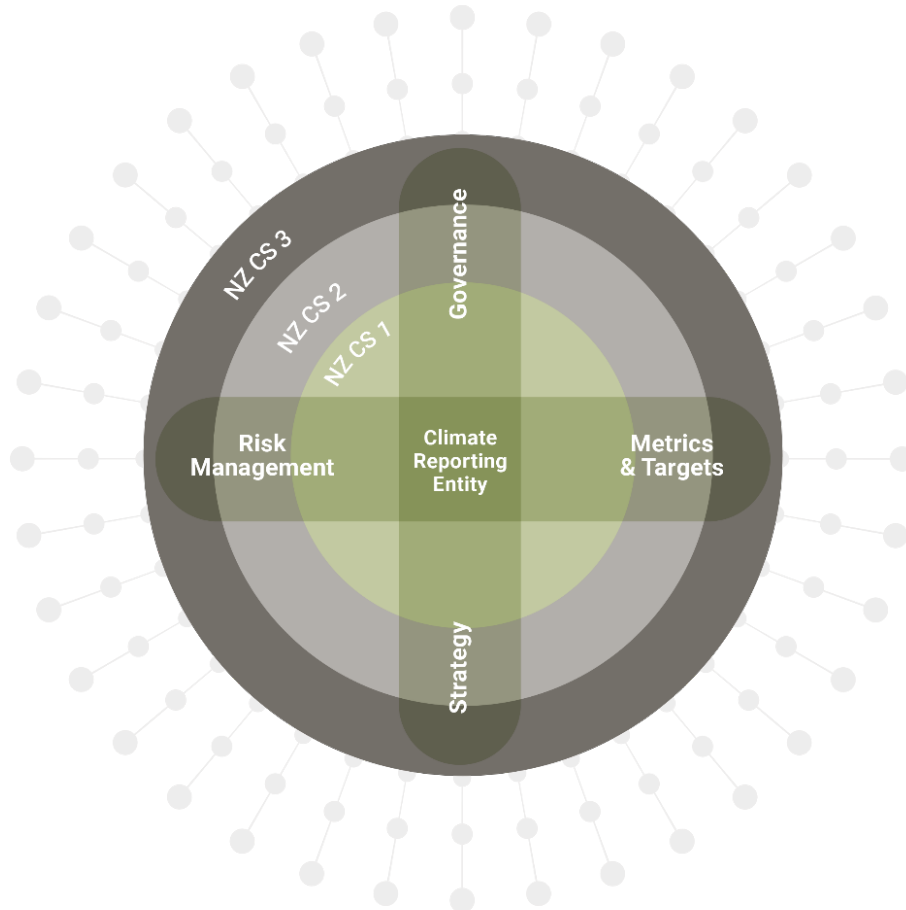


Figure 3: How Aotearoa New Zealand Climate Standards fit together

All three standards have defined terms that are integral parts of the standard. The defined terms are shown in *italics* the first time that they are used. All three standards also have a basis for conclusions. These bases for conclusions accompany but are not part of the standards. They are intended to provide useful explanations of our decision-making process during the standards' development.

The following sub-sections explain the specific structures of each of the standards.

4.1. Reading draft NZ CS 1

Draft NZ CS 1 has the following core structure for each of the four thematic sections (underneath an objective and scope for the standard as a whole):

Heading	Content	Section	Paragraph(s)
Disclosure objective	Explains the disclosure objectives for each of the four sections, i.e., Governance, Strategy, Risk Management, and Metrics and Targets. The purpose of the disclosure objective(s) is to describe why the information disclosed is useful to primary users. The disclosure objective(s) assists entities when making materiality judgements so that relevant material information is provided to primary users.	Governance	5
		Strategy	9
		Risk Management	16
		Metrics and Targets	19
Overarching disclosure requirements	To meet the disclosure objective, these are the overarching disclosure requirements. Entities must disclose against these disclosure requirements.	Governance	6
		Strategy	10
		Risk Management	17
		Metrics and Targets	20
Sub-disclosure requirements	To meet the disclosure objective, these are the more detailed disclosure requirements underneath the overarching disclosure requirements. These further specify what the disclosures should include. Note that NZ CS 3 requires that when compliance with the specific requirements in Aotearoa New Zealand Climate Standards (both the overarching and sub-disclosure requirements) is insufficient to show a fair presentation, additional disclosures must be provided. However, an entity must ensure that relevant information is not obscured by the inclusion of immaterial detail.	Governance	7,8
		Strategy	11-15
		Risk Management	18
		Metrics and Targets	21-23

The greenhouse gas (GHG) assurance requirements that apply to CREs are detailed in a separate section in draft NZ CS 1 (paragraphs 24 and 25). These assurance disclosure requirements do not have a separate disclosure objective as they support the overall objective of draft NZ CS 1.

4.2. Reading draft NZ CS 2

First-time adoption standards offer various provisions to entities when new standards or requirements are to be applied for the first time.² Draft NZ CS 2 provides a number of first-time adoption provisions (adoption provisions) that apply to specific disclosure requirements in either draft NZ CS 1 or draft NZ CS 3.

These adoption provisions are optional. Those CREs that are more advanced in their climate reporting journey may choose not to apply any of the adoption provisions that are made possible in draft NZ CS 2. If a CRE does elect to apply an adoption provision, disclosure of its use is required alongside the CRE's statement of compliance.

Some of the proposed adoption provisions require the entity to provide an alternative piece of information to primary users. This alternative information is made clear in the description of the adoption provision in draft NZ CS 2.

4.3. Reading draft NZ CS 3

The principles and general requirements in draft NZ CS 3 are the foundation for the climate-related disclosure framework. We recommended reading draft NZ CS 3 first and referring to it when reading the disclosure requirements in draft NZ CS 1 and the adoption provisions in draft NZ CS 2.

Draft NZ CS 3 is structured under the core concept of fair presentation, and then provides a set of information principles and presentation principles. It provides other important requirements such as materiality, and the disclosure of methodologies and assumptions.

Draft NZ CS 3 has been written in a more comprehensive manner than draft NZ CS 1 and draft NZ CS 2 because we are not intending to provide additional staff guidance specific to draft NZ CS 3.³ We have however flagged in the staff guidance related to draft NZ CS 1 where we consider it is particularly important for CREs to refer back to draft NZ CS 3 when thinking about how the disclosure requirements apply to their activities.

² These can include practical expedients, phased adoption, or relief from providing comparative information (comparative information is disclosures, including amounts, for one or more prior years in respect of disclosures included in the report for the current year).

³ Except for MIS managers: see section 8.3 for more information.



5.

An update on the domestic and international context

5.1. Domestic

Since our last consultation in March 2022, a significant amount of domestic activity has occurred that is relevant to climate-related disclosures.

- Publication of the first three emissions budgets and the accompanying first Emissions Reduction Plan. These budgets and the plan (and plans published in subsequent years) may influence the climate-related risks and opportunities identified by CREs.
 - [Read about emissions budgets on the Ministry for the Environment \(MFE\) website.](#)
 - [Read about the Emissions Reduction Plan on the MFE website.](#)
- Consultation on the draft National Adaptation Plan. CREs are also likely to consider the information in the National Adaptation Plan when making their disclosures.
 - [Read about the draft National Adaptation Plan on the MFE website.](#)
- The beginning of reporting under the Carbon Neutral Government Programme (CNGP). The climate-related disclosure framework is intended to be complementary with the requirements under the CNGP, as far as is practicable, in order to provide a consistent approach to emissions measurement (especially for government organisations captured under the Act).
 - [Read about the CNGP on the MFE website.](#)
- The Reserve Bank of New Zealand (RBNZ) has begun to incorporate climate change into its stress testing programme (with the inclusion of drought conditions in the bank stress test scenario and severe weather events in the insurance stress test). Several CREs are also subject to these stress testing requirements, so the XRB and RBNZ have been working closely together to coordinate requirements where necessary.
 - [Read about the stress testing programme on the RBNZ website.](#)

5.2. International

International Sustainability Standards Board

In March 2022 the International Sustainability Standards Board (ISSB) published its first two proposed IFRS® Sustainability Disclosure Standards, which, when final, are intended to form a comprehensive global baseline of sustainability disclosures designed to meet the information needs of investors when assessing enterprise value.

The two proposed standards are:

- draft IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- draft IFRS S2 Climate-related Disclosures.

Draft IFRS S1 applies to all sustainability topics, not just climate. It provides a high-level framework for entities to disclose information about all sustainability topics that are material to them.

Draft IFRS S2 is the 'climate' standard and is to be applied in conjunction with draft IFRS S1. Draft IFRS S2 proposes requiring an entity to disclose information that would enable an investor to assess the effect of climate-related risks and opportunities on its enterprise value.

The draft standards build on the prototypes previously published by the IFRS Foundation's Technical Readiness Working Group (TRWG). The requirements in draft IFRS S2 are also largely consistent with the four recommendations and eleven recommended disclosures published by the [TCFD](#). The XRB has published two comparison documents to aid entities in understanding how draft NZ CS 1 compares to these two international frameworks.

- [Comparison](#) between draft NZ CS 1 and the TCFD recommendations and guidance.
- [Comparison](#) between draft NZ CS 1 and the ISSB draft climate standard (IFRS S2 Climate-related Disclosures).

XRB staff have also submitted a response to the ISSB's consultation on draft IFRS S1 and S2 which is available [on our website](#).

The ISSB plans to issue its standards before the end of 2022, when they will be available for immediate voluntary adoption (e.g., by entities or jurisdictions). We will review the ISSB's final standards once they are issued and determine whether and how to incorporate them into New Zealand's reporting landscape.

Country and jurisdiction-level requirements

Notable developments include:

- The United States Securities and Exchange Commission (US SEC) released their proposed framework for mandatory climate-related disclosures for public consultation in March 2022. Similar to the XRB's mandate, the proposal aims to ensure both domestic and foreign entities are disclosing climate-related information, including financial risks and climate-related metrics, in their US financial statements. The submission period closed on 17 June 2022.
 - [Read about the proposed framework on the US SEC website](#).
- The United Kingdom launched a Transition Plan Taskforce in April 2022 to develop a gold standard for climate transition plans and released a call for evidence on a sector-neutral framework for private sector transition plans.
 - [Read about the call for evidence on the Transition Plan Taskforce website](#).
- The European Commission launched a public consultation on their first set of draft European Sustainability Reporting Standards (ESRS) in April 2022. There are three categories of ESRS: cross-cutting standards with general provisions, topical standards relating to a particular sustainability topic or sub-topic, and sector-specific standards. ESRS will cover environment, social and governance-related matters. The April 2022 consultation focused on the proposed cross-cutting and topical standards, with the proposed sector-specific standards to be released at a later date.
 - [Read about the ESRS on the European Commission website](#).

We are closely monitoring these developments and engaging both at an international and country-to-country level to inform our work.



PART TWO: **AOTEAROA NEW ZEALAND** **CLIMATE STANDARDS**



6.

Draft NZ CS 1: Climate-related Disclosures

6.1. Draft NZ CS 1

The ED of NZ CS 1 is available on our [website](#).

6.2. Draft NZ CS 1: Our process

Draft NZ CS 1 was released in two parts for early consultation: [Governance and Risk Management](#) in October 2021, and [Strategy and Metrics and Targets](#) in March 2022. Feedback documents for each round of consultation are available on our [website](#) alongside each of the consultation documents.

Key themes emerging from the consultation included:

- the importance of keeping draft NZ CS 1 globally aligned (e.g., with the TCFD and ISSB);
- making it possible for entities to start on their climate reporting journey (while ensuring the standard remained ambitious); and
- challenges regarding the disclosure of certain information such as scope 3 emissions or quantitative financial information.

Table 2 summarises the main changes made in response to stakeholder feedback for each section of draft NZ CS 1 between the first consultation round (i.e., in October 2021 or March 2022) and the exposure draft. Changes were also made to ensure that draft NZ CS 1 makes sense as a coherent standard and could be read and understood in a logical manner. This included removing the four separate explanatory paragraphs, as this information is now included in draft NZ CS 3.

Table 2: Main changes for sections of draft NZ CS 1 between first consultation round and ED

Section	Main changes between first consultation round and ED
Governance	<p>Changed 'board' to the more generic term 'governance body'</p> <p>Combined the disclosures relating to holding management accountable, and clarified that the disclosure on remuneration policies is 'whether, and if so how'</p> <p>Amended the disclosure on the 'board accessing expertise' to ensuring the governance body has 'appropriate skills and competencies available to them'</p> <p>Clarified that the focus is on developing and overseeing an entity's strategy, rather than incorporating issues into governance processes</p> <p>Amended management 'reporting to' the board, to management 'engaging with' the governance body</p>

<p>Risk Management</p>	<p>Combined several of the disclosures for clarity</p> <p>Amended the disclosure on value chain stages covered to disclosure of whether any parts of the value chain are excluded</p> <p>Deleted the disclosure on making decisions to mitigate, transfer, accept or control climate-related risks</p>
<p>Strategy</p>	<p>Updated the disclosure objective to include the intention to move towards a low-emissions and climate-resilient future state</p> <p>Restructured the section to clearly step from the overarching disclosure requirements to the sub-disclosure requirements (including adding sections) in a way that better reflected an entity's process when working through the disclosure requirements</p> <p>Clarified the distinction between current impacts of climate change (including current financial impacts) and anticipated impacts of climate change (including anticipated financial impacts)</p> <p>Made more explicit that reasons must be given if quantitative information for current or anticipated financial impacts cannot be disclosed</p> <p>Increased the minimum number of climate-related scenarios from two to three, and increased the upper bound temperature scenario from 2°C to 3°C</p> <p>Moved the disclosures relating to methodologies and assumptions for scenario analysis from draft NZ CS 1 to draft NZ CS 3</p>
<p>Metrics and Targets</p>	<p>Made the disclosure objective more succinct</p> <p>Reordered the disclosures relating to industry- and entity-specific metrics (kept them in the overarching disclosure requirements rather than as separate sub-disclosure requirements)</p> <p>Clarified that some disclosure requirements for targets relate only to GHG emissions</p> <p>Added a disclosure requirement for GHG emissions targets in relation to the use of offsets</p> <p>Removed the requirement to prepare a separate GHG emissions report</p> <p>Removed the requirement to disclose the source of emission factors and the global warming potential (GWP) rates used or a reference to the GWP source</p> <p>Moved the disclosures relating to methodologies and assumptions for Metrics and Targets from draft NZ CS 1 to draft NZ CS 3</p>
<p>Assurance</p>	<p>Because a separate GHG emissions report is no longer required, removed the separate GHG emissions report from the scope of the assurance engagement</p>

The basis for conclusions on draft NZ CS 1 provides more detail on key decisions made during the development of the standard, including how stakeholder feedback was assessed and influenced the ED.

6.3. Draft NZ CS 1: Guidance

The following staff draft guidance documents are issued as part of this exposure draft consultation:

- Draft NZ CS 1: Guidance for all sectors⁴ ([here](#)); and
- Guidance for MIS managers ([here](#)).

These documents aim to support CREs when making their disclosures, and to support consistent application of the disclosure requirements. Guidance is non-mandatory and issued by XRB staff. It will be issued and updated over time on an as-needed and as-available basis as climate-related information itself is updated, and user expectations evolve.

These guidance documents are in draft format and will evolve over time. We will continue to develop guidance over the rest of 2022 and beyond. As this is guidance to support a new regime, we are very interested to hear stakeholder views about its usefulness, particularly regarding the level of granularity and specificity.

We are also providing draft staff guidance that is specific for managers of registered managed investment schemes (MIS managers) for both draft NZ CS 1 and draft NZ CS 3 as part of this consultation. This is because of the way that the Act is worded, in that MIS managers are CREs only “in respect of the scheme” they manage (see section 4610(2) of the Act). This specific wording means that MIS managers require additional and early guidance on how to interpret some of the disclosure requirements in a way that is different for other CREs. Further CRE-specific guidance is currently being developed and will be issued as soon as it is available.

The guidance is not intended to specify a level of performance that CREs should achieve, nor should it be taken as describing the only ‘correct’ way to carry out the activities that draft NZ CS 1 asks for disclosures about. Rather, the guidance is intended to provide contextual information and clarification on how the XRB has interpreted the guidance documents published by the TCFD and other bodies, as they relate to the specific disclosure requirements in draft NZ CS 1.

The XRB has also published:

- a guidance document for sector-level scenario analysis;
- two short explainer documents on measuring GHG emissions; and,
- a fact sheet outlining the basics of scenario analysis.

These are available [on our website](#).

⁴ In the context of the guidance for all sectors, ‘sector’ refers to type of climate reporting entity (e.g., listed debt and equity issuers), not industry sector, or public or private sector.



7.

Draft NZ CS 2: First-time Adoption of Aotearoa New Zealand Climate Standards

7.1. Draft NZ CS 2

The ED of NZ CS 2 is available on our [website](#).

7.2. Draft NZ CS 2: Our process

The proposed first-time adoption provisions (adoption provisions) within draft NZ CS 2 were released alongside the respective parts of draft NZ CS 1. In October 2021 we did not propose any adoption provisions for Governance and Risk Management, and we heard no major disagreement on this proposal.

In the March 2022 consultation, no adoption provisions were proposed for Metrics and Targets, but some were proposed for Strategy. We had a substantial amount of feedback on the proposed adoption provisions for Strategy, and many calls to provide adoption provisions for Metrics and Targets (mostly in relation to measuring and assuring scope 3 emissions).

The basis for conclusions on draft NZ CS 2 provides more detail on key decisions made during the development of the standard, including how stakeholder feedback was assessed and influenced the provisions included in the ED.

Table 3 provides a summary of the proposed adoption provisions in draft NZ CS 2 in relation to the specific disclosure requirements in both draft NZ CS 1 and draft NZ CS 3.

Table 3: Summary of proposed first-time adoption provisions

Name of first-time adoption provision	Draft standard, section and paragraph number	Proposed first-time adoption provision	
		Year one (first reporting period)	Year two (second reporting period)
First-time adoption provision 1: Current financial impacts	NZ CS 1 Strategy 11(b)	Exemption provided	-
First-time adoption provision 2: Time horizons associated with financial impacts	NZ CS 1 Strategy 13(b)	Exemption provided	-
First-time adoption provision 3: Anticipated financial impacts	NZ CS 1 Strategy 14(b)	Exemption provided	-

First-time adoption provision 4: Transition plan aspects of an entity's strategy	NZ CS 1 Strategy 15(b) and 15(c)	Exemption provided Required to disclose progress towards developing the transition plan aspects of its strategy	-
First-time adoption provision 5: Scope 3 GHG emissions	NZ CS 1 Metrics and Targets 21(a)(iii)	Exemption provided (although disclosure is encouraged)	-
First-time adoption provision 6: Comparatives for metrics	NZ CS 3 Comparatives 39	Exemption provided	Only one year of comparative information required for each metric
First-time adoption provision 7: Analysis of trends	NZ CS 3 Comparatives 40	Exemption provided	Exemption provided

7.3. Draft NZ CS 2: Guidance

At present, we do not intend to provide any separate staff guidance for draft NZ CS 2 as we consider it is sufficiently clear.



8.

Draft NZ CS 3: General Requirements for Climate-related Disclosures

8.1. Draft NZ CS 3

The ED of NZ CS 3 is available on our [website](#).

8.2. Draft NZ CS 3: Our process

In the March 2022 consultation document, we proposed a definition and supporting section on materiality. We received a significant number of comments on materiality, both in favour of the proposed definition, and opposed to it. We also received numerous suggestions for aligning the materiality approach and definition with other domestic and international laws and standards. The basis for conclusions on draft NZ CS 3 provides further detail on how this feedback influenced the materiality definition and section in the current ED.

The remainder of draft NZ CS 3 is being consulted on here for the first time. It has drawn heavily on existing material from other XRB standards and conceptual frameworks, as well as from international sources. The basis for conclusions on draft NZ CS 3 provides further detail.

8.3. Draft NZ CS 3: Guidance

For most CREs, we do not intend to provide separate staff guidance for draft NZ CS 3. We have deliberately written it to be comprehensive (e.g., including examples) so that it is able to be read as a standalone document. However, we recognise that some of the terms (e.g., enterprise value) are more difficult for MIS managers that are CREs only “in respect of the scheme” that they operate (see section 4.3). Therefore, the draft guidance for MIS managers includes some specific guidance for MIS managers relating to draft NZ CS 3.



PART THREE: CONSULTATION QUESTIONS



9.

Consultation questions

As noted earlier, Aotearoa New Zealand Climate Standards (draft NZ CS 1, draft NZ CS 2 and draft NZ CS 3) have been designed as a package and should be read together. The draft staff guidance is also designed to complement the standards by supporting CREs when making their disclosures and supporting consistent application of the disclosure requirements.

Accordingly, we are looking for feedback that is both specific to proposed disclosure requirements, and also reflects on the standards and the guidance as a suite of materials.

- 1) Do you think draft Aotearoa New Zealand Climate Standards will meet primary user needs?⁵
 - a) Do you think that the proposed disclosure requirements will provide information that is useful to primary users for decision making? If not, please explain why not and identify any alternative proposals.
 - b) Do you consider that draft Aotearoa New Zealand Climate Standards are clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?
 - c) Do you consider that draft Aotearoa New Zealand Climate Standards are comprehensive enough and achieve the right balance between prescriptiveness and principles-based disclosures? If not, what should be removed or added to achieve a better balance? *Please consider your answer to question 5 when responding to this question.*
- 2) Do you have any views on the defined terms in draft Aotearoa New Zealand Climate Standards?
- 3) Do you have any practical concerns about the feasibility of preparing the required disclosures in draft Aotearoa New Zealand Climate Standards? *In responding to this question, please consider the proposed first-time adoption provisions in NZ CS 2 and your answer to question 4. Please also clearly explain what would make the specific disclosure unfeasible to disclose against either in the immediate term or the longer term.*
- 4) Do you agree with the proposed first-time adoption provisions in NZ CS 2? Why or why not?
 - a) Are any additional first-time adoption provisions required? If so, please provide specific details regarding the adoption provision and the disclosure requirement to which it would apply, and the period of time it would apply for.
- 5) Do you think the draft staff guidance documents will support CREs when making their disclosures and support consistent application of the disclosure requirements? Why or why not?
 - a) Do you think the guidance is under, adequately or overly specific and granular?
 - b) Do you consider that anything in the guidance should be elevated into the standard? Should anything be demoted from the standard into guidance?
- 6) Paragraphs 13 to 19 of draft NZ CS 3 are the proposed location of disclosures requirements. Paragraphs BC14 to BC20 of the basis for conclusions on draft NZ CS 3 explain the XRB Board's intent regarding these proposed requirements. Do you agree with the proposed location of disclosures requirements? Why or why not?

⁵ Primary users are defined in the proposed standard as: existing and potential investors, lenders and other creditors.



10.

Glossary

CRE	Climate reporting entity
Draft IFRS S1	Draft IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
Draft IFRS S2	Draft IFRS S2 Climate-related Disclosures
Draft NZ CS 1	Draft Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures
Draft NZ CS 2	Draft Aotearoa New Zealand Climate Standard 2: First-time Adoption of Aotearoa New Zealand Climate Standards
Draft NZ CS 3	Draft Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related Disclosures
GHG	Greenhouse gas
IFRS®	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
MIS manager(s)	Manager(s) of registered managed investment scheme(s)
TCFD	Task Force on Climate-related Financial Disclosures
XRB	External Reporting Board

