

Aotearoa New Zealand climate
standards (draft NZ CS 1, draft NZ CS
2 and draft NZ CS 3): final
consultation

Toitū Envirocare submission

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Submission approved by: Becky Lloyd, CEO

INTRODUCTION

Toitū Envirocare leads positive change through a system of science based environmental programmes. We are a team of scientists and business experts who have come together to protect the ecological and economic future of this place, catalysing action for a zero-carbon future.

Based on science and backed by evidence, our Toitū carbonreduce, Toitū net carbonzero, Toitū climate positive and Toitū enviromark certification programmes give organisations the tools to reduce their carbon emissions and environmental impact. We also help with setting science-based targets, scope and boundary assessments, value chain screening, and carbon inventory verifications. Initially developed for New Zealand business needs, our programmes now serve more than 700 clients worldwide. Wholly owned by Manaaki Whenua – Landcare Research, a Crown Research Institute, our origins are in science, but our future is in the sustainability of our economy, our people, and our land.

Since 2019 Toitū Envirocare has been a Certified B Corporation®. We are committed to being a business that not only acts as a power for good but does no harm. Through our impact business model, we empower other organisations to improve environmental performance, but within our own business we have taken specific steps to ensure we are improving our performance. So far, we have scored particularly well on customer and staff care, and have been recognised for our environmental impact business model. We aim to improve our scores at every future certification. We are also active in the B Corp community working on supporting other B Corps to take meaningful, science-based climate action.

QUESTION 1 DO YOU THINK DRAFT AOTEAROA NEW ZEALAND CLIMATE STANDARDS WILL MEET PRIMARY USER NEEDS?

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.

Toitū's Response: Yes

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?

Toitū's Response: Yes, they are suitably clear and unambiguous overall. One thing that may be able to be clearer is the types of impacts covered by 14(a):

14. An entity must include the following information when describing the anticipated impacts of the climate-related risks and opportunities it has identified (see paragraph 10(d)):
- (a) the anticipated impacts of climate-related risks and opportunities reasonably expected by the entity;
 - (b) the anticipated financial impacts of climate-related risks and opportunities reasonably expected by an entity; and

Could consider saying 'non-financial impacts' for example.

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.

Toitū's Response: Toitū believes that the standards are suitably prescriptive

QUESTION 2 DO YOU HAVE ANY VIEWS ON THE DEFINED TERMS IN DRAFT AOTEAROA NEW ZEALAND CLIMATE STANDARDS?

Toitū's Response: Yes they are clear . Perhaps when referring to the FMA definitions it would be beneficial to refer to the paragraph in FMA.

QUESTION 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?

Toitū's Response: Toitū has no specific concerns

QUESTION 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.

Toitū's Response: Could consider 13d as an exclusion for first time reporting. Other elements relating to financial impacts and financial planning processes are excluded in the first report (such as 13b, 14b, 15c)

QUESTION 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?

Toitū's Response: Toitū feels guidance is fit for purpose

- a) Do you consider that anything in the guidance should be elevated into the standard? Should anything be demoted from the standard into guidance?

Toitū's Response: Toitū believes that the balance is appropriate

QUESTION 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?

Toitū's Response: Toitū agrees that cross referencing to information located in existing documents/ websites etc is appropriate provided that the information is easily and freely accessible and does not change. It may be useful to consider how any changes to websites or other documents would be identified, if any of the information was updated after submission.

ADDITIONAL FEEDBACK

With regard to the section on restatement of comparatives, there may be benefit in requiring restatement to reflect changes in the scientific basis of models such as the upcoming change to global warming potentials which will likely impact most organisations materially and would likely apply to all reporting periods. Also with regard to the sentence *'An entity may change what it discloses in the current reporting period for several reasons. For example, to correct a material error, improve measurement methodology, use more current estimates or reflect changes in the nature of the activities of an entity'*, the term measurement is probably not the most appropriate, as GHG emissions are rarely measured and are generally modelled/estimated based on activity data and emissions factors.