

Consultation launch

# Climate-related Disclosures

Aotearoa New Zealand Climate Standard 1

NZ CS 1



March 2022

# Who is required to report and by when?



## Large listed issuers

Large listed debt or equity issuers

## Large financial entities

Registered banks

Licensed insurers

Credit unions

Building societies

Managers of registered investment schemes

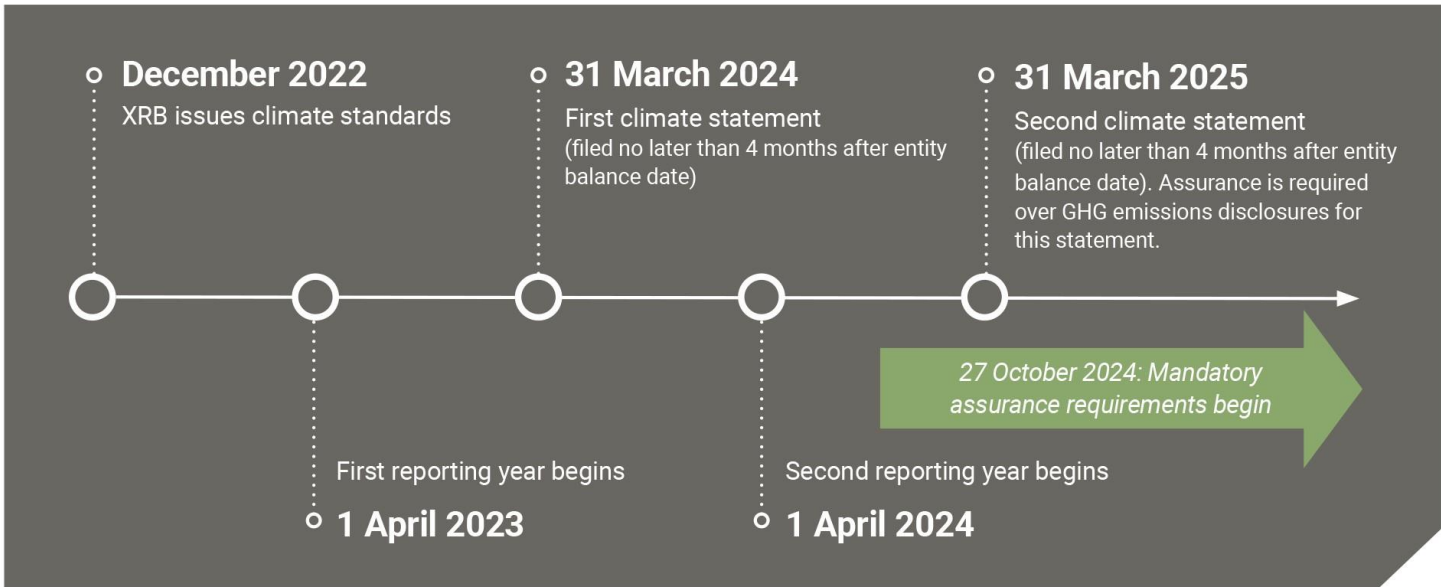
Some Crown financial institutions  
(via letters of expectation)

*Climate reporting entities must exceed the threshold of 'large' for the previous two accounting periods to be considered climate reporting entities.*

Large listed debt or equity issuers = market capitalisation of over \$60 million

Large financial entities = NZ \$1 billion assets/total assets under management (or for insurers NZ \$250 million annual gross premium revenue)

## Example timeframe for a 1 April to 31 March reporting entity



# The climate-related disclosure framework



**NZ CS 1**  
The disclosures

**NZ CS 2**  
First-time adoption provisions

**NZ CS 3**  
General requirements

*The XRB will also issue non-mandatory guidance to assist reporting entities when making disclosures*

# Global developments



## **Updated guidance**

Task Force on Climate-related  
Financial Disclosures  
*October 2021*

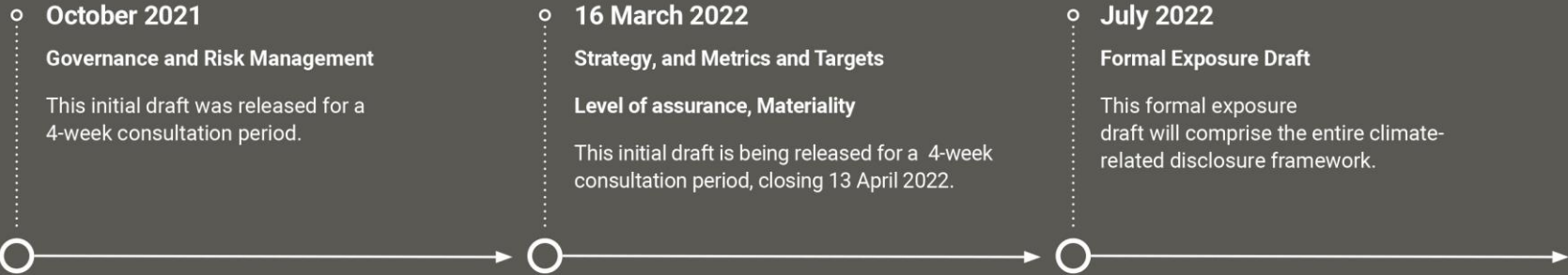
## **Prototype**

Technical Readiness  
Working Group  
*November 2021*

## **Exposure draft**

International Sustainability  
Standards Board  
*March 2022*

# Timeline





Te Kāwai Ārahi Pūrongo Mōwaho  
EXTERNAL REPORTING BOARD

# Strategy disclosures

Jack Bisset, Policy Manager – Climate and Sustainability

[jack.bisset@xrb.govt.nz](mailto:jack.bisset@xrb.govt.nz)

[LinkedIn](#)

# Strategy

## Summary of proposed section

### Objective

To enable primary users to understand the impacts of climate-related risks and opportunities on an entity's business model, strategy and financial planning over the short, medium, and long term, including actual and potential financial impacts.

### Disclosures

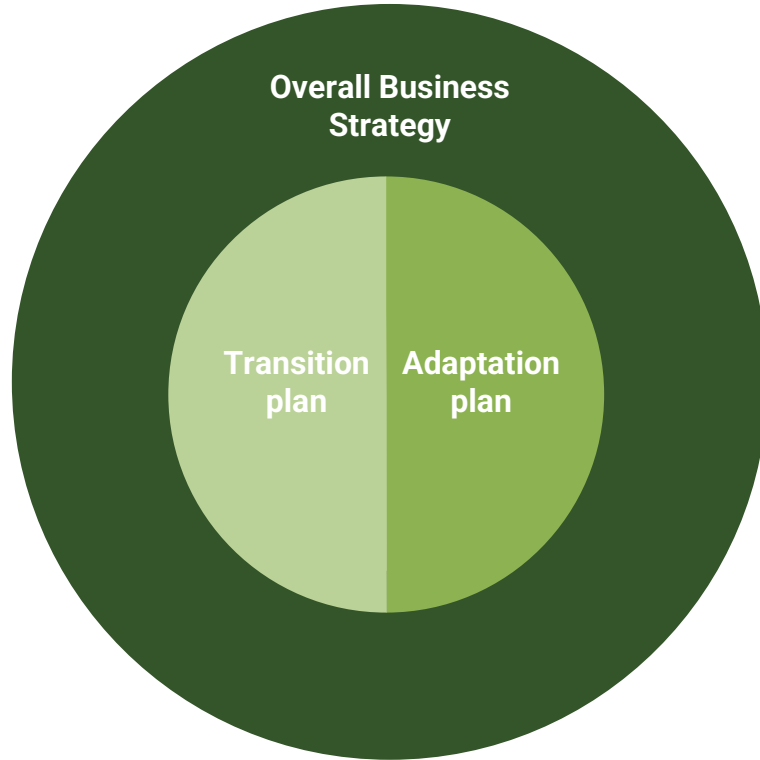
- Climate-related risks and opportunities
- The impacts including financial impacts, transition and adaptation plans
- The resilience of its business model and strategy to different climate-related scenarios (including, at a minimum, a 1.5 degree and a greater than 2 degree scenario)
- The methodologies and assumptions relating to scenario analysis



# What are climate-related risks and opportunities?

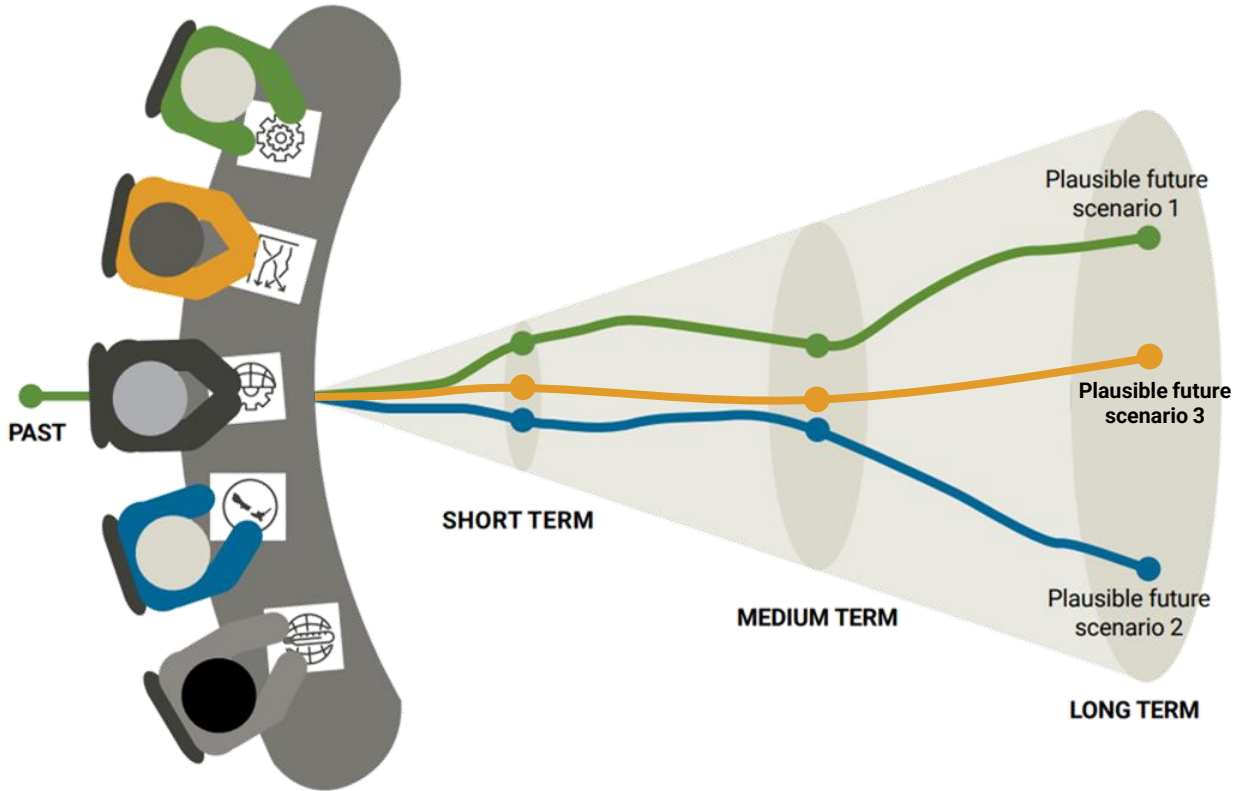
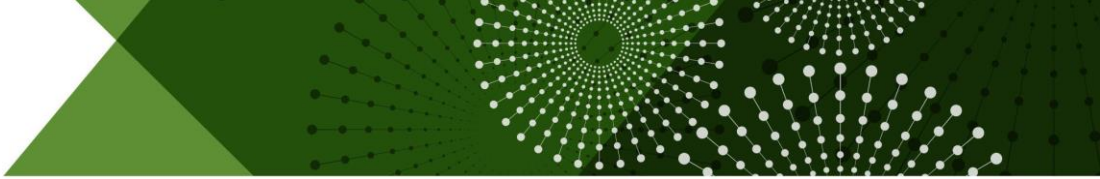


# What are transition and adaptation plans?



Adapted from TCFD guidance

# What is scenario analysis?





*Te Kāwai Ārahi Pūrongo Mōwaho*  
EXTERNAL REPORTING BOARD

# Metrics and Targets disclosures

Judy Ryan, Technical Advisor – GHG Emissions

[judy.ryan@xrb.govt.nz](mailto:judy.ryan@xrb.govt.nz)

[LinkedIn](#)

# Metrics and Targets

## Summary of proposed section

### Objective

To enable users to understand how an entity measures and manages its climate-related risks and opportunities.

### Disclosures

#### *Metrics*

- Cross-industry metrics including GHG emissions (gross scopes 1, 2, and 3 (value chain))
- Industry-metrics and/or entity-specific metrics used

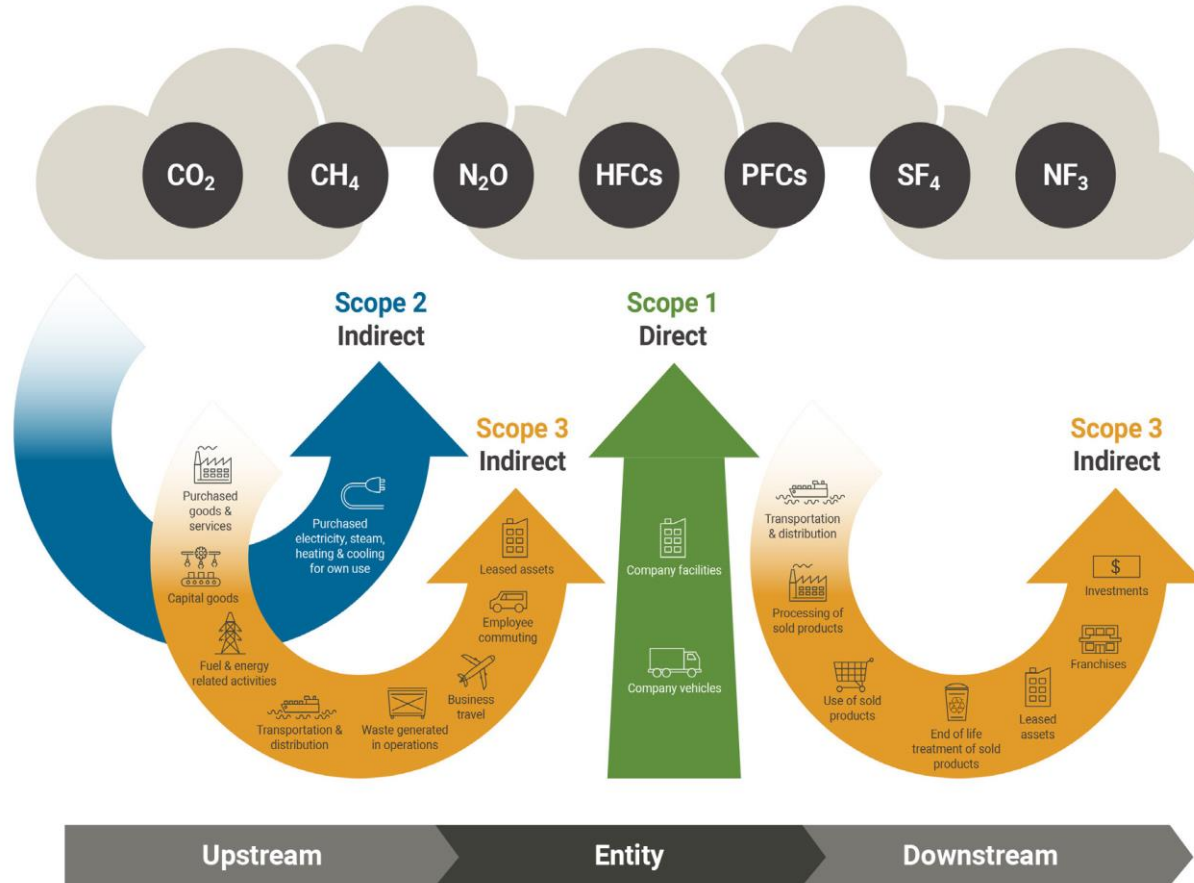
#### *Targets*

- Targets used and performance against targets

#### *Methodologies and assumptions*

- Methodologies and assumptions used in calculations
- Significant estimation uncertainties

# Emissions scopes





Te Kāwai Ārahi Pūrongo Mōwaho  
EXTERNAL REPORTING BOARD

# Materiality

Lisa Kelsey, Senior Project Manager – Climate Standards

[lisa.kelsey@xrb.govt.nz](mailto:lisa.kelsey@xrb.govt.nz)

[LinkedIn](#)

# Materiality

## The concept



**Materiality involves a user and purpose-based judgement about what information is relevant—whether providing or withholding information is likely to influence primary users' decision making**



# Materiality

## Proposed definition

### Materiality

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of their assessments of an entity's enterprise value across all time horizons, including the long term.

# Materiality

## Summary of proposed section



### Key proposals:

- Material information could include information about an entity's impacts *on* the climate, if those impacts could reasonably be expected to affect the entity's enterprise value
- No uniform quantitative threshold for materiality, or predetermination of what would be material in a particular situation, is made
- Disclosures are presumed to be material, but an entity need not disclose if it determines information would not be material relating to its own specific facts and circumstances
- Assess whether information is material in the context of the climate statement as a whole



*Te Kāwai Ārahi Pūrongo Mōwaho*  
EXTERNAL REPORTING BOARD

# Assurance

Misha Pieters, Director– Auditing and Assurance

[misha.pieters@xrb.govt.nz](mailto:misha.pieters@xrb.govt.nz)

[LinkedIn](#)

# What needs to be assured

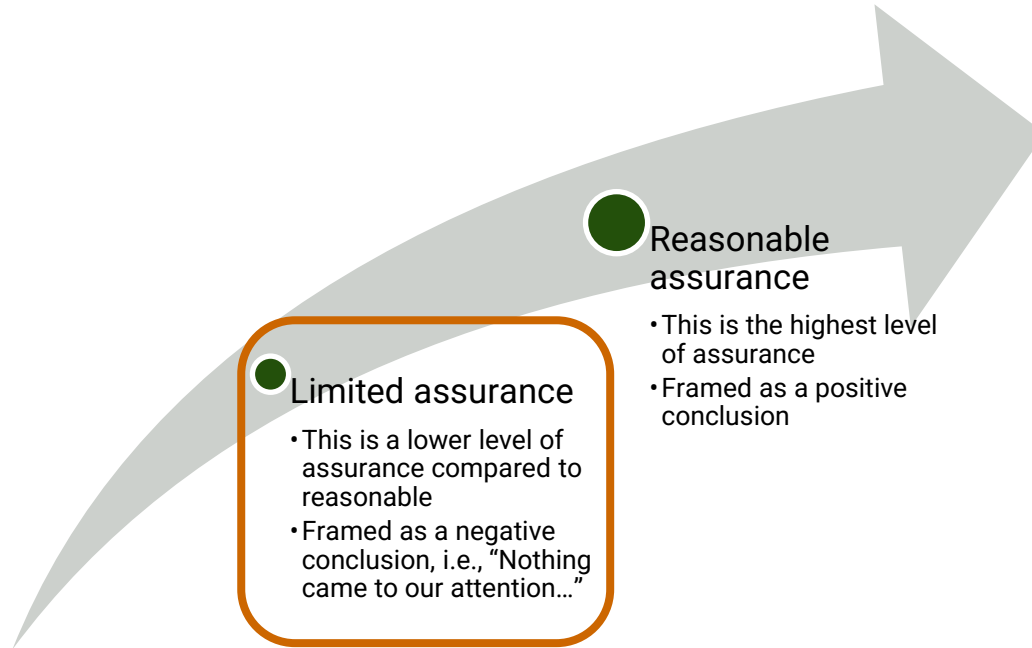
GHG emissions are the subject of mandatory assurance. Assurance practitioners carrying out this work must comply with all applicable auditing and assurance standards issued by the XRB.

## **Intended scope of assurance engagement:**

- Scope 1, 2 and 3 GHG emissions
- Additional requirements for the disclosure of GHG emissions (e.g., consolidation approach)
- Requirement to prepare a GHG emissions report and provide a link/cross reference to this report
- Confirmation that GHG disclosures have been drawn from the GHG emissions report

# Assurance

## Proposed minimum level



*Entities can obtain reasonable assurance over some, or all, of their GHG emissions disclosures, or any other disclosures, if they wish*



# Over to you...

**We are keen to hear your feedback and this can be provided formally and informally.**

The full consultation document can be found here:

<https://www.xrb.govt.nz/standards/climate-related-disclosures/consultation-and-engagement/strategy-and-targets-and-metrics>

To help you wrap your head around the information in this consultation document, we're hosting a series of Deep Dive events between 28 March – 1 April. Register to attend [here](#)

To provide feedback you can:

Email us  
[Climate@xrb.govt.nz](mailto:Climate@xrb.govt.nz)

Submit via  
[www.xrb.govt.nz](http://www.xrb.govt.nz)

Comment on our  
LinkedIn page

The consultation closes 13 April 2022

