

Nau mai haere mai
The webinar will begin momentarily





Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Webinar

Mandatory climate reporting in Australia –
Implications for New Zealand entities

3 April 2023

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Director Sustainability Reporting, XRB



Housekeeping



Recording

- This webinar is being recorded
- The recording and these slides will be available on the XRB's events page:
<https://www.xrb.govt.nz/events/>

Q&A

- Please use the Q&A function to ask questions
- We will leave enough time at the end for questions



Climate-related Financial Disclosures in Australia

XRB Webinar

April 2024



Australian Government
Australian Accounting Standards Board

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Structure of this session

- This presentation will focus on the following **four themes**:
 1. The **background** to the **climate-related financial disclosures** project
 2. Key details on the **Exposure Draft SR1 *Australian Sustainability Disclosure Standards – Climate-related Financial Information***, including proposed **baseline amendments** and **issues beyond ED SR1 scope**
 3. An overview of the **AASB's outreach on ED SR1**
 4. The **next steps to progress the project**



Project background

Sept
2021

ITC 46

AASB Agenda Consultation 2022–2026

- Published: September 2021
- Strong stakeholder support for prioritising SR reporting project

April
2022

ED 321

Request for comment on [Draft] IFRS S1 and [Draft] IFRS S2

- Published: April 2022
- [Draft] ISSB Standards are a good starting point but need domestication

Oct
2023

ED SR1

ASRS – Disclosure of Climate-related Financial Information

- Published: October 2023
- Comment period closed in March 2024
- Analysis is currently underway

Feb
2022

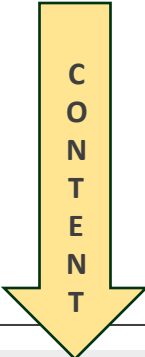
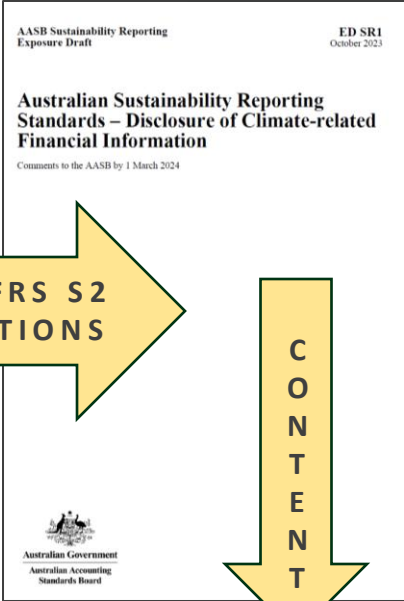
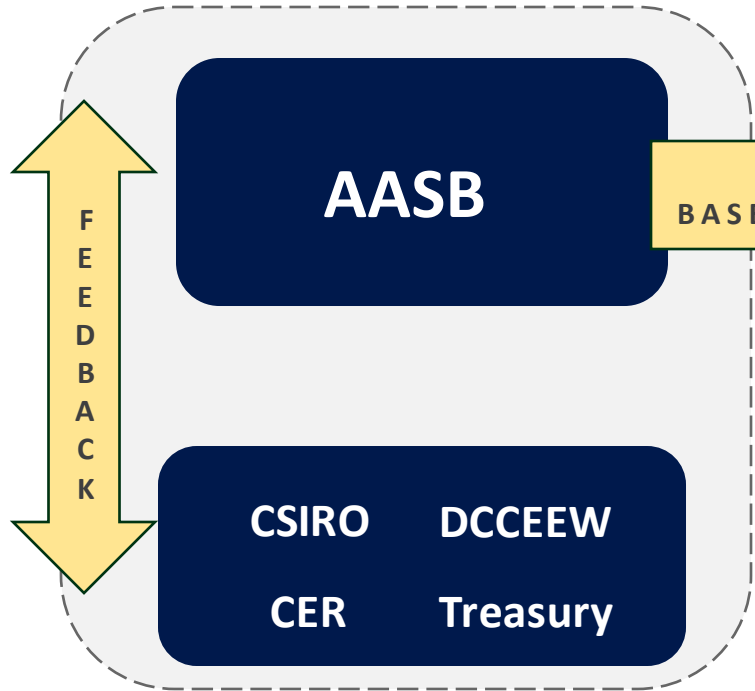
SR Project to WP

Nov2
022

Aus. Gov.
Announcement



Overview of ED SR1



ACCESS ED SR1 HERE



[draft] ASRS 1	General Requirements for Disclosure of Climate-related financial information
[draft] ASRS 2	Climate-related Financial Disclosures
[draft] ASRS 101	References in Australian Sustainability Reporting Standards

Proposed baseline modifications

Alignment with IFRS S1 and S2, but also...



Sector-neutrality



Removed references to
Conceptual Frameworks



Industry-based metrics not
mandatory



Disclose where no material
climate risks and opportunities



Climate resilience against
at least two scenarios



Prioritising NGER Scheme
legislation



Requiring Scope 2 market-
based GHG emissions (and
relief)



Relief for Scope 3 GHG emissions
disclose year_{t-1} emissions in year_t

Issues beyond scope of ED SR1

- Key issues outside the AASB's remit:
 - The **scope of entities** that may be required to comply with ASRS Standards
 - The **legislative date for commencement of compliance** with ASRS Standards
 - Issues of **legal liability/director responsibilities**
 - The **level and type of assurance**



Outreach on ED SR1

Comment period: Oct 2023 – March 2024

Education activities: Oct 2023 – Jan 2024

Physical events, virtual events and asynchronous content

Outreach events: Jan 2024 – Feb 2024

In-person roundtables throughout Australia (19) and virtual roundtables (3)

Stakeholder feedback on ED SR1



Outreach activities



Comment letters



Online surveys

Staff are still working through feedback to ED SR1



What comes next?

- AASB to **complete review and analysis of stakeholder feedback** to ED SR1
- **Consider how best to address issues identified** in stakeholder feedback
- **Finalise ASRS Standards** ahead of legislative commencement date – revised to 1 January 2025 (or later)
- Issuing final ASRS Standards **subject to the passage of legislation**





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our newsletter!



Thank You & Questions



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Implications for New Zealand entities

Dr Amelia Sharman

Director Sustainability Reporting, XRB



International alignment



Aotearoa New Zealand Climate Standards

“The ultimate aim of Aotearoa New Zealand Climate Standards is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.”

Governance

Disclose the oversight of an entity's governance body, and the role management plays.

Strategy

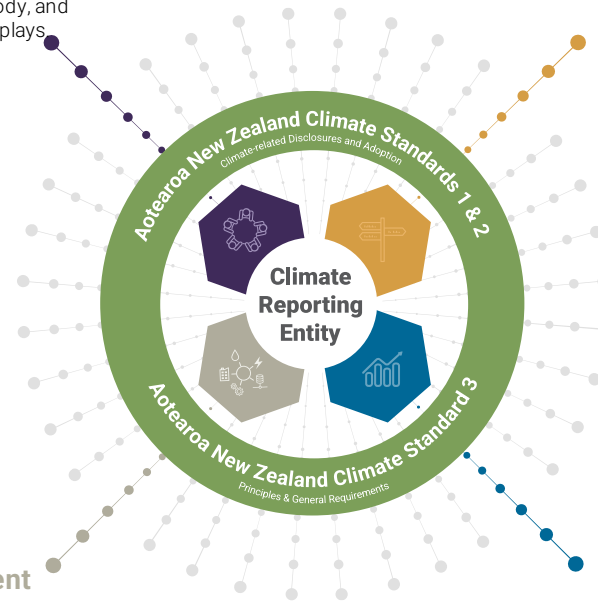
Disclose how climate change is currently impacting an entity and how it may do so in future.

Risk Management

Disclose how an entity identifies, assesses and manages climate-related risks.

Metrics & Targets

Disclose the metrics and targets an entity uses to measure and manage climate-related risks and opportunities.



NZ CS are internationally aligned

- We consider NZ CS are internationally aligned

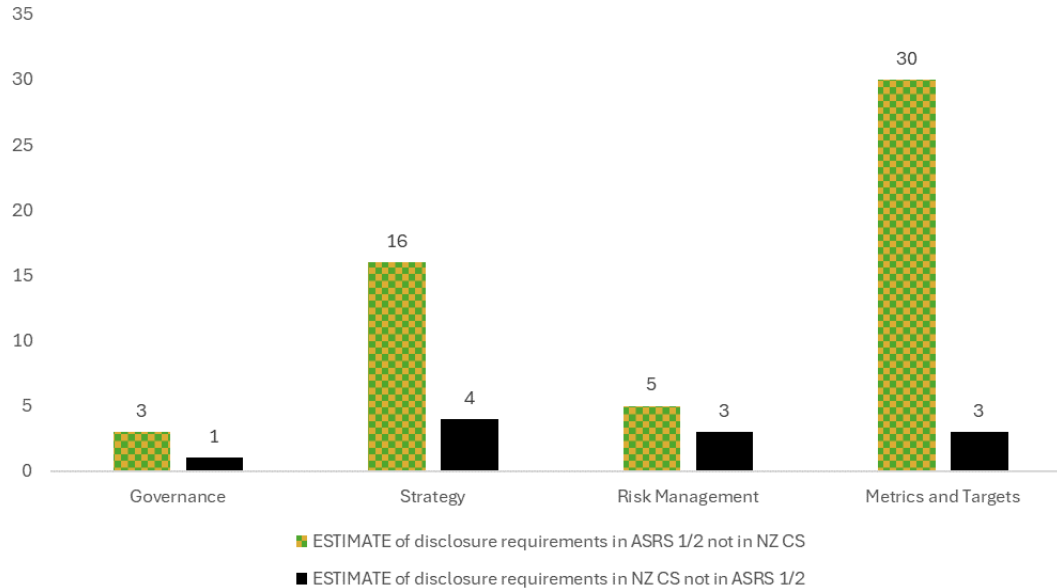
Overall, there is a strong degree of alignment in the core content in NZ CS 1 and IFRS S2... There is also significant alignment between the concepts and general requirements...

However, there are many differences in detail which mean that if an entity applies IFRS S1/S2 it will not necessarily comply with NZ CS, and vice versa.

Many of the disclosure requirements in IFRS S1/S2 include additional specificity on the disclosure itself or require the disclosure of additional items of information to NZ CS.



What about Australia?



Estimated additional Australian disclosure requirements include:

- Additional information relating to current financial impacts
- A climate resilience assessment, and for that to be conducted annually
- The requirement for scenario analysis to be quantitative
- Risk management disclosures to include opportunities disclosures
- Specific information regarding financed emissions
- Revision of comparatives for changes in estimates

Implications for New Zealand entities



- Our aim is that, for the most part, an entity can use its NZ CS disclosures to meet other disclosure requirements
 - NZ CS 1 is “intended to be short and succinct, focusing more on high-level areas for disclosure, rather than being overly prescriptive”
 - Specific requirements (e.g., use of GHG Protocol etc.) can be used to meet requirements in NZ where the equivalent is not specified
- Legal and dual listing status will matter (i.e., is your entity foreign exempt?)
- Providing feedback to the FMA on a forthcoming information sheet for climate reporting entities also reporting against international climate-related disclosure standards

NZ CS remain mandatory

- *“The XRB is committed to providing regulatory certainty to New Zealand entities. NZ CS, as issued in December 2022, are the mandatory climate-related disclosure standards for Aotearoa New Zealand and will remain so.”*
- We have committed to beginning a post-implementation review of NZ CS by December 2025
 - *“One aspect of that review will be to determine whether there is any need to modify NZ CS to further align with any existing or forthcoming requirements adopted by other relevant jurisdictions”*



XRB position statement: International alignment of climate reporting

November 2023

The External Reporting Board (XRB) was enabled by the Financial Sector (Climate Related Matters and Other Matters) Amendment Act 2021 (the Act) to issue a climate-related disclosure framework. In response, the XRB issued Aotearoa New Zealand Climate Standards (NZ CS) in December 2022. NZ CS apply to climate reporting entities as identified in the Act.

We are aware that other jurisdiction-level climate-related disclosure requirements are of interest to New Zealand entities, including existing and forthcoming requirements in Australia, Europe, Asia and North America. International alignment of reporting standards is an important consideration for the XRB. It ensures we keep pace with international practice, enables access to international capital and reduces unnecessary regulatory burden for entities operating in multiple jurisdictions.

We are also aware that other, voluntary, international climate-related disclosure frameworks and standards are of interest, including the:

1. recommendations of the Task Force on Climate-related Financial Disclosures;
2. climate-relevant standards of the Global Reporting Initiative (GRI); and
3. climate-relevant aspects of the International Sustainability Standards Board (ISSB)'s standards.

Based on our analysis, we consider there is a high degree of interoperability between NZ CS and the TCFD recommendations and the ISSB standards.¹ The GRI is currently reviewing its climate change topic standard.²

The XRB is committed to providing regulatory certainty to New Zealand entities. NZ CS, as issued in December 2022, are the mandatory climate-related disclosure standards for Aotearoa New Zealand and will remain so.

We are paying close attention to the work of other jurisdictions as they each approach establishing their own mandatory climate-related disclosure requirements in line with their own unique climate policy settings. In the short term, we will keep the issue of international interoperability under review by continuing to monitor these jurisdictions and issuing further comparison documents as necessary. We have committed to beginning a post-implementation review of NZ CS by December 2025. One aspect of that review will be to determine whether there is any need to modify NZ CS to further align with any existing or forthcoming requirements adopted by other relevant jurisdictions.

¹ For example, see the comparison issued between NZ CS and IFRS S1/S2 which identifies the climate-relevant aspects. [link](#)

² The GRI issued its exposure draft in November 2023. [link](#)

Pātai?

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Climate Standards here

