



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Climate-related disclosures New Zealand experience

Sharm el-Sheikh Dialogue

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Contents

#

Key information



The New Zealand climate standards



Implementation experience



International comparability

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

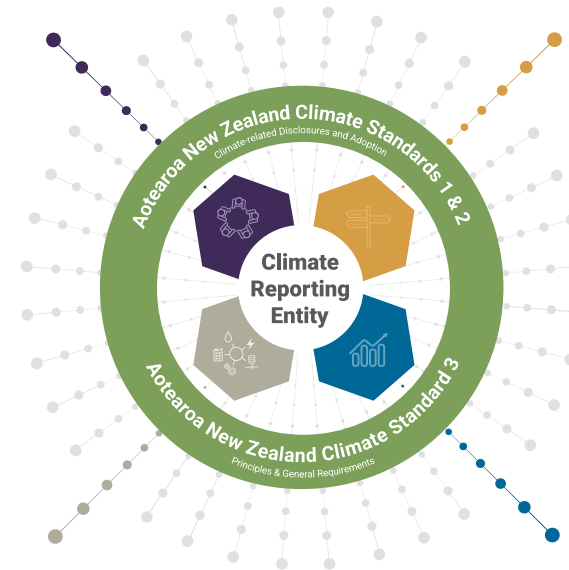
Disclose how climate change is currently impacting an entity and how it may do so in future.

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.



A lot of great work has been done

(of the ~40 we have read)



A goldmine of insights

- Clear transparency between entities' journeys
- Mandatory regime is shining a light on governance and risk management
- Entity-specific climate-related risks and opportunities, and climate-related scenario analysis



Valuable for the entities

- Rich internal discussions
- Enabler of change toward greater climate awareness and resilience



Sectoral cooperation

- Sector scenarios exercises were a great way to get everyone started and familiar with climate-related scenario analysis
- Some Australian sectors appear interested in replicating the approach (e.g. tertiary education)

Early signals of areas for improvement

(of the ~40 we have read)



Conservative advice

- Overly-conservative advice can work against the regime's intent
- Engage early with the auditor to understand the challenges of a regulated regime



Connectivity

- Connectivity with financial reports
- Connectivity with related entities disclosures (i.e. group and branches)



Focus on primary users

- Primary users are key to materiality
- Compliance is critical as well as insights
- The 'so what?' is still in development (resilience and transition planning)

Evaluation and post-implementation review of NZ CS

- Effectiveness evaluation
 - underway by the University of Otago
 - to assess the effectiveness of Aotearoa New Zealand Climate-related Disclosure Framework in meetings its purposes
 - Interim report has been published
 - Final report to be published late 2025
- Post-implementation review
 - XRB have committed to beginning a PIR by December 2025

Climate and Energy Finance Group
(CEFGroup)



EFFECTIVENESS EVALUATION OF THE AOTEAROA NEW ZEALAND CLIMATE-RELATED DISCLOSURE FRAMEWORK

INTERIM REPORT – EVALUATION METHODOLOGY DESIGN & BASELINE ASSESSMENT

A RESEARCH BRIEF PREPARED BY DR SEBASTIAN GEHRICKE, PROFESSOR SARA WALTON AND DR RENZHU ZHANG

JANUARY 2024

As part of the research programme “the effectiveness evaluation of the Aotearoa New Zealand Climate-Related Disclosure Framework”, this research brief report outlines the progress and findings of stages 1-3 as at December 2023. First the brief provides a literature review, which supports the theory of change. This is followed by the methodology development to date and a range of initial results and insights. Specifically, this report outlines the results from the interviews, initial results from the survey and some preliminary statistics on voluntary climate-related reporting in New Zealand to date.

<https://www.xrb.govt.nz/dmsdocument/5141/>

International comparability



- Not as comparable as financial reporting
- International standards are based on the TCFD recommendation
- Tension with jurisdictional policy objectives



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