



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Climate-related disclosures

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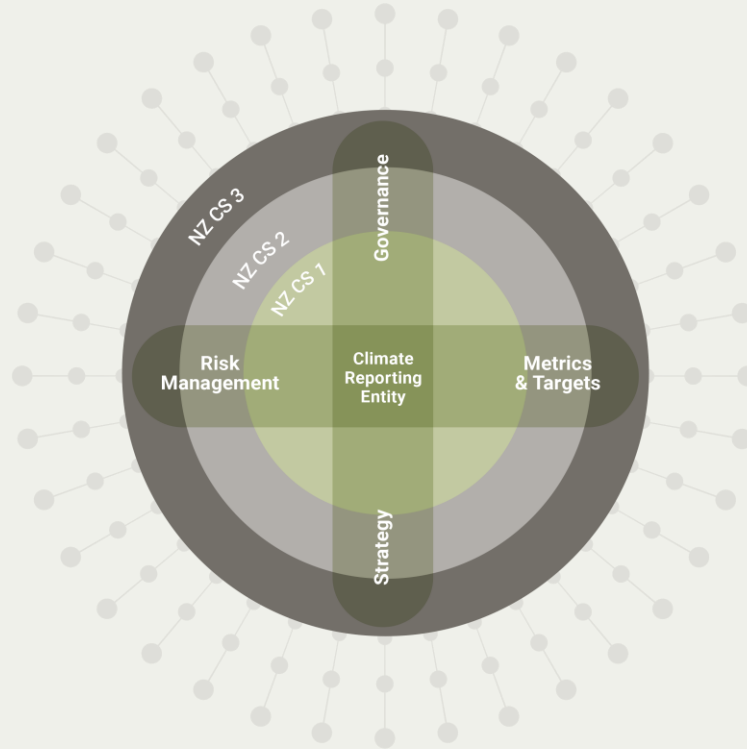
Chapter Zero: Directors lens on disclosures

24 May 2022



The Climate-related Disclosures Framework

Aotearoa New Zealand Climate Standards (NZ CS) 1, 2 & 3 work together as a package. NZ CS 1 details the specific disclosure requirements, NZ CS 2 provides minimum disclosure requirements for first time adoption, and NZ CS 3 provides the principles and general requirements that must be considered across all disclosures.



Today's presentation



What are climate reporting entities and what do they need to do?



What is the climate-related disclosure framework?



How can you get ready for the disclosure regime?

Who are climate reporting entities?

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.

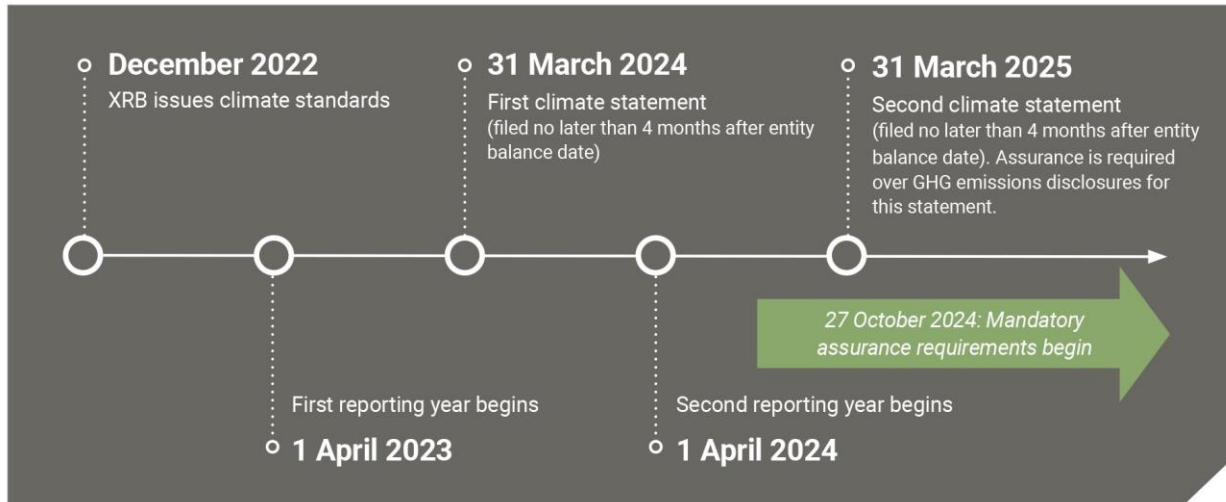
Large listed debt or equity issuers = market capitalisation of over \$60 million

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

What do climate reporting entities need to do?



- Provide climate statements that comply with the disclosure requirements in Aotearoa New Zealand Climate Standards
- Example timeframe for a 1 April to 31 March climate reporting entity:



What are the disclosures?

The climate-related disclosure framework is made up of three standards
(together these are Aotearoa New Zealand Climate Standards)

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

Disclosure areas

Governance

Governance body oversight and management assessment and management of climate-related risks and opportunities

Strategy

The impacts of climate-related risks and opportunities on the entity's business model, strategy and financial planning

Risk Management

How an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated in existing risk management processes

Metrics and Targets

How an entity measures and manages its climate-related risks and opportunities

Governance

Summary of proposed section

Objective

To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.

Disclosures

- The identity of the governance body responsible for oversight of climate-related risks and opportunities
- A description of the governance body's oversight of climate-related risks and opportunities
- A description of management's role in assessing and managing climate-related risks and opportunities



Risk Management

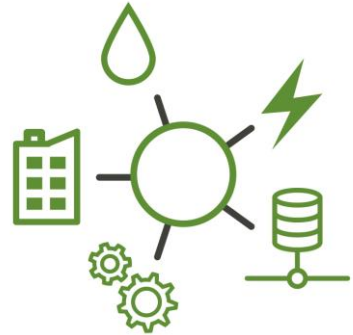
Summary of proposed section

Objective

To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated in existing risk management processes.

Disclosures

- For both transition and physical risks:
 - a description of its processes for identifying, assessing and managing climate-related risks
 - a description of how, its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes



What are climate-related risks and opportunities?



Strategy

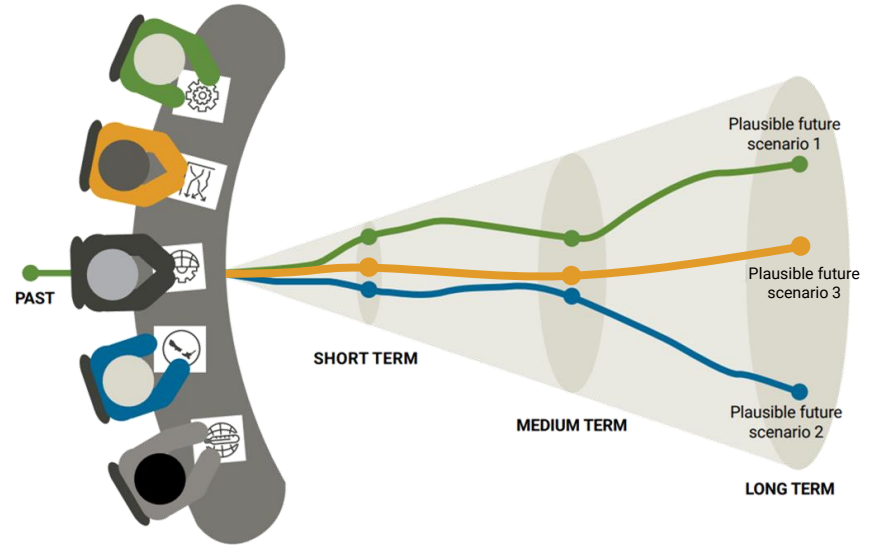
Summary of proposed section

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°C and a greater than 2°C scenario)
- The methodologies and assumptions relating to scenario analysis



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

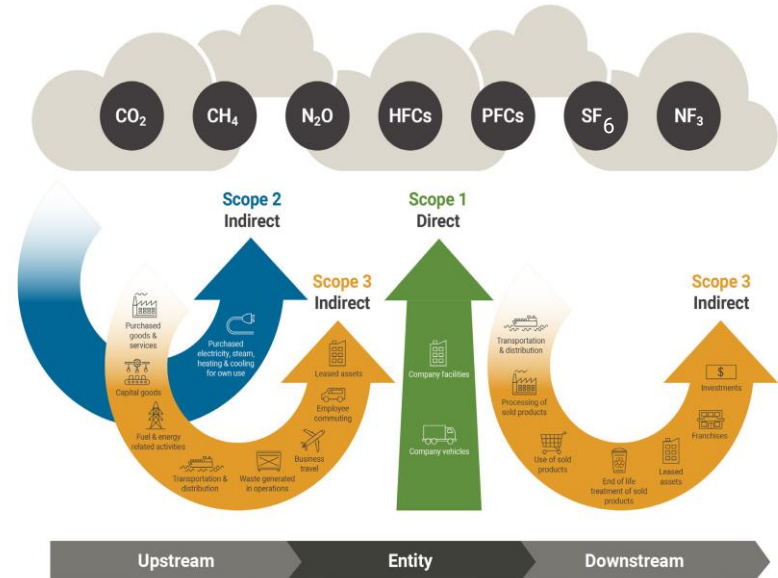
- Cross-industry metrics including GHG emissions (gross scopes 1, 2, and 3)
- Industry-metrics and/or entity-specific metrics used

Targets

- Targets used and performance against targets

Methodologies and assumptions

- Methodologies and assumptions used in calculations
- Significant estimation uncertainties



How can you get ready for the disclosure regime?

- Understand the terminology
- Get started on measuring your emissions
- Get to grips with scenario analysis
- See what others have done



Transition risks & opportunities

Policy & regulatory

Liability

Consumer preferences

Technology

Market shifts

Westpac NZ Climate Risk Report.

November 2020.

Climate Change Related Disclosure Meridian Energy Limited FY21

Prepared in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)

November 2021

Meridian.

Accelerating biodiversity loss

Q&A

Visit: xrb.govt.nz/standards/climate-related-disclosures

Contact: climate@xrb.govt.nz

Connect: [linkedin.com/company/external-reporting-board](https://www.linkedin.com/company/external-reporting-board)

