

Climate-related Disclosures Information Sheet

What's Required?

The Financial Markets Conduct Act 2013 requires entities to prepare climate statements that comply with the Climate-related Disclosure framework.

The External Reporting Board released the following three standards in December 2022:

- Aotearoa New Zealand Climate Standard 1 Climate-related Disclosures (NZ CS 1)
- Aotearoa New Zealand Climate Standard 2 Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)
- Aotearoa New Zealand Climate Standard 3 General Requirements for Climate-related Disclosures (NZ CS 3)

These standards set out the framework that Climate Reporting Entities need to comply with when drafting their climate statements.

The Aotearoa New Zealand Climate Standards are based on the four thematic areas of the Taskforce on Climate-related Financial Disclosures (TCFD): Governance, Strategy, Risk Management and Metrics and Targets.

Why?

The ultimate aim of the 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. In addition to the statutory reporting requirement stakeholders, such as investors or funders may require climate-related information to be disclosed.

By providing relevant, reliable and comparable information* to investors and other stakeholders, entities will be able to demonstrate how they are managing their climate-related risks and opportunities and preparing their organisations to transition to a more climate-resilient business model.

* Climate-related disclosures require significant judgement and disclosures may not always be comparable between entities, particularly at the start of the regime.

When?

Climate statements are required to be prepared for accounting periods that start on, or after, 1 January 2023 (i.e. 31 December 2023 year ends onwards).

Assurance over the GHG emissions disclosures within these climate statements is required for accounting periods that end on, or after, 27 October 2024 (i.e. 31 October 2024 year ends onwards with most entities requiring assurance over this information in their second year of reporting).

Now, for tomorrow



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Who needs to prepare climate statements?

All Climate Reporting Entities (CREs) need to prepare climate statements.

CREs are large publicly listed companies (i.e. market capitalisation over \$60 million), large licensed insurers, banks, non-bank deposit takers and managed investment scheme (MIS) managers (large means having over \$1 billion in assets or for insurers \$1 billion in assets or premium income over \$250 million per annum).

What's happening internationally?

The International Sustainability Standards Board (ISSB) issued the following two standards in June 2023:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

These standards are effective for accounting periods beginning on, or after, 1 January 2024 (i.e. a year after the New Zealand standards take effect).

The disclosure requirements of the ISSB and New Zealand climate standards are broadly similar and are both based on the four thematic areas of the TCFD. The XRB prepared a comparison of the New Zealand and ISSB proposals in July 2022 and is updating this comparison now that both the New Zealand and ISSB standards have been released.

Can you help me?

Yes, we can! If you need assistance with preparing your first climate statement, creating a project plan for your entity to understand its climate-related risks and opportunities and manage these, would like assurance over your GHG emissions or your climate-related disclosures or just want someone to give you a steer in the right direction please get in touch.