



## Summary of main changes to Aotearoa New Zealand Climate Standards following consultation<sup>1</sup>

The following summarises the main changes the XRB Board made to the standards as a result of feedback received on the exposure drafts.

### Climate-related disclosures (NZ CS 1)

1. Moved the strategy disclosure on time horizons to the section on anticipated impacts and financial impacts— as disclosure is about time horizons for anticipated financial impacts
2. Replaced ‘financial planning processes’ with ‘internal capital deployment and funding decision-making processes’ to avoid conflicting with the typical use of the term by MIS Managers
3. Reworked the disclosure on targets aligned with science to provide greater clarity for entities. The new disclosure links with the scenario analysis requirement for a 1.5 degrees scenario and the Climate Change Response Act
4. Reinstated the greenhouse gas disclosure requirement for an entity to disclose the source of emission factors and the global warming potential rates used – in direct response to feedback that is useful information and acknowledging no imposition of additional work for an entity

### Adoption of Aotearoa New Zealand Climate Standards (NZ CS 2)

1. Clarified that:
  - a) some adoption provisions may only be used when an entity enters the regime for the first time, but others (relating to comparatives for metrics and analysis of trends) can be used each time an entity enters the regime. ‘First-time’ was also removed from the title of the Standard
  - b) an entity making use of the one-year exemption for disclosure of scope 3 GHG emissions may apply this to either all its scope 3 GHG emissions sources, or a selected subset of its scope 3 GHG emissions sources
2. Added an adoption provision for comparatives for scope 3 GHG emissions

### General requirements for climate-related disclosures (NZ CS 3)

1. Removed consistency from the presentation principles, revised consistency as an information principle, and moved balance from the information principles to the presentation principles
2. Removed the ability for an entity to cross refer to a website due to the practical limitations of meeting the legislative requirement to deliver climate statements to the Companies Office for lodgement on the relevant register
3. Amended the definition of material by deleting the link to ‘enterprise value’ so that the definition of material can be applied by a wider range of entities including public benefit entities and MIS Managers, and to better align with international and other domestic definitions. Also removed definition of, and other references to ‘enterprise value’
4. Clarified that an entity does not have to disclose comparatives for a new metric
5. Reworked the disclosures on methods and assumptions, and data and estimation uncertainty – added an explicit reference to data uncertainty

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<sup>1</sup> This is a high-level summary, we recommend reading the Basis for Conclusions on each Standard for more detail on the XRB Board’s considerations in developing the Standards and reasons for accepting particular views and rejecting others.

