



# Wrap up / Looking ahead

CLIMATE-RELATED DISCLOSURES | WEBINAR 4

—  
3 DECEMBER 2024



# FUELLING PROSPERITY

We passionately believe that the flow-on effect from focusing on helping **fuel the prosperity** of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

# Your KPMG hosts



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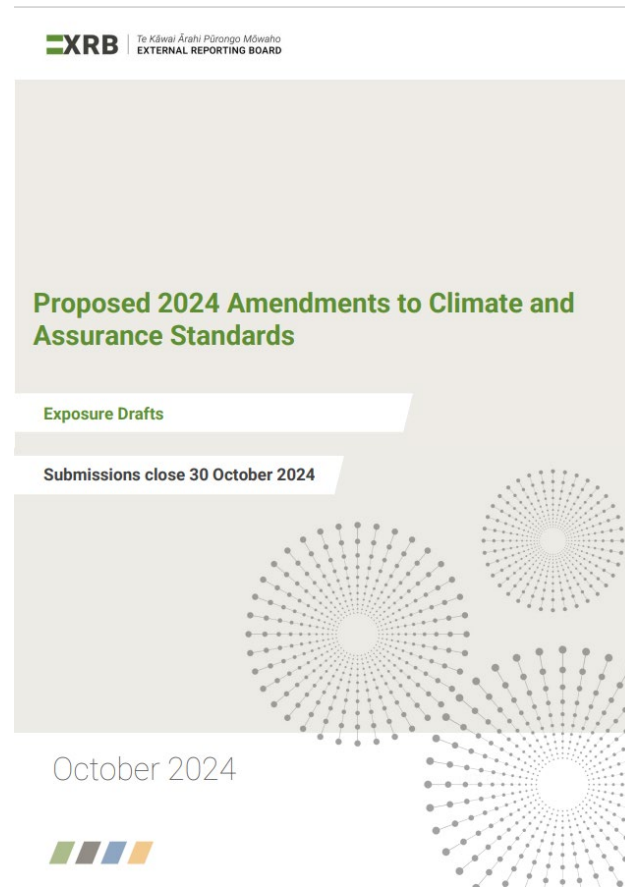
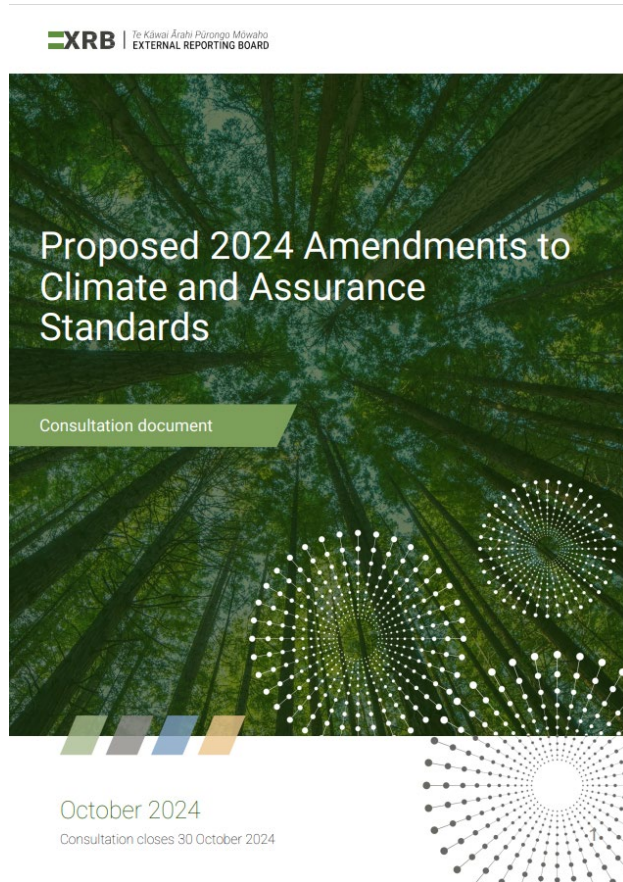
**01.** Outcome of the XRB's consultation

**02.** Wrapping up year 2

**03.** Getting ready for year 3



# Outcome of recent XRB consultation



## PART ONE: PROPOSALS

4. Proposal 1: Delaying mandatory scope 3 GHG emissions disclosure
5. Proposal 2: Delaying mandatory scope 3 GHG emissions assurance
6. Proposal 3: Delaying anticipated financial impact disclosure
7. Proposal 4: Delaying transition planning disclosures

## PART TWO: SUPPORTING THE CRD REGIME

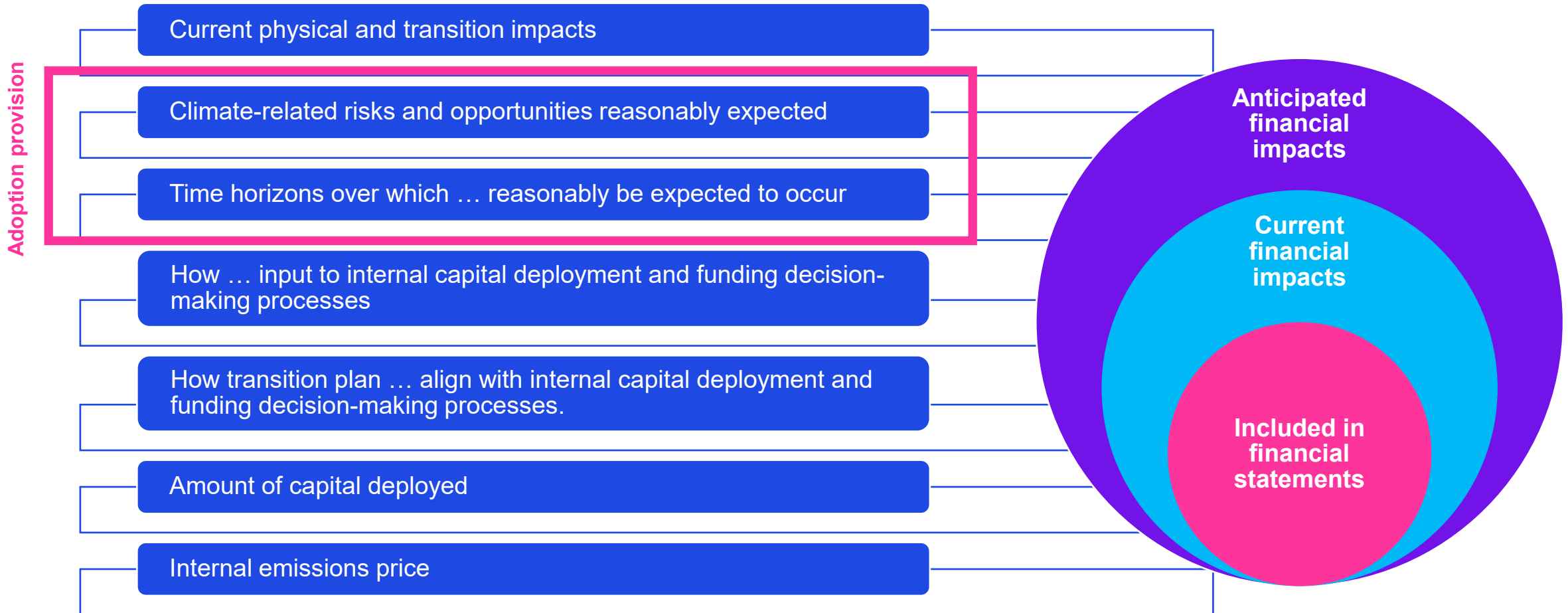
8. What else are we doing to support the CRD regime in 2025?



...call to action!!!

# Quantification disclosures

“The translation of impacts into current or anticipated impacts on financial performance, financial position and cash flows.”





# Lessons from the front line

October 2024

- ❑ **Frank reflections**
- ❑ **Practical advice on climate reporting – including thoughts for year 2**
- ❑ **Moving beyond compliance / leverage the opportunities**
- ❑ **Voluntary reporters / new starters**

**01.** Outcome of the XRB's consultation

**02.** Wrapping up year 2

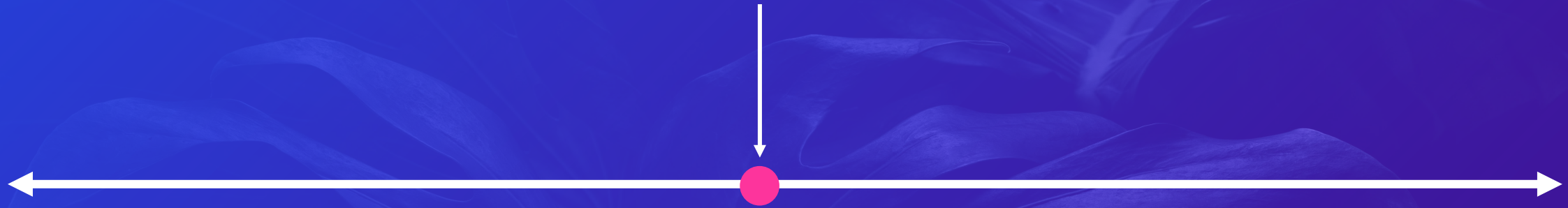
**03.** Getting ready for year 3





# Year 2 disclosure

Balance date = transition plan



*Transition planning ongoing*

**Subsequent events**

# Disclosure objectives

**How** is the entity **positioning** itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future?

**How** an entity **measures and manages** its climate-related risks and opportunities to provide **for comparison** to other entities within a sector or industry?

# Transition plan – where you bring it together

Transition plan is an aspect of an entity's overall **strategy** that describes an entity's **targets**, including any **interim targets**, and **actions** for its transition towards a low-emissions, climate-resilient future.

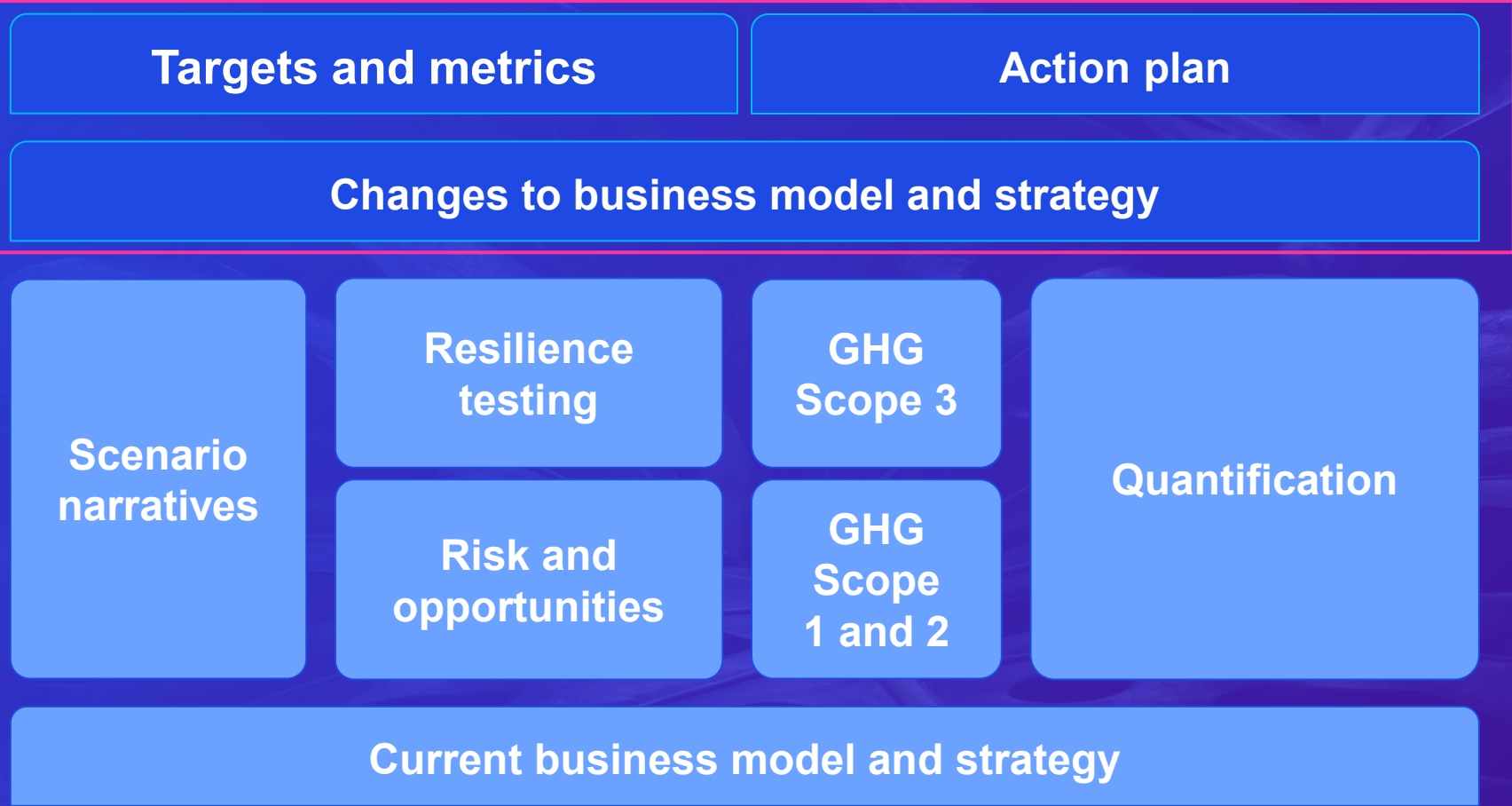


# Key disclosures to focus on

**How you will position yourself**  
in a low-emissions, climate-resilient future



# Picking up where we left off



**Transition plan aspects of the strategy**

# Making it real



**1. Put the plan into action**



**2. Leverage the team**



**3. See the carrot, not just the stick**

# 1. Put the plan into action

- ❑ Actions and targets are achievable...
- ❑ Properly resourced
- ❑ Assumptions, risks and mitigation strategies identified
- ❑ Use waypoints to guide you
- ❑ Systems and processes designed for the future



# From ambition to ~~reporting~~ action

Fear of “getting it wrong”

Metrics and targets (beyond scopes 1 and 2)



**COMPLIANCE**



**STRATEGIC**



**COURAGE TO COMMIT**

Business should not  
be as usual



## 2. Leverage the team

- ❑ Clear accountabilities for actions
- ❑ Ongoing regular check-ins / internal reporting cadence
- ❑ Review job roles, responsibilities and KPIs
- ❑ A culture of change



“

**The value is in all the conversations that  
were had to generate the report.**

Lindis Jones, CMinstD

Lessons from the front line report, 2024

”

# 3. See the carrot, not just the stick

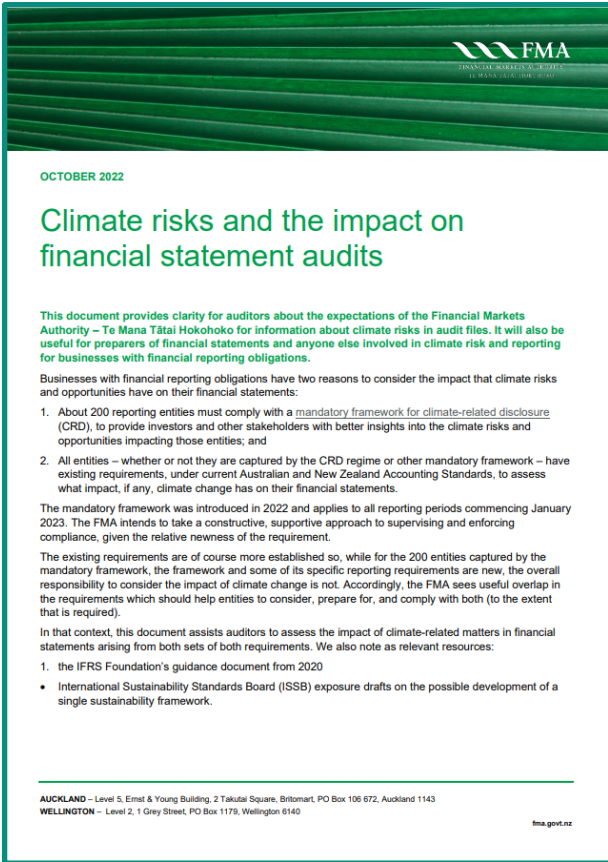
- ❑ Continue to build buy-in with opportunity-focused conversations
- ❑ Showcase wins regularly – no matter how big or small
- ❑ Be honest about progress but maintain optimism



# Revisit more learnings from year 1



# Climate-related information in the financial statements



**OCTOBER 2022**

## Climate risks and the impact on financial statement audits

This document provides clarity for auditors about the expectations of the Financial Markets Authority – Te Mana Tātai Hokohoko for information about climate risks in audit files. It will also be useful for preparers of financial statements and anyone else involved in climate risk and reporting for businesses with financial reporting obligations.

Businesses with financial reporting obligations have two reasons to consider the impact that climate risks and opportunities have on their financial statements:

- About 200 reporting entities must comply with a mandatory framework for climate-related disclosure (CRD), to provide investors and other stakeholders with better insights into the climate risks and opportunities impacting those entities; and
- All entities – whether or not they are captured by the CRD regime or other mandatory framework – have existing requirements, under current Australian and New Zealand Accounting Standards, to assess what impact, if any, climate change has on their financial statements.

The mandatory framework was introduced in 2022 and applies to all reporting periods commencing January 2023. The FMA intends to take a constructive, supportive approach to supervising and enforcing compliance, given the relative newness of the requirement.

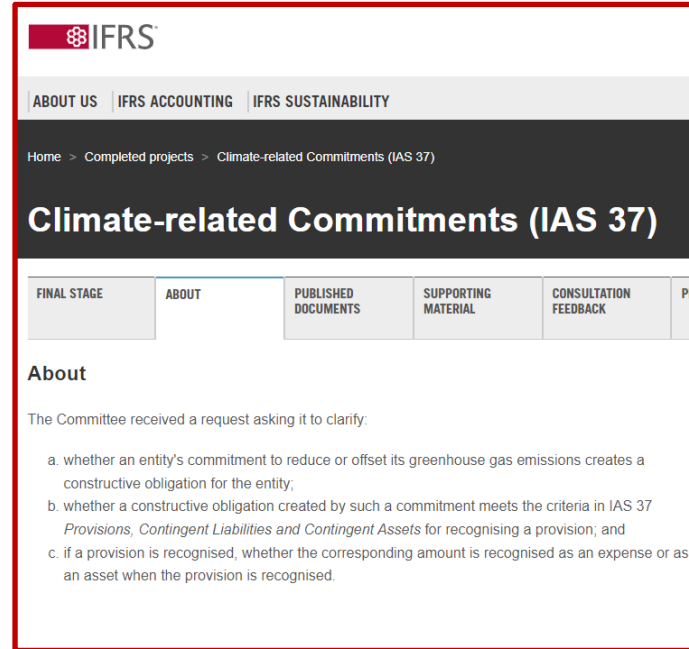
The existing requirements are of course more established so, while for the 200 entities captured by the mandatory framework, the framework and some of its specific reporting requirements are new, the overall responsibility to consider the impact of climate change is not. Accordingly, the FMA sees useful overlap in the requirements which should help entities to consider, prepare for, and comply with both (to the extent that is required).

In that context, this document assists auditors to assess the impact of climate-related matters in financial statements arising from both sets of both requirements. We also note as relevant resources:

- the IFRS Foundation's guidance document from 2020
- International Sustainability Standards Board (ISSB) exposure drafts on the possible development of a single sustainability framework.

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fma.govt.nz



**IFRS**

ABOUT US | IFRS ACCOUNTING | IFRS SUSTAINABILITY

Home > Completed projects > Climate-related Commitments (IAS 37)

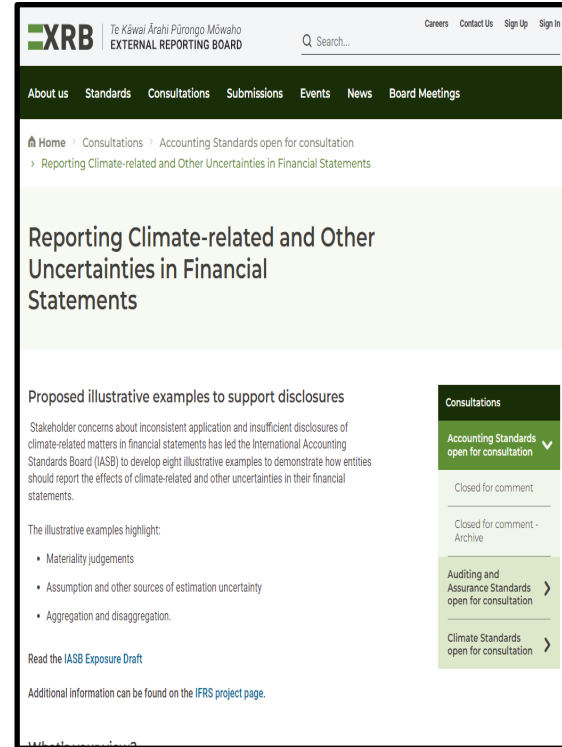
## Climate-related Commitments (IAS 37)

|             |       |                     |                     |                       |    |
|-------------|-------|---------------------|---------------------|-----------------------|----|
| FINAL STAGE | ABOUT | PUBLISHED DOCUMENTS | SUPPORTING MATERIAL | CONSULTATION FEEDBACK | PR |
|-------------|-------|---------------------|---------------------|-----------------------|----|

### About

The Committee received a request asking it to clarify:

- whether an entity's commitment to reduce or offset its greenhouse gas emissions creates a constructive obligation for the entity;
- whether a constructive obligation created by such a commitment meets the criteria in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for recognising a provision; and
- if a provision is recognised, whether the corresponding amount is recognised as an expense or as an asset when the provision is recognised.



**XRB** Te Kāwai Arahi Pūrongo Mōwaho  
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Home > Consultations > Accounting Standards open for consultation  
> Reporting Climate-related and Other Uncertainties in Financial Statements

## Reporting Climate-related and Other Uncertainties in Financial Statements

### Proposed illustrative examples to support disclosures

Stakeholder concerns about inconsistent application and insufficient disclosures of climate-related matters in financial statements has led the International Accounting Standards Board (IASB) to develop eight illustrative examples to demonstrate how entities should report the effects of climate-related and other uncertainties in their financial statements.

The illustrative examples highlight:

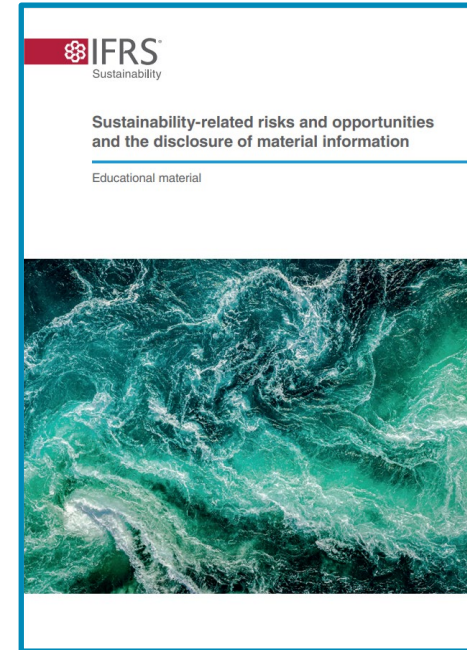
- Materiality judgements
- Assumption and other sources of estimation uncertainty
- Aggregation and disaggregation.

Read the IASB Exposure Draft

Additional information can be found on the IFRS project page.

**Consultations**

- Accounting Standards open for consultation
- Closed for comment
- Closed for comment - Archive
- Auditing and Assurance Standards open for consultation
- Climate Standards open for consultation



**IFRS**  
Sustainability

## Sustainability-related risks and opportunities and the disclosure of material information

Educational material

# Three key actions...

1. Get the accounting right
2. Get the financial statement disclosures right
3. Tell a connected story

## Example climate-related matter

Are you exposed to carbon-related regulation?

Do you take part in an emissions scheme?

Have you made a net-zero commitment?

Have you committed to purchase carbon credits?

Do you have polluting assets?

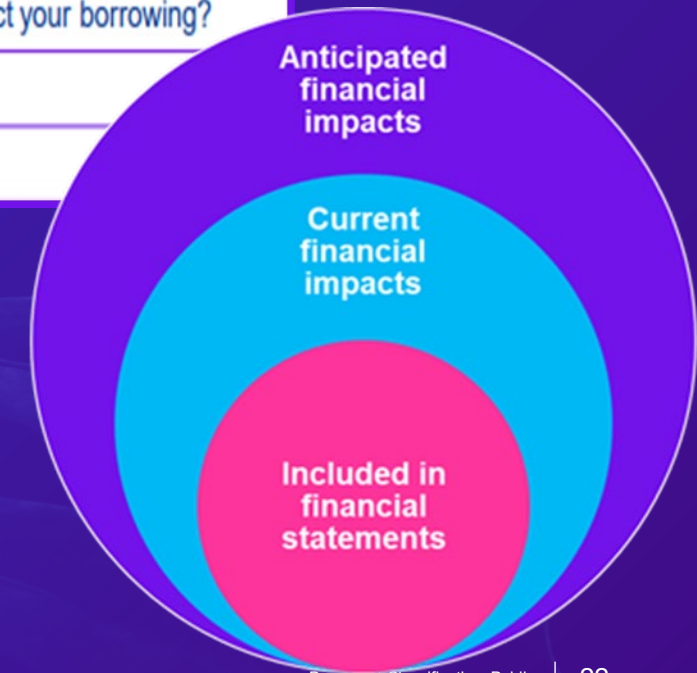
What about impairment testing and going concern?

What about your inventory and production costs?

How might climate-related matters affect your borrowing?

Do you provide financing?

What about your staff benefits?



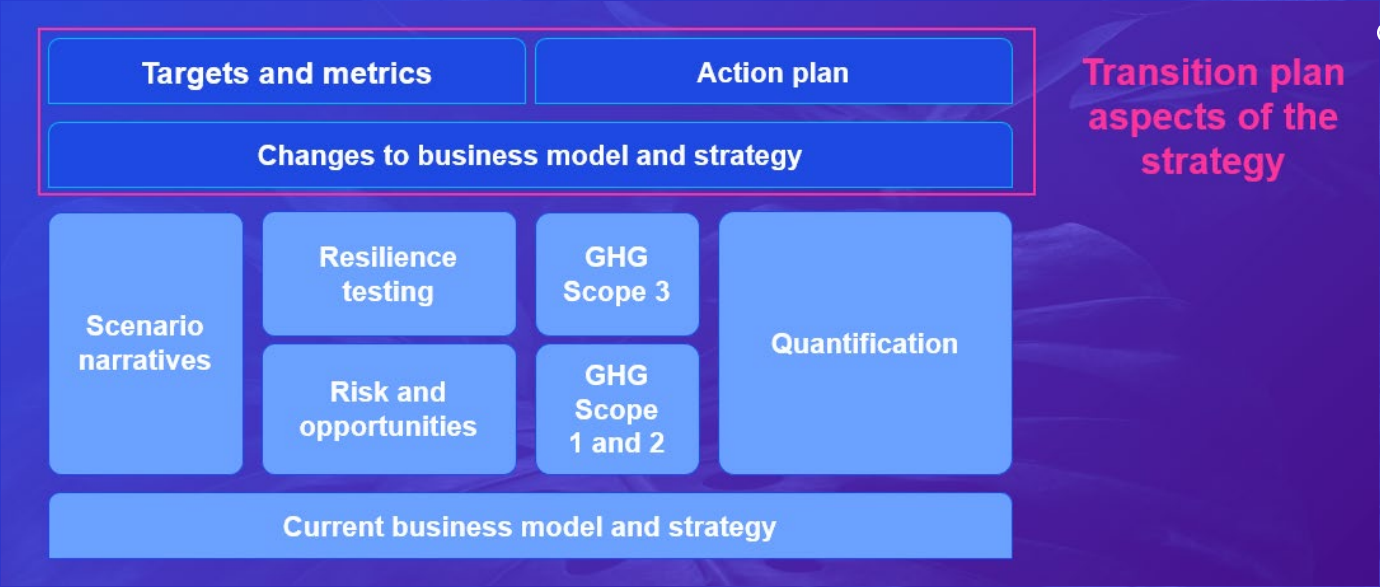
# Assurance

## Limited assurance over:

- **Gross greenhouse emissions (GHG) (all scopes) in metric tonnes of CO<sub>2</sub>e**
- **Standards and consolidation approach used**
- **The source of emission factors and the global warming potential (GWP) rates used**
- **Specification of any exclusions and justification of exclusion**
- **GHG emissions methods, assumptions and estimation uncertainty.**

Adoption  
provision

# What to disclose?



Greenwashing?

Greenwashing?

Greenhushing?



**01.**

**Outcome of the XRB's consultation**

**02.**

**Wrapping up year 2**

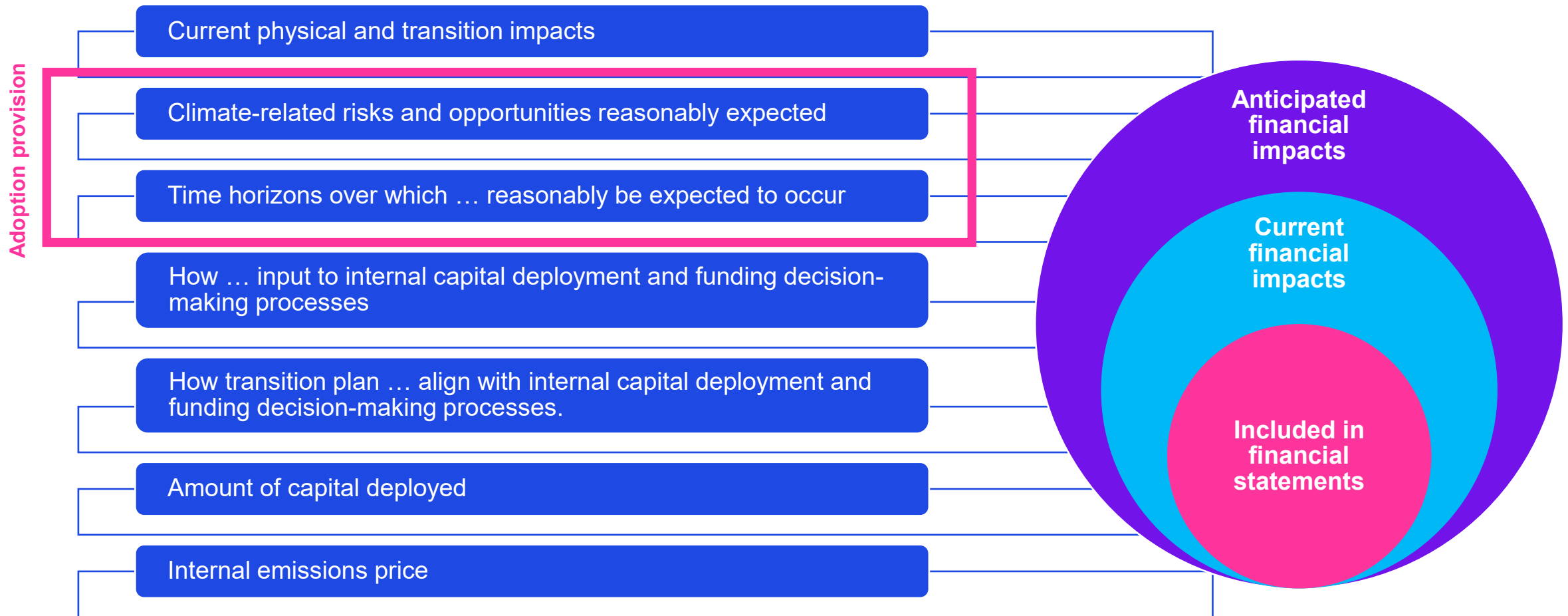
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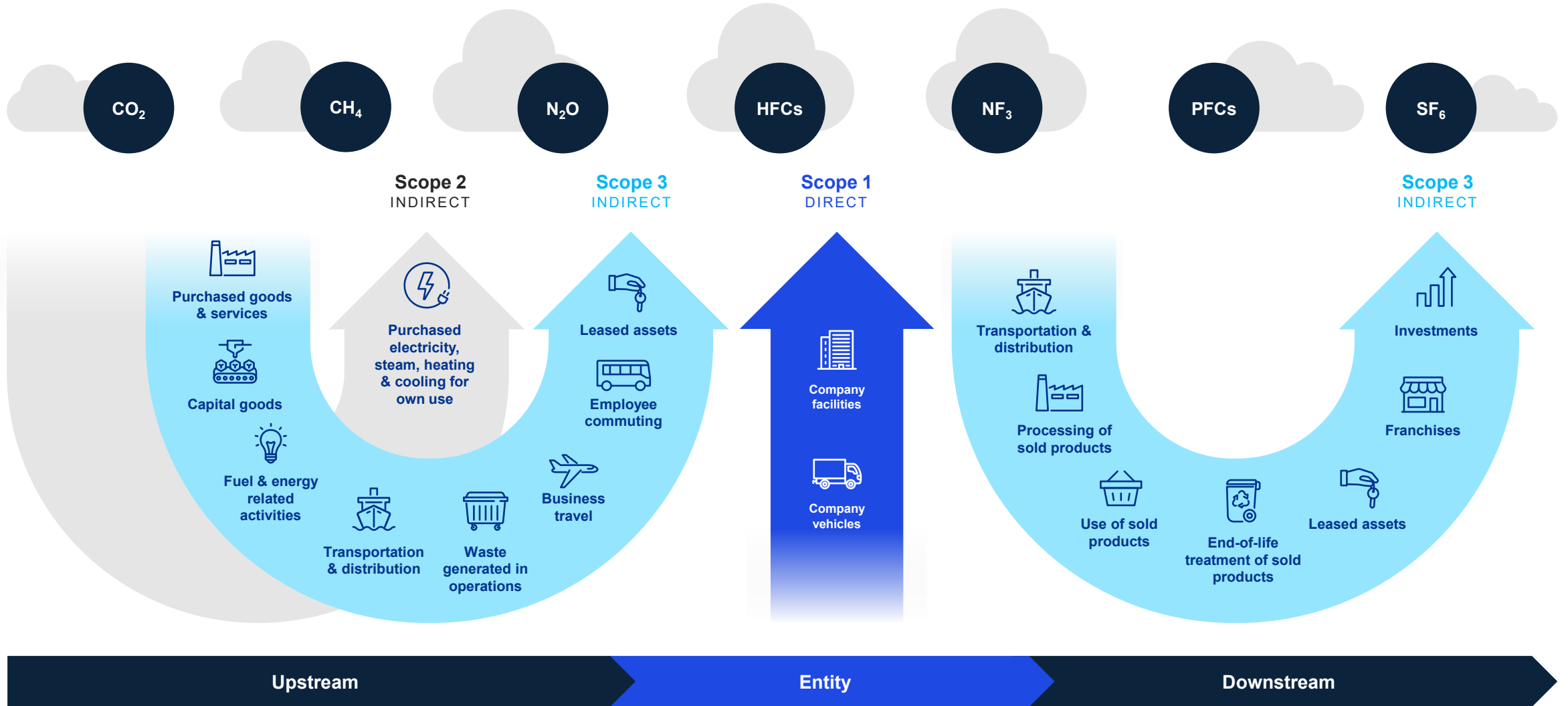


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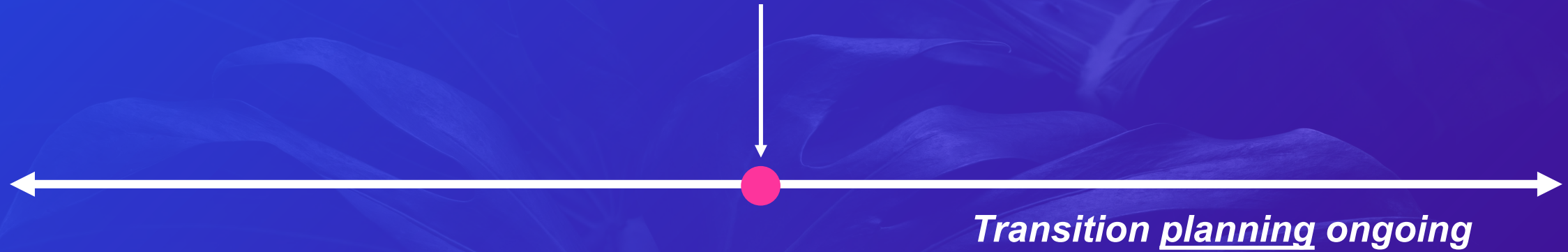


# Complete inventory – subject to assurance



# Year 2 disclosure

Balance date = transition plan



Subsequent events

*Transition planning ongoing*

# Questions?





# KPMG Survey of Sustainability Reporting 2024



# Thank You Ngā Mihi



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