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Aotearoa New Zealand climate disclosure must meet global best practice: new report

Reporting standards for New Zealand's landmark climate risk disclosure regime must match emerging global best practice. That will help ensure the country's economic competitiveness in international capital markets, according to new analysis from the Investor Group on Climate Change (IGCC).

The report, which studied the emerging international trends in the rules governing climate risk disclosure from companies, banks, investors and other market participants, finds several key trends emerging from major markets like Europe, Asia and the United States that should be incorporated into New Zealand reporting rules.

Based on leading international practice, and the opportunity to attract international capital:

- New Zealand's rules should require the reporting of emissions across the entire value chain, including Scope 3,
- Companies, banks and investors should expect increasing demands on assurance over reporting,
- New Zealand should require integration of climate risk and opportunity reporting into financial statements, and
- Firms should report their contribution to climate change in addition to their exposure to it (known as double materiality).

The development of reporting standards for New Zealand's climate risk disclosure regime is in its infancy, with IGCC's review finding that initial releases from the country's External Reporting Board (XRB) had to date reflected leading international practice.

IGCC CEO Rebecca Mikula-Wright, said: "Investors welcome that the XRB has tracked the rapid international developments on climate disclosure standards emerging from Europe, Asia, and the International Financial Reporting Standards Foundation."

The XRB is set to soon release their thinking on more complex and contested elements of the reporting standards, including on targets, assurance requirements and scenario analysis.

The IGCC's report notes the benefits to New Zealand if the new climate reporting regime is more than a box ticking exercise, instead producing market relevant information to reduce climate risk.

"Investors with international exposure will expect New Zealand companies to provide the same market critical information on climate risks as those investors get in other jurisdictions" said Mikula-Wright.

"Although New Zealand has its own unique economic characteristics, in a global market, any country looking to attract private capital investment should aim to stay ahead of international developments.



“Climate risk reporting by companies has accelerated since the Task Force on Climate-related Disclosures’ recommendations emerged in 2017, but the quality and comparability of this reporting has too often fallen well short of providing investors with the information they need to manage the climate risk in their portfolios.

“In response, many jurisdictions have begun mandating reporting rules like New Zealand is doing.

“New Zealand now has an opportunity to join the global leaders in climate reporting, setting a great example in the region, and helping its companies attract international capital investment.”

The report – *Climate disclosure: Lessons from global trends for Aotearoa New Zealand* – was prepared for IGCC by consultancy Te Whakahaere.

[A full copy can be downloaded here \(pdf\)](#)

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About IGCC

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments and the opportunities created by the transition to net zero emissions. IGCC represents institutional investors with total funds under management of approximately \$2.7 trillion in Australia and New Zealand and \$33 trillion around the world, and others in the investment community interested in the impact of climate change. IGCC members cover over 7.5 million people in Australia and New Zealand.

[IGCC’s submission to the XRB on the first tranche of draft reporting standards can also be found here.](#)