KPMG

Chapter Zero New Zealand
The Directors' Climate Forum

Institute of DIRECTORS
NEW ZEALAND

Sustainability reporting

A guide for boards and leadership

March 2025

Constantly evolving frameworks, standards and guidance can make it difficult to know where to start, or how to progress on your sustainability reporting journey.

It is important to remember that sustainability reporting should not be a tick box exercise; it can and should create value for your organisation and stakeholders. Every organisation's journey will be different; the key is to focus on your aspirations and tailor your approach to what will work for you. As you work through this guide, take the time to reflect at each step on what is important to your circumstances.

This interactive guide is designed to support directors and executive leadership, from organisations of all sizes, who are looking to report externally on non-financial matters. It can help you plan and deliver on sustainability reporting, irrespective of where you are on the journey. It outlines a structured way to approach reporting, and gives practical advice, useful resources and examples to guide you and your teams along the way.

The guide is broken down into two parts:

- Establishing your foundations: what you need to have in place to get started with sustainability reporting.
- Setting an action plan: a tailorable approach to building your own action plan for your sustainability report whether you are just getting started or wanting to take the next step(s).

> "Reporting on sustainability does not have to be difficult, you can start small and progress at your own pace."

Sustainability reporting foundations

What must you have in place to start reporting on sustainability?

05 Action plan

Understanding what you will include, how you will gather the information and who will do what, will ensure you have as smooth a process as possible when it comes to producing the report. See the next page for an example of a 'plan on a page'.

02 Value

To support the investment required, the board and leadership team should clearly articulate the value of sustainability to the organisation.

03 Purpose & strategy

A clearly articulated purpose, goals and strategy is key to embedding sustainability initiatives (and reporting) into the organisation.

04 Stocktake

Sustainability reports should be a reflection of the initiatives that are already happening in your organisation. You will need to understand what you are already doing and what sustainability goals you are working towards.

01 Governance

Directors must be sufficiently engaged with sustainability topics and how these impact the organisation's strategy to ensure meaningful sustainability reporting.

Plan on a page

The table adjacent indicates foundational actions that are critical to getting started with external sustainability reporting, as well as actions that are higher effort and will help you take your reporting to the next level. You may wish to include this page at a board or management meeting for discussion and use it to mark which of the additional 'getting started' or 'stepping up' actions you intend to proceed with.

Click on each action in the table for more information you might need to consider when deciding the best approach for your sustainability reporting.

- ✓ *Foundations*
- *Getting started*
- *Stepping up*

Key actions	Include in action plan	Notes / considerations for future
Content		
Consider ESG* topics most strategically important to your business	✓	
Report on data you've already collected	✓	
Use commonly reported ESG topics		
Apply the principles of good reporting		
Consider your regulatory requirements		
Conduct a materiality assessment		
Consider reporting frameworks		
Connected reporting		
Set forward-looking targets		

Key actions	Include in action plan	Notes / considerations for future
Team & board		
Appoint a board sponsor	✓	
Appoint a reporting lead	✓	
Engage leadership and board		
Build a cross-functional team, led by a reporting project manager		
Assign responsibility at the board and executive level		
Data capture		
Manually gather data	✓	
Introduce automated data capture		
Assurance		
Consider independent assurance		

*Environmental, Social, Governance.

01 Governance

Engaged governance is a key foundational element of successful sustainability reporting. The sustainability report describes your organisation's purpose, strategy and the key actions being undertaken to achieve the strategic ambition. Therefore, directors must be engaged with the content and the process to ensure your sustainability report is reflective of the organisation's progress and leads to meaningful action.

Directors should be involved throughout the sustainability reporting process at the right time, and in the right way. In some areas, such as purpose and strategy, the board will 'own' the decisions and provide direction, while in other areas, such as the stocktake and detailed action plan, they will need to have effective oversight, sharing experiences and ensuring the organisation has the right resources to deliver successfully.

02 Value of sustainability reporting

To support the investment required, the board and leadership team must be clear on the value of sustainability reporting for your organisation. Sustainability reporting can and should add value; it is a mechanism to bring your stakeholders along on your sustainability journey.

A practical way you might consider the case for sustainability reporting is by understanding the value both to the organisation and stakeholders. Here are some examples of benefits which could be relevant. The key is to determine what these factors mean for your organisation.

Value to your organisation

- Demonstration of commitment to sustainability goals that support the long-term resilience of the organisation.
- Employee engagement and talent attraction to a clear and meaningful purpose.
- Platform to leverage brand and differentiation in the market.
- Performance enhancement driven by robust measurement and reporting against commitments.
- Communication tool for investors and potential investors to better understand your organisation.
- Platform to leverage brand and differentiation in the market.
- Proof of commitment to sustainability goals that enables access to new markets.

Value to your stakeholders

- Decision-making informed by the full story.
- Ability to compare the organisation to other entities.
- Understanding of the connectivity between the organisation’s business model, and the external environment, in particular critical dependencies and impacts.
- Enhanced confidence in the organisation’s long-term resilience.
- Building stakeholder trust through transparency.

Anthem

Communicating your message

Written by Jane Sweeney

Exectutive Chair, Anthem

Communicating to build brand equity and resilience
Sustainability reporting is an opportunity to showcase your commitment to positive environmental and social impact, build trust, and future-proof your brand. Yet, with growing scrutiny and the unpredictability of climate-related issues, effective communication becomes vital, especially during times of change.

Leveraging sustainability for brand enhancement
A robust strategy, transparently reported, can differentiate your organisation in the marketplace. Stakeholders are increasingly rewarding brands that demonstrate genuine and demonstrable environmental stewardship and social responsibility. Use reporting to tell a compelling story that highlights achievements and developments, such as emissions reductions, circular economy innovations, or diversity and inclusion milestones.

A brand's narrative can be strengthened by articulating your sustainability progress as part of an organisation's long-term vision. Showcase metrics alongside meaningful stories that resonate with your audience. For example, detail how a renewable energy initiative aligns with your business strategy, contributes to cost savings and contributes to New Zealand's climate goals. Communication like this enhances brand equity and inspires stakeholder confidence and loyalty. This is achieved by:

1. Showcasing a strong commitment to sustainability and good governance.
2. Differentiating your organisation by clearly articulating your purpose and long-term sustainability.
3. Demonstrating leadership in your industry by highlighting innovative approaches to addressing ESG challenges.

Communicating through change: Stay transparent
In a fast-evolving landscape, your organisation may encounter setbacks - unexpected regulatory changes, challenges meeting targets, or shifting market dynamics. Silence during such times can erode trust. Stakeholders expect transparency, even when the news isn't favourable.

Start by acknowledging the challenge. Be honest about the gap between goals and outcomes but maintain a focus on your commitment to progress. For example, if your carbon neutrality timeline has been extended due to supply chain disruptions, communicate the reasons clearly while emphasising steps to get back on track.

Proactively outline adjustments to your strategy, including revised timelines or newly prioritised commitments. Engage stakeholders with solutions-oriented messaging that reflects resilience and adaptability. Open forums, sustainability updates, and leadership Q&As can help maintain confidence and credibility.

Tips for communicating through change:

1. **Maintain open lines of communication, even in difficult times.**
2. **Explain changes in a timely fashion, using clear, accessible language.**
3. **Demonstrate adaptability by showing how you've responded to challenges.**
4. **Tailor communication to different stakeholder groups.**
5. **Use regular updates to maintain investor confidence.**

Sustainability reporting provides an opportunity to elevate your brand by showcasing impact and to reinforce trust by staying transparent when plans change. A thoughtful, consistent communication approach ensures your organisation is seen as a credible, committed leader in addressing global challenges.

03 Purpose & strategy

Good governance starts with purpose as it supports directors to guide their leadership team towards a long-term view. This is also a foundational element of good sustainability reporting. A clear purpose and strategy will help to embed your sustainability initiatives (and reporting on them) into your strategic decision making.

The first questions to ask yourself are:

1. Does your organisation have a clearly articulated purpose, goals and strategy?
2. Can these be easily translated into metrics and targets? When was the last time you reviewed these?

If you have done this recently, you can move onto the next step. If not, you should either start here and set the foundations or review your existing purpose, goals and strategy.

Determining purpose is the first pillar of The Institute of Directors (IoD) New Zealand's **Four Pillars of Governance Best Practice**.

The first pillar
Determining purpose

The second pillar
An effective governance culture

The third pillar
Holding to account

The fourth pillar
Effective compliance

04 Stocktake of what you are already doing

Sustainability reports should be a reflection of the initiatives already happening in your organisation. Understanding what information and processes you already have can guide what you report externally. Some helpful questions to ask yourself at this stage are:

- What sustainability information do we collect already to inform decision making?
  For example, you may already collect information about annual spend on electricity because the organisation is aiming to reduce greenhouse gas emissions and costs.
- What do we already share externally?
  For example, partnerships with community organisations or customer campaigns to promote repair and reuse of products.
- What data capture mechanisms do we currently use?
  For example, digital surveys on employee wellbeing.
- What approval processes do we already have in place?
  For example, could you use your existing financial statement approval process to review and approve your sustainability report?

Activity

Map initiatives to purpose, goals and strategy

As part of the initial stocktake, it can be useful to map current sustainability initiatives to your purpose, strategy and goals. This will highlight potential gaps, challenge the alignment of particular initiatives with your purpose, and ensure the resource allocated to each initiative is proportionate to the value it delivers.

This should be a pragmatic exercise and there will always be competing strategic pressures. The goal is to get a high-level overview of what you are already doing, a sense of why you have started in those areas, and when and where would be best to involve the board.

Sustainability initiative	Current resource allocated	How this supports our purpose, goals or strategy
Detail projects or work streams that are supporting social or environmental goals.	How many FTEs and how much external spend is currently allocated to this initiative?	Why are you doing this initiative? What benefit is it delivering to the business?
E.g. Pro bono support for non-profit organisations that align with our purpose.	E.g. 5% of revenue dedicated to pro bono resource.	E.g. Supporting organisations that align with our purpose builds our credibility and trust in the market.

05 Your reporting action plan

Your reporting action plan will be guided by the decisions you have made and the foundations you have already set. It will vary depending on your maturity, ambition, what is already being done within the organisation and anticipated level of investment.

There are four key aspects to your action plan to consider:

1. Content
2. Team & board
3. Data capture
4. Independent assurance

Key: Foundations | Getting started | Stepping up

5.1. Content

Foundations
Consider ESG topics most strategically important to your business

Think of the two or three initiatives that link clearly to your organisational purpose, strategy and business model. What information do you need to deliver on your purpose? What information do you need to inform and progress your business strategy? The aim is quality over quantity – your first report does not have to include all the initiatives being undertaken within the organisation.

This information goes beyond financial returns, examples could include:

- Staff training and development initiatives with multiple benefits including upskilling your workforce for higher quality delivery, increased productivity, enhanced employee satisfaction, increased retention and reduced absenteeism.
- If you are a manufacturer, you could focus on increasing circularity initiatives with multiple benefits such as lowering raw material reliance, reducing waste to landfill, reducing waste costs, reducing emissions and reducing supply chain disruptions.

Foundations
Report on data you've already collected

When conducting your stocktake of existing sustainability initiatives, you will likely uncover existing sustainability data that has already been collected.

A common first piece of data to report on is greenhouse gas (GHG) emissions, as entities commit to the de-carbonisation of their operations and their supply chains. Other common and relevant data points could include your gender pay gap, investment in employee training, or pro bono support for community organisations.

Remember that reporting is a point-in-time snapshot of your progress, and it is okay if you don't have metrics or targets in place yet for some of the topics you want to track in the future. Simply be honest that this is a priority for the year ahead.

Getting started
Use commonly reported ESG topics

Assess common metrics that others report, and start with these – **The Centre for Sustainable Finance – Toitū Tahua Starter for Ten** gives a good overview of what you might start measuring. Start with the metrics that are easiest for you to measure but remember the metrics should tie to the ESG topics that you have determined to be most strategically important to your business.

Getting started
Apply the principles of good reporting

Whether you use recognised frameworks to guide your reporting or not, the most important thing is that your report presents information that is useful to you and the reader. The principles of good reporting outlined in the table to the right will be helpful to bear in mind.

Achieving sustainability goals won't always be straightforward or go to plan, but you should be honest in your reporting to present a balanced view of the challenges you are facing and the action you are taking to address these challenges.

Getting started
Consider your regulatory requirements

Some entities will be captured by mandatory reporting requirements such as the Aotearoa New Zealand Climate Standards or Service Performance Reporting under PBE FRS 48 for not-for-profit entities. The objective of these standards is generally to require an organisation to articulate what it has done in the period in working towards their broader aims and objectives. It requires an organisation to set up systems and processes to support these reporting requirements and may be useful in determining the most important actions to take.

Principles of good reporting

You may encounter tension in the application of the principles so trade-offs may be necessary. The key is not to "tick them all off" but to make you consider what is most important to the reader about the information you are looking to present.

Relevance	Information is relevant where it is capable of making a difference in the decisions made by those reading the report.
Accuracy	Information is accurate if it is free from material error or misstatement.
Verifiability	Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it.
Comparability	Information is comparable if readers can understand the similarities and differences with information provided in previous reports, points of reference (such as targets or industry metrics) or information provided by other organisations.
Consistency	Information is consistent if the same metric, approach or method is used from reporting period to reporting period.
Timeliness	Information is timely when it is available in time to be useful for those reading the report.
Balance	Information is balanced if it is portrayed in a manner that is free from bias or is not manipulated to make it more likely that readers will receive that information favourably or unfavourably. This includes the use of imagery which may be misleading.
Understandability	Presenting information in a clear and concise manner.
Completeness	Presenting all information that is necessary for an understanding of the matter that it purports to represent and does not leave out details that could cause information to be false or misleading to readers.
Coherence	Presenting disclosures in a way that explains the context and relationships with other disclosures of the organisation such as financial reports or strategies.

Stepping up
Conduct a materiality assessment

First, identify all the stakeholders that matter to your business. These may include banks, investors, staff, customers, suppliers, regulators, policymakers, future markets, and NGOs. You may like to use a stakeholder mapping matrix for this.

Then create a plan to engage with these stakeholders - both internal and external - to find out what topics are important to them. Some may carry more weight because of their importance to your business.

Lastly, through qualitative and quantitative surveys, you can start to prioritise your most material topics by mapping the relative importance to stakeholders and the business. See the illustrative materiality matrix to the right for an example of this.

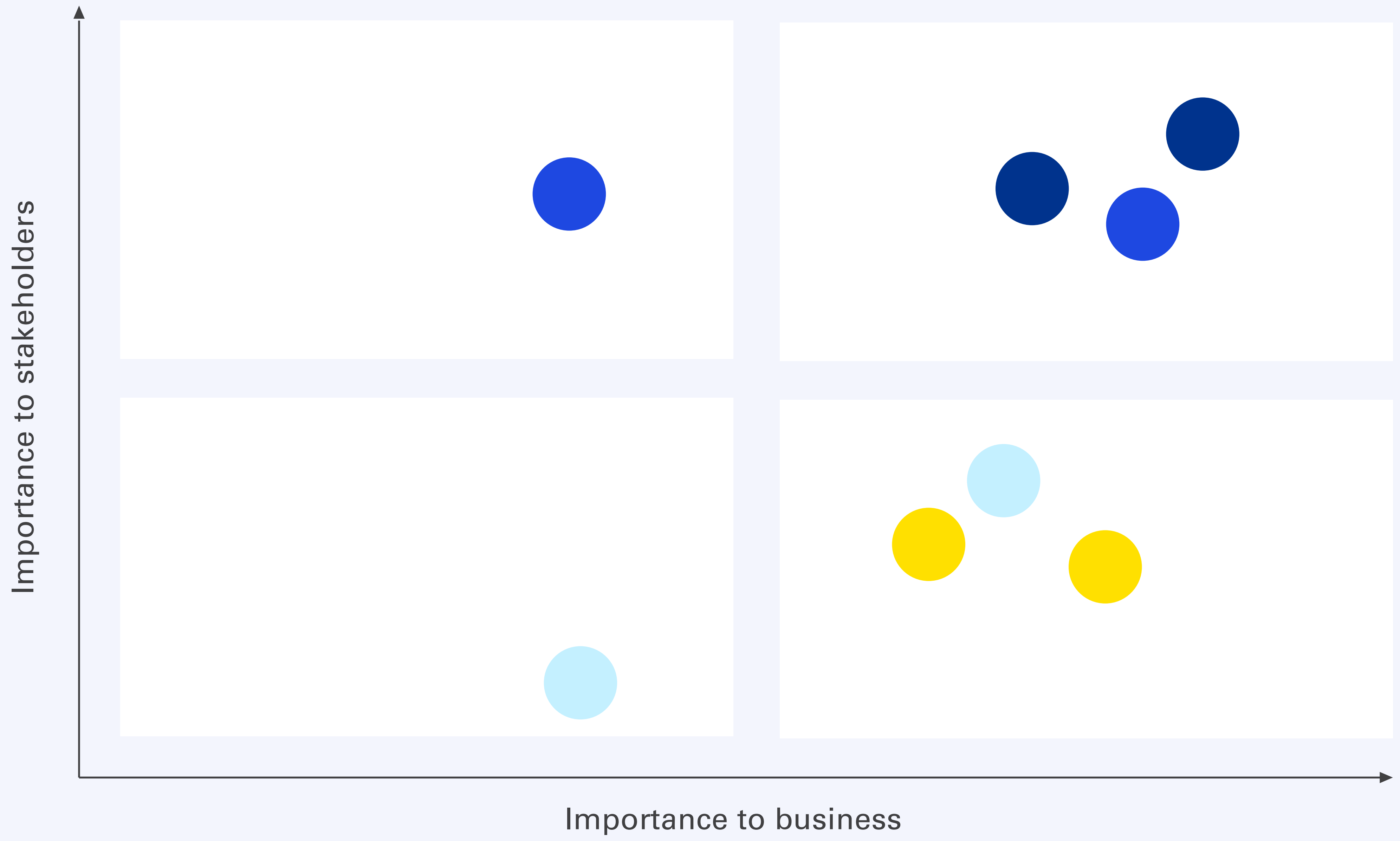
Stepping up
Consider reporting frameworks

Voluntary sustainability reporting frameworks can help guide your reporting, and the work behind it, for example the recently released He Tauira framework.

You may consider using elements of multiple frameworks, or you may set a path to full compliance with particular frameworks or standards. There is a wide array of frameworks that are continuously evolving.

The board and leadership team should consider the strategic benefits of different reporting frameworks for the business, such as alignment to client or investor markets, or industry best practice. An overview of frameworks and why you may choose them can be found in **Appendix A**.

Illustrative materiality matrix



Illustrative material topics

1. *Waste*
2. *GHG emissions*
3. *Circular economy*
4. *[...]*

1. *Human rights*
2. *Diversity, equity and inclusion*
3. *[...]*

1. *Supply chain management*
2. *ESG governance*
3. *[...]*

He Tauira

The External Reporting Board (XRB), has released a draft version of He Tauira, accompanied by a getting started guide, Mā te mahi. He Tauira is a voluntary conceptual reporting framework specifically designed to guide entities in Aotearoa New Zealand to consider how they articulate their long-term intergenerational impact, through a distinctive lens examining their operations and their broader relationships with the external world. Find out more and access their resources here. **Sustainability Reporting » XRB**

Stepping up
Connected reporting

It is important that your reporting demonstrates connectivity - that the stories you are telling, the case studies you share, and the metrics you disclose across all of your corporate reporting are connected to each other, and connected to the organisation's business model and strategy, and to actions. If you have disclosed a particular sustainability risk or issue, it is important that you have connected this to the financial implications, and to the financial statements.

Stepping up
Set forward-looking targets

What gets measured gets managed, and setting targets helps to articulate what you are aiming to achieve. Outline your long-term goal, and the interim targets that will help you get there, understand how you are tracking, and if and when you need to modify your plan.

Targets should be time-bound and measurable, for example 50% reduction in scope 2 emissions by 2030 (from a 2020 baseline).

Target setting should link back to what's important for your organisation and stakeholders. Your targets should connect back to, and support you to deliver on your organisational strategy.

To produce a balanced sustainability report with substance it is important to be honest about the challenges you face along the way. Get comfortable with not always achieving your targets, particularly if you are ambitious. Sustainability reporting is not just about good news stories, it is important to present balanced reporting, share your challenges and adjust your plan.

Example goals and targets

Strategic pillar	Long term goal	Interim targets
Decarbonising our business	Net zero by 2050	1. Implement GHG accounting system with direct connection to finance system by 2028. 2. Reduce Scope 2 emissions by 50% by 2030.
Increasing digital equity	500,000 young people receive our digital skills training by 2030	1. Establish partnerships with 10 new schools in 2025. 2. Train 30 more of our staff to deliver the training.

Connected reporting

**Management's discussion & analysis can take different forms but is usually found at the start of a report and includes commentary on the company's performance.*

Key tips for achieving sustainability targets

- Sustainability needs to be embedded into your strategy and decision making.
- Targets should have clear owners and a properly resourced action plan associated with them.
- Create robust processes around sustainability measurement and reporting with the same rigour that you have for financial reporting. This will involve time and investment.
- Uncertainties will exist, new information will arise, and external factors will affect your plan, so it is normal to review and potentially amend your targets.

5.2. Team & board

Foundations
Appoint a board sponsor

This person might have a particular interest in sustainability issues and is willing to support and mentor the team through the process. The board may also wish to set up a committee or working group if there are multiple directors interested or to support upskilling and/or board ownership.

Foundations
Appoint a reporting lead

The reporting lead will gather and/or manage the gathering of information to write the report and be responsible for delivering against the reporting action plan. Early reporting is often led by an individual or a single team, for example those in your finance or communications teams.

Getting started
Engage leadership and board

During the stocktake phase you would have identified the approval processes best suited to apply to your level of external reporting, as well as where and when the board and leadership team should be engaged to provide input and an appropriate level of oversight. The key action now is to ensure sustainability considerations are included as a standing agenda item on board and leadership team agendas similar to financial reporting so that it becomes "business as usual".

Stepping up
Build a cross-functional team, led by a reporting project manager

For more mature reporting organisations, a reporting manager will lead the delivery and be supported across the organisation by a multi-disciplinary team – this would usually include people with responsibility for finance, operations, communications, people and culture, legal, supply chain/procurement and sustainability. Each discipline can contribute to the reporting from their position of knowledge. This results in:

- Enhanced reporting as the information is prepared by the subject matter expert.
- Connectivity across disciplines, embedding the integrated thinking that is needed to drive success.
- A motivated team of people who enjoy sharing their stories.

Stepping up
Assign responsibility at the board and executive level

Determining who will project manage and who will produce the report content will look different depending on the structure of your organisation, but it is best practice to assign responsibility to the board and executive level and allocate a project manager to ensure reporting is delivered to required timelines.

These leaders should have the right skill set and experience to ensure the reporting is robust and will be accountable for successful delivery. You might consider incorporating sustainability metrics into their Key Performance Indicators (KPIs) and remuneration to incentivise performance.

What capability is required?

It is likely that your teams and directors will require upskilling and you may want to undertake training and engage external advisors to provide insights and support your reporting journey. As you assign responsibility to individuals, you can build out your understanding of their expertise and identify gaps to help you determine the investment that will be required. The expertise required will evolve as your level of sustainability maturity evolves.

	Person/committee responsible	Expertise required	Current expertise	Training identified	External expertise required
Board member					
Executive member					
Project Manager					
Planet* *Sub-topics, e.g. emissions, biodiversity, land use.*					
People* *Sub-topics, e.g. employee wellbeing, supplier engagement.*					
Governance* *Sub-topics, e.g. shareholder structure, board diversity.*					

**Illustrative example of pillars that you may have in your reporting, this should be tailored to your business model and organisational structure.*

5.3. Data capture and verification

Foundations
Manually gather data

Systems and processes for sustainability data capture are often immature in comparison to financial information. Despite this, you should have a review and approval process for the information being presented.

While sustainability data capture may seem time-consuming at first, you will become more efficient and streamlined over time.

Stepping up
Introduce automated data capture

Sustainability reporting should be treated with the same rigour as financial reporting and boards should be reviewing sustainability metrics alongside the financials to ensure holistic, long-term decision making. Systems and processes for data capture should be robust and internal verification processes should be implemented to ensure accuracy of the reported information. Sufficient time will need to be allocated for verification and approvals, this could include someone separate from the preparer reviewing the information before it is finalised.

The time and energy required to capture the data needs to pay off in terms of the information provided. It is important that those responsible take an objective and practical approach to data collection, to ensure the processes work for your organisation.

Technology is fast enabling more automated processes, and those designing the data capture processes should keep abreast of the tools available to create efficiencies and reduce the risk of manual errors.

It is good practice to use a risk-based approach, with adequate checks and controls for high-risk areas, as well as leveraging the existing financial reporting systems and controls you have in place.

5.4. Consider independent assurance

Assurance is a good idea, and doesn't have to be daunting or expensive, you have choices.

Why you should consider assurance

Robust and independent assurance fosters greater transparency and credibility in reporting, and the focus on reporting a complete and balanced view minimises the risk of greenwashing or greenhushing. However, obtaining assurance is optional for voluntary reporters, can be costly and does not remove responsibility for the completeness and accuracy of presented information from the board and management.

While assurance is mandatory over selected greenhouse gas inventory disclosures for climate reporting entities, all organisations can decide what other elements of their reporting to obtain assurance on. You may choose to obtain assurance over all or parts of your reporting, you may target your assurance to complex reporting areas or areas subject to greater scrutiny.

What does assurance entail?

With materiality in mind, assurance providers will perform work to gain evidence to enable them to reach their assurance opinion over your disclosures. This will include consideration of:

- Your reporting basis of preparation.
- The processes, controls and underlying data associated with your sustainability reporting, and;
- That your disclosure is balanced and complies with reporting criteria or standards.

Your reporting and assurance journey

Systems and processes for capturing and reporting on sustainability information are often immature compared to that of financial information, particularly in terms of controls and documented audit trail. This means that assurance is more likely to identify significant deficiencies, and qualified assurance opinions can be more common than they have historically been with financial audits.

To support your assurance journey, engage your assurance provider as early as possible. You may work with them on a staged basis, over a number of reporting periods.

01

Obtain pre-assurance to get you ready for assurance.

Pre-assurance is an assessment of whether your systems and processes can support assurance over your reporting. Your provider will assess your criteria for reporting and determine if you have the evidence that would be required to support your reporting. It reduces the risk of poor outcomes in the future by identifying areas that need to be addressed before an assurance provider is engaged to provide an assurance opinion.

02

Obtain a **private** assurance opinion addressed to the organisation first and move towards a **public opinion.**

03

Obtain limited assurance and move towards reasonable assurance.

- **Limited** assurance, is less comprehensive, but still sufficient for the practitioner to issue a negative form of opinion, that 'nothing has come to their attention to indicate that the reporting is materially misstated'. For limited assurance the practitioner will ordinarily perform different or fewer tests than those required for reasonable assurance or use smaller sample sizes for the tests performed.
- **Reasonable** assurance is in many ways the equivalent of an audit opinion over financial information. It is a positive form of assurance that says your reporting is 'presented fairly, in all material respects'.

Greenwashing, greenhushing, greenwishing

The principles of good reporting are fundamental when it comes to robust sustainability reporting. An organisation's reporting should reflect what it is actually doing, and avoid greenwashing, greenhushing and greenwishing.

Greenwashing is a practice used by organisations to represent themselves as more sustainable than they truly are. Whether it is providing misleading information regarding a product's sustainability, using misleading imagery in a marketing campaign, or labelling a product as "green" when it is not, greenwashing erodes trust and can have significant repercussions. Importantly, greenwashing is not a static concept – it occurs on a spectrum ranging from outright deceit to wishful thinking.

Greenhushing refers to an organisation not publicising climate information, fearing negative pushback from stakeholders.

Greenwishing, or unintentional greenwashing, describes a practice where an organisation hopes to meet certain sustainability commitments but simply does not have the wherewithal to do so. Driven by the pressure to set ambitious sustainability goals, organisations can find themselves committing to targets that they cannot realistically achieve, perhaps because of financial, technological or organisational constraints. Failing to achieve these targets can undermine trust in these organisations and in the broader system.

Find out more here, **Greenwashing, greenhushing and greenwishing**, and don't fall victim to these reporting traps. Directors found this particularly challenging in their first year of mandatory climate-related disclosure, **Lessons from the front line | Chapter Zero NZ** outlines their lessons learnt on this and other challenges they faced.

DENTONS

Ensuring accountability within voluntary sustainability reports

Written by Tom McLaughlin

Partner, Dentons

Achieving sustainability goals won't always be straightforward or go to plan, but you should be honest in your reporting to present a balanced view of the challenges you are facing and the action you are taking to address these challenges. Although there is no specific liability regime that applies to voluntary sustainability reporting, this does not mean that there is no accountability for that reporting. It is useful to bear in mind provisions in existing law when making decisions relating to sustainability reporting, including:

- Making unsubstantiated representations. Under the Fair Trading Act 1986, a person makes an "unsubstantiated" representation if they do not have reasonable grounds to make it at the time, irrespective of whether it is false or misleading. In practice, this means that liability can be imposed even in respect of an accurate statement in a sustainability report if the reporting organisation did not have reasonable grounds for it when the statement was made. The Fair Trading Act also includes broad prohibitions on unconscionable, misleading or deceptive conduct, false or misleading representations, and unfair trade practices more generally.

Robust data capture and verification processes as outlined on **page 17** can help to mitigate this risk.

- The "fair dealing" provisions of the Financial Markets Conduct Act. Although narrower in scope (applying only to financial products and services), the provisions are similar in principle to those under the Fair Trading Act.

It is important that directors consider the potential for greenwashing, but also greenhushing and greenwishing, more information on this can be found on **page 20**.

- Directors' duties under the Companies Act 1993. These include duties to act in good faith and in what the director believes to be the best interests of the company, and to exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances.

Assurance provides external stakeholders, indirectly, with comfort and trust in the information prepared by an organisation, including its directors who govern the processes and procedures to prepare that information. Directors hold the obligation to ensure information is appropriate in the first instance.

More information on independent assurance can be found on **page 19.**

In order to manage liability risks, and to get the most out of any assurance engagement, it is important that the reporting organisation "owns" its sustainability disclosures and the underlying data. While appropriately qualified external advisers should be engaged when necessary, the reporting organisation's staff must be actively involved in preparing sustainability reports. Staff need to understand and document what is being reported and what data backs up the disclosures before they are published.

Ready to report externally?

Remember, it is not about being perfect, it is about being honest about where you are at and being transparent about the goals you have set, the benefits and opportunities you seek to achieve, and the actions you are taking.

External reporting could take many forms; you will need to decide what is most appropriate for your organisation and your stakeholders based on the content you want to share.

Reporting mediums may include:

- Annual report
- Stand-alone sustainability report
- One-page infographic
- Website content
- Media releases
- Internal report for staff only

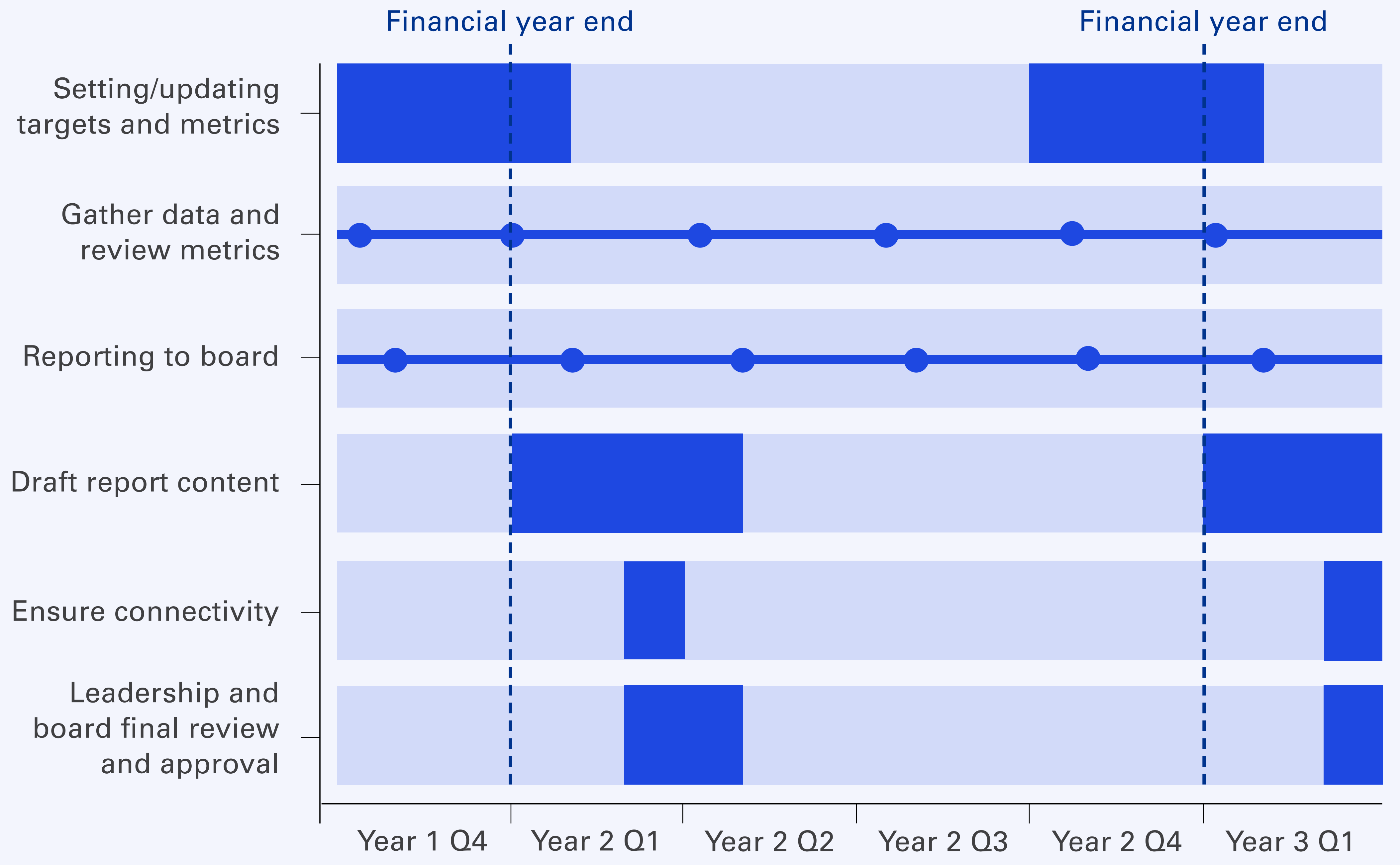
You should consider:

- The expectations of your stakeholders and readers of your sustainability information.
- What you want to report internally and what you want to share externally.
- The approval process, including leadership and board inputs and sign-off.

You should set a clear external reporting project plan and timeline that align with board meetings to ensure directors are engaged with the content and are helping to shape the direction. This may take several sessions so plan ahead to get sufficient board input as the report is developed.

Example timeline

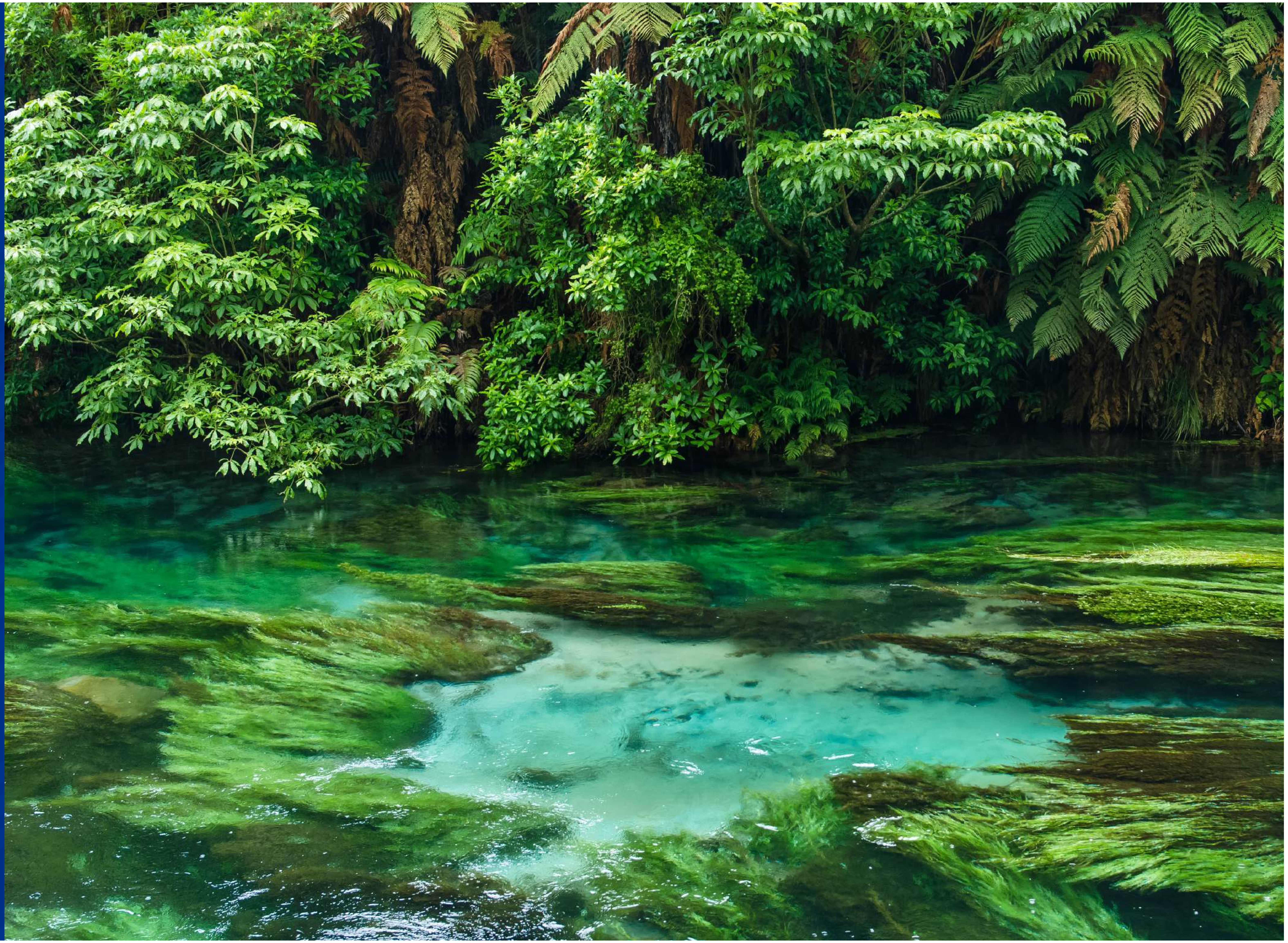
This timeline assumes the foundations as described in this guide have already been established.



Remember, it is not about being perfect, it is about being honest.

Appendices

Resources to support you and your people



Reporting frameworks and standards

Below is a summary of the more common reporting frameworks and standards. This is not an exhaustive list.

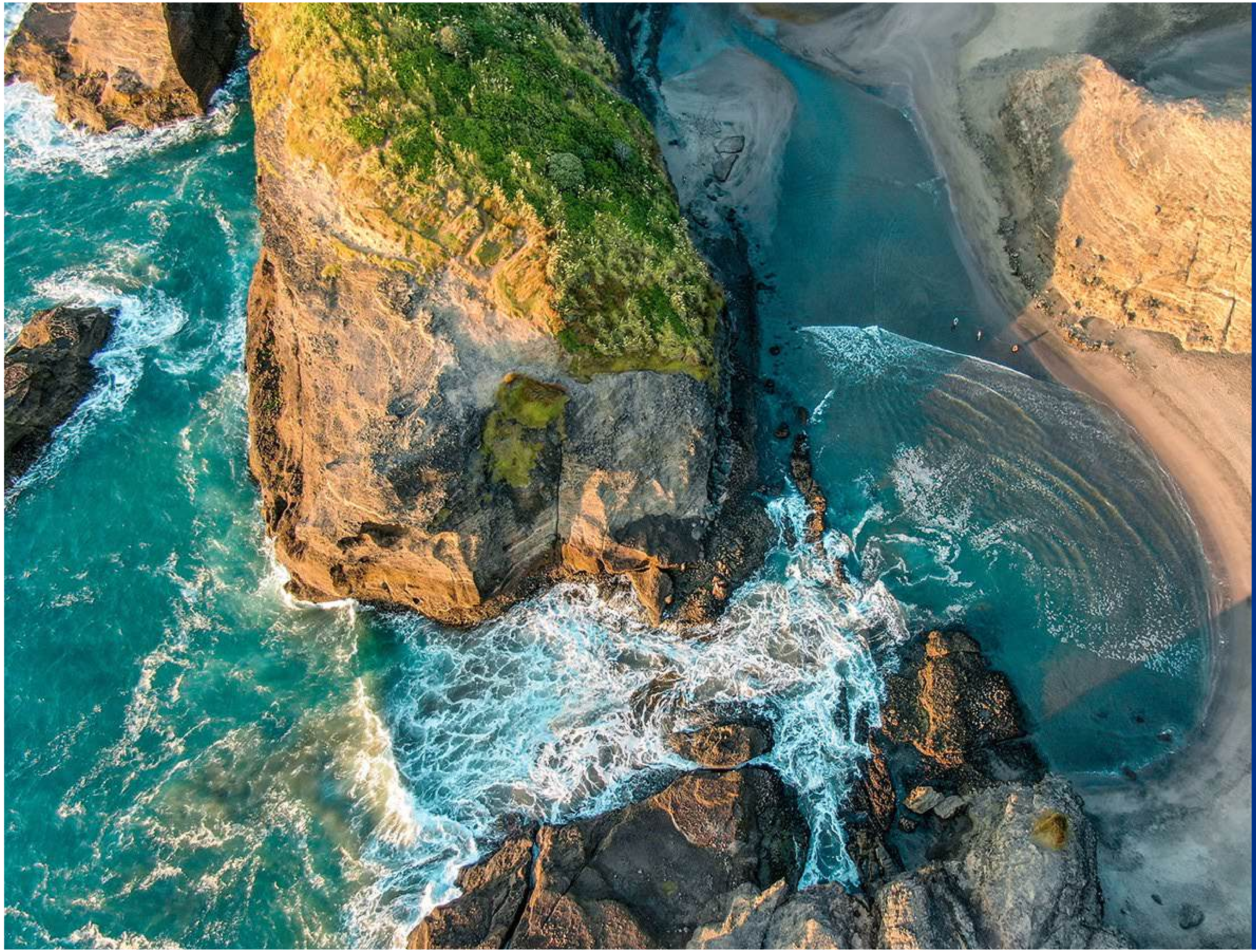
Standards and frameworks			Why may you use them?
External Reporting Board (XRB)	He Tauira **Sustainability Reporting » XRB**	He Tauira is a voluntary conceptual non-financial reporting framework specifically designed to guide entities in Aotearoa New Zealand to consider how they articulate their long-term intergenerational impact, through a distinctive lens examining their operations and their broader relationships with the external world.	You may use this framework if you are: Looking to broaden your sustainability reporting to long-term intergenerational impact. Want to use a framework that has been developed specifically for Aotearoa New Zealand.
	Public Benefit Entity (PBE) Financial Reporting Standard (FRS) 48 - Service Performance Reporting	PBE FRS 48 establishes service performance reporting requirements for Tier 1 and 2 Public Benefit Entities (PBEs). It is included within the public sector and not-for-profit accounting standards, and is subject to the same audit requirements as the entity's financial statements.	You may use this standard if you are: • Looking for guidance on how to report robust service performance information that demonstrates progress towards your broader organisational aims and objectives. • Mandated as a Tier 1 or 2 Public Benefit Entity.
	Tier 3 Reporting Requirements	The New Zealand Accounting Standards Framework includes standards and guidance for smaller not-for profit and public sector entities to produce more targeted reporting to meet user needs and balance the costs and benefits of reporting.	You may use this standard if you are: • Looking for basic guidance on how to prepare a performance report against your organisational aims and objectives.
	Aotearoa New Zealand Climate Standards	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. The standards provide a framework for entities to consider climate-related risks and opportunities. The framework is structured across the four pillars of Governance, Strategy, Risk Management and Metrics and Targets, recommended by the **TCFD* (Taskforce for Climate-related Financial Disclosures)**.	You may use these standards if you are: • Looking to assess your climate-related risks and opportunities. • Want to use the New Zealand standard setter's framework. • Are mandated to report in line with these standards. • Are within the value chain of mandated entities, such as banks, insurance companies, customers etc. The climate-related disclosures register, which contains lodged climate statements, can be found here: **Climate-related Disclosures | Companies Office**.

PCAF (Partnership for Carbon Accounting Financials)	**The Global GHG Accounting and Reporting Standard for the Financial Industry**	PCAF is an industry-led initiative that provides financial institutions with a standard for the measurement and reporting of greenhouse gas (GHG) emissions that results from their lending and investment activities.	You may use these standards if you are: • A financial institution. • Reporting on your financed, facilitated or insurance-associated emissions.
Greenhouse Gas (GHG) Protocol	**GHG Protocol Standards**	GHG Protocol standards provide a framework for businesses, governments, and other entities to measure and report their greenhouse gas emissions. They are the most widely-used GHG accounting standards globally.	You may use these standards if you are: • Reporting on your greenhouse gas emissions. • Want to use a globally recognised, freely available and widely used framework.
International Financial Reporting Standards (IFRS) Foundation provides standards set by the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB)	**IFRS Sustainability Standards**	IFRS Sustainability Disclosure Standards are investor focused sustainability standards. These standards are also framed around the four pillars of Governance, Strategy, Risk Management, Metrics and Targets, recommended by the TCFD*. The IFRS Sustainability Disclosure Standards currently include a general sustainability standard and a climate specific standard.	You may use these standards if you are: • Focusing your external reporting on the investor audience. • Looking to use a global set of standards. These standards are consistent with the Aotearoa New Zealand Climate Standards. An overview of key differences can be found here: **Comparison NZ CS to IFRS S1 and S2**.
	Educational material: Sustainability-related risks and opportunities and the disclosure of material information	This educational material describes the characteristics of material information and the concept of sustainability-related risks and opportunities. It also explains the requirements related to identifying and disclosing material information about sustainability-related risks and opportunities that could reasonably be expected to affect an organisation's prospects. This educational material portrays hypothetical situations, and explains and illustrates how an organisation might apply some of the requirements in the IFRS Sustainability Disclosure Standards.	You may use this educational material to understand how an organisation might apply some of the requirements in the IFRS Sustainability Disclosure Standards in particular around materiality.
	IFRS Practice Statement 1 Management Commentary	The Practice Statement makes clear that management commentary should be consistent with the following principles: • Provide management's view of the organisation's performance, position and progress (including forward looking information). • Supplement and complement information presented in the financial statements (and possess the qualitative characteristics described in the Conceptual Framework for Financial Reporting).	You may use this Practice Statement if you are looking for guidance on the main elements of the information that should always be included in a management commentary.

	Integrated Reporting Framework	The Integrated Reporting Framework drives high quality corporate reporting and connectivity between financial statements and sustainability-related financial disclosures, bringing together the information that investors need to assess a company's ability to create value over time. Integrated thinking and integrated reporting are mutually reinforcing. Integrated thinking considers holistically the resources and relationships an organisation uses or affects and the dependencies and trade-offs between them as value is created, thereby helping to break-down internal silos.	You may use this framework if you are: • Looking to understand how your organisation and business model interacts with the external environment, inputs and outcomes. The framework's value creation model is a helpful tool for this. • Looking to embed integrated thinking into your organisation and break down internal silos. A list of listed companies using integrated reporting **IR Reporters.**
	SASB (Sustainability Accounting Standards Board) Standards	SASB standards are industry-based standards to support businesses to manage and communicate financially-material sustainability information to their investors. The 77 industry standards identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry.	You may use this framework if you are: • Looking for industry specific topics and metrics.
Global Sustainability Standards Board (GSSB)	**Global Reporting Initiative (GRI)**	The GRI standards are impact-focused; they are designed to help organisations understand and report on their impacts on the economy, environment, and society.	You may use these standards if you: • Want an impact focused framework to measure and report in line with.
European Financial Reporting Advisory Group (EFRAG)	**European Sustainability Reporting Standards (ESRS)**	The ESRS set out detailed reporting requirements for companies in the scope of the CSRD (Corporate Sustainability Reporting Directive). The ESRS require companies to provide information on: • Their governance and strategy to address material sustainability topics; • The impacts, risks and opportunities arising from those topics; and • Quantitative metrics and targets.	You may use these standards if you are: • Captured by CSRD. • Looking for a thorough set of topics, impacts, risks and opportunities to support your assessment and reporting.

Taskforce on Nature-related Financial Disclosures (TNFD)	**TNFD Framework**	The TNFD has developed a set of disclosure recommendations and extensive guidance through their **TNFD Knowledge Hub** that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities. The framework uses the same four pillars recommended by the TCFD*.	You may use this framework if you are: • Looking to assess and report on your dependencies and impacts on nature. TNFD has a database of illustrative reports that can be found here: **Example TNFD reporting – TNFD**.
Capitals Coalition	**Framework for Integrated Decision-making – Capitals Coalition**	The Capitals Coalition Beta framework for integrated decision making outlines seven steps that can help organisations integrate the value of broader capitals (Natural, Social, Human, Produced) into the decision-making process.	You may use this framework if you are: • Looking for a more holistic approach to decision-making that considers the interconnectedness of natural, social, human and produced capital.

**The TCFD has fulfilled its remit and has been disbanded.*



Appendix B

Other useful recources:

- Clarity of organisational purpose, goals and strategy
  Four Pillars of Governance Best Practice
- Reporting content
  Centre for Sustainable Finance – Toitū Tahua Starter for Ten
  XRB Sustainability Reporting - He Tauira Framework and Getting Started Guide
- Reporting team and reporting connectivity
  Transition to Integrated Reporting – A getting started guide
  KPMG - Connected reporting
- Additional Chapter Zero resources
  Latest Resources
  Chapter Zero New Zealand Board Toolkit
  Lessons from the front line
  Effective climate governance - remuneration and incentivisation

Key Contacts

Sanel Tomlinson

Partner, Sustainable Value
KPMG New Zealand

E: SanelTomlinson@kpmg.co.nz

Judene Edgar CMInstD

Principal Advisor - Governance Leadership
Chapter Zero NZ Lead
Institute of Directors

E: Judene.Edgar@iod.org.nz

Qiulae Anthony

Associate Director, Sustainable Value
KPMG New Zealand

E: QAnthony@kpmg.co.nz

Christine Laban

Manager, IMPACT Measurement, Assurance and Reporting
KPMG New Zealand

E: ChristineLaban@kpmg.co.nz

kpmg.com/nz

chapterzero.nz

iod.org.nz

Chapter Zero New Zealand is the national chapter of the Climate Governance Initiative, proudly hosted in Aotearoa New Zealand by the Institute of Directors. It is part of a global network of directors committed to taking action on climate change by enhancing their knowledge and skills in climate governance.

The mission of Chapter Zero New Zealand is to mobilise, connect, educate and equip directors and boards to make climate-smart governance decisions, thereby creating long term value for both shareholders and stakeholders.