

## **XRB Working Group – Terms of Reference**

These Terms of Reference guide the External Reporting Board and the New Zealand Society of Actuaries partnership on development of Climate related disclosures - Financial Impacts guidance.

### **Introduction**

- The External Reporting Board (XRB) is an independent standard setter whose role is to develop and issue reporting standards on accounting, audit and assurance, and climate, for entities across the private, public, and not-for-profit sectors.
- The New Zealand Society of Actuaries (NZSA) is a professional body representing the actuarial profession in New Zealand.
- Guidance on quantifying the anticipated financial impacts of climate related (physical and transition) risks and opportunities (Financial Impacts) can help ensure that Climate Reporting Entities (CREs) develop appropriate practices that meet the objectives of the climate-related disclosures (CRD) regime.
- Actuaries are experts in risk quantification and management using methods to assess a wide range of risks, over long time-horizons and high uncertainty. CREs could use actuarial approaches to get insights on their climate-related risks and opportunities.

### **Goals**

The goals of this partnership are to:

- support the development of guidance on the Financial Impacts,
- support XRB staff understanding and knowledge in relation to the point above, and
- provide thought leadership in this particular area.

### **Scope**

There are two main functions in scope of this partnership:

1. To partner in the development of new XRB guidance. This will focus on:
  - Providing expertise to the XRB in their drafting of guidance materials that support CREs on the quantification of Financial Impacts. (Particularly in relation to CS1 and relevant parts of CS3)
  - Providing feedback on material developed by the XRB and its partners.
2. Engage with NZSA's audience to make the material more widely known.

In addition, it is hoped that this partnership may lead to further knowledge sharing and thought leadership initiatives.

### **Audience for Guidance**

The audience will be stakeholders in CREs who will use and rely on the guidance being provided.

### **Timeframes**

Target date for publication of the guidance is 30 September 2025. XRB and the NZSA working group are to confirm milestones to meet the delivery target however in principle we agreed this is realistic.

### **Working relationship**

- The XRB has internal staff to draw on to develop guidance in this area.
- NZSA has access to more specialised actuarial and risk management expertise.
- The XRB will endeavour to take a flexible approach to any individual document or project in partnership with NZSA.
- When mutually agreed, some of the material could be co-published with both organisations' names and logos.

## **Staff and Funding**

### XRB Staff

- XRB Staff are available to work on this guidance and lead in the drafting.

### NZSA Staff

- NZSA will establish a voluntary working group for this partnership

### Funding

- The XRB will consider compensation and recognition towards NZSA for the time provided by its members, such as staff attending NZSA events. This will be agreed outside of this Terms of Reference.
- The XRB will cover the expenses related to the publication of the documents issued (editing, design, etc)

Approved by NZSA Council 21 May 2025