

# Housekeeping



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# ***NZ SAE 1 Assurance Engagements over GHG Emissions Disclosures***

Deep Dive

**7 September 2023**



# Assurance Engagements over GHG Emissions Disclosures



## Your presenters

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Director

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Project Manager

# Agenda

- Background
- Ethics and Independence
- Quality Management
- Fraud
- Use of work of others
- Assurance Report





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# Background



# NZ SAE 1 – GHG Assurance Standard

## Assurance Engagements over Greenhouse Gas Emissions Disclosures

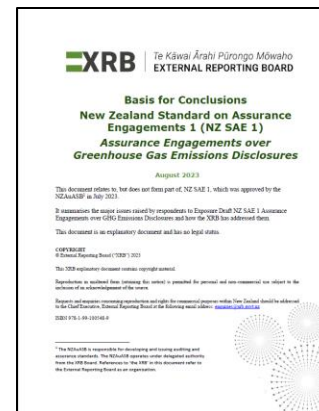
### NZ SAE 1 Standard

- Requirements and application material for assurance practitioners



### NZ SAE 1 Basis for Conclusions

- Explains key decisions following consultation



# Who can assure?

## Competence requirements

Competent in both:

- Assurance skills and techniques
- Measuring and reporting of GHG emissions



## Other considerations

- Continuous learning
- Sufficient time

# What is assured?

## GHG Disclosures included in the Climate Statements

### Scope of assurance engagement

GHG emissions –  
gross emissions in  
metric tonnes of  
CO<sub>2</sub>e classified as:  
scope 1, scope 2,  
**scope 3**

Additional requirements  
– statement of  
standards,  
consolidation approach,  
exclusions

GHG emissions  
methodologies,  
assumptions and  
estimation uncertainty

**For periods ending on, or after, 27 October 2024 (second year of reporting)**





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# Ethics and Independence



# Independence Assessment Framework

Identify threats to compliance with the fundamental principles

Evaluate the threats identified

Address threats by eliminating or reducing them to an acceptable level through safeguards

# Ethics and Independence

- **Comply with fundamental principles**
- **Identify and evaluate threats**
- **Eliminate or reduce threats to an acceptable level**

## Prohibitions:

- Assuring own work
- Assuming management's responsibilities
- Having financial interests



## Other important considerations:

- Other conditions and relationships
- Addressing familiarity threats due to long associations



# Self-Review Prohibition

## Does it impact:

- Records?
- Internal controls?
- Disclosures?

**Might the service  
create a self-review  
threat?**

Will you evaluate your  
own judgments or rely  
on your activities?

## Examples:

- Preparing GHG information
- Providing some IT related services

# Transitional Provision



Designed to:

- Allow competent GHG assurance practitioners to transition into providing assurance services
- Ensure new independence requirements not retrospectively applied

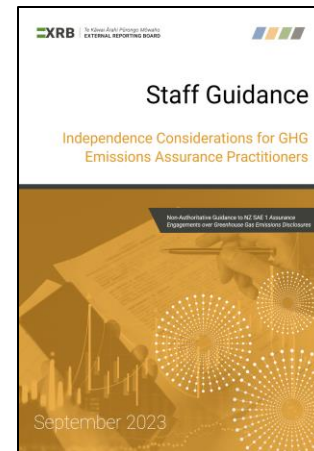
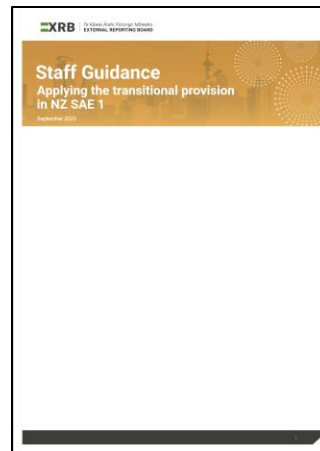
Practitioners must:

- ✓ Assess threats and eliminate or reduce
- ✓ Document considerations
- ✓ Discuss with TCWG
- ✓ Disclose services in assurance report

# NZ SAE 1 Guidance

## Upcoming Guidance

- Transitional Provision Guidance
- Independence Considerations Guidance





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# Quality Management



# Quality Management

## Overall System of Quality Management

- ✓ Risk Assessment
- ✓ Monitoring and Remediation

- ✓ Engagement Performance
- ✓ Engagement Leader Responsibilities

- ✓ Documentation
- ✓ Consultations

- ✓ Quality Reviewers



# Risk Assessment Framework



# Quality Reviewer

## Quality Reviewer:

- On each engagement
- Independent
- Competent
- Authority to challenge



## Quality Review:

- ✓ Throughout the engagement
- ✓ Completed before issuing assurance report
- ✓ Documented on the engagement file

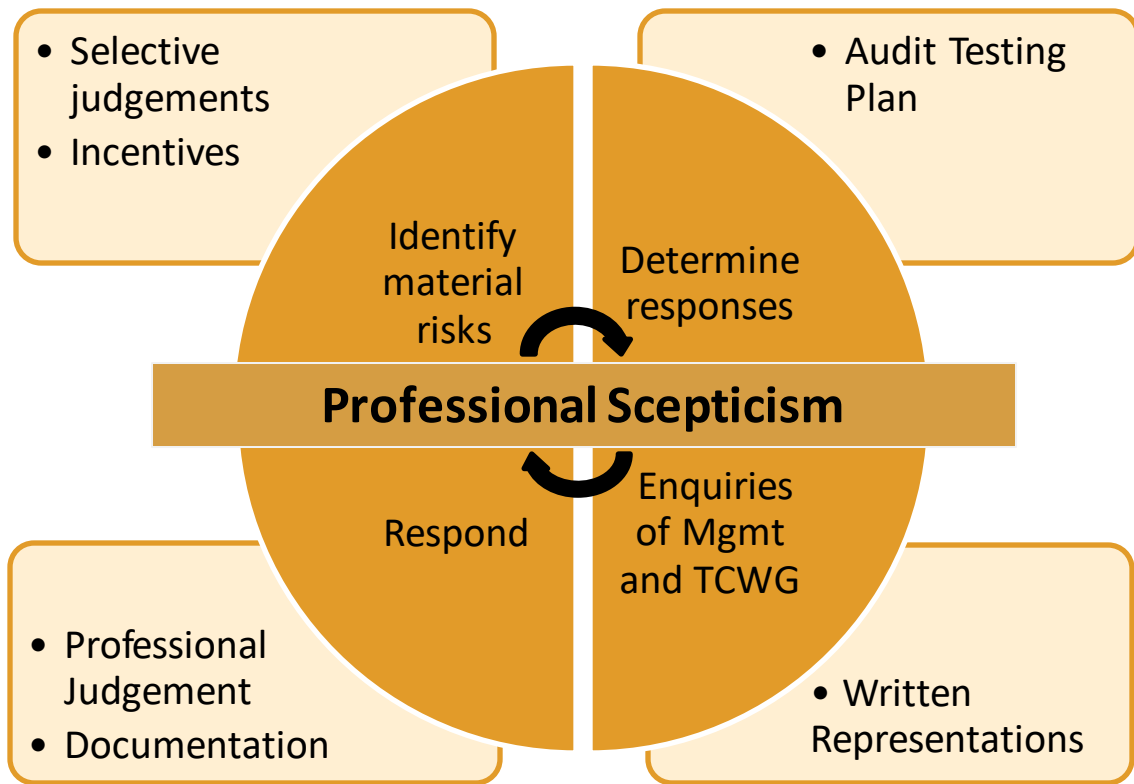


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# Fraud & Non-compliance with Laws and Regulations



# Fraud



# Non-compliance with Laws and Regulations



If made aware of non-compliance or suspected non-compliance with laws and regulations:

- Discuss
- Evaluate impact
- Consider reporting





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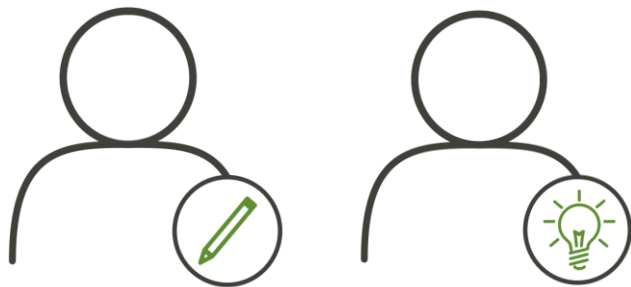
# Use of work of others



# Use of work of others

## Various scenarios

- GHG expert engaged by climate reporting entity
- GHG expert engaged by the assurance practitioner
- Another assurance practitioner (outside assurance organisation)



**Appropriate steps will depend upon what type of the expert is relied on and for what purpose**

# Using others with GHG expertise



**Competency/Capability**



**Objectivity**



**Field of Expertise**



**Nature, Scope, Objectives**



**Adequacy of Work**



# Using other assurance practitioners



**Independence**



**Quality Management System**



**Communicate findings**



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# Assurance Reports



# Assurance Report Requirements

Comply with ISA (NZ) 3410 or ISO 14064-3: 2019

**PLUS**

Identification  
of Disclosures

Form/level of  
Conclusion

Reporting  
Tools

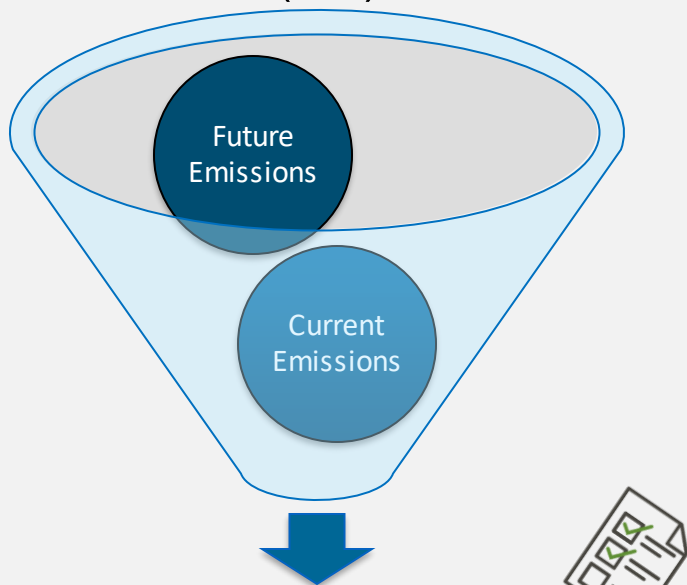
Applied  
Standards

Other  
Relationships

Engagement  
Leader Name

# Scope 3 – Limited Assurance

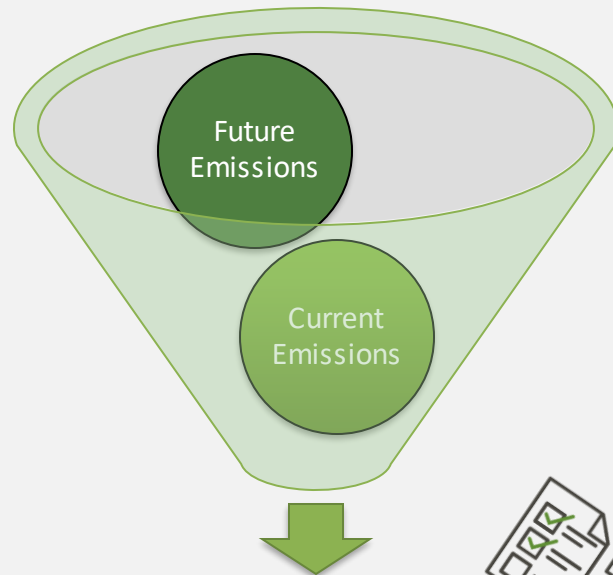
## ISAE (NZ) 3410



**One limited assurance conclusion covering all emissions**



## ISO 14064-3: 2019



**Two limited assurance conclusions covering current and future emissions separately**



# Assurance Reporting Tools

Range of Reporting Tools

Key Matters

Explanation of matters of most significance which enhances communicative value

Emphasis of Matter

Highlight fundamentally important GHG disclosures

Other Matters

Explanation of other matters relevant to users understanding

Further information



Greenhouse Gas Emissions

3:30

# NZ SAE 1 Guidance

## Upcoming Guidance

### ➤ Illustrative Assurance Reports

- ✓ NZ SAE 1 + ISAE (NZ) 3410
- ✓ NZ SAE 1 + ISO 14064-3: 2019



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# Questions

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