

Housekeeping



- We recommend using the side-by-side view.
- Please keep your video off and remain on mute.
- You are welcome to put your questions in the chat. We may not be able to respond during webinar, but we will get back to you in due course.
- Slides will be made available after the presentation.

Thank you for joining us today.
Enjoy the presentation.



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

NZ SAE 1 Assurance Engagements over GHG Emissions Disclosures

Deep Dive

7 September 2023



Assurance Engagements over GHG Emissions Disclosures



Your presenters

Misha Pieters

Director

Karen Tipper

Technical Director

Nimash Bhikha

Senior Project Manager

Anna Herlender

Project Manager

Agenda

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





Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Background



NZ SAE 1 – GHG Assurance Standard

Assurance Engagements over Greenhouse Gas Emissions Disclosures

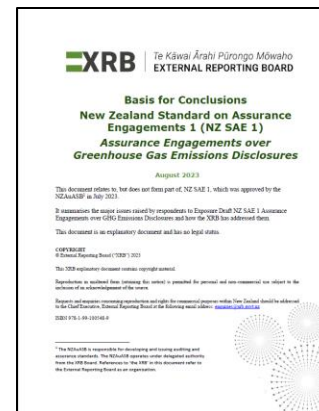
NZ SAE 1 Standard

- 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
CO₂e 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)



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

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

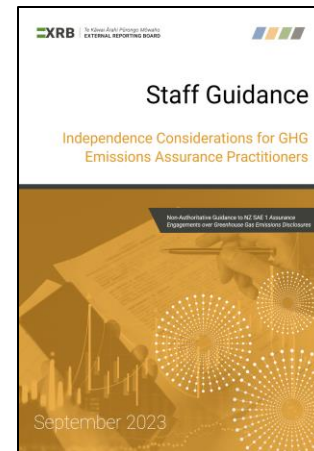
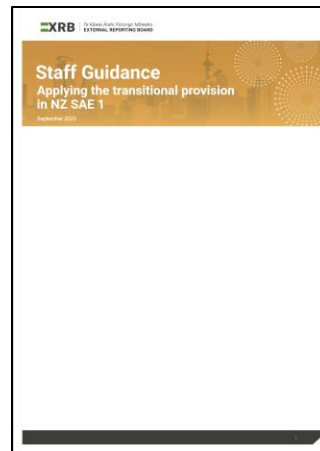
Practitioners must:

- ✓ 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





Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

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

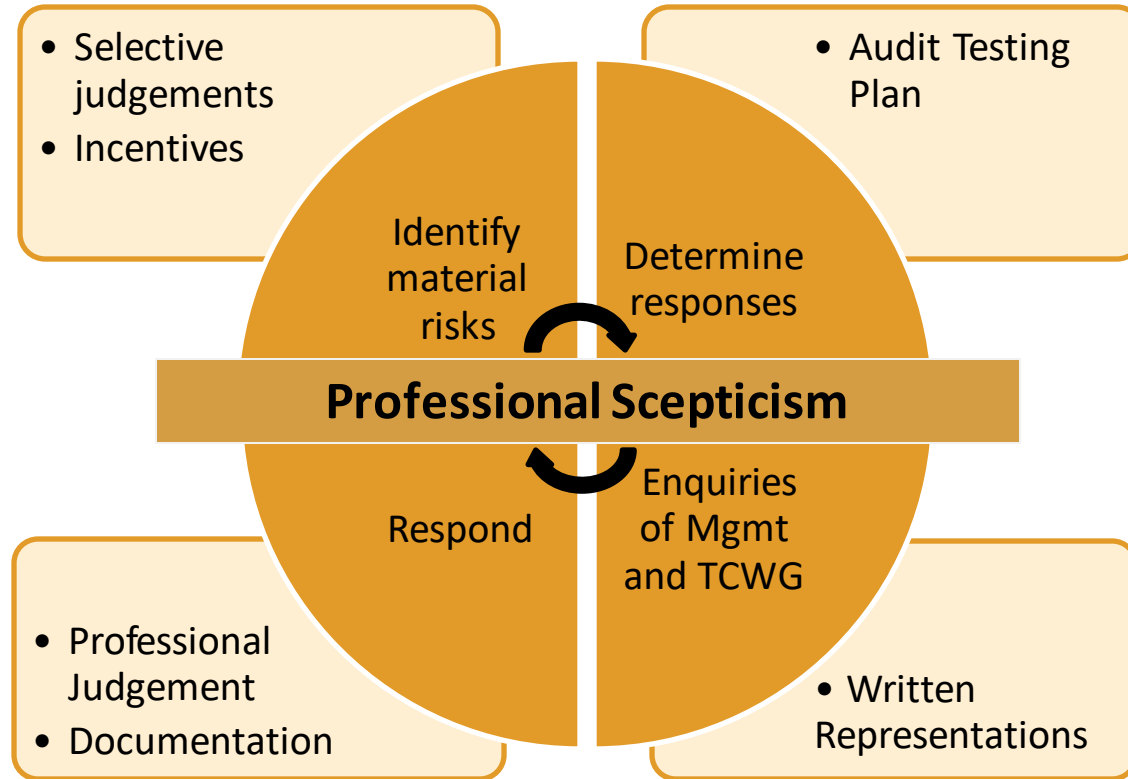


Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

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





Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

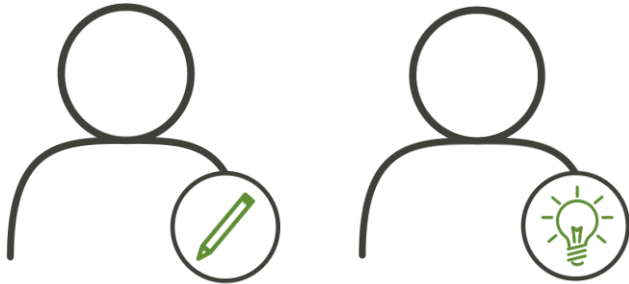
Use of work of others



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



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

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

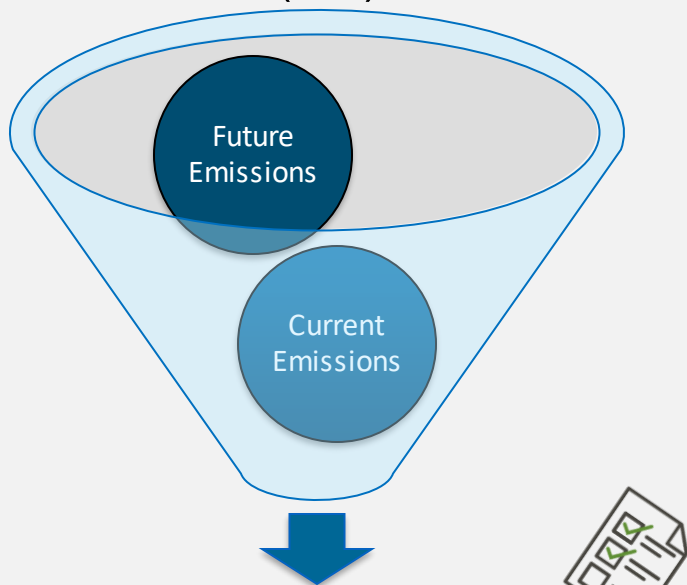
Applied
Standards

Other
Relationships

Engagement
Leader Name

Scope 3 – Limited Assurance

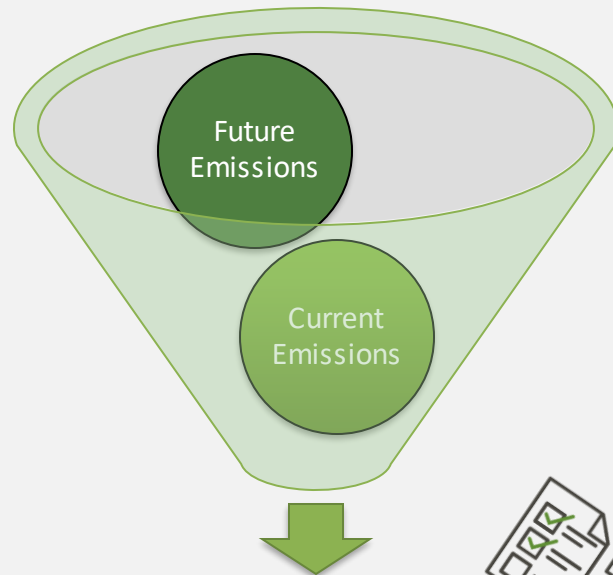
ISAE (NZ) 3410



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



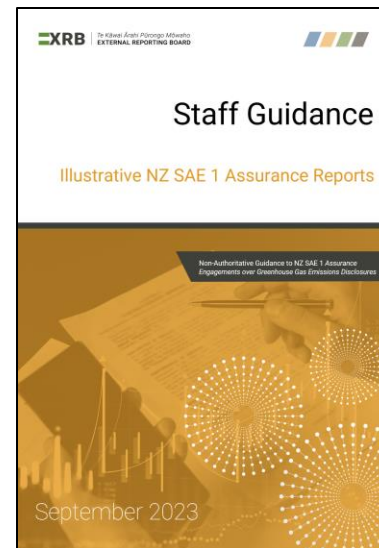
Greenhouse Gas Emissions

3:30

NZ SAE 1 Guidance

Upcoming Guidance

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



A large orange speech bubble with a white outline, containing the word 'Questions' in white text.

Questions

A solid orange circle containing the word 'Follow' in white text.

Follow



[linkedin.com/company/external-reporting-board](https://www.linkedin.com/company/external-reporting-board)

A solid dark grey circle containing the word 'Subscribe' in white text.

Subscribe

<https://www.xrb.govt.nz/sign-up/>

A solid light grey circle containing the words 'Contact us' in white text.

Contact
us

assurance@xrb.govt.nz