

Housekeeping

- We recommend using the side-by-side view.
- Please keep your video off and remain on mute if you are not speaking.
- Use the hand up function, if you wish to ask a question and provide comments.
- You can leave your comments also in chat.
- 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

Assurance Engagements over GHG Emissions Disclosures

Feedback forum

8 February 2023



Assurance Engagements over GHG Emissions Disclosures

Agenda

- Context
- Objectives in developing proposals
- Key features of the proposed standard

GHG Assurance team

Misha Pieters

Director – Auditing and Assurance

Karen Tipper

Technical Director – Auditing and Assurance

Anna Herlender

Project Manager – Auditing and Assurance



Climate-related disclosure framework: Aotearoa New Zealand Climate Standards

Aotearoa New Zealand
Climate Standard 1:

Climate-related
Disclosures (NZ CS 1)

Aotearoa New Zealand
Climate Standard 2:

First-time Adoption of
Aotearoa New Zealand
Climate Standards
(NZ CS 2)

Aotearoa New Zealand
Climate Standard 3:

General Requirements for
Climate-related
Disclosures (NZ CS 3)

What has to be assured and by who

The assurance engagement covers:

- 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

Assurance practitioner:

- ✓ Independent
- ✓ Competent

Our consultation

Assurance Engagements over GHG Emissions Disclosures

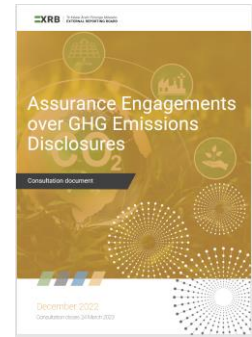
Exposure Draft

Proposed standard



Consultation Document

Explains the approach and key questions



FAQs: [Assurance Engagements over GHG Emissions Disclosures](#)

Objectives

Standard that enables users to place trust and confidence in the mandatory GHG disclosures:

Drives high-quality assurance engagements

Appropriate for current regulatory regime

All competent and independent assurance practitioners to undertake such engagements

Approach

This is a temporary standard.

- Application date: reporting periods ending on or after 27 October 2024.
- End-date: no later than periods ending on 27 October 2028.



This is a narrow scope standard.

- It is applicable to assurance of GHG emissions disclosures included in climate statements required by the Financial Markets Conduct Act 2013.

Key features of the proposals



Engagement requirements

Require compliance with one of two international assurance standards

Include additional requirements as necessary

Ethics and independence

Include principles-based requirements

Professional and Ethical Standard 1 will not apply

Quality management

Include principles-based requirements

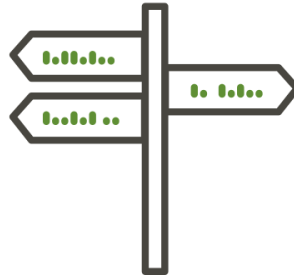
Professional and Ethical Standards 3 and 4 will not apply



Engagement level

ISO 14064-3:2019

*Greenhouse gases —Part 3:
Specification with guidance for
the verification and validation of
greenhouse gas statements*



Or

ISAE (NZ) 3410

*Assurance Engagements on
Greenhouse Gas Statements*

PLUS

Various additional reporting tools and communication requirements

Assurance report

In addition to requirements in ISO 14064-3:2019 or ISAE (NZ) 3410:

- State which assurance level was applied over which disclosures
- Disclose which standards have been applied, including professional or accreditation ethical standards
- Disclose other relationships held with the client
- Include the name of the assurance practitioner

Assurance Reporting tools

Range of reporting tools

Key Matters



Matters of most significance in the engagement

Emphasis of Matter



Highlight any GHG disclosures

Significant Uncertainty



Highlight areas of significant uncertainty

Other Matters



Any other matter



Assurance conclusions



Expect differences:

- Verification wording in ISO assurance reports
- Validation wording in ISO assurance reports
- Some parts covered by verification and some parts covered by validation
- Limited assurance
- Reasonable assurance
- Some parts covered by limited and some parts by reasonable assurance

Assurance conclusions



Different terminology for projected or forecast information:

Validation - ISO conclusion.

Nothing comes to our attention which causes us to believe that the assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and in accordance with [measurement criteria].

Limited assurance – ISAE conclusion.

Nothing has come to our attention that causes us to believe that the GHG disclosures are not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) and [measurement criteria].

Competence and reliance on work of others

Competence in:

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



Relying on work of experts:

- Evaluate competence of the expert
- Evaluate objectivity of the expert (enquire about interest and relationships)
- Understand the work of the expert

Ethics and Independence



Comply with fundamental principles:

Independence, Integrity, Objectivity, Professional Competence and Due Care, Confidentiality, Professional Behaviours.

Identify, evaluate and address threats to fundamental principles

Eliminate or reduce the threats to an acceptable level

Prohibitions:



- Assure own work
- Prohibition on Assuming Management Responsibility
- Financial Interest Prohibition

Other important considerations

- Conditions and Relationships
- Addressing Familiarity Threat due to Long Association



Quality Management



The overall
system of quality
management

Engagement
Performance

Consultation

Independent
review

Other comments

Polling question:

Is there anything else important that is missing in the proposed standard?

- Overall, the standard looks fine to me.
- It is missing some important aspects...
...and I will inform you in my submission/email/chat/any other form.
- Difficult to say. I will need to think about this more and...
...and will come back in my submission/email/any other form.

How to Comment

You can provide feedback to us via:

Our website:

[Assurance over GHG Emissions Disclosures » XRB](#)

Email us

assurance@xrb.govt.nz

Comment on LinkedIn

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

Comments are due by 24 March 2023



16 December 2022
ED Published on
XRB Website



8 February 2023
Virtual Feedback
Forum



24 March 2023
Comment period
closes



July/Aug 2023
Issue standard



October 2024
GHG disclosures subject
to mandatory assurance

Where to from here.....



MBIE/MfE consultation covers:

- Occupational licensing for assurance practitioners
- Expanding assurance to cover the whole climate statement.

Submissions close 10 February 2023