

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 8

Company Name

Auckland Council

Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

We acknowledge the XRB's findings that Scope 3 reporting and assurance is more complex and resource-intensive than originally anticipated. In our experience, Scope 3 consolidation is significantly more subjective compared to Scope 1 and 2, with challenges including:

- Materiality assessment: determining what falls within the reporting boundary, particularly downstream emissions where indirect control or influence is less clear.
- Consistency in quantification: managing different methodologies (spend-based, average-based, supplier-specific), ensuring comparability across subsidiaries, and minimising double counting.
- Supplier engagement: accessing verifiable data from value chain partners, especially for capital projects, remains a resource-intensive process.

- Sustainable procurement and contracts: embedding emissions-related requirements in contracts requires both time and digital systems to collect and analyse data effectively.

Assurance practices: uncertainty remains around audit approaches for Scope 3, and specific guidance from the XRB will be important. We agree with a staged approach to Scope 3 reporting and assurance. Our intention is to disclose, from next year, a subset of Scope 3 categories where we have the most confidence (e.g. the top 3–5 categories). We will start with spend-based methodologies and progressively move toward more accurate activity-based and supplier-specific approaches over time. The proposed extension will give us the necessary time to prepare for a limited audit assurance over Scope 3 reporting. We would likely take advantage of an extension of the requirement for a Scope 3 engagement by one or maybe two reporting periods, depending on our progress as a group in reporting reliable Scope 3 data.

Should AP 2, which relates to anticipated financial impacts, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

We share the concerns raised by other CREs that comprehensive AFI disclosures are difficult to prepare ahead of detailed guidance from the XRB. However, we are developing our methodology, and anticipate we will be in a position to report a subset of our most material AFI data in the next reporting period. The two-year extension would give us and other CREs time to:

- Align AFI disclosures with forthcoming XRB guidance (expected by the end of 2025).
- Provide appropriate integration of AFI methodologies with existing risk management processes.
- Improve confidence in data quality.

Any other comments

We support the XRB's proposal for a two-year extension to the adoption provisions for Scope 3 reporting and assurance, and AFI reporting. We agree that additional time is required to obtain quality data, build robust methodologies, and align with forthcoming XRB guidance and international practice, particularly in Australia. Additionally we agree that given the significant costs involved in

developing our reporting processes, a better cost-benefit alignment would be provided by an extension to requirements.