

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 18

Company Name

CPA Australia

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 four or more years

Please give a reason for your answer

CPA Australia received mixed feedback in our stakeholders outreach regarding the timing of mandatory Scope 3 GHG emissions reporting and assurance. While there is broad recognition of its importance in understanding an entity's full climate impact, views differ on market readiness and implementation timelines. After weighing all feedback and the reasoning provided, we marginally lean towards the final option—extending the transitional period by four or more years. However, we urge the XRB to continue monitoring global developments and reassess its position as new and emerging information becomes available. Key arguments we heard in delaying scope 3 GHG emissions as long as possible unless global movement in this space: - Cost Implications: Assurance of Scope 3 can be costly, with some sectors facing significant compliance burdens. - Transitional Period Needed: A commonly suggested three-year transition reflects current limitations in data reliability and high assurance costs. - Data Variability: Frequent changes in emission factors complicate assurance and may hinder auditors' ability to sign off. - Market Readiness: Firms and clients need time for education, system upgrades, and process development before mandatory assurance. - Technical Capacity Constraints: There is a global shortage of qualified Scope 3 assurance experts, especially for complex supply chains. - International Alignment: New Zealand should consider aligning with the EU timeline to avoid imposing premature burdens on the local market. Key arguments we heard in not delaying scope 3 GHG emissions: - Climate Accountability: Scope 3 is essential for understanding an entity's full climate impact—"If you don't measure it, you can't manage it." - Some entities and firms have invested significantly in preparation for reporting and assuring Scope 3 data, including undertaken pre-engagement assurance and gap analyses, indicating a level of preparedness.

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 note that the quantification of anticipated financial impacts and how such quantification would intersect with International Accounting standards is still a developing space.

Any other comments