

New Zealand Auditing and Assurance Standards Board

MEETING PACK

for

Virtual NZAuASB meeting - PUBLIC

Monday, 3 November 2025

8:15 am (NZDT)

Held at:

Virtual

Microsoft Teams Meeting

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AGENDA

VIRTUAL NZAUASB MEETING - PUBLIC

Name:	New Zealand Auditing and Assurance Standards Board
Date:	Monday, 3 November 2025
Time:	8:15 am to 10:00 am (NZDT)
Location:	Virtual, Microsoft Teams Meeting
Committee Members:	Graeme Pinfold (Committee Chair), Darby Healey, Doug Niven, Michael Bradbury, Rebecca Palmer, Richard Kirkland, Todd Beardsworth, Vasana Vanpraseuth
Attendees:	Karen Tipper, Misha Pieters

1. Opening Meeting (PRIVATE)
2. Amendment to Assurance on Greenhouse Gas Disclosures 2025 (PUBLIC)

2.1 Summary Paper 8:15 am (10 min)

For Decision

Discuss the first item related to the assurance amendments.

Supporting Documents:

2.1.a	2.1 BMSP Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025 (1).docx	5
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2.2 Analysis memo scope 3 8:25 am (10 min)

For Discussion

Discussion on the second item related to the assurance amendments.

Supporting Documents:

2.2.a	2.2_Memo to SRB_Scope 3.docx	8
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2.3 Additional analysis 8:35 am (10 min)

For Discussion

Review of the third agenda item connected to the assurance topic.

Supporting Documents:

2.3.a	2.3_Memorandum to SRB with additional information 2025.docx	24
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2.4 (PRIVATE SUPPLEMENTARY) Supporting paper including all submissions 8:45 am (10 min)

For Discussion

Discussion on the fourth agenda item related to the amendments.

2.5 (PRIVATE SUPPLEMENTARY) Allocation of respondents per submitter type 8:55 am (10 min)

For Discussion

Examine the fifth related topic in the assurances discussion.

2.6 Amendments to NZ SAE 1 9:05 am (10 min)

For Decision

Address the sixth agenda item connected to the adjustments.

Supporting Documents:

2.6.a	2.6 Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025.docx	27
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2.7 Draft Basis for conclusions 9:15 am (10 min)

For Decision

Discussion on the seventh agenda item related to the amendment.

Supporting Documents:

2.7.a	2.7 Basis for conclusions amendment to assurance standard over greenhouse gas emissions.docx	32
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2.8 Draft Joint signing memo 9:25 am (10 min)

For Decision

Final discussion on the eighth item concerning the assurance amendments.

Supporting Documents:

2.8.a	2.8_Joint signing memo - Amendments to NZ CS 2 and NZ SAE 1.docx	37
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3. Close Meeting

3.1 Close the meeting 9:35 am

For Noting

Next meeting: No date for the next meeting has been set.

Conclude the meeting and outline next steps.

NZAuASB Board meeting summary paper

Meeting date: 3 November 2025

Subject: **Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025**

Date: 24 October 2025

Prepared by: Karen Tipper

Reviewed by: Misha Pieters

☒ **Action Required**

☐ **For Information Purposes Only**

Agenda item objectives

1. The objective of this agenda item is that the Board:
 - (a) NOTES feedback and CONSIDERS the analysis of feedback related to assurance matters from the consultation on Proposed 2025 Amendments to Climate and Assurance Standards—Analysis of feedback and recommendations presented
 - (b) APPROVES:
 - i. The joint signing memorandum from the Chair of the SRB and the Chair of the NZAuASB to the Chair of the XRB Board
 - ii. Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025 that amends New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) Assurance Engagements over Greenhouse Gas Emissions (GHG) Disclosures.

Note: The Sustainability Reporting Board (SRB) will meet on 31 October 2025 to consider staff recommendations to amend Adoption Provisions (APs) in Aotearoa New Zealand Climate Standards (NZ CS), including the APs relating to scope 3 GHG emissions disclosure and the related assurance AP. Staff will provide an update to the NZAuASB following the SRB meeting.

Background

2. Following the discussions at the NZAuASB's and SRB's August meetings, the consultation document—*Proposed 2025 Amendments to Climate and Assurance Standards* was published on 3 September 2025. The consultation closed at 5pm on 24 September 2025.
3. *102 submissions* were received, 57 from Climate Reporting Entities (CREs) and 45 from non-CREs including 13 professional service providers.
4. The decision to extend the APs for the reporting and assurance of the scope 3 greenhouse gas (GHG) emissions disclosures are necessarily inter-related.
5. Section 461ZH(1) of the Financial Markets Conduct Act 2013 states that:

Every climate reporting entity must ensure that the climate statements or group climate statements that are required to be prepared under any of sections 461Z

to 461ZC are, to the extent that those statements are required to disclose greenhouse gas emissions, the subject of an assurance engagement.

6. The result is that the scope 1, 2, and 3 GHG emissions disclosures included within climate statements are required to be assured.
7. The XRB has previously provided APs that enable CREs to delay the reporting and assurance of the scope 3 GHG emissions given concerns around the lack of methodology, and lack of data or data quality. We heard through the consultation process in September 2025 that these concerns remain. We also heard that the availability of Service Organisation Control Type 2 (SOC) reports¹, though not required, would be helpful to enable assurance and reduce the cost of the assurance. Some CREs comment that there is a lack of capability or capacity, or immature assurance practices, while assurance practitioners state that they have the capacity and capability and cite examples where assurance has been provided with no modified conclusions.
8. The APs allow for transition into the new regime and enable effective implementation of the requirements of the standards. Transitional provisions are not unusual when introducing new requirements.
9. CREs must fairly present their climate statements. The principles of fair presentation required by NZ CS 3², include the principle of verifiability, i.e. information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it.
10. Given what the FMC Act requires and that the principle of verifiability is necessary in order to report in accordance with NZ CS, the extension of the assurance AP is tied to, and should be the same as any extension to the APs for the reporting.
11. On 21 October in a [media release](#) the Government announced its decisions which will:
 - (a) Lift the mandatory climate reporting threshold for listed issuers from \$60 million market capitalisation to \$1 billion
 - (b) Remove managed investment schemes from the climate reporting regime
 - (c) Adjust director and company liability settings.
12. Now that Government decisions have been made, it is still necessary for the SRB to make decisions on APs and the NZAuASB on changes to NZ SAE 1 (and gazette any amending standards if applicable) because all CREs (including those with 31 December balance dates) remain subject to the current CRD legislation.

Matters to consider

13. The APs are within the NZ CS. The SRB has delegated authority to issue and amend the climate reporting standards on behalf of the XRB. There is also a requirement that has been added in NZ SAE 1, which is equivalent to the assurance AP in NZ CS, for consistency. The NZAuASB has delegated authority to amend NZ SAE 1.
14. There is no reason for the APs relating to reporting and assurance in NZ CS to differ from the assurance outcome in NZ SAE 1, therefore the decisions to be made in the climate standards and the assurance standards must be the same.
15. Following the SRB meeting, we ask the NZAuASB to approve the change to the assurance standard.

¹ A SOC report is an independent auditor's evaluation of a service organisation's internal controls, providing assurance about how data and processes are handled.

² NZ CS 3, General Requirements for Climate-related Disclosures

16. The consultation paper asked for submissions on whether the APs for scope 3 GHG emissions assurance and reporting should be extended. The proposal was for a two-year extension.
17. Staff consider that the consultation feedback strongly supports the proposal, with the reasons provided consistent with the issues as outlined in the consultation document. We consider that a two-year extension:
 - (a) acknowledges the real and immediate challenges faced by CREs and assurance practitioners, allowing those CREs who need more time to use the optional APs as needed, while providing time for capability building and methodological improvement to reduce risk and costs
 - (b) would provide sufficient time for the XRB to provide further guidance, and for CREs and professional service providers to work together to address many of the current challenges
 - (c) aligns with international developments.
18. Based on the staff's analysis of the feedback received, we recommend proceeding with the proposal as stated in the consultation documents to extend the APs relating to reporting and assurance of the scope 3 GHG emissions for an additional two years and to replicate the impact of the extension in NZ SAE 1.
19. Staff note that the Government's decisions do not change staff's recommendations.
20. We note that the latest international assurance standard, ISSA 5000³, includes requirements and application material relevant to the value chain. The application of ISSA 5000 is for periods beginning on or after December 2026, with early adoption encouraged. This date aligns with staff recommendation to extend the APs for 2 years. The NZAuASB's consultation on whether to adopt ISSA 5000 closed on October 10th and we intend to bring the analysis and recommendations to the NZAuASB's 3 December meeting to enable a decision to be made by the end of the year.

Recommendation

21. We recommend that the Board approve for issue Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025.

Material presented

- Board meeting summary paper
- Memo Scope 3 GHG emissions - Analysis of feedback
- Memo – Additional Information
- Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025
- Draft basis for conclusions
- Draft joint signing memorandum

³ ISSA 5000, General Requirements for Sustainability Assurance Engagements

Memorandum

To: Sustainability Reporting Board

Meeting date: 31 October 2025

Subject: **Scope 3 GHG emissions**
Proposed 2025 Amendments to Climate and Assurance Standards – Analysis of feedback and recommendations

Memo date: 24 October 2025

From: Amelia Sharman

Prepared by: Lisa Kelsey and others

Copied to: NZAuASB members

☒ **Action Required**
☐ **For Information Purposes Only**

Purpose

1. This paper:
 - (a) summarises the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of scope 3 GHG emissions disclosure and assurance
 - (b) makes recommendations to the Sustainability Reporting Board (SRB) based on the staff analysis of that feedback.

Recommendations

2. We recommend that the SRB:
 - (a) NOTES the feedback received on the consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* on the topic of scope 3 greenhouse gas (GHG) emissions disclosure and assurance
 - (b) CONSIDERS the staff analysis of that feedback
 - (c) AGREES to the proposal as stated in the consultation document to extend the adoption provisions for scope 3 GHG emissions disclosure and assurance (AP4, AP5, AP7 and AP8) for an additional two reporting periods.

Background

3. On 3 September 2025, the XRB published [Proposed 2025 Amendments to Climate and Assurance Standards](#) (the consultation paper). The purpose was to seek views about the proposal to extend, by two reporting periods, the adoption provisions relating to reporting and assurance of scope 3 GHG emissions and reporting anticipated financial impacts (AFIs). Submissions closed on 24 September 2025.

Responses received

4. 102 submissions were made. 97 submitters responded to question 1 on scope 3 GHG emissions disclosure and assurance and 99 submitters responded to question 2 on AFIs. All submissions are included in the supporting papers.

Profile of respondents

5. 57 (56%) submissions were made by climate reporting entities (CREs) comprising 38 listed issuers, 7 managers of registered schemes, 7 licensed insurers and 5 registered banks. Figure 1 below indicates the types of submitters. We have also provided a breakdown of each category in the supporting papers.
6. Two managers of registered schemes self-identified as both preparers and users/consumers of climate-related disclosures (see also paragraph 20). Note that the Investor Group on Climate Change (IGCC) and the Principles for Responsible Investment (PRI) are categorised as sustainability organisations rather than direct users of climate statements.

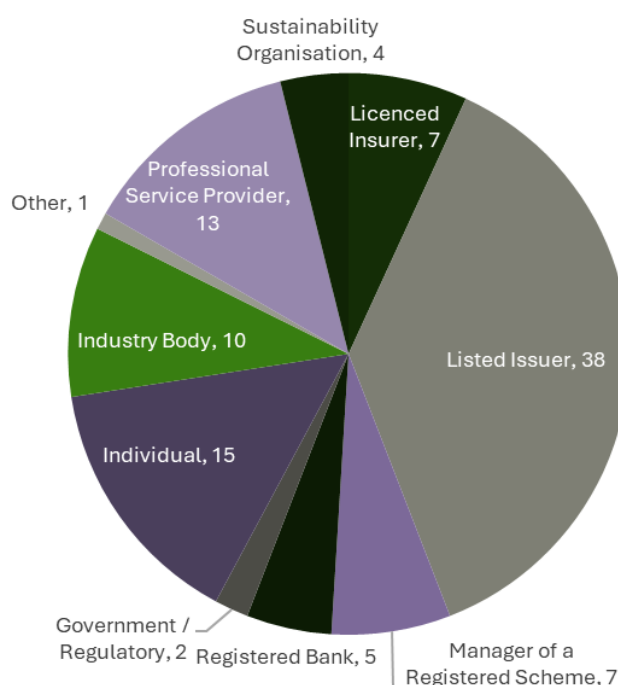


Figure 1: Respondents by type

How we describe the feedback

7. In this memo we use the following terms to describe the extent of feedback.

Term	Meaning	Approximate range
Almost all	All except a very small minority	>90%
Most	A large majority	70-90%
Many	A substantial portion	40-70%
Some	A noticeable minority	10-40%
A few	A small number	<10% ¹

¹ Note that this may be only one, two or three submitters.

Questions in consultation document

8. The consultation questions relating to scope 3 GHG emissions disclosure and assurance in the online survey are below.

Scope 3 GHG emissions disclosure and assurance (AP 4, AP 5, AP 7 and AP 8)	
1.	Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended? Please give reasons for your answer.
	– No
	– Yes, by one year
	– Yes, by two years (the XRB's proposal)
	– Yes, by three years
	– Yes, by four or more years

Structure

9. The remainder of this memo is structured as follows:
- (a) summary of feedback received on the topic of scope 3 GHG emissions disclosure and assurance
 - (b) Staff analysis
 - (c) Staff recommendation
 - (d) Appendix A: Detailed feedback received from CREs
 - (e) Appendix B: Detailed feedback received from non-CREs
10. Note that this memo is about scope 3 GHG emissions reporting and assurance only. A separate memo discusses AFIs.

Summary of feedback received

11. This section provides a high-level summary of feedback received on the proposed extension of the adoption provisions relating to scope 3 GHG emissions disclosure and assurance. Table 1 provides a quantitative analysis.

Table 1: Submitters who answered Question 1 – Scope 3 adoption provisions						
Options	All submitters		CREs		Non-CREs	
	#	%	#	%	#	%
No change	24	25%	3	6%	21	48%
Yes extend	73	75%	50	94%	23	52%
Totals	97	100%	53	100%	44	100%
Yes, by 1 year	5	5%	0	0%	5	11%
Yes, by 2 years (Proposed)	55	57%	41	77%	14	32%
Yes, by 3 years	4	4%	1	2%	3	7%
Yes, by 4+ years	9	9%	8	15%	1	2%
Total supporting extension	73	75%	50	94%	23	52%

Summary of CRE responses

12. Almost all CREs supported an extension, with most favouring a two-year extension. CREs cited several key reasons. Data availability and quality remain insufficient across value chains, with heavy

reliance on third-party estimates and low supplier coverage, making robust disclosure and assurance challenging. Some respondents emphasised the need to align timing and requirements with Australia's AASB S2 and ISSB standards to reduce duplication, improve comparability, and address uncertainty—particularly for dual-listed entities and insurers concerned about insurance-associated emissions.

13. CRE assurance readiness and assurance cost were also noted, due to the complexity and resource requirements of scope 3 reporting, with some CREs still developing systems and internal capability. Respondents also highlighted unresolved methodological issues (for example, lack of measurement methodologies for derivatives and facilitated emissions) and uncertainties regarding the boundaries for scope 3 inclusion. Some noted the need for time to build internal capability and systems, and the risk that current requirements could divert resources from mitigation and adaptation efforts. A few suggested extending assurance only while proceeding with disclosure, and a few noted that smaller entities face disproportionate challenges and would benefit from additional time.
14. Nine CREs supported an extension beyond two years, citing four main reasons: high compliance and assurance costs that currently outweigh benefits to users and investors; immature methodologies for calculating and assuring scope 3 emissions, requiring time to refine and align with global best practice; insufficient data availability and quality across value chains, leading to unreliable estimates; and assurance market readiness. Additional points included low investor interest in climate statements and the need to align with Australian implementation timelines to leverage more mature overseas practice.
15. Three CREs did not support an extension. One provided no rationale, while the other two emphasised the importance of scope 3 disclosure, noting that this amount is usually much higher than scope 1 and 2 combined and is critical for complete, decision-useful climate statements. They argued that established methods make scope 3 reporting relatively straightforward and that it drives supply chain action, so delaying would hinder market progress.
16. One issuer acknowledged the cost and complexity of obtaining assurance but opposed a blanket deferral, favouring targeted, case-by-case relief to maintain momentum on data quality and assurance readiness while addressing disproportionate burdens for smaller entities.²

Summary of non-CRE responses

17. 52% of non-CRE respondents support extending adoption provisions, citing assurance readiness and cost concerns, particularly for scope 3 emissions where methodologies, data quality, and assurance practices remain immature. Submitters highlight limited assurance capacity, risk of qualified opinions, and disproportionate burdens on smaller entities, emphasising the need for scalable, threshold-sensitive settings. Most stated that time is required to build systems, processes, and capability, and call for alignment with international standards, especially IFRS S2 and AASB S2, to ensure comparability and avoid duplication. Respondents warn that premature mandates could undermine investor confidence and market comparability, given current uncertainty and inconsistency in data and methodologies.
18. 48% of non-CRE respondents oppose extending adoption provisions, citing that further delays would undermine achieving the purpose of the climate-related disclosure framework, reduce momentum and weaken trust. They stress that scope 3 emissions are critical for decision-useful information, comparability, and effective risk assessment, and note that existing guidance (XRB staff guidance, GHG Protocol and PCAF) provides sufficient flexibility for meaningful reporting. Many stated that

² We note that the XRB does not have the statutory power to make case-by-case decisions. This approach would require entities to apply for exemptions from the FMA.

capability improves through practice, with many entities already disclosing or obtaining limited assurance, and warn that further deferral risks misalignment with international regimes and reduced market confidence. While most reject blanket extensions, some support short, time-bound assurance deferrals or targeted relief for specific categories (e.g., financed emissions), alongside practical support measures rather than delay.

19. Assurance practitioners confirmed that they have capacity to carry out the assurance work. They also stated that assurance brings to the surface method, boundary and data issues early, raising quality and confidence. Hence, deferral would dilute these benefits.

The user perspective

20. Very few users responded to the consultation. However, financial institutions and insurers serve as both preparers and users of climate-related disclosures. Two managers of registered schemes (submitters 33 and 58)³ provided dual perspectives in their submissions:
 - (a) One noted that GHG emissions data from listed issuers is useful for investment decisions and that assurance improves reliability, but highlighted preparer challenges such as limited data on financed emissions, reliance on external estimation methods, and the significant risk of receiving a qualified audit opinion —supporting a two-year extension for adoption.
 - (b) The other argued against delaying mandatory scope 3 reporting, as MIS Managers rely on company disclosures to assess their own emissions, but advocated delaying mandatory assurance due to insufficient sector-specific guidance and ongoing data difficulties.

Consistent messages from both CREs and non-CREs

21. Both CREs and non-CREs acknowledged the complexity and challenges of scope 3 reporting, including data quality, methodological gaps, and assurance readiness. Both groups also recognised the importance of international alignment and the disproportionate burden on smaller entities.

Staff analysis

Two-year extension

22. A two-year extension was the proposal provided in the XRB's consultation document. This proposal was based on information received through two main channels.
 - (a) In April 2025, the XRB issued [Request for information: The international alignment of climate reporting](#) (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 GHG emissions was continuing to be a challenge for entities.
 - (b) In August 2025, XRB staff conducted targeted follow-up meetings with CREs, assurance practitioners and data providers, to understand these issues in more detail.
23. The consultation document stated that the purpose of the proposed two-year extension would be to provide time for:
 - (a) the XRB to develop additional guidance, clarify boundaries for scope 3 GHG emissions, and consider differential reporting options. This work would need to be completed in 2026

³ See all publicly available submissions on the [XRB website](#).

- (b) CREs to upskill and improve systems, better manage the current data quality issues, methodological gaps and boundary uncertainties that limit the reliability and comparability of scope 3 GHG disclosures
 - (c) data providers to progress industry-wide solutions such as SOC 2 reports, and support alignment with international disclosure obligations.
24. The consultation paper also stated that a two-year extension would also better align timing with the scope 3 GHG emissions disclosure and assurance obligations in Australia and other overseas jurisdictions.
25. Staff consider that the information provided in the consultation feedback strongly supports the proposal for a two-year extension, with the reasons provided consistent with the issues as outlined in the consultation document. We consider that a two-year extension:
- (a) acknowledges the real and immediate challenges faced by CREs and assurance providers, allowing those CREs who need more time to use the optional adoption provisions as required, while providing time for capability building and methodological improvement to reduce risk and costs
 - (b) would provide sufficient time for the XRB to provide further guidance, and for CREs and professional service providers to work together to address many of the current challenges
 - (c) aligns with international developments.
26. Staff also note the arguments provided by many submitters that not amending the standards to account for the identified challenges risks negatively impacting their effective implementation. The information provided by the reporting must be trusted and considered useful by both entities and primary users to meet the stated purpose of climate standards and climate-related disclosures (in [section 19B of the Financial Reporting Act 2013](#)).
27. Finally, staff highlight that the adoption provisions are optional. A paragraph is included in the draft basis for conclusions that strongly encourages entities that use the adoption provisions to continue to work internally so that they are prepared for mandatory disclosure and assurance.

No extension

28. Staff note the views provided by those in favour of no extension (such as the urgency of climate action, and the maturity of existing methodologies for many scope 3 categories). Staff also note the feedback from assurance providers that unqualified assurance conclusions are already in the market and the view that Service Organisation Control Type 2 reports are not required for this assurance and that evidence can be obtained in other ways.
29. Staff however consider that the practical implementation challenges of CREs outweigh these responses, particularly when considering costs and benefits and the need to ensure the climate-related disclosure regime is enabled by standards that meet the needs of both preparers and users. Staff also note that they consider it would be unreasonable to provide no extension based on the feedback received, as well as the short time between the decision on the extension of these adoption provisions and a requirement to report, particularly for 31 December balance date entities.

One-year extension

30. Staff note the views of the five submitters that supported a one-year extension, which centred on the argument that a longer extension would mean that New Zealand will fall behind global best practice and lose its leadership position. Staff do not support the one-year option for three reasons:
- (a) A one-year extension would apply for financial years commencing in the 2025 calendar year. This period is almost over for CREs with 31 December balance dates and would only provide weeks or months for CREs with other balance dates to address the significant methodological, data, and capability gaps, particularly for complex scope 3 categories and for smaller entities with limited resources.
 - (b) There are benefits to CREs with Australian parents to more closely align the assurance requirement with the Australian timeline for Group 1 and Group 2 entities.
 - (c) A desire to provide certainty and to avoid the risk of needing to extend the adoption provisions again in 2026 should data quality and other issues not resolve sufficiently.

Extension of three or more years

31. Staff consider that the arguments provided for a three or more-year extension have some merit, particularly for smaller CREs for whom the high cost is disproportionate. Staff also note that three-plus years would also significantly reduce the risk of the SRB needing to consider extending adoption provisions for a third time in 2027 and provide ample time for international standards and sector-specific guidance to mature and be implemented. However, staff do not recommend this option because it may excessively delay momentum.

International developments

32. The International Auditing and Assurance Board issued ISSA 5000 *General Requirements for Sustainability Assurance Engagements* in November 2024. This standard includes requirements and application material relevant to the value chain. The application of ISSA 5000 is for periods beginning on or after 15 December 2026, with early adoption encouraged. This date closely aligns with staff recommendation to extend the scope 3-related adoption provisions for two years. The NZAuASB's consultation on whether to adopt ISSA 5000 closed on 10 October 2025. Staff's expectation is that the NZAuASB will decide whether to adopt it at its meeting on 3 December 2025.
33. At its meeting on 25 September 2025, the [ISSB agreed](#) to finalise the proposed relief from the requirements to measure and disclose Category 15 GHG emissions beyond financed emissions (excluding derivatives, facilitated and insurance-related emissions). Once this proposed relief is available, entities applying IFRS S2 *Climate-related Disclosures* will not be required to measure and disclose GHG emissions from derivatives, facilitated and insurance-related emissions.

Staff recommendation

34. We recommend a two-year extension for scope 3 GHG emissions disclosure and assurance adoption provisions (AP 4, AP 5, AP 7, and AP 8).

APPENDIX A: Feedback received from CREs

1. This appendix focuses on responses received from CREs, then broken down by support or otherwise for the proposed extension.
2. Table 2 provides a heatmap of responses from CREs for the first question relating to AP 4, 5, 7 and 8 on scope 3 GHG emissions and assurance (and related AP).

Table 2: Heatmap of responses to Q1 by CREs

Q1 – Should AP4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?						
Submitter Type	TOTAL (type)	No	Yes, by 1 Year	Yes, by 2 Years	Yes, by 3 Years	Yes, by 4+ Years
Licensed Insurer	7			7		
Listed Issuer	34	3		23	1	7
Manager of a Registered Scheme	7			6		1
Registered Bank	5			5		
TOTAL (response)	53	3	0	41	1	8

CREs supporting a two-year extension

3. 41 CREs supported a two-year extension of the adoption provisions. The reasons provided by CREs in support of the two-year extension are summarised in this section.

Data availability and quality across value chains and third-party providers are not yet sufficient for reliable scope 3 disclosure and assurance

4. Many CREs stated that current scope 3 data, particularly from suppliers, investee companies, and external data vendors, is incomplete, unreliable, or delayed, making robust disclosure and assurance difficult. Entities reported reliance on third-party estimation methods, confidentiality constraints around vendor calculations, and low measurement coverage among large supplier bases. These limitations affect both operational categories (e.g., purchased goods and services) and financed emissions (Category 15).
5. This issue cuts across CRE types, with nuance around the nature of dependency (vendors for MIS managers; suppliers for issuers). Managers of registered schemes highlighted gaps and opacity in ESG data platforms. Listed issuers underscored supplier engagement challenges. Insurers pointed to data quality issues in invested and insurance-associated emissions.

Our support is primarily based on the current limitations in data availability and quality from third-party sources, which are essential for compiling our Scope 3 emissions profile. (listed issuer, #72)⁴

As a life insurer, we do face general data availability and quality issues, including in relation to invested emissions and insurance-associated emissions. (licensed insurer, #24)

⁴ Numbers refer to submission numbers as allocated in the [submission list](#).

Align with AASB/ISSB to reduce duplication and resolve cross-jurisdictional uncertainty (including insurance-associated emissions)

6. Some CREs, especially listed issuers and CREs with an Australian parent, want timing and content aligned with AASB S2 and IFRS S2 to avoid duplicated work, reduce compliance costs and improve comparability. Some CREs stated that it would be helpful to wait for the current uncertainty to be resolved about whether the ISSB and AASB will require insurance-associated emissions (IAE) to be included. This theme spans insurers, listed issuers, managers and banks. Insurers and dual-listed issuers most often referenced parent-level efficiency and consistency, while scheme managers stressed the need for alignment to improve the quality of financed emissions inputs.

The proposed extension would better align New Zealand's requirements with those in Australia and other jurisdictions, reducing compliance costs and supporting comparability for entities with international operations or parent companies. (listed issuer, #84)

Assurance is not ready: methods lack transparency, costs are high, risks of qualified opinions persist, and guidance is needed

7. Some CREs described immature assurance practices for scope 3, citing limited transparency in vendor models, replication challenges for assurance providers, and a high likelihood of qualified opinions. They emphasised the need for clear assurance guidance and noted capacity constraints within New Zealand assurance providers. Listed issuers most often raised cost and readiness concerns. Managers of schemes pointed to third-party data limitations that assurance teams cannot verify. A listed issuer and a bank underscored the need for phased approaches and practical methods.

This creates a significant risk of a qualified audit opinion that is difficult to mitigate at this stage (manager of a registered scheme, #33)

More time is needed for the assurance market, both in New Zealand and internationally, to develop consistent approaches and methodologies for Scope 3 assurance (listed issuer, #53)

Methodology gaps and boundary uncertainty require time to settle (derivatives, facilitated emissions, industry-wide scope boundaries)

8. Some CREs pointed to unresolved methodological questions such as that PCAF lacks guidance on derivatives; facilitated emissions are still developing; and defining sensible, comparable operational boundaries remains challenging.
9. Several sector-specific issues were raised. Ports are working collectively to establish industry-wide scope 3 boundaries, while insurers focused on IAE scope and methods. Banks and insurers stressed evolving standards; listed issuers highlighted downstream boundary difficulties. Financial service providers emphasised financed/facilitated emissions methods. Infrastructure and logistics entities stressed boundary-setting for complex ecosystems.

We follow the PCAF standard for calculating financed emissions and note that they have yet to issue a methodology for calculating financed emissions related to derivatives (registered bank, #6)

Providing further time for industry participants to reach agreement on scope 3 boundaries and to develop systems for calculating emissions would significantly help (listed issuer, #73)

Build capability and systems first so disclosures and assurance are credible and scalable

10. Some CREs, particularly listed issuers, asked for time to upskill teams, strengthen data systems, embed procurement requirements, and establish materiality thresholds before mandatory scope 3 disclosure and assurance. They flagged recent base years, immature processes, and the need to develop supplier engagement systems. Insurers and the PBE echoed the need for more time to

develop robust internal controls and scalable processes. Some CREs also stated that they intend to disclose information about subsets of scope 3 or adopt staged approaches while systems mature.

We welcome more time to source robust and quality data sets ... and to make system improvements for the capture of this data, to meet mandatory scope 3 reporting and assurance requirements. (listed issuer, #13)

We therefore welcome the extension as it will allow us further time to upskill, develop and improve systems and processes for Scope 3 emissions. (licensed insurer, #24)

Reduce resource burden and avoid diverting effort from practical mitigation and adaptation

11. Some CREs (especially listed issuers, but also some banks and insurers) highlighted significant cost and effort to measure and assure scope 3 now, warning that resources might be pulled from mitigation and adaptation programmes. Some prefer focusing on emissions within their control while building scope 3 capability.

There is a high cost and resource requirement to calculate complex scope 3 categories... (licensed insurer, #1)

This allows companies to adequately prepare and improve the quality of their data as well as focus on emissions within their control (listed issuer, #23)

Extend assurance only (AP8) while proceeding with disclosure (AP4) to improve data quality and market functioning

12. A few CREs explicitly supported extending assurance but not disclosure. Their rationale is that delaying disclosure perpetuates poor scope 3 data quality, inhibits development of data platforms, and won't motivate laggards. However, assurance needs more time due to guidance and data limitations. Managers of schemes, which rely on investee company disclosures, were prominent. One listed issuer proposed mirroring the staged approach applied to scopes 1 and 2.

We do not support the proposed extension of AP 4. We support the proposed extension of AP 8 by at least two years (manager of a registered scheme, #58)

Smaller entities need relief

13. A few CREs highlighted that smaller entities face significant challenges meeting the reporting and assurance requirements for Scope 3 emissions, particularly due to limited internal systems, higher relative costs, and the need for additional time and support to build capability and standardise practices.

CREs supporting more than a two-year extension

14. One CRE supported a three-year extension and eight supported an extension of four-plus years. The reasons provided by the CREs in support of a more than two-year extension are summarised below.

High compliance and assurance costs outweigh current benefits to users and investors

15. Some CREs stated that the cost of calculating and assuring scope 3 emissions is substantial and, at present, not matched by benefits to users or investors. Specific points included assurance fees exceeding calculation costs, significant spend for smaller listed issuers, and named figures for recent disclosure and assurance outlays. Some also highlighted competitive disadvantages versus entities not currently required to report, and the need to spread costs over multiple periods. The pattern was strongest among listed issuers, with one manager of a registered scheme similarly emphasising cost pressures. A nuance was that cost concerns were tied both to calculation and assurance, with some arguing usefulness to investors is currently limited.

For smaller NZX listed companies, the costs of calculation and assurance of Scope 3 emissions far outweigh any potential usefulness to investors. (listed issuer, #81)

Methodologies and guidance for scope 3 calculation and assurance need time to mature or be refined

16. Some CREs said global methodologies for scope 3 are still evolving and require further refinement before mandatory disclosure and assurance. They pointed to spend-based methods being less accurate, sector/product factors being unavailable, and the need for sector-specific guidance. One noted that a longer runway would let New Zealand entities benefit from a more mature reporting environment (including Australian experience). This theme appeared mainly among listed issuers, with consistent emphasis on methodological immaturity rather than sentiment, and a clear call for time to let practice settle.

Lack of Mature and Standardised Methodologies: The methodologies for calculating and assuring Scope 3 emissions are still evolving globally... A four-year extension would allow for global best practice to emerge (listed issuer, #2)

Data availability and quality are insufficient across value chains, making scope 3 calculations unreliable

17. Some CREs described limited or non-existent data from suppliers, borrowers and overseas value-chain partners, leading to reliance on estimates, assumptions and spend-based approaches. They cautioned that such data would undermine reliability and could later require correction, reducing confidence. This concern was raised by listed issuers and a manager of a registered scheme, with a consistent emphasis on supplier/partner capability gaps and the knock-on effects on data quality.

Extreme Complexity and Data Unavailability... often from suppliers who may not have the capability to provide accurate or auditable emissions data (listed issuer, #2)

At present, the required data is virtually non-existent for most of our borrowers, meaning reported emissions would be purely based on estimates, subject to inaccuracy from the use of assumptions (manager of a registered scheme, #27)

Assurance market immaturity (limited provider capacity, readiness and quality)

18. Some CREs cited a nascent assurance market for scope 3, with shortages of experienced practitioners, immature methodologies, and provider processes not yet ready for consistent assurance. Some also noted assurance fees exceeding calculation costs and stated that issues with assurance will not be resolved soon. This was a predominantly listed-issuer concern, expressed in practical terms about provider capability and price signals rather than general sentiment.

Assurance Market Immaturity: The market for assuring Scope 3 GHG emissions data is nascent. There is a shortage of experienced practitioners and established, cost-effective assurance methodologies (listed issuer, #2)

Other reasons

19. A few CREs observed limited stakeholder interest in climate statements and questioned the current usefulness of scope 3 metrics for investors.

There has been very limited interest in climate statements from investors in our funds to date... with less than 30 downloads from our website (despite over 7,000 investors being invested in our funds) (manager of a registered scheme, #27)

20. A few CREs asked for alignment with Australian implementation timelines and the opportunity to draw on more mature overseas practice.

We consider the APs should be extended by at least three years to better align the timing requirements with those that apply to Group 2 Australian CREs (listed issuer, #69)

CREs who do not support an extension

21. Three CREs did not support an extension. One did not provide any rationale. The two other listed issuers gave the following reasons:
- Scope 3 emissions generally far outsize scope 1 and 2 emissions, and thus are highly important to be measured and managed (*listed issuer, #94*)
 - There are well established methods and standards make scope 3 reporting comparatively straightforward (*listed issuer, #94*)
 - Scope 3 reporting drives supply-chain action. Delaying would slow wider market impact (*listed issuer, #94*)
 - Scope 3 is essential for complete, decision-useful climate statements (*listed issuer, #31*)
 - The cost and complexity associated with obtaining assurance over scope 3 emissions is significant. However, there should not be a blanket deferral of assurance. Targeted, case-by-case relief using objective criteria (e.g., size, revenue, asset base) would be better. This approach would maintain momentum on data quality and assurance readiness, while recognising disproportionate burdens for smaller or less complex organisations (*listed issuer, #31*)

APPENDIX B: Feedback received from non-CREs

22. This appendix focuses on responses received from non-CREs, then broken down by support or otherwise for the proposed extension.
23. Table 3 provides a heatmap of responses from non-CREs for the first question relating to AP 4, 5, 7 and 8. The responses from non-CREs are almost evenly split between those who support an extension and those who do not.

Table 3: Heat map of responses by non-CRE submitters

Q1 – Should AP4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?						
Submitter Type	TOTAL (type)	No	Yes – By 1 Year	Yes – By 2 Years	Yes – By 3 Years	Yes – By 4+ Years
Government / Regulatory	2			1	1	
Individual	15	9	1	3	2	
Industry Body	9	2		6		1
Other	1	1	0	0		
Professional Service Provider	13	7	2	4		
Sustainability Organisation	4	2	2			
TOTAL (response)	44	21	5	14	3	1

Non-CREs that support an extension

24. 23 (52%) of non-CREs support an extension of the adoption provisions for the reasons summarised below.

Assurance readiness and cost

25. Some non-CREs point to limited assurance capacity, immature assurance practices for financed, facilitated and insurance-associated emissions, and the likelihood of qualified opinions if assurance were compelled too soon. Cost was also a recurring concern, especially where external assurance is unavoidable. Industry bodies and professional service providers cite readiness constraints. Individuals add cost and practicality concerns. Government and regulatory voices note timing pressures for auditors and preparers.

Scope 3 reporting and assurance is proving significantly more complex and burdensome than anticipated, both in terms of data availability, methodological gaps and assurance readiness (industry body, #14)

Disproportionate impact on smaller CREs

26. Some non-CREs highlight the disproportionate impact on smaller CREs.

The proposed extension is supported by direct feedback from climate reporting entities and assurance providers and recognises the disproportionate impact on smaller entities at this stage of implementation (industry body, #14)

Methodology and data challenges

27. Some non-CREs cite evolving methodologies, uncertain boundaries, changing emission factors and data gaps, particularly for overseas value chains. These issues affect assurance feasibility and

comparability. Industry bodies and professional service providers emphasise practical application problems. Sustainability organisations express concerns about system readiness and data quality.

Insurance-associated emissions are an area of complexity and uncertainty. Data quality, boundary definitions, and methodologies remain immature; insurers will likely have challenges with reliable measurement and assurance. Significant investment in systems and processes may not deliver reliable or comparable outputs (industry body, #49)

More time is needed to build systems, processes and capability

28. Some non-CREs stress the need to build or adapt data pipelines, reporting systems and internal controls, plus sector guidance and training. Submitters link capability building to better consistency, quality and investor usefulness. Industry bodies often connect time needs to proportionality. Professional service providers highlight maturing systems.

We also believe this would provide sufficient time for systems and processes to mature and for reliable data to be available of all sectors (government and regulatory, #70)

Timing and scope should be aligned with international standards and Australia to avoid divergence and duplication

29. Some non-CREs state that better timing alignment with Australia and other jurisdictions is needed for comparability, capital markets access and efficiency reasons. This would reduce duplicated effort for CREs that are subsidiaries within multinational groups. Industry bodies and professional service providers lead these calls.

Given the size of New Zealand entities relative to their international counterparts, alignment in all areas with those proposed in key international jurisdictions, and with Australia in particular, will provide investors with comparability of reporting, creating a more even playing field when accessing international capital or export markets (professional service provider, #21)

Market comparability and decision-useful information for investors

30. Some non CREs state that timing decisions should support like-for-like disclosure, continuity (comparatives and trends) and clarity for investors. Poor data and assurance readiness could undermine comparability and confidence. Industry bodies dominate this theme, with professional service providers adding investor-usefulness and continuity concerns. The government/regulatory submitter supports continuity across the regime.

Given the significant uncertainty and inconsistency in current methodologies and data availability, mandating reporting and assurance currently risks undermining trust and confidence in the regime. It is difficult for end users (primarily our investors) to compare and interpret results, which leads to limited practical reliance on the disclosures (industry body, #10)

Non-CREs that do not support an extension

31. 21 (48%) of non-CREs do not support an extension of the adoption provisions, including seven out of 13 professional service providers (54%) and nine out of 15 individuals (60%). Their reasons are summarised below.

Delaying scope 3 further would undermine the regime, erode momentum and send the wrong signal

32. Some non-CREs warn that late and repeated extensions weaken trust in the regime, reduce comparability, and risk deprioritising capability building. Industry bodies and professional service

providers stress market stability. Individuals emphasise urgency and signal effects.

Scope 3 is essential decision-useful information that gives the full emissions picture and supports better risk and opportunity assessment

33. Some non-CREs argue that scope 3 often comprises the bulk of an entity's emissions and is therefore critical for primary users seeking a complete view of climate risk and transition progress. They stress that excluding or delaying scope 3 diminishes usefulness and comparability of disclosures. Professional service providers, industry bodies, individuals and sustainability organisations agree on this point, with only minor differences in emphasis (investor decision-usefulness versus operational visibility).

We have heard from our members, investors and users of this information that scope 3 GHG emissions disclosures are decision-useful, particularly for certain industry sectors (industry body, #15)

Relevant disclosures provide investors with valuable insights into climate-related risks and opportunities in the company's value chain that could affect the company's financial performance and valuation if not appropriately managed (sustainability organisation, #50)

Existing guidance and standards provide enough flexibility to report scope 3 now

34. Some non-CREs point to XRB staff guidance, GHG Protocol and PCAF as sufficient frameworks to start reporting, including estimation methods and explicit allowances to exclude sources lacking applicable methods. Industry bodies, professional service providers, a sustainability organisation and an individual all made statements to this effect, with broad agreement that guidance is adequate for meaningful disclosure.

Our understanding is that NZ CS, the associated [XRB] Staff Guidance, and other publicly available resources address the issues outlined in the consultation document relating to scope 3 emissions reporting and so enable compliant reporting by all relevant entities (professional service provider, #22)

Internationally recognised standards ... provide flexibility in measurement approaches, including the use of estimation methods where accurate data is unavailable. This enables entities to report meaningfully even in the absence of accurate data (professional service provider, #54)

The disclosures already allow for developing capabilities and data quality (individual, #38)

Capability improves through learning by doing and initial imperfections are acceptable

35. Some non-CREs contend that reporting will improve over time, and early disclosure drives internal systems, supplier engagement and learning. Professional service providers and individuals are prominent voices. One industry body supports disclosure now with a short assurance deferral to ease the initial lift.

The biggest driver of supplier engagement has been the need for large companies to measure Scope 3 emissions (professional service provider, #96)

Maintaining the disclosure requirement... would allow for capability development through "doing" (not just "planning to do") (industry body, #82)

Many CREs have already disclosed or obtained limited assurance over scope 3

36. Some non-CREs cite actual market practice (full or partial scope 3 disclosure and unmodified limited assurance conclusions) as evidence of feasibility. Listed issuers managers of registered schemes and overseas examples attest to this. Industry bodies and professional firms stated that SOC reports are not prerequisites for obtaining an unmodified limited assurance opinion because other testing procedures are available.

Our understanding is that scope 3 limited assurance is commonly provided without qualification in New Zealand and internationally (professional service provider, #22)

Further delay risks falling behind overseas regimes

37. Some submitters identified concerns regarding alignment (e.g., with Australia) as well as the credibility of the New Zealand regime relative to Australia and the EU should adoption provisions be extended. Sustainability organisations and industry bodies expressed concerns that delays will adversely affect market confidence and the attractiveness of investment. Professional service providers also identified issues relating to timing of assurance phases and interoperability.

A delayed timeline in New Zealand, alongside a narrower long-term scope, creates short and long-term challenges including comparability with overseas entities' reporting, interoperability with evolving global regimes, and lower market confidence, which is supported by assurance (professional service provider, #78)

Allow a short time-bound extension for assurance to bed in systems

38. Some non-CREs propose taking different approaches to disclosure and assurance. These submitters state that there should be no disclosure-related extension, while allowing a short assurance deferral. Most stated that one year would be sufficient to improve systems and align with Australia. One individual and one sustainability organisation proposed two years.

Take a targeted or differential approach rather than providing a blanket deferral

39. Some non-CREs support targeted relief by emission category (e.g., financed emissions), or by entity type, with clear justification and accountability. Professional firms and a sustainability organisation emphasise practicality and level playing fields. One individual proposes applying any deferral solely to financed emissions.

Rather than a blanket extension, we recommend a more targeted approach that allows deferral only where justified, accompanied by mandatory disclosure of a plan to reporting a full GHG inventory this is aligned with our prior submissions (professional service provider, #54)

[Any] extension ... should apply to Scope 3 Category 15 emissions only (covering financed emissions) (individual, #41)

Other reasons

40. A few non-CREs favour the provision of practical support over delay through guidance, templates, workshops and streamlined approaches (including assurance over common data sources).

Memorandum

To Sustainability Reporting Board

Meeting date 31 October 2025

Subject **Additional information to support decision making**

Memo date 24 October 2025

Prepared by Amelia Sharman

Copied to NZAuASB members

☐ **Action Required**

☒ **For Information Purposes Only**

Purpose

1. To provide additional information to the SRB to support their decision making on the proposed amendments to the climate and assurance standards.

Recommendations

2. That the SRB:
 - (a) NOTES this memo provides information on recent Government decisions on changes to the climate-related disclosures (CRD) regime
 - (b) NOTES that the contents of this memo do not change the staff recommendations provided under agenda items 3.1 and 3.2.

Background

3. On 21 October in a [media release](#) the Government announced its decisions on changes to the CRD regime which will:
 - (a) lift the mandatory climate reporting threshold for listed debt and equity issuers (listed issuers) from \$60 million market capitalisation to \$1 billion
 - (b) remove managed investment schemes from the CRD regime
 - (c) adjust director and company liability settings.
4. The decisions did not change the inclusion of, or thresholds relating to, the following other types of CREs: large banks, licensed insurers, credit unions or building societies.
5. The Ministry of Business, Innovation and Employment (MBIE) notes that legislation to put these changes into effect will be passed in 2026.

About this memo

6. Given these Government decisions, this memo provides additional information to the SRB. It provides information on:

- (a) why XRB decisions are still needed
- (b) information provided to our consultation from CREs expected to remain in the regime
- (c) the use of adoption provisions.

XRB decisions are still needed

- 7. It is still necessary for the SRB to make decisions on adoption provisions and the NZAuASB on related changes to NZ SAE 1 (and gazette any amending standards if applicable) because all CREs (including those with 31 December balance dates) remain subject to the current CRD legislation.
- 8. We also refer to the analysis in agenda items 3.1 and 3.2 that form the basis of staff recommendations for a further two-year extension for the adoption provisions relating to scope 3 GHG emissions reporting and assurance, and to anticipated financial impacts. Staff note that the contents of this memo do not change these staff recommendations.

Information provided to the consultation from CREs that are expected to remain in the regime

- 9. Information provided with the Government decision showed that 76 CREs are expected to remain in the regime.¹ The Financial Markets Authority (FMA) also provides exemptions from the regime to some of these 76 entities.²
- 10. Of the CREs that are expected to remain in the regime, 24 responded to the XRB consultation (12 listed issuers, five registered banks, and seven insurers).

Scope 3 GHG emissions disclosure and assurance

- 11. 20 of the 24 CREs answered question 1. All 20 CREs (100%) supported a two-year extension. Four either did not answer the question or specified that they had no comment on the extension of these adoption provisions. These responses support the staff recommendation in agenda item 3.1.
- 12. Five main reasons were provided:
 - (a) international alignment (especially with regards to learning from/cost reductions associated with Australian parent entities and that more time will allow more clarity on evolving international requirements) (13 submitters)
 - (b) data quality and availability issues (and that an extension will enable entities to work towards completeness, so that users can have confidence in reported data) (9 submitters)
 - (c) high costs (including being exacerbated by unavailable or unclear guidance/methodologies) (8 submitters)
 - (d) to provide more certainty (including with regards to very tight timeframes for 31 December year end entities) (3 submitters)
 - (e) for the reasons provided in the XRB consultation document (2 submitters).

Anticipated financial impacts

- 13. 24 of the CREs answered question 2. All 24 CREs (100%) supported an extension. One supported a one-year extension, 21 supported a two-year extension, and two supported an extension of three or more years. These responses support the staff recommendation in agenda item 3.2.
- 14. Six main reasons were provided:

¹ See the [factsheet provided](#) as part of the Government announcement.

² Further exemptions may occur based on the FMA's [consultation on a proposed overseas CRE class exemption](#).

- (a) guidance is a necessary input for quality AFI disclosure, and sufficient time is needed to both ensure guidance is internationally aligned and for CREs to understand and implement guidance internally (18 submitters)
- (b) significant uncertainty regarding disclosure expectations (especially international expectations) (7 submitters)
- (c) allowing time to learn from/collaborate with a parent entity (4 submitters)
- (d) more time is needed for CREs to obtain sufficient information and improve internal understanding of inputs/analysis needed for AFI analysis (3 submitters)
- (e) timeframes (that more time is a practical necessity to conduct the work before disclosure) (2 submitters)
- (f) for the reasons provided in the XRB consultation document (2 submitters).

Use of adoption provisions

15. Staff have analysed the use of *Adoption Provision 4: Scope 3 GHG emissions* and *Adoption Provision 2: Anticipated financial impacts* by CREs expected to remain in the regime (including after considering exemptions). Based on information available in their most recently lodged climate statement, 68% used AP 4 and 88% used AP 2. This shows that the use of adoption provisions remains high among the largest entities.

Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

This amending standard was made under section 12(b) of the Financial Reporting Act 2013 by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board after complying with section 22 of that Act.

Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

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Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

Part A – Introduction

This amending Standard makes changes to New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) *Assurance Engagements over Greenhouse Gas Emissions Disclosures*. The amendment is consistent with the amendment of an assurance related adoption provision in NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards* giving an additional two years before scope 3 GHG emissions disclosures assurance is required.

Part B – Commencement and Application

The accounting periods in relation to which this amending Standard commences to apply are for any assurance practitioner, those accounting periods that commence on or after 1 January 2025.

This amending Standard takes effect on the 28th day after the date of its publication under the Legislation Act 2019.¹

Part C – Amendment to NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*

Paragraph 7A is amended. Underline and strikethrough are used to indicate changes. Paragraphs 7 and 7B are provided for context.

...

Scope

7. This standard deals with the assurance practitioner's responsibilities when conducting an assurance engagement for the disclosures within the climate statements relating to GHG emissions required by the Financial Markets Conduct Act 2013 (the Act) to be the subject of an assurance engagement.
- 7A. In accordance with paragraph 24 of NZ CS 2², a Climate Reporting Entity may use adoption provision 8 so that scope 3 GHG emissions disclosures are excluded from the scope of the assurance engagement in relation to accounting periods ending before 31 December ~~2025~~2027. This means that the assurance of scope 3 GHG emission disclosures will apply in relation to accounting periods ending on or after 31 December ~~2025~~2027.
- 7B. For the avoidance of doubt, if adoption provision 8 of NZ CS 2 is used, the scope 1 and scope 2 GHG emissions disclosures shall be the subject of an assurance engagement (see paragraphs 25, 26(a)(i) and (ii), 26(b) and 26(c) of NZ CS 1³) in accordance with NZ SAE 1.

¹ This footnote is not part of the standard. The standard was published on 13 November 2025 and takes effect on 11 December 2025.

² NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*

³ NZ CS 1 *Climate-related Disclosures*

Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

EXPLANATORY AND OTHER INFORMATION

These notes and other information are not part of the standard.

EXPLANATORY NOTE

This amending standard has been issued to amend New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) *Assurance Engagements over Greenhouse Gas Emissions Disclosures*. The amendment is consistent with the amendment in the assurance related adoption provision in NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*.

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Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

Minimum Legislative Information**This standard is secondary legislation issued under the authority of the Legislation Act 2019**

Title	Amendment to Assurance Engagements over Greenhouse Gas Disclosures 2025
Principal or amendment	Amendment
Consolidated version	No
Empowering Act and provisions	This standard was made under section 12(b) of the Financial Reporting Act 2013
Replacement empowering Act and provision	Not applicable
Maker name	New Zealand Auditing and Assurance Standards Board of the External Reporting Board
Administering agency	External Reporting Board
Date made	4 November 2025
Publication date	13 November 2025
Notification date	13 November 2025
Commencement date	This standard takes effect on 11 December 2025
End date	Not applicable
Consolidation as at date	Not applicable
Related instruments	<u>New Zealand Standard on Assurance Engagements 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures</u>

Basis for Conclusions

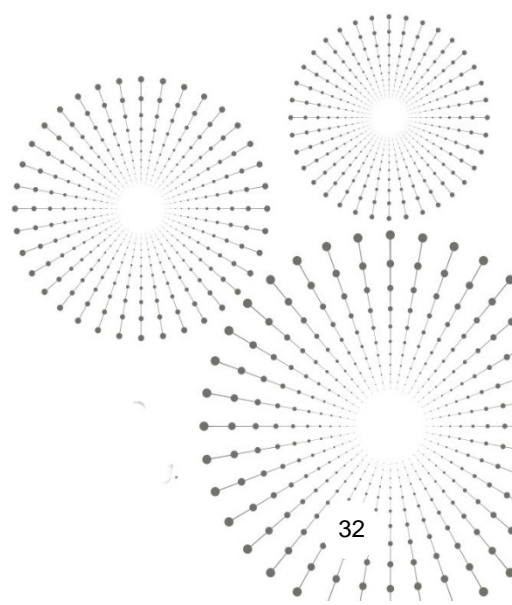
Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

November 2025

This document relates to, but does not form part of, Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025, which was approved in November 2025.

It summarises the issues raised by respondents to *Proposed 2025 Amendments to Climate and Assurance Standards* and how the XRB has addressed them.

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Basis for conclusions on Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

This Basis for Conclusions accompanies, but is not part of, *Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025*.

How and why we consulted

BC1. We obtained information through three consultation processes:

- (a) In April 2025, the XRB issued *Request for information: The international alignment of climate reporting* (the RFI). As part of the consultation, XRB staff collaborated with key stakeholder organisations to conduct feedback sessions, facilitating stakeholders' input on the RFI. During this consultation XRB staff heard that the disclosure and assurance of scope 3 greenhouse gas (GHG) emissions was continuing to be a challenge for entities.
- (b) In August 2025, XRB staff conducted targeted follow-up meetings with climate reporting entities (CREs), assurance practitioners and data providers, to understand these issues in more detail.
- (c) In September 2025, the XRB issued the consultation paper *Proposed 2025 Amendments to Climate and Assurance Standards*.
- (d) Relevant to assurance, the consultation paper proposed a two-year extension to adoption provisions in NZ CS 2¹ relating to the reporting and assurance of scope 3 GHG and to consistently amend NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*. The decision to extend the adoption provisions for the reporting and assurance of the scope 3 GHG emissions disclosures and the impact on NZ SAE 1 are necessarily inter-related. These proposals would provide additional time for CREs to continue progressing disclosures, with or without assurance, and engage in assurance readiness assessments during the transition period. The consultation paper also included questions about other options: retain the status quo, a one-year extension and an extension of more than two years.

Targeted follow-up meetings

- BC2. During the targeted follow-up meetings, CREs told XRB staff that disclosing and assuring scope 3 GHG emissions is far more complex and costly than anticipated, reducing comparability and creating significant implementation challenges. They highlighted major uncertainties around defining boundaries and avoiding scope creep, particularly for facilitated emissions in investment banking, insurance-associated emissions, and applying GHG Protocol categories such as "use of sold products".
- BC3. CREs also raised concerns about methodological gaps and interpretation issues due to the absence of sector-specific guidance in an evolving international landscape. Misinterpretation risks were noted where absolute financed emissions disclosures do not reflect actual climate impact, as figures are largely driven by loan book size rather than real economy emissions changes. Data quality and availability remain problematic, and potential inconsistencies between New Zealand requirements and international standards such as IFRS S2 add complexity for climate reporting entities with overseas parents. High compliance costs, disproportionate impacts on smaller entities, and diversion of resources away from emissions reduction and adaptation efforts were also key concerns.
- BC4. Other stakeholders expressed mixed views on whether to extend the optional adoption provisions for the reporting and assurance of scope 3 GHG emissions.
 - (a) Supporters argued that delays would allow time for Service Organisation Control Type 2 (SOC 2)² reports to become available, improve data systems, and align with Australian and other international frameworks, reducing costs for entities with cross-

¹ New Zealand Climate Standard 2, *Adoption of Aotearoa New Zealand Climate Standards*

² A SOC report is an independent auditor's evaluation of a service organisation's internal controls, providing assurance about how data and processes are handled.

border obligations. They noted ongoing uncertainty in global best practice and emerging changes in jurisdictions such as the European Union, Singapore, and Canada, which could affect data availability and calculation methods.

- (b) Opponents stated that further extensions could undermine the purpose of climate standards and delay necessary preparations. They stated that disclosures are becoming easier with experience, better upstream and downstream data, and new sector-specific guidance. Some opponents also stated that there is no demonstrable need for delay, as many entities are already disclosing scope 3 GHG emissions under NZ CS 1³, most assurance opinions have been unmodified, and SOC 2 reports are not essential because alternative evidence can meet assurance requirements. Concerns were also raised that prolonged uncertainty could weaken the integrity of the climate-related disclosure framework.

The consultation responses

- BC5. The XRB received 102 submissions, 57 from CREs and 45 from other stakeholders. 97 submitters, comprising 53 CREs and 44 other stakeholders responded to the question on scope 3 GHG emissions disclosure and assurance. More specifically:
- (a) 73 of the 97 submitters (75%) supported an extension. Of the 73 submitters that supported an extension, 75% agreed with the proposed two years. Views were split amongst the other 25% about whether a shorter (one year) or longer extension (three or more years) should be implemented.
 - (b) 50 of the 53 CREs (94%) supported an extension. Of the 50 CREs that supported an extension, 82% supported the proposed two years. The other 18% supported three or more years.
 - (c) 7 of 13 professional service providers (including assurance providers) (54%) and 9 of 15 individuals (60%) did not support an extension.
- BC6. In their responses, CREs and other stakeholders emphasised the complexity and challenges of scope 3 reporting, including data quality and availability across value chains, methodological gaps, and assurance readiness. Both groups also recognised the importance of international alignment and the disproportionate burden on smaller entities. The other stakeholders that did not support an extension contended that scope 3 GHG emissions information is essential for decision making and that existing guidance and standards provide enough flexibility to report despite data challenges.
- BC7. On 21 October 2025 the Government announced its decisions on changes to the Climate-related Disclosures (CRD) regime which will:
- (a) lift the mandatory climate reporting threshold for listed debt and equity issuers (listed issuers) from \$60 million market capitalisation to \$1 billion
 - (b) remove managed investment schemes from the CRD regime
 - (c) adjust director and company liability settings.
- BC8. The Ministry of Business, Innovation and Employment (MBIE) notes that legislation to put these changes into effect will be passed in 2026.
- BC9. Staff noted these decisions did not change the staff's recommendations for a two-year extension. Staff also noted that all CREs remain subject to the current CRD legislation.

The NZAuASB's decision

- BC10. The NZAuASB decided to amend NZ SAE 1 as proposed in the consultation paper. The NZAuASB considered that a two-year extension:
- (a) acknowledges the real and immediate challenges faced by CREs and assurance practitioners, allowing those CREs who need more time to use the optional adoption

³ New Zealand Climate Standard 1, *Climate-related Disclosures*

provisions as needed, while providing time for capability building and methodological improvement to reduce risk and costs

- (b) would provide sufficient time for the XRB to provide further guidance, and for CREs and professional service providers to work together to address many of the current challenges
- (c) aligns with international developments.

BC11. The FMA has indicated that they would issue any necessary exemptions in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the *Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025*.

Memorandum

Date 24 October 2025

To: John Kensington, Chair External Reporting Board

From: Becky Lloyd, Chair Sustainability Reporting Board
Graeme Pinfold, Chair NZAuASB

Subject: **Certificate Signing Memorandum**
Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025
Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025

☒ **Action Required**
☐ **For Information Purposes Only**

Introduction

1. In accordance with the protocols established by the XRB Board:
 - (a) the Sustainability Reporting Board (SRB) seeks your approval to issue *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025*, which amends NZ CS 2 *Adoption of Aotearoa New Zealand Climate Standards*
 - (b) the New Zealand Auditing and Assurance Board (NZAuASB) seeks your approval to issue *Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025*, which amends New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) *Assurance Engagements over Greenhouse Gas Emissions Disclosures*.
2. On 30 April 2025, the XRB issued a request for information (RFI) on the international alignment of climate reporting. The consultation closed on 13 June 2025. The purpose of the RFI was to request information about the value of international alignment to climate reporting entities (CREs) and primary users, and to understand exactly what type of international alignment is most desirable and why.
3. Although not directly requested, some submitters expressed strong concerns about the complexity, cost, and limited usefulness of scope 3 greenhouse gas (GHG) emissions reporting, especially for sectors like ports, automotive, and intermediaries. They highlighted the high uncertainty and limited control over scope 3 GHG emissions sources and called for an extension of the adoption provisions on the disclosure and assurance of scope 3 GHG emissions for another year. Concerns were also expressed about differences in timing of the disclosure and assurance of scope 3 GHG emissions compared with Australia.¹
4. At its meeting on the 2 July 2025, the SRB was provided with all written submissions, verbal feedback summary reports and an analysis of both the verbal and written feedback. Staff also provided the XRB Board with the same analysis of feedback at its meeting on 3 July 2025. The Chair of the SRB also advised the XRB Board at that meeting that staff were intending to organise a series of follow up

¹ See page 11 of [What we heard—The international alignment of climate reporting](#)

targeted stakeholder meetings to obtain further information about the nature of the challenges relating to scope 3 GHG emissions reporting and assurance.

5. In August 2025, staff conducted targeted meetings with:
 - (a) seven CREs — one licensed insurer, two registered banks (one of which is also a KiwiSaver provider) and four listed entities;
 - (b) two assurance practitioners; and
 - (c) two data providers.
6. At its 14 August 2025 meeting, the NZAuASB received an update from Amelia Sharman, Director of Sustainability Reporting, who said staff would recommend that the SRB and the NZAuASB consult on extending adoption provisions for reporting and assurance of scope 3 GHG emissions. The NZAuASB agreed to delegate approval of the consultation document to the extent they relate to assurance matters to Acting Chair, Mike Bradbury to work with the Chair of the SRB and XRB's Chief Executive.
7. At its meeting on 26 August 2025, the SRB received a staff presentation on the feedback received from these targeted meetings. Considering the feedback from the RFI and the follow up targeted meetings, the SRB agreed with the staff recommendation to consult on a proposal for a two-year extension to the adoption provisions relating to the reporting and assurance of scope 3 GHG emissions. The SRB delegated finalisation of the wording of the consultation document to its Chair and an additional member of the SRB, and the XRB's Chief Executive.
8. The Chairs of the SRB and the NZAuASB, together with the XRB's Chief Executive, approved the consultation document for issue. They considered that proposing the same extension for reporting and assurance is appropriate to provide additional time for methods and systems to improve, and to enable both the reporting and the required assurance over scope 3 GHG disclosures. The XRB notes there is flexibility in the adoption provisions to encourage CREs to continue to progress reporting, with or without assurance for a limited time. During the proposed extension of the adoption provisions, CREs may consider engaging their assurance practitioner in assurance readiness assessments.
9. At its meeting on 26 August 2025, the SRB also received a staff presentation on anticipated financial impacts (AFIs). Staff noted that recent developments suggest significant uncertainty about how international practice will evolve in relation to the disclosure of AFIs, including whether it will be necessary to quantify AFIs. Staff also noted concerns from CREs regarding AFI disclosure, particularly the uncertainty of the expectations regarding this disclosure requirement before comprehensive 'how to' guidance is made available.
10. The SRB agreed with the staff recommendation to consult on a proposal for a two-year extension to the adoption provision relating to the reporting of AFIs as the preferred option. The rationale for two years was to provide sufficient time for guidance materials to become embedded and more clarity to emerge about the treatment of AFIs in other jurisdictions. The SRB agreed to a staff recommendation to also seek views about the alternative options of retaining the status quo or implementing shorter or longer extension periods.

Due process

11. The consultation document *Proposed 2025 Amendments to Climate and Assurance Standards* (the consultation document) was issued on the 3 September 2025 for three weeks. The consultation closed at 5pm, 24 September 2025. The short consultation period was necessary to ensure that any resulting amending standards could be gazetted in time to come into effect prior to the end of December 2025. This would ensure that CREs with 31 December balance dates can take advantage of the additional relief for financial years commencing on 1 January 2025.
12. The SRB and NZAuASB did not issue exposure drafts for the proposed changes to the standards because it is clear how the amendments associated with the change options would be drafted in the relevant standards. The consultation document stated that any amendments would mirror those that were made in November 2024, but with different reporting periods and/or dates. For example, it noted that the amendment to NZ SAE 1: *Assurance Engagements over Greenhouse Gas Emissions Disclosures* would only require changing '31 December 2025' to '31 December 2027' in two places. The consultation document also included tables illustrating the status quo and the change proposals, with underlining used to indicate proposed new text and strikethrough to indicate proposed deleted text.
13. Stakeholders were informed about the consultation via the following communication channels:
 - (a) Climate Alert on 3 September;
 - (b) Audit and Assurance Alert on 3 September;
 - (c) LinkedIn post on 3 September; and
 - (d) emails to those CREs staff held targeted meetings with.
14. Staff also hosted a webinar about the consultation on 5 September — 92 people registered and 78 attended.
15. Misha Pieters, Director Assurance Standards and Karen Tipper, Technical Director Assurance Standards hosted webinars on 3, 11 and 17 September as part of their international alignment consultation – sustainability assurance, ethics and independence and using the work of an external expert. A slide was included on this open consultation in each of these webinars.
16. Amelia Sharman, Director Sustainability Reporting presented at the Climate Change & Business Conference 2025 and the Financial Services Council NZ Conference during the week 8 September to 12 September. Amelia provided information about the open consultation at both events.
17. Wendy Venter, Chief Executive provided information about the open consultation during her presentation at the RIAA Conference Aotearoa NZ 2025 on 18 September 2025.
18. The SRB and NZAuASB sought submissions through an online survey given the short duration of the consultation period. All submissions were published on the XRB website unless confidentiality was requested.
19. 102 responses were received. Staff conducted quantitative and qualitative assessments of submissions. Recommendations were made by staff to the SRB at its meeting on 31 October 2025 and to the NZAuASB at its meeting on 3 November 2025, based on the feedback received, including the strength and source of each argument. As such, the final amendments are the same as those proposed in the consultation document.
20. The SRB approved *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025* at its meeting on 31 October 2025. The NZAuASB approved *Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025* at its meeting on 3 November 2025. The due process followed by the SRB and NZAuASB complied with the due process requirements established by the

XRB Board and, in the view of the SRB and NZAuASB, meets the requirements of section 22(1) of the Financial Reporting Act 2013.

Privacy Commissioner

21. In accordance with section 22(2) of the Financial Reporting Act 2013 the SRB and NZAuASB considered whether the amending standards are likely to require the disclosure of personal information. In the view of the SRB and NZAuASB the amending standards do not include requirements that would result in the disclosure of personal information, and therefore no consultation with the Privacy Commissioner is required.

Consideration of costs and benefits

22. An overarching benefit is that optional adoption provisions allow for transition into new regimes and enable effective implementation of challenging requirements of new standards. Transitional provisions are not unusual when introducing new requirements.
23. Key benefits of the amending standards include more time for:
 - (a) CREs to obtain access to better quality data for the reporting and assurance of scope 3 GHG emissions;
 - (b) the XRB to produce and support additional guidance material and clarifications in relation to reporting and assurance of scope 3 GHG emissions;
 - (c) greater clarity to emerge about inclusions and boundaries for scope 3 GHG emissions, together with specific climate-related disclosure obligations in other jurisdictions;
 - (d) CREs to upskill and improve their systems and processes;
 - (e) data providers to continue to work towards an industry-wide solution for assurance requests from multiple customers (SOC 2 reports);
 - (f) 'how to' guidance material on AFIs to be produced and become embedded;
 - (g) clarity to emerge about the treatment of AFIs in other jurisdictions; and
 - (h) the introduction of differential reporting, if warranted and, if so, how².
24. The amending standards also presents potential risks from its adoption, including:
 - (a) the risk that users will not obtain useful information; and
 - (b) the risk that some CREs will continue to delay work to prepare for reporting and assurance of scope 3 GHG emissions.

Australian climate-related disclosure framework

25. Appendix 1 includes the table — *Scope 3 GHG emissions – How New Zealand and Australia would compare* that was included in the consultation document. The table shows how the two-year extension of the adoption provisions aligns the reporting and assurance of scope 3 GHG emissions more closely with the reporting and assurance timing for the Group 1 and 2 entities in Australia. This may reduce costs for those CREs (or their parent) that have reporting and assurance obligations under the Australian climate-related disclosure framework.

² Staff will provide a recommendation to the XRB Board in the first half of 2026 as to whether differential reporting is warranted based on the CREs expected to remain in the regime after legislative amendments and any other considerations (such as exemptions issued by the Financial Markets Authority).

Commencement and application date

26. *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 and Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025* will both be applicable for annual reporting periods beginning on or after 1 January 2025.

FMA

27. The FMA has indicated that they would issue any necessary exemptions in 2026 to support the implementation of the adoption provision extensions. It would be modelled on the *Financial Markets Conduct (Climate-related Disclosures—Assurance Engagement) Exemption Notice 2025*.

Other matters

28. The two amending standards have been drafted in the usual manner, by underlining added text and striking through deleted text. The reason for the deletions in NZ CS 2 as it relates to *Adoption Provision 5: Comparatives for Scope 3 GHG emissions* may not be intuitive. The deletions in paragraphs 18, 19 and 19.1 of NZ CS 2 have been made for ease-of-drafting and comprehension reasons, not because they are no longer relevant. The substance has been retained within paragraph 19(a) and new paragraphs 19(b), (c) and (d).

Recommendation

29. The SRB and NZAuASB recommend that you sign the attached certificates of determination on behalf of the XRB Board to approve the issue of *Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025 and Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025*.

Attachments

Standard	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Standard	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>
Certificate of determination	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Certificate of determination	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>
Approval Certificate	<i>Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025</i>
Approval Certificate	<i>Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025</i>

Becky Lloyd
Chair SRB

Graeme Pinfold
Chair NZAuASB

Appendix 1: Scope 3 GHG emissions – How New Zealand and Australia would compare

New Zealand	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Reporting periods starting during...	The 2025 calendar year	The 2026 calendar year	The 2027 calendar year	The 2028 calendar year	The 2029 calendar year	The 2030 calendar year
Status quo retained	Disclosure and limited assurance of scope 3 required					
1 year extension	No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required				
2-year extension (the proposal)	No scope 3 disclosures or assurance required		Disclosure and limited assurance of scope 3 required			
3-year extension	No scope 3 disclosures or assurance required			Disclosure and limited assurance of scope 3 required		

Australia	Year 1 (18 months) *	Year 2	Year 3	Year 4	Year 5	Year 6
Reporting periods starting between...	1 January 2025 and 30 June 2026	1 July 2026 and 30 June 2027	1 July 2027 and 30 June 2028	1 July 2028 and 30 June 2029	1 July 2029 and 30 June 2030	1 July 2030 and 30 June 2031
Group 1 entities	Reporting starts. No scope 3 disclosures or assurance required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required		
Group 2 entities	No scope 3 disclosures or assurance required	Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required	
Group 3 entities	No scope 3 disclosures or assurance required		Reporting starts. No scope 3 disclosures required	Disclosure and limited assurance of scope 3 required		Reasonable assurance of scope 3 disclosures required

* Year 1 has been defined as 18 months in Australia. This means that Year 1 applies twice for Group 1 entities with reporting periods starting between 1 January and 30 June and once for Group 1 entities with reporting periods starting between 1 July and 31 December. For an explanation of the Group 1, 2 and 3 entity thresholds, see page 13 of the Australian Securities & Investments Commission's [Regulatory Guide 280](#) on Sustainability Reporting.