

Assurance Engagements over GHG Emissions Disclosures

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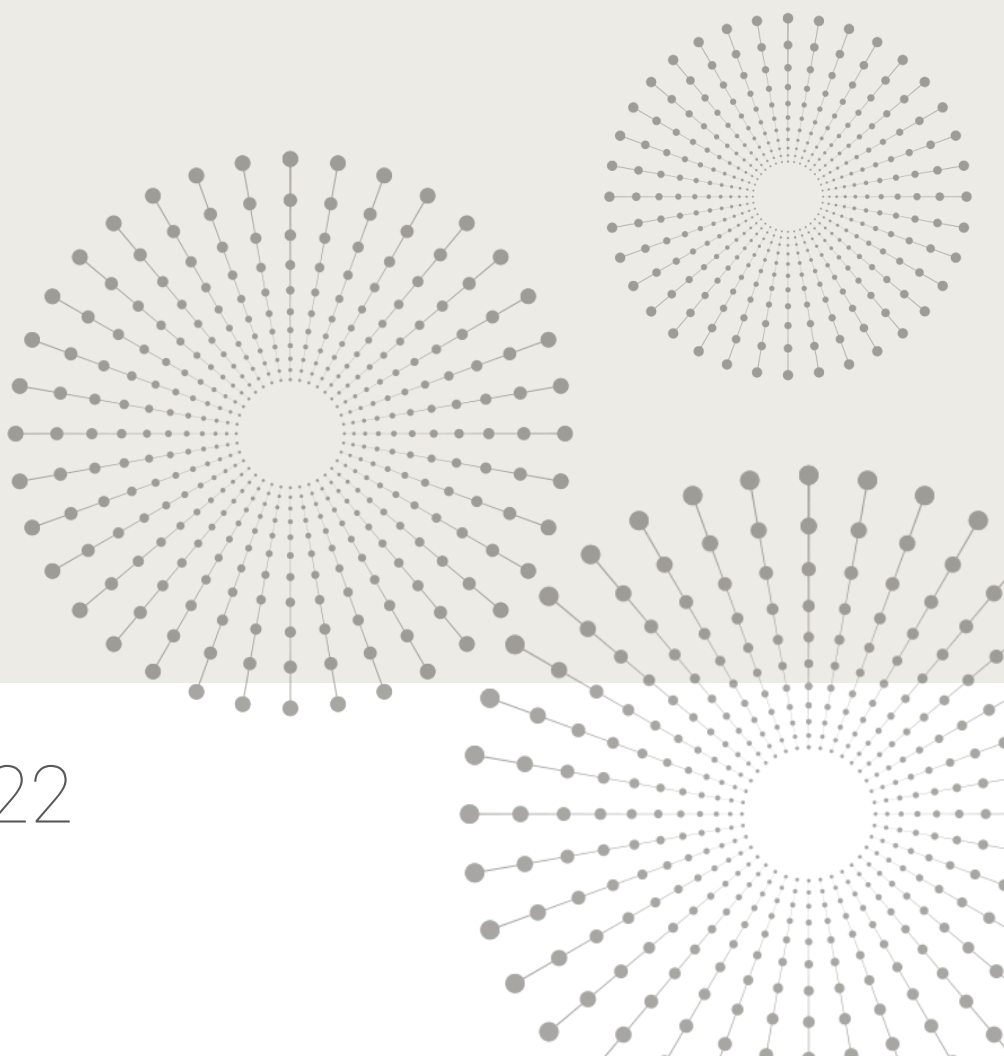


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NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures

Scope

1. This standard deals with the assurance practitioner's responsibilities when conducting an assurance engagement for the parts of the climate statements relating to greenhouse gas emissions (GHG) required by the Financial Markets Conduct Act 2013 (the Act) to be the subject of an assurance engagement.
2. This standard does not set requirements, or provide guidance, for assurance engagements over the whole, or other parts, of the climate statements. (Ref: Para. A1)

Definitions

3. For the purposes of this standard, the following terms have the meaning attributed below:
 - (a) Assurance client: Climate reporting entity as defined in the Financial Markets Conduct Act 2013.
 - (b) Assurance organisation: An organisation performing a GHG assurance engagement. An assurance organisation can be a sole assurance practitioner, partnership, company or other entity of assurance practitioners, or public sector equivalent.
 - (c) Assurance practitioner: The competent and independent individual performing the assurance engagement.
 - (d) Engagement leader: The assurance practitioner who takes overall responsibility for the assurance engagement, including the assurance report.
 - (e) Emphasis of matter: A paragraph in the assurance report that refers to disclosures in the climate statements, that in the assurance practitioner's judgement, are fundamental to users understanding of the information.
 - (f) GHG disclosures: The disclosure of an entity's GHG emissions as required by Aotearoa New Zealand Climate Standards (NZ CSs) which are subject to mandatory assurance.
 - (g) Key Matter: A matter which, in the assurance practitioner's professional judgement, was of most significance in the assurance engagement in the current period, is relevant to user's understanding of the assurance engagement and enhances the communicative value of the assurance report. (Ref: Para. A2-A4)
 - (h) Other information: Information (other than the GHG disclosures and the assurance report thereon) which is included in a document containing the GHG disclosures and the assurance report thereon.
 - (i) Other Matter: A paragraph in the assurance report that refers to matters not disclosed in the climate statements relevant to users understanding of the assurance practitioner's responsibilities or the assurance report.
 - (j) System of quality management: A system to support the assurance organisation and demonstrate that:
 - (i) The assurance organisation and its personnel fulfil their responsibilities and conduct the assurance engagement in accordance with applicable standards and legal and regulatory requirements; and
 - (ii) Assurance reports issued are appropriate in the circumstances.

Application Date

4. This standard shall apply for assurance engagements for reporting periods that end on, or after, 27 October 2024 until *<to be confirmed but no later than periods ending on 27 October 2028>*.

Objectives

5. The objectives of the assurance practitioner are:
 - (a) To obtain assurance about whether the GHG disclosures are free from material misstatement;
 - (b) To report their findings in an assurance report; and
 - (c) To communicate as otherwise required by this NZ SAE.

Requirements

Applicable Assurance Standards

6. When conducting the assurance engagement required by the Financial Markets Conduct Act 2013, the assurance practitioner:
 - (a) Shall comply with either ISO 14064-3:2019 *Greenhouse gases —Part 3: Specification with guidance for the verification and validation of greenhouse gas statements* or ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*. (Ref: Para. A5)
 - (b) Is not required to comply with PES 1¹ but shall comply with the ethical and independence requirements set out in paragraphs 7 to 17.
 - (c) Is not required to comply with PES 3² but shall comply with the quality management requirements set out in paragraphs 42 to 51.
 - (d) Is not required to comply with PES 4³ but shall comply with the independent reviewer requirements set out in paragraph 52 to 56.

Ethical Requirements

Fundamental Principles

7. Assurance organisations and assurance practitioners shall comply with each of the following fundamental principles:
 - (a) Independence – freedom from conditions or relationships which would compromise integrity or objectivity. (Ref: Para. A6)
 - (b) Integrity – to be straight forward and honest; complying with the spirit as well as the letter of applicable principles.
 - (c) Objectivity – to be impartial, to be free from bias, conflict of interest or influence from others.
 - (d) Professional Competence and Due Care – to:

¹ PES 1, International Code of Ethics for Assurance Practitioners (including International Independence Standards (New Zealand))

² PES 3, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements

³ PES 4, Engagement Quality Reviews

- (i) Attain and maintain knowledge and skills necessary to perform the GHG assurance engagement; and
 - (ii) Act diligently and in accordance with applicable standards, laws and regulations.
- (e) Confidentiality – to respect the confidentiality of information acquired as a result of undertaking the assurance engagement.
- (f) Professional Behaviour – to:
- (i) Comply with relevant laws and regulations;
 - (ii) Behave in a manner consistent with the responsibility to act in the public interest; and
 - (iii) Avoid any conduct that the assurance practitioner knows, or should know, might discredit GHG assurance practitioners.
8. Assurance organisations and assurance practitioners shall identify, evaluate and address threats to compliance with the fundamental principles. (Ref: Para. A7)
9. All threats to the fundamental principles shall be eliminated or reduced to an acceptable level. (Ref: Para. A8-A9)

Documentation

10. An assurance practitioner shall document conclusions regarding compliance with the fundamental principles including:
- (a) The substance of any relevant discussions that support those conclusions;
 - (b) The nature of the threat and the safeguards applied; and
 - (c) When a threat required significant analysis and the assurance practitioner concluded that the threat was already at an acceptable level, the nature of the threat and the rationale for the conclusion.

Independence Requirements

Conditions and Relationships

11. The assurance organisation and the assurance practitioner shall remain free from conditions and relationships that a reasonable and informed third party would conclude compromised their independence. (Ref: Para. A10)

Self-review Threat Prohibition

12. The assurance organisation and the assurance practitioner shall not:
- (a) Prepare the GHG information, including comparative information, and then assure the GHG disclosures;
 - (b) Assure their own work; or
 - (c) Provide any other services to the assurance client that might possibly create a self-review threat in relation to the GHG disclosures on which the assurance practitioner will express an assurance conclusion. (Ref: Para. A11-A13)

Prohibition on Assuming Management Responsibilities

13. The assurance organisation and the assurance practitioner shall not assume a management responsibility for an assurance client. (Ref: Para. A14-A15)

Financial Interest Prohibition

14. A direct financial interest or a material indirect financial interest in the assurance client shall not be held by:
 - (a) The assurance organisation;
 - (b) An assurance practitioner; or
 - (c) An assurance practitioner's immediate family member. (Ref: Para. A16- A19)
15. A direct financial interest or a material indirect financial interest in an entity that has a controlling interest in the assurance client shall not be held by:
 - (a) The assurance organisation;
 - (b) An assurance practitioner; or
 - (c) An assurance practitioner's immediate family memberwhere the assurance client is material to the entity. (Ref: Para. A16- A19)

Addressing Familiarity Threat due to Long Association

16. The assurance organisation, the engagement leader, the independent reviewer and senior personnel on the assurance team shall address familiarity threats that arise due to an individual's long association with an assurance client.

Independence Period

17. Independence shall be maintained during both:
 - (a) The engagement period; and
 - (b) The reporting period covered by the GHG disclosures.

Competence

18. An engagement leader shall have sufficient competence in assurance skills and techniques and sufficient competence in the measurement and reporting of GHG emissions to accept responsibility for the assurance conclusion. (Ref: Para. A20 – A24)
19. An engagement leader shall be satisfied that the assurance team collectively has the appropriate competence and capabilities, including in the measurement and reporting of GHG emissions and in undertaking assurance engagements, to provide assurance on the GHG disclosures. (Ref: Para. A20-A24)

Reliance on the Work of Others

20. When an assurance practitioner intends to rely on the work of an expert that is not part of the assurance team, the assurance practitioner shall:
 - (a) Evaluate the competence, capabilities and objectivity of that expert;
 - (b) Obtain an understanding of the work of that expert; and

- (c) Evaluate the appropriateness of using that expert's work as evidence.
- 21. Evaluation of the expert's objectivity shall include enquiry regarding interests and relationships that may create a threat to that expert's objectivity. This evaluation should be documented. (Ref: Para. A25)

Engagement Team Considerations

- 22. The engagement team shall consider the risk of management bias in relation to the GHG disclosures. This consideration shall be documented and updated throughout the engagement if new information comes to light. The consideration shall cover the ability to quantify scope 1, 2 and 3 emissions, potential non-compliance with any relevant laws and regulations and the susceptibility of the GHG disclosures to material misstatement whether due to fraud or error.

Comparative Information

- 23. The assurance practitioner shall evaluate whether:
 - (a) The comparative information agrees with the disclosures presented in the prior period or, when appropriate, has been properly restated, if required by NZ CSs, and that restatement has been adequately disclosed; and
 - (b) The GHG methods and assumptions reflected in the comparative information are consistent with those applied in the current period or, if there have been changes, whether they have been properly applied and adequately disclosed.
- 24. The assurance practitioner shall include an Other Matter paragraph in the assurance report identifying which GHG disclosure comparatives have not been subject to assurance, when appropriate.
- 25. If the assurance practitioner becomes aware that there may be a material misstatement in the comparative information presented, the assurance practitioner shall:
 - (a) Discuss the matter with the assurance client and perform procedures appropriate in the circumstances; and
 - (b) If the comparative information presented contains a material misstatement, and the comparative information has not been restated, the assurance practitioner shall include an Other Matter paragraph in the assurance report describing the circumstances affecting this information.

Other Information

- 26. The assurance practitioner shall read other information included in the documents containing the GHG disclosures that are subject to the assurance engagement, to identify material inconsistencies, if any, with the GHG disclosures or the assurance report. If the assurance practitioner:
 - (a) Identifies a material inconsistency between the other information and the GHG disclosures or the assurance report; or
 - (b) Becomes aware of a material misstatement of fact in the other information that is unrelated to matters appearing in the GHG statement or the assurance report

the assurance practitioner shall discuss the matter with the assurance client and take further action as appropriate.

Independent Assurance Report

Identifying Information Subject to Assurance

27. When the assurance engagement covers the whole climate statements or other disclosures in addition to the GHG disclosures, the assurance report shall separately identify the parts of the climate statements relating to GHG disclosures, as required by the Act.
28. The assurance report shall clearly identify the information that is excluded from the assurance engagement, together with a statement that the assurance practitioner has not performed any procedures with respect to the excluded information and, therefore, that no conclusion is expressed on it.

Form and Level of the Conclusion

29. The first section of the independent assurance report shall include the assurance practitioner's conclusion unless the applicable standards require otherwise. (Ref: Para. A26 – A27)
30. When some GHG disclosures are subject to reasonable assurance and others are subject to limited assurance, the assurance report shall clearly identify the GHG disclosures that are subject to each level of assurance and the related conclusion.

Key Matters

31. If the assurance practitioner identified key matters during the assurance engagement, a Key Matters section shall be included in the assurance report if in the assurance practitioner's professional judgement such reporting will enhance the communicate value of the assurance report. (Ref: Para. A2 - A4)
32. The Key Matters section shall:
 - (a) Be included under a separate heading "Key Matters"
 - (b) State that key matters are those matters that in the assurance practitioner's professional judgement, were most significant in undertaking the assurance engagement over GHG disclosures;
 - (c) Include an explanation of why the matter is a key matter; and
 - (d) Outline what the assurance practitioner has done to address the matter.
33. The assurance practitioner shall consider whether to include findings for the key matters identified. The description of the findings shall not imply that a separate conclusion on the individual key matter was reached.

Emphasis of Matter

34. If the assurance practitioner considers it necessary to draw intended users' attention to a matter in the GHG disclosures that is not reported as a key matter but that, in the assurance practitioner's judgement, is of such importance that it is fundamental to the intended users' understanding of the GHG disclosures, the assurance practitioner shall include an Emphasis of Matter paragraph in the assurance report.
35. The Emphasis of Matter paragraph shall:
 - (a) Be included in a separate section of the report under the heading "Emphasis of Matter";
 - (b) Clearly refer to the disclosure being emphasised and where the disclosures can be found. The paragraph shall refer only to information presented in the climate statements;

- (c) Indicate that the assurance conclusion is not modified in respect of the matter emphasised.

Inherent Uncertainty in Preparing GHG Disclosures

- 36. The assurance report shall include a statement that GHG quantification is subject to inherent uncertainty.

Other Communication Responsibilities

Identification of Applicable Standards

- 37. The assurance report shall identify the applicable standards, including any professional or accreditation standards, that have been applied.

Existence of Relationships with the Assurance Client or the GHG disclosures

- 38. The assurance report shall include a statement as to the existence of any relationship (other than undertaking the assurance engagement) which the assurance practitioner or assurance organisation has with, or in, the assurance client or any of its subsidiaries.
- 39. The assurance report shall state that the assurance organisation is not permitted to be involved in the preparation of the GHG information as doing so may compromise independence.

Including Additional Information in the Assurance Report

- 40. The engagement leader shall consider whether there are any other engagement-specific matters that should be included in the assurance report, such as:
 - (a) Information about materiality considerations so that it is transparent to the intended user what tolerance for misstatement has been applied in conducting the assurance engagement
 - (b) Details of the qualifications and experience of the engagement leader and others involved with the engagement.

Name of Engagement Leader

- 41. The assurance report shall include the name of the engagement leader.

Quality Management Requirements

- 42. The assurance organisation shall design, implement and operate a system of quality management that is appropriate for the conduct of GHG disclosures assurance engagements.

Risk Assessment and Monitoring

- 43. The assurance organisation shall apply a risk-based approach in designing, implementing and operating the system of quality management in an interconnected and coordinated manner such that the assurance organisation proactively manages the quality of GHG disclosures assurance engagements they perform.
- 44. The assurance organisation shall design and implement a risk assessment process to:
 - (a) Establish objectives relating to quality (quality objectives);
 - (b) Identify and assess risks relating to quality (quality risks); and
 - (c) Design and implement responses to address the quality risks (risk responses).
- 45. When designing and implementing a risk assessment process, the assurance organisation shall consider the following areas:

- (a) Governance and leadership
 - (b) Relevant ethical requirements
 - (c) Acceptance and continuance of client relationships and specific engagements
 - (d) Engagement performance
 - (e) Resources
 - (f) Information and communication.
46. The assurance organisation shall establish a monitoring and remediation process to:
- (a) Provide relevant, reliable and timely information about the design, implementation and operation of the system of quality management; and
 - (b) Take appropriate action to respond to identified deficiencies such that deficiencies are remediated on a timely basis.

Documentation

47. The assurance organisation shall prepare and maintain documentation of its system of quality management that is sufficient to:
- (a) Support a consistent understanding of the system of quality management by personnel, including an understanding of the roles and responsibilities with respect to the system of quality management and the performance of GHG disclosures assurance engagements;
 - (b) Support the consistent implementation and operation of the responses; and
 - (c) Provide evidence of the design, implementation and operation of the responses.

Engagement Performance

48. The assurance organisation shall establish policies and procedures that include:
- (a) Matters to promote consistency in the quality of engagement performance;
 - (b) Supervision responsibilities; and
 - (c) Review responsibilities on the basis that work of less experienced team members is reviewed by more experienced engagement team members.

Engagement Leader

49. The engagement leader shall take overall responsibility for acceptance and continuance of the assurance engagement, direction, supervision and review of the assurance team, undertaking adequate consultation during the engagement, satisfactory completion of the independent review, adequately addressing any independence or quality management matters arising and resolving any differences of opinion.
50. The engagement leader shall ensure that the following matters are adequately documented:
- (a) Issues identified, relevant discussions with personnel, and conclusions reached with respect to:
 - (i) Fulfilment of relevant ethical and independence requirements; and
 - (ii) The acceptance and continuance of the client relationship and assurance engagement;

- (b) Obtaining sufficient appropriate assurance evidence to be able to draw conclusions; and
- (c) The nature and scope of, and conclusions resulting from, consultations undertaken during the assurance engagement and how such conclusions were implemented.

Consultation

- 51. The assurance organisation shall establish policies and procedures to enable appropriate consultations on difficult or contentious matters, that include:
 - (a) Sufficient resources are available to enable appropriate consultation to take place;
 - (b) The nature and scope of, and conclusions resulting from such consultations are documented and are agreed by both the individual seeking consultation and the individual consulted; and
 - (c) Conclusions resulting from consultations are implemented; or the reasons alternative courses of action from consultations were undertaken are documented.

Independent Review

- 52. An independent reviewer shall be appointed to evaluate:
 - (a) The appropriateness of the assurance team competencies;
 - (b) Whether the assurance engagement has been designed appropriately;
 - (c) The basis for the engagement leader's determination that relevant ethical and independent requirements have been met;
 - (d) Significant matters and judgements made during the assurance engagement;
 - (e) Whether sufficient and appropriate evidence was obtained to support the assurance report;
 - (f) Whether the evidence obtained supports the conclusion proposed by the assurance team; and
 - (g) The GHG disclosures and assurance report.
- 53. The independent reviewer shall be competent and independent from the assurance client and the GHG disclosures.
- 54. The independent review shall be completed before the assurance report is issued.
- 55. The assurance team shall address concerns raised by the independent reviewer.
- 56. The results of the independent review shall be documented.

Application Material

Scope

- A1. The Act does not prevent the assurance engagement from covering the whole, or other parts of the climate statements.

Definitions

- A2. The purpose of communicating key matters is to enhance the communicative value of the assurance report. Key matters provide additional information to assist users in understanding those matters that, in the assurance practitioner's professional judgement, were of most significance in the assurance engagement. Communicating key matters may assist users in understanding the areas of significant management judgement in the GHG disclosures, any areas where there was significant estimation or inherent uncertainty involved, data quality issues, issues in obtaining the assurance evidence required or issues in determining the GHG reporting boundary.
- A3. When determining key matters, an assurance practitioner may consider areas that required significant attention during the engagement, for example due to:
- Complexity
 - Significant management judgment
 - Nature and severity of difficulties in applying assurance procedures
 - Consultations on difficult matters
 - Assessed risk of material misstatement.
- A4. A matter that results in a modified opinion is not communicated as a key matter. A key matter is not used if the assurance practitioner disclaims an opinion or conclusion.

Requirements

Applicable Assurance Standards

- A5. Assurance practitioners may also be required to comply with accreditation requirements or professional body requirements. Where this is the case, these requirements continue to apply.

Ethical Requirements

Independence

- A6. Independence comprises:
- (a) The state of mind that enables reaching conclusions without being affected by influences that compromise professional judgement (independence of mind); and
 - (b) The avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude that the assurance practitioner's integrity and objectivity has been compromised (independence of appearance).

Threats

- A7. Threats to compliance with the fundamental principles fall into one or more of the following categories:

- (a) Self-interest threat – the threat that a financial or other interest will inappropriately influence an assurance practitioner’s judgement or behaviour;
- (b) Self-review threat – the threat that an assurance practitioner will not appropriately evaluate the results of a previous judgement made, or an activity performed by the assurance practitioner, or by another individual within the assurance organisation, on which the assurance practitioner will rely when forming a judgement as part of performing a current activity;
- (c) Advocacy threat – the threat that an assurance practitioner will promote a client’s position to the point that the assurance practitioner’s objectivity is compromised;
- (d) Familiarity threat – the threat that due to a long or close relationship with a client, an assurance practitioner will be too sympathetic to their interests or too accepting of their work; and
- (e) Intimidation threat – the threat that an assurance practitioner will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the assurance practitioner.

Reducing Threats to an Acceptable Level

- A8. An acceptable level is a level when a reasonable and informed third party, having access to all relevant facts, could conclude that the assurance practitioner has complied with the fundamental principles.
- A9. A reasonable and informed third party means that the third party would have the knowledge and experience to understand the relevant facts and would be able to evaluate the assurance practitioner’s conclusions in an impartial manner.

Independence Requirements

Conditions and Relationships

- A10. Examples of conditions and relationships that may create threats to the fundamental principles include:
 - Relative size of assurance fee.
 - Accepting or offering gifts or hospitality.
 - Close business relationships.
 - Family or personal relationships.
 - Temporary personnel assignments.
 - Employment relationships.
 - Recent service with an assurance client.
 - Serving as a director/trustee/officer of an assurance client.

Self-review Threat Prohibition

- A11. A service might possibly create a self-review threat where:
 - (a) The results of the service will form part of, or affect the records, the internal controls over GHG emissions, or the GHG disclosures on which the assurance practitioner will express an assurance conclusion (e.g., measurement methods and estimation tools); and

- (b) In the course of the assurance engagement, the assurance practitioner will evaluate, or rely on, any judgements made, or activities performed, by the assurance organisation when providing the service, including when:
- (i) An assurance organisation uses technology to provide a service; or
 - (ii) An assurance organisation provides, sells, resells or licenses technology to the assurance client.

A12. A self-review threat might possibly be created when IT services are provided to an assurance client. Providing IT services might possibly create a self-review threat when the IT system forms part of, or affects, the assurance client's records or systems of internal control over GHG measurement or disclosures. Examples of such IT services include:

- Designing, developing, implementing, operating, maintaining, monitoring or updating IT systems.
- Supporting an assurance client's IT systems, including network and software applications.
- Implementing GHG measurement or reporting software, whether or not this was developed by the assurance organisation.

A13. A self-review threat might possibly be created by services provided at the same time as an assurance engagement is performed or by services provided before the start of the assurance engagement period.

Prohibition on assuming management responsibilities

A14. When an assurance organisation or assurance practitioner assumes a management responsibility for an assurance client, self-review, self-interest and familiarity threats are created. Assuming a management responsibility might also create an advocacy threat because the assurance organisation or assurance practitioner may become too closely aligned with the views and interests of management.

A15. Examples of management responsibilities include:

- Setting policies and strategic direction.
- Directing and taking responsibility for the actions of employees.
- Deciding which recommendations of the assurance practitioner or third parties to implement.
- Taking responsibility for designing, implementing, monitoring and maintaining internal controls relating to GHG emissions.
- Taking responsibility for the preparation of the GHG disclosures.
- Taking responsibility for the methods and calculations relating to measurement of GHG emissions.

Financial Interest Prohibition

A16. A financial interest is an interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest. Financial interests are classified as either a:

- (a) Direct financial interest: A financial interest:
- (i) Owned directly by an individual or entity; or

- (ii) Owned through an intermediary over which an individual or entity has control, or the ability to influence investment decisions.
- (b) Indirect financial interest: A financial interest owned through an intermediary over which an individual or entity has no control or ability to influence investment decisions.

A17. Examples of a direct interest are:

- Holding shares in the assurance client.
- Being a trustee of a trust that holds shares in an assurance client.

A18. Examples of an indirect interest are:

- Shares owned through collective investment schemes.
- Shares owned through pension schemes.

A19. When determining whether an indirect financial interest is material to an individual, the combined net worth of the individual and the individual's immediate family members may be taken into account.

Competence

A20. Skills and competence in assurance are developed through extensive training and practical application of assurance techniques, including performance of assurance engagements in accordance with relevant standards and applicable legal and regulatory requirements.

A21. Skill and competence in assurance necessary to undertake an assurance engagement include:

- Risk assessment methodologies.
- Sampling techniques.
- GHG information systems and internal controls (how data is initiated, recorded, collated and reported in a GHG disclosures).

A22. Skills and competence in GHG emissions are gained through significant experience in measuring, analysing, reporting and/or attesting GHG emissions.

A23. Skills and competence in GHG emissions necessary to undertake an assurance engagement include:

- General understanding of climate science.
- GHG quantification methods, including associated scientific and estimation uncertainties relevant to the assurance client's sector.
- GHG reporting principles and methods.
- GHG monitoring techniques and calibration procedures and their consequences for data quality (relevant for the assurance client's sector).
- Understanding of laws and regulations that affect how the assurance client reports its emissions.

A24. An assurance practitioner may use the work of an expert if they conclude that the work of that expert is adequate for the assurance practitioner's purposes. However, the assurance practitioner has sole responsibility for the engagement. That responsibility is not reduced by the work of the expert. The assurance practitioner needs to have sufficient understanding of the GHG emissions to be able to:

- (a) When needed, ask appropriate questions of the expert and evaluate whether the answers make sense in the engagement circumstances;
- (b) Evaluate the expert's work and, to the extent needed, integrate it with the work of the engagement team as a whole; and
- (c) Take responsibility for the conclusions reached.

Reliance on the Work of Others

A25. When placing reliance on work undertaken by others, it is important to ensure that objectivity is not compromised. As such, it is important to consider whether others involved in the engagement have any interests or relationships that might create a self-review, self-interest, familiarity, intimidation or advocacy threat. Such considerations would normally include whether the individual has any relevant:

- Financial interests;
- Business and personal relationships; or
- Provides any other services to the assurance client.

Independent Assurance Report

Form and Level of the Conclusion

A26. An example of how an unmodified conclusion may be expressed for limited assurance is as follows:

“Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG disclosures (on pages [x] to [y] of the climate statements) for the year ended 31 December 20X1 are not prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) and [*measurement criteria such as Greenhouse Gas Protocol Corporate Standard*]”.

Or

“Based on our examination of the evidence, nothing comes to our attention which causes us to believe that the assumptions (disclosed on pages [x] to [y] of the climate statements), do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and in accordance with [*measurement criteria such as Greenhouse Gas Protocol Corporate Standard*].

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.”

Or

“Based on the evidence we have obtained, we have not found any evidence to indicate that the assumptions, methods and limitations (disclosed on pages [x] to [y] of the climate statements), used to develop forecasts and projections, do not provide a reasonable basis for the forecast”.

A27. An example of how an unmodified conclusion may be expressed for reasonable assurance is as follows:

“In our opinion, the GHG disclosures (on pages [x] to [y] of the climate statements) for the year ended 31 December 20X1 are prepared, in all material respects, in accordance with the Aotearoa New Zealand Climate Standards NZ CSs) and [*measurement criteria such as Greenhouse Gas Protocol Corporate Standard*]”.

Appendix: Illustrative Limited Assurance Report

Unmodified Limited Assurance Report on GHG Disclosures

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON GREENHOUSE GAS DISCLOSURES

To the Intended Users

We have undertaken a limited assurance engagement on the Greenhouse Gas (GHG) disclosures ('GHG disclosures') on pages [x] to [y] of the Climate statements for the year ended xx xxxxx 20X1.

Our assurance engagement does not extend to any other information included in the Climate statements 20X1 or referred to in the Climate statements 20X1. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG disclosures on pages [x] to [y] of the climate statements for the year ended xx xxxxx 20X1 are not prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards (NZ CSs) issued by the XRB, measured in accordance with [measurement criteria such as *Greenhouse Gas Protocol Corporate Standard*].

{Some reports might express a limited assurance conclusion on parts of the GHG disclosures as follows:

“Based on our examination of the evidence, nothing comes to our attention which causes us to believe that the assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and in accordance with XYZ’s climate change regulations.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.”}

{If some GHG disclosures are subject to reasonable assurance and others are subject to limited assurance, the assurance report shall clearly identify the GHG disclosures that are subject to each level of assurance and the related conclusion}.

Key Matters

In this section we present those matters that, in our professional judgement, were most significant to the assurance engagement. These matters were addressed in the context of our assurance engagement of the GHG disclosures, and in forming our conclusion, and we do not provide a separate conclusion on these matters.

{Include an explanation of why the matter is a key matter and outline what the assurance practitioner has done to address the matter.}

Emphasis of Matter (where applicable)

We draw attention to Section x which describes *{inherent uncertainty/exclusions, etc.}* Our conclusion is not modified in respect of this matter.

Comparative Information (where applicable, especially on transition to mandatory assurance)

[The comparative GHG disclosures (i.e. GHG disclosures for the period ended 31 xxxx 202x) have not been subject to assurance. As such, these disclosures are not covered by our assurance conclusion.]

Materiality [encouraged disclosure]

[Based on our professional judgment, we determined quantitative materiality for the GHG disclosures as follows:

- ...]

Competence and Experience of the engagement team [encouraged disclosure]

[Our work was carried out by an independent and multi-disciplinary team including assurance practitioners, engineers and environmental scientists. The assurance practitioner retains overall responsibility for the assurance conclusion provided.]

ABC's Responsibilities

ABC is responsible for the preparation and fair presentation of the GHG disclosures in accordance with the applicable criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of GHG disclosures that are free from material misstatement.

{As discussed on page x of the climate statement}⁴ GHG quantification is subject to inherent uncertainty [because of incomplete scientific knowledge used to determine emissions factors. the values needed to combine emissions of different gases and the level of estimation uncertainty.]

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the addressee of the report of ABC.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Other relationships

Other than in our capacity as assurance practitioners, and the provision of the assurance engagement over GHG disclosures, we have no relationship with, or interests, in the ABC.

Standards Applied

This engagement was undertaken in accordance with NZ SAE 1, {ISAE (NZ) 3410 or ISO 14064-3} and {state which assurance standard and/or professional and ethical standards or accreditation body requirements were applied, e.g., NZICA Code of Ethics, ISO 14065, ISO 14066, ISO 17029}.

⁴ Where there is no discussion of the inherent uncertainty in the climate statements, this should be deleted.

Summary of Work Performed

[In a limited assurance engagement, it is important for the practitioner to insert a summary of the nature and extent of procedures performed that, in the practitioner's judgement, provides additional information that may be relevant to the users' understanding of the basis for the assurance practitioner's conclusion. The following section has been provided as guidance, and the example procedures are not an exhaustive list of either the type, or extent, of the procedures which may be important for the users' understanding of the work done.]

We are required to plan and perform our work to address the areas where we consider that a material misstatement of the GHG disclosures may arise. The procedures we performed were based on our professional judgement. In undertaking our limited assurance engagement on the GHG disclosures, we:

- Obtained, through inquiries, an understanding of ABC's control environment, processes and information systems relevant to the preparation of the GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- Evaluated whether ABC's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate ABC's estimates;
- Undertook site visits at xx of ABC's xx sites;
- Tested, at each site visited, a limited number of items to, or from, supporting records, as appropriate;
- Performed analytical procedures by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;
- Considered the presentation and disclosure of the GHG disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

[Engagement leader's signature]

[Name of engagement leader]

[Date of the assurance report]

[Address of assurance organisation where engagement leader is based]