

# Sustainability Assurance Consultation

## Toitū Envirocare

### **1. What sustainability assurance engagements do you currently perform?**

We are primarily involved in assurance engagements for verification and validation of greenhouse gas statements. We also perform some engagements in relation to emissions calculations and environmental management aligned with ISO 14001. Our assurance engagements cover both organizational level and product level. We perform agreed upon procedures relating to carbon compatible reports and specific carbon measurement relating to events, projects and buildings.

### **2. What sustainability assurance engagements have you been requested to perform?**

In addition to the above, compliance with SBTI, Airport Carbon Accreditation, ICSA and IWCA accreditation.

There is interest regarding the scenario analysis and non-GHG information relevant to the CRD regime, and interest around SDGs, circularity and GRI 306 waste assurance though we are currently conducting none of these.

### **3. What assurance standards do you currently use to perform each type of sustainability assurance engagement?**

ISO 14064-3:2019, in conjunction with ISO 14065:2020 and ISO 17029:2019

Assessment of Environmental Management systems are based on ISO 14001:2015 but this standard is not directly used.

### **4. What are the key challenges in assuring sustainability information in accordance with these standards?**

Sustainability is a broad and evolving area, and many standards exist. These standards are constantly being updated and new standards emerge, and the science and best practice is constantly changing as well. This can become challenging in ensuring the underlying audit and assurance processes, as well as quality assurance requirements are both robust and flexible enough to evolve alongside the standards.

Users of the final sustainability mark/claim/ certification may make many assumptions not supported by the work done to achieve it, so there is a challenge in clarifying what the achievement truly means, in plain language. Sustainability is a diverse and continuously evolving and improving area, and there is a challenge in ensuring the endorsement of the claims is understood – there is a risk of a disconnect between the services offered and the implied meaning of those statements.



There is a challenge in conveying to the end user an understanding of what having assurance means, as well as the meaning of the terms 'reasonable' and 'limited'. In addition, conveying the realistic practical boundaries of the actual claim, while maintaining integrity and clarity.

In practical terms as far as GHG assurance is concerned, there is a challenge in clients having high quality, mature auditable data, especially for Scope 3 emissions / extended supply chain where the information and measurement is still in genesis in many areas.

Sustainability data can involve a lot of qualitative data, and the need for professional judgements in these assurance engagements where the subject matter may not be clear cut. There is a need for subject matter expertise which may be hard to access, where there is a limited number of sufficiently competent people working in this area, and a scarcity of auditors overall.

Emerging reporting requirements can lead to peaks and troughs of work timeframes, when many people require assurance to be conducted over a similar period, adding additional pressure to a small pool of experts.

National and international direction of policies and requirements will impact the assurance landscape, and ensuring compliance to all aspects will be a challenge if there is variability. What is required within New Zealand may well be different to what is required, for instance, to export to the EU.

The current ISO 14064-3:2019 assurance standard may not be fit for purpose to assure other information such as GRI disclosures and measures that are qualitative in nature.

## **5. What assurance activities do you think are most suited to sustainability reporting in New Zealand and why?**


With such a diverse area which can involve a lot of qualitative information, agreed upon procedures and reviews may have more viability in this field than reasonable and limited assurance engagements.

It is also worth considering making assurance mandatory only in areas where it will add value and considering the materiality of the information to be assured. Disclosures that allow for voluntary assurance rather than mandatory assurance may help remove barriers to participation.

Areas where assurance may be of use, depending on the regime, include:

- SBTN for nature-based targets.
- Planetary boundaries.
- Water
- Donut economics ESG model.
- Biodiversity
- Management systems addressing the above items

These would need to be clearly defined and aligned to a recognized and maintained standard or standards to ensure agreement. Enabling the application of standards in plain language will assist in democratizing the work to make it accessible to smaller practitioners.



**6. Do you have any comments on the IAASB's ED 5000 to inform the External Reporting Board's submission?**

No comments

**7. What standards do you apply for quality management for sustainability assurance engagements?**

ISO 17029 includes fundamental quality management principles. In addition, we apply the principles of ISO 9001 and PES3, although the latter not in full.

**8. What standards do you apply for Ethics and Independence when performing sustainability assurance engagements?**

Ethical and independence requirements are built into that standards we use - ISO 14066, ISO 14064-3, ISO 14065, ISO 17029 as well as relevant IAF Mandatory documents and applied throughout our activities. In addition, the terms of our Accreditation require demonstration of ethical conduct. We also apply aspects of PES1 although do not apply the standard in full.

**9. What could be some key pillars for Ethical and Independence standards for sustainability assurance?**

The same key principles that apply to all assurance engagements, as it is these things that give credibility to the assurance.

Impartiality/Independence, Competence, Credibility, Confidentiality, Objectivity, Openness, Integrity.

**10. What issues could Ethical and Independence standards for sustainability assurance address?**

The same issues key issues across all assurance engagements: self-review threat, self-interest, advocacy, familiarity, management responsibility among others. More topically for these engagements, threats relating to green-washing.

A code of conduct would provide a set of rules all parties agree to use.

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