

**Sustainability Reporting Board**

**Meeting Agenda**

Wednesday 16<sup>th</sup> October 2024 from 9.30am to 4.55pm

Virtual & XRB Boardroom (Wellington)

Est time, duration	Item	Topic	Objective	Format	Page of pack
<b>PUBLIC SESSION</b>					
<b>9:45</b>	2.0	<b>General updates</b>			
	2.1	International monitoring (LK)	Note	Paper	2
	2.2	Documents for comment (LK)	Note	Paper	20
	2.3	Guidance on Scope 3 GHG emissions for preparers and assurance practitioners (JR)	Note	Paper	21
	2.3.1	Memo to NZAuASB members	Note	Paper	22
<b>10:00</b>	<b>3.0</b>	<b>Mark Gough (Capitals Coalition)</b>	Note	Verbal	-
	3.1	Discussion with Capitals Coalition (JR)	Note	Paper	25

**Next meeting: 27 November**, in person in Auckland (with some virtual)

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**Date:** 4 October 2024  
**To:** SRB Members  
**From:** Lisa Kelsey  
**Subject:** Update on international and jurisdictional monitoring

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**Purpose and introduction<sup>1</sup>**

1. The purpose of this paper is to provide the Board with an update of our international and jurisdictional monitoring.
2. This paper covers the period from 15 August 2024 to 4 October 2024.

**Recommendations**

3. The Board is asked to NOTE this update.

**Structure of this memo**

4. The remaining sections in this memo are:
  - (a) [AASB](#);
  - (b) [ISSB](#);
  - (c) [GHG ISB](#);
  - (d) [IPSASB](#);
  - (e) [ISO](#);
  - (f) [PCAF](#);
  - (g) [EFRAG's SRB](#);
  - (h) [GRI's GSSB](#);
  - (i) [TNFD](#);
  - (j) [IASB](#);
  - (k) [TISFD](#);
  - (l) [CDP, DJSI, FTSE4Good](#); and
  - (m) [Jurisdictional updates](#).

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<sup>1</sup> This memo refers to the work of the International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS<sup>®</sup> Sustainability Disclosure Standards, and ISSB<sup>®</sup> papers).

## AASB

### Update on legislation

5. The *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* passed Parliament on 9 September 2024 and received Royal Assent on 17 September 2024. This means the reporting of climate-related disclosures from 1 January 2025 by Australian entities within scope of the regime is now law.

### AASB meetings

6. [Appendix B](#) contains details of the decisions the AASB has made in relation to Climate-related Financial Disclosures at its last three meetings.
7. Key highlights:
  - (a) Following the passage of the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* through the Federal Parliament, which empowered the AASB to issue sustainability standard, the AASB met on the 20 September and voted to issue its two inaugural Australian Sustainability Reporting Standards, the voluntary Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the mandatory Standard AASB S2 *Climate-related Disclosures*.<sup>2</sup>
  - (b) AASB Board member Caroline Spencer voted against the making of AASB S2. Caroline's dissenting view is included below:

#### Dissenting view

##### Dissent of Caroline Spencer

- |     |   |
|-----|---|
| DV1 | I consider the AASB did what was necessary in the circumstances to develop AASB S2 to support the Australian Government's decision to require certain large businesses and financial institutions to prepare climate-related financial disclosures in annual reporting periods beginning on or after 1 January 2025. However, given this internationally-aligned Standard is developed based on IFRS S1 and IFRS S2, which have been designed for larger for-profit entities to meet their investors' needs, I am not confident that application to smaller and not-for-profit entities in the private and public sectors meets the threshold for my support as an AASB Board member, of being in 'the best interests of the private and public sectors in the Australian economy'. |
| DV2 | In particular, I have concerns around the cost, the usefulness and the auditability of these reporting requirements. As far as I can discern, they have never been fully implemented or audited anywhere in the world, even for the largest reporting entities.   |
| DV3 | I am particularly concerned about the cost relative to benefit overall for smaller and not-for-profit entities in the private and public sectors, while recognising that identifying which entities are required to apply AASB S2 is beyond the role of the AASB.   |
| DV4 | I also have strong concerns around the requirements to disclose Scope 3 greenhouse gas emissions when the concepts of reporting entity control, as well as verifiability and usefulness to report users regarding allocating scarce resources to an entity and across entities, are not established in my view. My concerns in this regard are heightened for smaller and not-for-profit entities in the private and public sectors.  |
| DV5 | While AASB S2 contains some useful terminology and concepts, most of Australia's significant financial impacts of climate-related physical and transition risks, opportunities and resilience, are (and will be) evident through existing corporate reporting and analysis mechanisms. Moreover, Australia's large energy producers, consumers and greenhouse gas emitters are already captured through mandatory National Greenhouse and Energy Reporting Scheme obligations.  |
| DV6 | A further consideration for adoption of AASB S2 in the public sector is its different role and obligations in relation to climate-related financial risk. The public sector often acts as both the emergency first responder and the funder of last resort when adverse events occur in the community. The complexity of the circumstances and multitude of drivers of adversity response and recovery decisions, and therefore financial impacts, cannot be reliably estimated on a whole of jurisdiction scale – therefore, I do not consider they could sensibly fit within the requirements set out in AASB S2.   |
| DV7 | Sustainability reporting as required by the recent Corporations Act amendments and specified in AASB S2 represents a profound shift and cost escalation in Australian corporate reporting. However, the practical benefits of mandatory reporting in accordance with AASB S2 for users and the Australian financial system and environment have not yet been demonstrated or clearly articulated. When combined with acute shortages in reporting and auditing capability and capacity, which particularly affect smaller and not-for-profit entities in the private and public sectors, implementation of AASB S2 is, in my view, unworkable.  |

<sup>2</sup> See [AASB Digital Standards Portal](#)

- (c) AASB S2 incorporates all requirements of IFRS S2 *Climate-related Disclosures*, with modifications for the matters detailed in paragraphs 5(a) to (f) in Appendix B.
- (d) AASB S1 is a voluntary Standard has It has the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, except for some transition reliefs, which have been modified or omitted to align with the Standard’s voluntary status. It also includes several Australian-specific paragraphs referring to general purpose financial reports of not-for-profit (NFP) entities and their primary users, to assist NFP entities electing to apply AASB S1.
- (e) The AASB discussed the scope and indicative timing of a new project, *Climate-related Disclosures: Industry-based Information*. The AASB decided to commence preliminary consultation with stakeholders in March 2025, with the intention of finalising mandatory requirements for industry-based disclosures by 2030.

**ISSB**

**ISSB Meetings**

- 8. [Appendix C](#) contains a summary of the September ISSB meeting. The ISSB was not asked to make any decisions at the meeting.

**ISSB TIG Meetings**

- 9. The Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) met on the 19 September and discussed five papers. The first paper discussed questions submitted to the TIG that ISSB Staff had previously determined did not meet the criteria to be submitted to the TIG. ISSB staff had not answered these questions but just noted that they did not meet the TIG criteria. ISSB staff have gone back to the previously submitted questions and have now provided answers to these.<sup>3</sup>
- 10. The remaining four papers provided ISSB staff analysis and staff views on four implementation questions that were submitted to the TIG. We have summarised these in the table below.

Staff paper	Implementation question	ISSB staff view
<a href="#">AP2</a>	<p><u>Identification of sustainability-related risks and consideration of risk mitigation activities</u></p> <p>The submission asked whether or not an entity considers its risk mitigation activities—either risk mitigation activities that have been put in place or risk mitigation activities that are planned—when applying the requirements in IFRS S1 related to the identification of sustainability-related risks that could reasonably be expected to affect its prospects.</p> <p>In simple terms, the submission asked, if an entity has taken actions to mitigate a sustainability-related risk or plans to take such actions, are such risks identified:</p>	<p>IFRS S1 does not prescribe whether or how an entity is required to consider risk mitigation activities when identifying sustainability-related risks.</p> <p>The ISSB staff view is that it depends. Judgement must be applied in determining whether a sustainability-related risk could reasonably be expected to affect an entity’s prospects, including judgement about how risk mitigation activities that are planned or already in place, inform the identification of sustainability-related risks.</p>

<sup>3</sup> [See ISSB staff paper AP1](#)

Staff paper	Implementation question	ISSB staff view
	<p>(a) after taking into consideration those mitigants, that is, on a 'net' basis; or</p> <p>(b) ignoring those mitigants, that is, on a 'gross' basis?</p>	
<p><a href="#">AP3</a></p>	<p><u>Application of the jurisdictional relief to part of a reporting entity</u></p> <p>The submission asked about the application of the relief in IFRS S2 <i>Climate-related Disclosures</i> that permits an entity to measure its greenhouse gas (GHG) emissions using a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard). Specifically, the submission questioned whether an entity is permitted to use the relief in a circumstance in which only part of the entity is required by a jurisdictional authority to use a method for measuring its GHG emissions other than the GHG Protocol Corporate Standard.</p>	<p>It is the ISSB staff view that the jurisdictional relief is applicable if the entity, in whole or part, is subject to such a requirement from a jurisdictional authority.</p>
<p><a href="#">AP4</a></p>	<p><u>Scope 3 Category 15 GHG emissions related to financial activities and asset classes that are not explicitly referenced in IFRS S2</u></p> <p>The submission asked whether the following asset class and financial activities are required to be included in an entity's disclosure of its Scope 3 Category 15 GHG emissions, noting that these are not explicitly referenced in IFRS S2:</p> <p>(a) asset class: derivatives.</p> <p>(b) financial activities: underwriting activities in the insurance and reinsurance industries and investment bank activities in the investment banking industry</p>	<p>In the ISSB staff view, there is no explicit limitation on the types of financial activities or asset classes that must be included in the measurement of an entity's Scope 3 GHG emissions.* This means that emissions associated with the following financial activities and assets classes are included in the requirements to disclose Scope 3 GHG emissions in accordance with IFRS S2:</p> <p>(a) associated emissions of underwriting portfolios in the insurance and reinsurance industries;</p> <p>(b) facilitated emissions associated with investment banking financial activities; and</p> <p>(c) financed emissions associated with derivatives.</p> <p>However, if an entity determines it is impracticable to do so, it is not required to provide such disclosure. (<i>impracticable is a high hurdle and if used an entity still has to disclose how it is managing its Scope 3 GHG emissions</i>)</p> <p><i>*Subject only to the overarching requirement that all information required to be provided using ISSB Standards is subject to materiality.</i></p> <p>Note that ISSB staff identified that the Basis for Conclusions (BC) arguably indicates (i.e. conflicts with their view) that the ISSB did not intend to require such disclosures in IFRS S2. (<i>the BC does not form part of the Standards and cannot override requirements in the Standard</i>).</p>

Staff paper	Implementation question	ISSB staff view
<p><a href="#">AP5</a></p>	<p><u>Use of GWP values from the latest IPCC assessment when a jurisdictional authority mandates the use of a different GWP value</u></p> <p>The submission asked about the requirement to convert GHG emissions into CO<sub>2</sub> equivalent values using GWP values from the latest IPCC assessment. Specifically, the submission questioned whether the jurisdictional relief can be applied to relieve an entity from the requirement to use GWP values from the latest IPCC assessment, if an entity is required by a jurisdictional authority to use different GWP values.</p>	<p>It is the ISSB staff view that the jurisdictional relief applies only to the requirement to use the GHG Protocol Corporate Standard as a method for measuring GHG emissions and does not apply to other requirements set out in IFRS S2. Therefore, the jurisdictional relief cannot be applied to the requirement to use GWP values from the latest IPCC assessment, as this requirement is set out in IFRS S2.*</p> <p><i>* As with all requirements in ISSB Standards, the requirements related to the use of GWP values from the latest IPCC assessment are subject to materiality.</i></p> <p>Note that if an entity uses emission factors to estimate its GHG emissions IFRS S2 requires the entity to use emission factors that best represent the entity’s activity. If these emission factors have been converted into CO<sub>2</sub> equivalent values, the entity is not required to recalculate the emissions factors using GWP values from the latest IPCC assessment.</p> <div data-bbox="917 952 1388 1355" style="border: 1px solid gray; border-radius: 10px; padding: 10px; background-color: #f0f0f0;"> <p style="text-align: center;"><b>Converting GHG emissions into CO<sub>2</sub>e</b></p> <pre> graph TD     A[How is the entity measuring GHG emissions?] --&gt; B[Direct method]     A --&gt; C[Estimating using emission factors]     B --&gt; D[Use GWP values from latest IPCC assessment]     C --&gt; E[Are the entity's emission factors converted into CO2e?]     E -- No --&gt; F[Use GWP values from latest IPCC assessment]     E -- Yes --&gt; G[Do the emission factors best represent the entity's activity?]     G -- No --&gt; F     G -- Yes --&gt; H[Not required to use GWP values from latest IPCC assessment]                     </pre> </div> <p>The blue box indicates the circumstance in which an entity is not required to use GWP values from the latest IPCC assessment.</p>

**Other ISSB activities**

11. The IFRS Foundation held its annual *World Standards-setters Conference 2024* from the 23-24 of September. The objective of the conference is to provide national standard-setters like the XRB with the opportunity to get an update on and discuss the IFRS Foundation’s activities. Jack Bissett attended the conference and will provide a verbal update at agenda item 7.
12. On the 25 September 2024, the IFRS Foundation published [Voluntarily applying ISSB Standards—A guide for preparers](#). The guide aims to support companies as they start to apply ISSB Standards voluntarily as well as helping them communicate their progress to investors.

**GHG ISB**

13. GHG Protocol announced the [membership](#) of its new Steering Committee (SC) and Independent Standards Board (ISB) on 19 September.

- (a) The SC will be the primary governing body of GHG Protocol, providing strategic guidance on the overarching goals and direction of GHG Protocol and ensuring proper adherence to standard development and revision procedures.
  - (b) In turn, the ISB has the mandate to review and approve GHG Protocol standards, guidance, and other normative documentation.
14. The GHG Protocol also [announced](#) the [members](#) of its four Technical Working Groups that will support the process to revise and update the suite of corporate standards. The Technical Working Groups will play a core role in developing the technical content for the GHG Protocol standards and guidance. Each of the four Technical Working Groups are focused on a specific topic: Corporate Standard, Scope 2, Scope 3 and Actions & Market Instruments (previously referred to as Market-Based Accounting Approaches).
15. XRB staff member, Judy Ryan has been appointed as a member of the Corporate Standard Technical Working Group (CSTWG). This appointment is for the development of the standard which is expected to take about 2 years. The XRB is pleased to support her in this role.
16. The CSTWG met for the first time on the 30 September 2024. It has been decided that the CSTWG will be split into sub-groups for most of the work. It is proposed that each group will focus on two big topics, although the exact scope for each has not yet been approved by the ISB:
- (a) Sub-group one – strategic level
    - (i) Objectives and principals across all the standards
    - (ii) tracking emissions over time;
  - (b) Sub-group two – how do we account in a consistent and reliable manner
    - (i) Organisational boundaries and consolidation approaches
    - (ii) Verification and assurance
  - (c) Sub-group three – operational and detailed quantification
    - (i) Operational boundaries including scope 3 emissions
    - (ii) Data and calculation methods

## IPSASB

17. The IPSASB held its third meeting of the year from the 17 to 20 of September in Brussels, Belgium hosted by the European Commission. Extract from IPSASB ENews:
- “The IPSASB broke new ground approving its first Sustainability Reporting Standard (IPSASB SRS™) Exposure Draft (ED) 1, Climate-related Disclosures. The ED proposes disclosures for all public sector entities to report on their climate-related risks and opportunities, aligned with the private sector disclosures developed by the International Sustainability Standards Board. The proposals also include additional public sector disclosures for those select entities with the responsibility to develop climate-related policy programs by exercising their sovereign powers. The IPSASB expects to publish the ED by the end of October 2024 and then undertake a global consultation to seek feedback from constituents on the proposals.”

18. Angela Ryan (the NZ IPSASB member) voted against the issue of ED SRS 1 *Climate-related Disclosures*. At the IPSASB post-meeting debrief on the 1 October, Angela shared with XRB staff and public sector stakeholders what she agreed with and what she disagreed with in ED SRS 1.
19. While Angela agreed:
- (a) that public sector entities should make disclosures from an aligned IFRS S2 (for all public sector entities for all activities);
  - (b) with the urgency expressed by the IPSASB regarding the need for public sector climate-related disclosures;
  - (c) that the policy and regulatory role of public sector entities is a key characteristic and a difference to the private sector; and
  - (d) the policy and regulatory role and its impact on climate is of major interest to stakeholders (high public interest).
20. Angela disagreed with:
- (a) the ED approach to address the demand for transparency for the policy and regulatory role and the outcomes from public policy by requiring climate-related public policy program disclosures in this ED.
    - (i) all the new ED definitions and guidance dealing with the scope of climate-related public policy disclosures bolted on to IFRS S2 is confusing and complex – this could lead to jurisdictions not picking up the Standard at all;
    - (ii) few policies expected to be disclosed because Government policies now generally have dual objectives, rather than a single objective that is primarily about climate;
    - (iii) the disclosure on climate related public policy level would likely be better at a sector or high level and there is a need to decide how this connects to the existing reporting under the Paris agreement; and
    - (iv) stakeholder demand for transparency around the policy and regulatory role of Government will not be met by the ED proposals because only a narrow set of climate “positive” disclosures will be reported, and most impacts on climate are from other Government policies.
21. Angela is currently drafting an ‘Alternative view’ to be included in the ED. While Angela was the only IPSASB member that voted against the issue of ED SRS 1, she received comments of support from other members and technical advisors at the meeting.
22. Jack Bisset (Angela’s technical advisor) also attended the IPSASB meeting with Angela and will provide a verbal update at agenda item 8.

## ISO

23. On 17 September, ISO and the UNDP released guidelines for the UN SDGs. The new [ISO/UNDP Guidelines for the SDGs](#) are a transformative tool designed to unlock greater contributions to the UN Sustainable Development Goals from organisations and businesses across both public and private



sectors worldwide. They have been developed in partnership with the United Nations Development Programme (UNDP) to provide organisations with a unified approach to systematically manage and optimize their impact on sustainable development across various operational aspects.

24. In late August, ISO started development on a new standard for Purpose-Driven Organisations (ISO 37011). The new ISO Standard will be created to provide global solutions to support organisations in becoming purpose-driven and aligning corporate purpose for the long-term well-being of people and the planet. The development of the International Standard over the next 48 months will see the conversion of [PAS 808](#) through the ISO process and involve an international committee of experts from all over the world, supported by national delegations representing a wide range of stakeholders across more than 170 countries, with an anticipated launch in early 2027.
25. ISO held its annual meeting from 9-12 September. [Replays](#) of all the sessions are available. The sessions covered:
  - (a) Sustainable and inclusive growth: circular economy, sustainable energy transition, climate adaptation;
  - (b) Responsible AI for all: trust, leveraging AI for small business, AI for healthcare; and
  - (c) The future of human capital: women's entrepreneurship, diversity, protecting workers in a changing climate.

#### **PCAF**

26. There are no updates for PCAF during the period covered by this memo.

#### **EFRAG's SRB**

##### ***SRB Meetings***

27. At its meeting on 4 September, the SRB initiated the approval process for the Oil and gas exposure draft and the Mining, quarrying and coal mining exposure draft. The SRB members will be asked to vote on the exposure draft at the 17 September meeting.
28. At its meeting on 17 September, the SRB:
  - (a) Discussed its cooperation agreement with the Taskforce on inequality and social-related financial disclosures ([TISFD](#))
  - (b) Approved the exposure drafts mentioned in paragraph 27.

##### ***Other EFRAG***

29. EFRAG plans to release its transition plan implementation guidance for a one-month period of public feedback in January 2025, before publishing the final guidance in Q2. The guidance aims to support companies reporting under the ESRS with their transition plan disclosures, and is looking to clarify certain aspects of the standards to promote good transparency.
30. As part of this work, EFRAG has set up an advisory group with representatives from different EU bodies working on transition plans to guarantee coordination. Transition plans, or elements of transition plans, are featured in the EU's Corporate Sustainability Reporting Directives, Corporate

Sustainability Due Diligence Directive, the Emissions Trading Scheme, Energy Efficiency Directive, and in banking and supervisory regulation.

31. EFRAG issued a [draft comment letter](#) on the IASB ED *climate-related and other uncertainties in the financial statements – proposed illustrative examples*. While supporting the IASB EFRAG considers that the ED as it stands does not fully address the issues at stake. EFRAG considers that these examples should only be seen as an initial step in addressing stakeholders' expectations and suggests the IASB consider developing other examples and undertaking standard-setting activity where justified. The letter also reiterates the importance of a focus on connectivity and for work to be done to clarify the boundaries between the information within and outside the financial statements and other Annual Reports.
32. On 20 September an open call for tenders to assist EFRAG in developing a robust ESRS knowledge hub was released. The hub will comprise all the materials necessary to discover, understand, implement and work on ESRS, to facilitate the implementation work of preparers and the work of analysts and other users. These materials would include the ESRS themselves, implementation guidance (IG), Q&A Platform Explanations, XBRL Taxonomies related to the ESRS, interoperability guidance, etc.

#### GRI's GSSB

33. Joint report by GRI and the World Benchmarking Alliance '[How to strengthen corporate accountability: the case for unlocking sustainable corporate performance through mandatory corporate reporting](#)' released. The report found a positive correlation between companies using GRI and publishing a content index and their scores in WBA's Social Benchmark and the stricter the adherence to GRI the higher the score. The majority of companies with high CSI scores use GRI Standards, while others adhere to different reporting frameworks. This association indicates that compliance with established reporting standards generally correlates with enhanced social sustainability performance. This report calls on UN Member States to build on this positive correlation between corporate sustainability reporting and company sustainability performance, and mainstream mandatory reporting
34. The GSSB held its latest meeting on 12 September. A sector standards review is proposed. This will consider how the sector programme is going with input from the topic standards and other GRI teams. They have also proposed some tailored research to understand the usefulness and the use case of the sector standards. The GSSB also received an update on the financial services sectors standards which are under development (for banking, capital markets and insurance). The exposure drafts are expected to be submitted to the GSSB in January 2025. There are around 24 material topics per standard and significant additional reporting to address transparency expectations for the sector. They are focused on downstream impacts through the provision of products and services, specifically capital, to customers and investees.
35. [Christina Gil White](#) has been appointed interim CEO of GRI. She was previously Chief Operational Officer. With a diverse track record in sustainability leadership, Cristina joined GRI's management team one year ago, after serving as a Supervisory Board Member. The [announcement](#) states a decision on permanent leadership arrangements will be made in the coming months.
36. GRI [announced](#) that it had signed an MoU with the [International Foundation for Valuing Impacts](#) (IFVI). They have agreed to collaborate on building market update of each other's methodologies, mutual

promotion, joint stakeholder engagement, aligning fundraising activities and collaboration on capacity building initiatives.

## TNFD

37. On the 16 September 2024, the TNFD signalled its support for the use of cross-reference tables in corporate reporting to help simplify and streamline presentation of TNFD-aligned recommended disclosures in existing voluntary or mandatory corporate reporting.<sup>4</sup>

## IASB

### *Management Commentary*<sup>5</sup>

38. The IASB met on 18 September 2024 to discuss targeted refinements to proposals for a revised IFRS Practice Statement 1 *Management Commentary*. The tentative decisions made by the IASB at this meeting are summarised [here](#).

## TISFD

39. The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) was launched on 23 September 2024. It will develop a global framework for companies and financial institutions to include within their public reports more effective disclosures about impacts, dependencies, risks, and opportunities related to social issues, including inequality.<sup>6</sup>
40. The Taskforce has the support of more than 100 organisations from across business, finance, labour, civil society and international organisations, and will be chaired by global leaders: Peter Bakker, Sharan Burrow, Arunma Oteh, and Gabriela Ramos. The Co-Chairs will lead the Taskforce's Steering Committee to deliver on its goal of incentivising business and financial practices that create fairer, stronger societies and economies.
41. Looking ahead, the Co-Chairs will work with the Taskforce's Steering Committee to take an inclusive approach to co-creating a disclosure framework that is market-usable, aligned with international standards on business conduct, and integrated with reporting standards. In doing so, the TISFD aims to enable meaningful and concerted action among market actors to mitigate the risks of social issues, including inequality, and to seize the significant opportunities that result from building fairer, stronger economies and societies.
42. On the 27 September 2024, EFRAG and TISFD announced that they had signed a cooperation agreement to advance social-related financial disclosures.<sup>7</sup>

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<sup>4</sup> See <https://tnfd.global/the-tnfd-supports-use-of-cross-reference-tables-for-corporate-reporting/>

<sup>5</sup> Also known as management's discussion and analysis (MD&A) is a report prepared for a company's investors and is required in many jurisdictions.

<sup>6</sup> See <https://www.tisfd.org/>

<sup>7</sup> See <https://www.efrag.org/en/news-and-calendar/news/efrag-and-tisfd-sign-cooperation-agreement-to-advance-social-related-financial-disclosures>

**CDP, DJSI, FTSE4Good**

43. CDP has a status of alignment with disclosure frameworks and standards, as at the date of this update, it is reporting the status as follows:
- (a) International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures  
Aligned with the IFRS S2 standard issued by the International Sustainability Standards Board (ISSB).
  - (b) European Sustainability Reporting Standards (ESRS)  
Currently substantially aligned.
  - (c) Task Force on Nature-Related Financial Disclosures (TNFD) recommendations  
Currently partially aligned.
  - (d) U.S. Securities and Exchange Commission (SEC) climate disclosure rule  
Alignment under review following the release of the final rule.
  - (e) Task Force on Climate-related Financial Disclosures (TCFD)  
Aligned with TCFD recommendations.
44. On the 19 September, LSEG issued its third annual edition of the Portfolio Decarbonisation report, the report which is developed in collaboration with the UN-convened Net-Zero Asset Owner Alliance (NZAOA), tracks emissions trends in key market benchmarks across widely used absolute emissions and emissions intensity metrics.<sup>8</sup>

**Jurisdictional updates**

45. [Appendix A](#) includes a brief update on the jurisdictions we have prioritised as “Priority 3: Awareness”. This update focuses on how these jurisdictions are adopting, applying or otherwise been informed by the ISSB Standards.
46. The ISSB also provides a list of ongoing and completed jurisdictional consultations at national and supra-national level on sustainability-related disclosures.<sup>9</sup>

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<sup>8</sup> See [Decarbonisation in portfolio benchmarks: Tracking portfolio carbon transition](#)

<sup>9</sup> See [Jurisdictional sustainability consultations](#)

## Appendix A: Jurisdictional updates

Jurisdiction	Update
Japan	The Sustainability Board of Japan (SSBJ) is currently deliberating the feedback on its exposure drafts.
Singapore	<p>On the 23 September, the Singapore Exchange (SGX) issued <a href="#">Responses to Comments on Consultation Paper</a>. Extracts of interest are shown below:</p> <p><b>Scope 3 GHG emissions</b></p> <p>“SGX RegCo notes the feedback on the difficulty in reporting Scope 3 GHG emissions, including that measurement and reporting methodologies are still evolving and the inability of issuers to obtain the requisite data to calculate Scope 3 GHG emissions. There appears to be some uncertainty as to whether smaller issuers have the capability to calculate and disclose Scope 3 GHG emissions at this point in time. In light of this feedback, SGX RegCo will carry out an in-depth review of issuers' experience and readiness in reporting Scope 3 GHG emissions before setting out the implementation roadmap for disclosures of Scope 3 GHG emissions. In our implementation roadmap, we will likely prioritise larger issuers (e.g. issuers above a certain market capitalisation) for reporting. The current intention is for larger issuers by market capitalisation to report Scope 3 GHG emissions from the financial year commencing on or after 1 January 2026.10 Ample notice will be given to issuers before reporting requirements come into effect.”</p> <p><b>Statement of compliance</b></p> <p>“Given that currently (a) only the climate-related reporting requirements under the Sustainability Disclosure Standards are being adopted, (b) there is no local equivalent of the Sustainability Disclosure Standards and (c) feedback indicates that boards may require more assurance before making a statement of compliance, we will not be requiring issuers to make such statement at this stage. We will review this requirement in the future.”</p> <p>The amendments to the Listing Rules (including the Sustainability Reporting Guide) will take effect as follows:</p> <p>1 January 2025 – climate reporting on a mandatory basis aligned with IFRS S2 – apart from no scope 3 GHG emissions as it is under review. Other primary components of a sustainability report to be disclosed on ‘comply or explain’ basis. Existing timeline to issue sustainability report applies</p> <p>1 January 2026 - Primary components of a sustainability report to be disclosed on a mandatory basis Sustainability report to be issued with the annual report, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year Expectation that large issuers will be required to report on Scope 3 GHG emissions and thus the content in their climate reporting will be aligned with the climate-related requirements in the Sustainability Disclosure Standards.</p>
Hong Kong	On 16 September, the <b>Hong Kong Institute of Certified Public Accountants (HKICPA)</b> <a href="#">announced</a> the release of its draft <a href="#">sustainability disclosure standards</a> for public consultation. The HKICPA is proposing “full convergence” of its standards with the ISSB IFRS S1 and IFRS S2 standards. The standards are proposed to take <a href="#">effect 1 August 2025</a> .
India	The Reserve Bank of India is currently reviewing the feedback received on its <a href="#">Draft Disclosure framework on climate-related financial risks, 2024</a> .
UK	The UK Endorsement Board (UKEB) is actively working on the endorsement of IFRS S1 and IFRS S2. The UK Government has announced that the endorsement decisions of these standards is expected by the first quarter of 2025. <sup>10</sup>
US	<p>The U.S. Securities and Exchange Commission (SEC) has filed a legal brief in the Eighth Circuit Court of Appeals in support of its controversial climate disclosure rules (Climate Rules).</p> <p>The SEC argues it has express statutory authority from Congress to adopt the Climate Rules, that it acted reasonably in adopting the Climate Rules and satisfied the Administrative Procedures Act’s (APA) procedural requirements, and that the First Amendment does not prohibit the Climate Rules.</p> <p>Various consumer advocacy, environmental, investor and academic groups, attorney generals, and former SEC officials have filed amicus briefs in the Eighth Circuit, defending the Climate Rules and the SEC’s authority to adopt them—contending that climate-related financial risks are real, disclosure is needed, and the rules are not unduly burdensome.</p>

<sup>10</sup> <https://www.gov.uk/guidance/uk-sustainability-reporting-standards>

Jurisdiction	Update
	Petitioners' reply brief is due by September 3. <sup>11</sup>
Canada	The Canadian Sustainability Standards Board (CSSB) is currently deliberating the feedback on its exposure drafts <sup>12</sup>

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<sup>11</sup> See [SEC Files Brief in Support of Climate Disclosure Rules](#)

<sup>12</sup> <https://www.frascanada.ca/en/sustainability/projects/adoption-csds1-csds2>

## Appendix B: AASB meetings

1. This appendix summarises the decisions made by the AASB in relation to Climate-related Financial Disclosures.

### **20 September 2024**

#### Inaugural Sustainability Standards Approved

2. The AASB voted to issue its two inaugural Australian Sustainability Reporting Standards, the voluntary Standard AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the mandatory Standard AASB S2 *Climate-related Disclosures*. This follows the passage of the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024 through the Federal Parliament, which empowered the AASB to issue sustainability standards.

#### Application

3. The Treasury Laws Amendment Act amends the *Corporations Act 2001* to introduce sustainability reporting requirements for certain classes of entities. The amendments set out which entities are required to comply with (mandatory) sustainability standards issued by the AASB and specify three initial application dates for the various classes of entities: financial years beginning on or after 1 January 2025, 1 July 2026 and 1 July 2027. To accommodate these legislative requirements, AASB S2 applies to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

#### AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information

4. AASB S1 is a voluntary Standard, as it has not been issued by the AASB for the purposes of the Corporations Act. It has the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, except for some transition reliefs, which have been modified or omitted to align with the Standard's voluntary status. It also includes several Australian specific paragraphs referring to general purpose financial reports of not-for-profit (NFP) entities and their primary users, to assist NFP entities electing to apply AASB S1. AASB S1 has an effective date of annual reporting periods beginning on or after 1 January 2025, with earlier application permitted, to be consistent with the effective date of AASB S2.

#### AASB S2 Climate-related Disclosures

5. AASB S2 is a mandatory Standard, applying under the Corporations Act. It incorporates all requirements of IFRS S2 *Climate-related Disclosures*, with modifications only in respect of the following matters.
  - (a) General requirements for disclosure of climate-related financial information – AASB S2 includes an Australian-specific appendix, Appendix D *General requirements for disclosure of climate-related financial information*. Appendix D incorporates paragraphs drawn from AASB S1 but expressed in the context of climate-related financial disclosures, so that AASB S2 can function as the standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures. An entity applying AASB S2 is required to apply Appendix D but is not required to apply AASB S1.

- (b) Avoiding unnecessary duplication of disclosures – AASB S2 paragraphs Aus7.1 and Aus26.1 clarify that the requirements set out in paragraphs 7 and 26 (which are about avoiding unnecessary duplication of disclosures) apply particularly if an entity elects to apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities.
- (c) Consolidated entity sustainability reporting – paragraphs Aus20.1 and AusB38.1 in AASB S2 Appendix D specify that an entity’s climate-related financial disclosures shall be for the same reporting entity as the related financial statements *unless otherwise permitted by law*, given the reporting option available to parent entities under the amendments to the Corporations Act.
- (d) Consideration and disclosure of industry-based information – AASB S2 omits the definition of “disclosure topic” from Appendix A *Defined terms* and modifies or omits the industry-based requirements set out in IFRS S2 paragraphs 12, 23, 28(b), 32, 37, B65(d) and B67. An entity applying AASB S2 is not required to disclose industry-based metrics or to consider those disclosure topics defined in the *Industry-based Guidance on Implementing IFRS S2* issued by the ISSB.
- (e) Users of an NFP entity’s general purpose financial report – paragraph AusA1 in AASB S2 Appendix A requires an NFP entity to refer to the descriptions of “general purpose financial reports” and “primary users of general purpose financial reports” in the *Framework for the Preparation and Presentation of Financial Statements* when applying AASB S2, rather than the definitions of those terms in Appendix A. Paragraphs AusB14.1 and AusB15.1 in AASB S2 Appendix D provide related guidance for NFP entities.
- (f) Referencing external documents – consistent with the Legislation Act 2003, AASB S2 specifies the relevant versions of non-legislative Australian documents and foreign documents referenced in the Standard, such as the latest international agreement on climate change (i.e. the Paris Agreement) and the Global Industry Classification Standard (GICS).

#### **5–6 September 2024**

- 6. The AASB was not asked to make any decisions on climate-related disclosures at this meeting.
- 7. The AASB was provided with an overview of international and jurisdictional developments on sustainability-related reporting. The paper provided an update on developments since the AASB’s meeting in June 2024.

#### **26 August 2024**

- 8. The AASB discussed working drafts of its two inaugural Australian Sustainability Reporting Standards. The AASB decided to revise the titles and numbering of the Standards to AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures* to align with the IFRS Sustainability Disclosure Standards.
- 9. AASB S1 will be a voluntary Standard. It will have the same scope and content as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* except for some transition reliefs, which have been modified or omitted to align with the Standard’s voluntary status. The AASB decided to include several paragraphs referring to general purpose financial reports of not-for-profit



(NFP) entities and their primary users to assist NFP entities electing to apply AASB S1. These paragraphs are the same as those already included in the draft AASB S2 – as described in paragraph 4(e) below.

10. AASB S2 will be a mandatory Standard. It will incorporate all requirements of IFRS S2 *Climate-related Disclosures*, with modifications only in respect of the following matters.
- (a) General requirements for disclosure of climate-related financial information – to add Appendix D *General Requirements for Disclosure of Climate-related Financial Information* to AASB S2 to incorporate IFRS S1 paragraphs that are necessary to enable AASB S2 to function as the standalone mandatory Standard containing all the requirements regarding climate-related financial disclosures.
  - (b) Avoiding unnecessary duplication of disclosures – to modify the requirements set out in IFRS S2 paragraphs 7 and 26 (which assume an entity would comply with both IFRS S1 and IFRS S2) so that an entity applies those requirements only if it elects to voluntarily apply AASB S1 to disclose information about other sustainability-related risks and opportunities in addition to climate-related risks and opportunities.
  - (c) Consolidated entity reporting under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* – to add paragraphs Aus20.1 and AusB38.1 to AASB S2 Appendix D (i.e. modifying the requirements set out in IFRS S1 paragraphs 20 and B38) to specify that an entity’s climate-related financial disclosures shall be for the same reporting entity as the related financial statements unless otherwise permitted by law. The paragraphs are subject to change depending on the final provisions of the forthcoming legislation.
  - (d) Consideration and disclosure of industry-based information – to omit the definition of “disclosure topic” from AASB S2 Appendix A Defined terms and to modify or omit the industry-based requirements set out in IFRS S2 paragraphs 12, 23, 28(b), 32, 37, B65(d) and B67.
  - (e) Users of a not-for-profit entity’s general purpose financial report – to add paragraph AusA1 in AASB S2 Appendix A to require a not-for-profit entity to refer to the definitions of “general purpose financial reports” and “primary users of general purpose financial reports” specified in the Framework for the Preparation and Presentation of Financial Statements when applying AASB S2. The Board also added paragraphs AusB14.1 and AusB15.1 in AASB S2 Appendix D to provide related guidance for not-for-profit entities.
  - (f) Referencing external documents – to specify the relevant versions of external documents directly in AASB S2, such as the latest international agreement on climate change and the Global Industry Classification Standard (GICS), instead of issuing the service Standard [draft] ASRS 101 *References in Australian Sustainability Reporting Standards* proposed in the Exposure Draft ED SR1 *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*. Both approaches would be consistent with the requirements of the *Legislation Act 2003* in respect of legislative instruments referring to external documents.
  - (g) Effective date – to specify the effective date of AASB S2 as periods beginning on or after 1 January 2025, if that is the commencement date of the forthcoming legislation. The legislation will set out which entities would be required to comply with AASB S2 and the effective dates for the various groups of subject entities.

11. The AASB will review updated versions of AASB S1 and AASB S2 at a meeting following the passage of the legislation. Therefore, the AASB meeting scheduled for 30 August to consider the final versions of the Standards has been deferred to September – the date to be determined in due course.
12. The AASB also discussed the scope and indicative timing of a new project, Climate-related Disclosures: Industry-based Information. The AASB decided to commence preliminary consultation with stakeholders in March 2025, with the intention of finalising mandatory requirements for industry-based disclosures by 2030, consistent with the timing indicated in the Treasury Policy Statement Mandatory climate-related financial disclosures (January 2024). This project will focus on determining the appropriate basis and content of the industry-based disclosures, including assessing the industry-based classification system and the industry-based disclosure topics and metrics set out in the *Industry-based Guidance on Implementing IFRS S2*.

## Appendix C: ISSB meetings

1. This appendix summarises the meetings held by the ISSB during the period.

### **18 September 2024**

2. The ISSB received presentations on three topics at its 18 September meeting:
  - (a) An investor perspective on the ISSB's work plan;
  - (b) Enhancing the SASB Standards; and
  - (c) Biodiversity, ecosystems and ecosystem services and Human Capital.

#### An investor perspective on the ISSB's work plan

3. The ISSB considered an investor perspective in its work plan, presented by the vice-chair of the ISSB Investor Advisory Group, Jonathan Bailey.
4. The ISSB was not asked to make any decisions.

#### Enhancing the SASB Standards

5. The ISSB received a presentation examining the general structure of the industry-based Sustainability Accounting Standards Board (SASB) Standards and analysing several disclosure topics and metrics in detail. The presentation focused on two SASB Standards prioritised in the ISSB's 2024-2026 work plan from the Extractives & Minerals Processing sector, specifically the Iron & Steel Producers and Metals & Mining SASB Standards. The presentation served to review the structure of the SASB Standards and a small sample of the content of the priority SASB Standards ahead of future ISSB meetings regarding potential enhancements.<sup>13</sup>
6. This session was intended solely for informational purposes. Although the presentation used two of the SASB Standards prioritised by the ISSB as illustrative examples, similar analysis could be conducted on other SASB Standards. The staff proposed no specific amendments to the SASB Standards at this time.
7. The ISSB was not asked to make any decisions.

#### Biodiversity, ecosystems and ecosystem services and Human Capital

8. The ISSB received a presentation on the connections between the content in the industry-based Sustainability Accounting Standards Board (SASB) Standards and the ISSB's research projects on risks and opportunities related to biodiversity, ecosystems and ecosystem services (BEES) and human capital (including own workforce and workers in the value chain). The presentation served to review a sample of relevant content in the SASB Standards ahead of future ISSB meetings regarding the research projects.<sup>14</sup>
9. The ISSB was not asked to make any decisions.

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<sup>13</sup> <https://www.ifrs.org/content/dam/ifrs/meetings/2024/september/issb/ap6a-deep-dive-sasb-standards-priority-industries.pdf>

<sup>14</sup> <https://www.ifrs.org/content/dam/ifrs/meetings/2024/september/issb/ap3a-ap4a-bees-human-capital-related-risks-opportunities-sasb-standards.pdf>

**Date:** 4 October 2024  
**To:** SRB Members  
**From:** Lisa Kelsey  
**Subject:** Documents open for comment

**Purpose and introduction<sup>1</sup>**

- To inform the Board about documents currently open (or forthcoming) for comment.

**Recommendation**

- That the Board:
  - NOTE the documents currently open for comment; and
  - NOTE the proposed responses in each of the below tables and, where relevant, provides feedback on our proposed approach for developing submissions.

**Domestic**

- Table 1 identifies documents issued by the XRB that are currently open for comment.

**Table 1: Domestic documents open for comment**

Document	XRB due date	Expected meeting for analysis of comments
Forthcoming <a href="#">Proposed 2024 Amendments to Climate and Assurance Standards</a>	30 October 2024	As this consultation document has been issued by the XRB Board, the analysis of comments for this consultation will be taken to the XRB Board. Refer to Agenda item 4.

**International**

- Table 2 identifies documents issued by international standard-setting bodies that are currently open for comment.

**Table 2: International documents open for comment**

Document	Organisation	International due date	Comments on SRB response
<a href="#">Climate-related and Other Uncertainties in Financial Statements</a>	IASB	28 November 2024	The NZASB agreed to comment on this exposure draft at its meeting on the 8 August 2024. At its meeting on 29 August 2024, SRB members AGREED that staff from the Sustainability Reporting Team will collaborate with staff from the Accounting Team in the development of the NZASB's comment letter.

<sup>1</sup> This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS® Sustainability Disclosure Standards, and ISSB® papers).

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**Date:** 4 October 2024  
**To:** SRB Members  
**From:** Judy Ryan  
**Subject:** **Guidance on Scope 3 GHG emissions for preparers and assurance practitioners**

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### **Purpose and introduction<sup>1</sup>**

1. The purpose of this paper is to inform the Board about guidance on scope 3 GHG emissions for preparers and assurance practitioners that is being developed with the Assurance team.

### **Recommendation**

2. That the Board NOTE the scope 3 GHG emissions staff guidance that we are intending to issue in conjunction with the Audit and Assurance team.

### **Overview of memo to NZAuASB members**

3. The memo to NZAuASB members outlines the background to this guidance.
4. It is proposed that staff guidance on Scope 3 GHG emissions measurement and reporting for preparers and considerations for assurance practitioners is combined side-by-side in the one document. This guidance will be drafted by the Sustainability and Audit and Assurance teams and will be issued as XRB staff guidance. Paragraph 8 of the Memo to NZAuASB members outlines the proposed content of this guidance.
5. In addition, the memo proposes staff guidance on how to read the GHG assurance report. This guidance will supplement the section included in the *Navigating Climate Statements<sup>2</sup>* Guide for Readers which was developed jointly with the FMA.

### **Attachments**

Agenda item 2.3.1: Memo to NZAuASB members

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<sup>1</sup> This memo refers to the work of the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB) and uses registered trademarks of the IFRS Foundation (for example, IFRS<sup>®</sup> Sustainability Disclosure Standards, and ISSB<sup>®</sup> papers).

<sup>2</sup> See <https://www.xrb.govt.nz/dmsdocument/5123/>

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**AGENDA ITEM NO.** 8.3

**Date:** 2 October 2024

**To:** NZAuASB Members

**From:** Judy Ryan and Karen Tipper

**Subject:** Guidance on GHG emissions for preparers and assurance practitioners

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### Purpose and introduction<sup>1</sup>

1. The objective of this paper is for the NZAuASB members to NOTE the GHG non-authoritative guidance that we are intending to draft.
2. Two separate pieces of guidance are proposed.
  - (a) Guidance on scope 3 GHG Emissions. This is intended to be for both preparers and assurance practitioners
  - (b) How to read the GHG Assurance Report. This is intended to be for users of assurance reports.

### Background

3. In accordance with the Assurance 2024/25 prioritisation plan, the assurance team are monitoring the GHG mandatory assurance regime and committed to hold workshops and issue guidance as needed in the lead up to mandatory assurance. We held our first session with assurance practitioners in August to understand any areas that they wanted to raise with us as we approach the first year of mandatory assurance. As a result of this session, we received clear support that additional guidance in certain areas was needed to support the regime and to promote consistency of practice.

### Guidance for scope 3 GHG emissions

4. We propose that guidance on GHG emissions measurement and reporting for preparers and considerations for assurance practitioners is combined side-by-side in the one document.
5. We consider combining the guidance has the advantage of providing clarity to both the preparer and assurance practitioner and providing visibility of both sets of expectations.
6. The intention is that both viewpoints would be clearly identified within the document and that either party would quickly be able to find the guidance relevant to them.
7. It is intended that this guidance would be drafted together with the sustainability team and issued as XRB guidance.

### Content of the proposed guidance

8. Based on the feedback from assurance practitioners and informal conversations with preparers that identified common issues, we propose that the guidance covers the following areas:
    - (a) Data quality, inherent uncertainty and tradeoffs. This topic area would include:
      - (i) using generic spend based data and activity data and the business decision making and quality trade-offs that might be required.
-

- (ii) What sort of data would you need to support assurance. How you would document internal quality checking processes
  - (iii) What needs to be considered by the preparer when a third-party system is used?
  - (iv) If propriety systems are used, what should be disclosed?
  - (v) Evidence that could be provided for assurance.
  - (vi) What needs to be considered/documentated by the preparer for inherent uncertainty.
  - (vii) What is transparent disclosure for inherent uncertainty?
  - (viii) What are the possible implications of uncertainty and lack of access to third party data on the assurance report?
- (b) Emission factors. This topic area would cover:
- (i) Possible sources of emission factors.
  - (ii) What sorts of things you might consider when thinking about the emission factors that best represent the entity's activity, and
  - (iii) How you might choose between available emission factors, hierarchy of choices and the trade offs.
  - (iv) Documentation of judgements and decision making.
  - (v) What the assurance practitioner should consider with regard to emission factors.
- (c) Exclusion of material emission sources. This topic area would include:
- (i) What are reasonable grounds for exclusion of material sources?
  - (ii) What impact do material exclusions have on assurance, particularly completeness.
  - (iii) What is transparent disclosure on exclusions?
- (d) Documentation: this topic area would include:
- (i) What needs to be documented by the preparer, for example – the organisational boundaries, reporting boundaries, consolidation approach chosen, sources of emissions, materiality judgements, methods, standards assumptions, uncertainties.
  - (ii) What could suitable and appropriate assurance evidence look like?

**Guidance: How to read the GHG Assurance Report**

9. Based on feedback received, we identified a need to provide more guidance about the content of the assurance report over the disclosures in the climate statement. We identified that this should be targeted to users of the report and should explain and provide more clarity over the reporting tools included in NZ SAE 1<sup>i</sup> and what they mean.
10. In June 2024, the XRB released joint guidance with the FMA for [Navigating Climate Statements](#). This guidance included a section on the assurance report and our How to read the assurance report is intended to supplement this.

**Proposed Content**

11. Users need to understand the scope of the assurance of the GHG disclosures engagement and what it covers. The mandatory engagement is not over the full climate statement.

12. There are different levels of assurance that can be obtained:
- (a) Limited – this is the minimum level required by the New Zealand Climate Standards<sup>ii</sup>. It is a base level of assurance, but it still needs to be a meaningful level of assurance,
  - (b) Same requirements for preparation/preconditions for assurance exist for limited and reasonable assurance engagements.
  - (c) Level of work differs between reasonable and limited. An assurance practitioner would not design and perform as many evidence gathering activities or pursue evidence trails to the same depth for limited assurance as in a reasonable assurance engagement.
  - (d) Procedures carried out are included in a limited assurance conclusion to understand the areas the assurance practitioner has focused on.
13. What to look for in the report
- (a) Scope – what has been assured and what has not.
  - (b) Communication tools, including inherent uncertainty paragraph, and what they mean.
  - (c) Understanding a modification
    - (i) Why a modification may be more common at the start of the mandatory assurance regime.
    - (ii) Types of modifications and what do they mean as not all modifications are created equally and what it may cover.

#### Recommendations

14. We recommend prioritising the drafting of the proposed guidance to support the implementation of mandatory assurance regime with the aim of publishing in early 2025.

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<sup>i</sup> <https://standards.xrb.govt.nz/standards-navigator/nz-sae-1/#1> NZ SAE 1, Assurance Engagements over Greenhouse Gas Emissions Disclosures.

<sup>ii</sup> Aotearoa New Zealand Climate Standards comprising NZ CS1, NZ CS 2 and NZ CS 3 ([XRB Standards Navigator » Standards Navigator](#))



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**Date:** 4 October 2024  
**To:** SRB Members  
**From:** Judy Ryan  
**Subject:** Discussion with Capitals Coalition

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### Agenda item objectives

1. This is a learning opportunity for the Board on integrating non-financial aspects into decision making
2. Mark Gough is the CEO of the Capitals Coalition.

### Background

3. Mark Gough is the CEO of the [Capitals Coalition](#), a global collaboration of business, governments and civil society that is transforming the way that decisions are made by including the value provided by nature and people.
4. Previously, Mark led the Natural Capital Coalition and was on the board of the Social and Human Capital Coalition. He championed and delivered the bringing together of these two communities, creating a unified, systemic, collaborative approach.
5. Mark has worked extensively in the private sector, leading programs and strategy for The Crown Estate and Reed Elsevier (now RELX), as well as advising many more.
6. Among other board and advisory positions, Mark is on the Steering Committee for the Global Commons Alliance, the Impact Management Platform and the Nature Positive Initiative. Mark was also one of the founders of Business for Nature, and as a key partner, Capitals Coalition currently sits on its Leadership Group.

### Topics to be covered

7. Mark will:
  - (a) share insights on how to incorporate multiple capitals into strategic decision making and the launch of a beta framework for consultation;
  - (b) highlight international trends and expectations in integrated thinking and reporting; and
  - (c) share relevant updates from the Global Nature Positive Summit in Sydney and New York Climate Week.