

Draft responses to the XRB's consultation document

Question 1:

Do you agree with Proposal 1 to extend Adoption Provisions 4¹, 5² and 7³ for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

Agree with the extension from including this information in the Climate statement.

Some entities in the public sector are already disclosing the information related to provisions 4, 5, and 7. Based on information we gathered, 9 of the 17 Climate reporting entities (CREs) in the public sector have 2024 Climate statements available (remaining are due for submission by 31 October).

The 9 Climate statements available to us describe the provisions that each entity have applied (4 of these climate statements have been assured (limited assurance was provided and the conclusions were unmodified)). Below are the number of entities that applied the provisions related to proposal 1:

- Provision 4: 3/9 [3 climate statements of the 6 entities that are not applying this provision have been assured]
- Provision 5: 5/9 [2 climate statements of the 4 entities that are not applying this provision have been assured]
- Provision 7: 5/9 [2 climate statements of the 4 entities that are not applying this provision have been assured]

The above information does not mean that the XRB's proposed extension is not needed. This is because:

- there are 8 entities' information that we have not yet seen; and
- there is a limited number of assured Climate statements where the provisions have not been applied (see information above in block brackets).

Question 2:

Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

Yes.

Question 3:

Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

We don't believe that a one-year delay, before assurance will be mandatory, is sufficient for systems and processes to mature and for reliable data to be available (which is often dependent on information from parties external to the entity).

Prior to this XRB consultation document, some entities in the public sector were still not clear what they would be reporting for scope 3 in their 2025 Climate statements, and their systems for measurement were still being developed. This meant some assurance providers were not able to

¹ Provision 4: For Scope 3 opt out of disclosing gross GHG emissions in metric tonnes.

² Provision 5: For Scope 3 opt out of disclosing comparative information for the immediately preceding two accounting periods.

³ Provision 7: For Scope 3 opt out of disclosing an analysis of the main trends evident from a comparison of each metric from previous accounting periods to the current accounting period.

obtain sufficient information to establish planning documents or start on risk assessment procedures. Without knowing what is going to be reported and how it will be measured, assurance providers cannot appropriately establish assurance fees, or resource the engagement. Leaving these fundamental steps too close to balance date will put undue pressure on assurance providers. This is a risk to both assurance quality and efficiency.

We therefore believe that assurance should be required from the second year an entity reports scope 3 information.

We agree that there are currently risks around consistency across the assurance market. Without a licensing framework for assurance providers, including an extension of time, will not be sufficient to mitigate this risk. There must also be a plan to establish a framework for consistent judgements.

Question 4:

Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Agree, but note that NZ CS1 para 15 is not within the scope of the assurance engagement. The extension may not be sufficient because an inspection of the 9 climate statements (we refer to in response to question 1) indicated that 7 entities applied the exemption.

Question 5:

Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Agree, but note that NZ CS1 para 16 is not within the scope of the assurance engagement. The extension may not be sufficient because an inspection of the 9 climate statements (we refer to in response to question 1) indicated that 6 entities applied the exemption.