

External Reporting Board
Level 6/154 Featherston Street
Central Wellington
6011

29 October 2024

Submitted online : [Proposed 2024 Amendments to Climate and Assurance Standards » XRB](#)

Proposed 2024 Amendments to Climate and Assurance Standards

Thank you for the opportunity to comment on the External Reporting Board's (XRB's) Consultation Document: Proposed 2024 Amendments to Climate and Assurance Standards.

We commend the XRB for considering the current practical challenges faced by Climate Reporting Entities (CREs) in relation to scope 3 GHG emissions information, estimating the financial impacts of climate-related risks and opportunities, and transition planning, and for taking timely actions to promptly address these challenges.

We support the proposed amendments to *NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards* and *NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures*. The proposed amendments will help the CREs and provide them the time and opportunity to prepare and provide reliable information to the users.

Our response to the individual Questions is set out in the Appendix.

If you have any questions about our submission, please contact Sagar Adhau, Director (Audit), at Sagar.Adhau@nz.gt.com.

Yours sincerely



Sagar Adhau

Director (Audit)
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Appendix: Our response to the individual Questions on Proposed 2024 Amendments to Climate and Assurance Standards

Question 1: Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

Agree.

Given the practical challenges encountered by the CREs in obtaining sufficient and reliable data on their scope 3 GHG emissions we think the proposed amendment will be helpful. It will allow CREs to put in place effective controls, processes and systems and work with entities in their supply chain and other data providers to obtain reliable information on their scope 3 GHG emissions in a timely manner.

Considering that most CREs have only recently commenced their climate reporting journeys and given the practical challenges associated with obtaining reliable and high-quality data, we think the proposed amendment is well justified.

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?

Agree.

However, we think XRB should consider extending this relief for an additional accounting period. Refer our response to Question 3 below.

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?

Partially agree.

While the CREs and third-party data providers are working to improve their processes and controls, and we expect that they will be able to capture and report reliable and complete scope 3 emissions information in the future, there are still concerns about the timing of this. Also, providing assurance on scope 3 information in the very first year when entity start reporting this information could be practically challenging for some entities.

We therefore propose that XRB should consider bringing scope 3 GHG emissions information with the scope of assurance only after a year or so from the initial reporting. This will provide the CREs and their CRD Assurance practitioners an opportunity to step back and review if the information and quality of data source is sufficient to meet the assurance requirements.

A one-year delay may not be enough to address the current challenges of obtaining reliable data. That said, this entirely depends on the speed and manner in which the systems, data quality, and controls implemented by the CREs, entities in their supply chain, and data providers evolve.

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.

This will allow CREs to develop effective internal processes and systems to gain a deeper understanding of financial implications of climate-related risks and opportunities and provide more reliable information to the stakeholders.

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.

Other Comment:

Certain CREs, specifically managers of registered investment schemes, might not produce any scope 1 GHG emissions and even their scope 2 GHG emissions are negligible. Consequently, with the exemption from reporting scope 3 GHG emissions, these entities have not reported any GHG emissions information in their climate statements for the initial reporting period. If the exemption from reporting scope 3 emissions is extended, these CREs might continue not to report any GHG emissions information in their climate statements. This could result in a situation where, though assurance is mandatory on GHG emissions information, there won't be any GHG emission information in the Climate Statements on which assurance could be provided. We therefore request the XRB to provide guidance on the approach that CRD assurance practitioners and CREs could adopt in such circumstances.