

SUBMISSION

SUBMISSION ON:	Consultation Document Proposed 2024 Amendments to Climate and Assurance Standards October 2024
TO:	External Reporting Board
FROM:	Summerset Group Holdings Limited
DATE:	30 October 2024

INTRODUCTION

1. Summerset Group Holdings Limited (*Summerset*) is pleased to have the opportunity to submit on the consultation document “Proposed 2024 Amendments to Climate and Assurance Standards” dated October 2024. Summerset is a climate-reporting entity under the Financial Markets Conduct Act 2013.

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2. Summerset supports the climate-related disclosure regime as an important additional tool to inform decision making and capital allocation. However, despite significant effort invested in complying with the regime, there remain challenges with obtaining sufficiently reliable data and the absence of, or late provision of, guidance for climate-reporting entities. Summerset therefore welcomes the current review of the adoption provisions. Summerset’s financial/reporting year is the calendar year, meaning that Summerset is well into its preparations for year 2 reporting. Therefore, timely advice on the outcome of the consultation would be appreciated, particularly as feedback has not yet been received on year 1 disclosures.

Summerset supports Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods

3. In 2023, Summerset disclosed its full value chain scope 3 emissions for the first time. Scope 3 emissions from Summerset’s supply chain were calculated in accordance with the GHG Protocol and, where specific data on quantities of supply chain goods and services was not available, emissions were estimated emissions using spend based factors, from recognised emission factor sets, corrected for exchange rates and inflation.

4. Summerset acknowledges that there are significant data and methodological challenges associated with calculating scope 3 emissions, in particular over the veracity of scope 3 emissions data and the ability of supply chain entities to provide data that meets assurance standards. The capability of all entities in the supply chains of climate reporting entities needs to be considered, not just the capability of climate reporting entities themselves.
5. Given most of Summerset's scope 3 GHG emissions are within the supply chain, accessing climate-related data from suppliers has been a continued focus in 2024. Summerset's experience has been that the knowledge and capability of upstream suppliers, and the quality of data they are able to provide, is highly variable, with the vast majority of suppliers very immature in this space. This reflects that suppliers are frequently not themselves climate-reporting entities. The challenges in obtaining reliable climate-related data from these categories of supplier is driving additional cost and investment of time for Summerset. This would be alleviated in part by allowing additional time for the knowledge and capability of supply chain entities to mature.
6. For these reasons, Summerset supports Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods.

Summerset supports Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory

7. Toitū Envirocare provides independent assurance over Summerset's GHG emissions inventory in accordance with ISO 14064-3:2019 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements. For FY23, "reasonable" assurance was assigned during the audit for some emission categories, and "limited" assurance for other emission categories, with "limited" assurance being the fundamental level and "reasonable" assurance being the more comprehensive and reliable level.
8. For FY24 Ernst & Young will for the first time provide Summerset with "limited" assurance services over its GHG emissions inventory and climate related disclosures.
9. Summerset anticipates the level of assurance is likely to lift over time, driven by evolution of the non-financial assurance market and increasing reliability of data from scope 3 entities, and therefore supports the proposed new adoption provision.

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?

10. See above comments. Summerset suggests a two-year delay for the following reasons:
 - 10.1. to allow a lag time between the requirement to report scope 3 emissions and the requirement to obtain assurance over that reporting; and
 - 10.2. to enable further time for the non-financial assurance market to develop.

Summerset supports Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods

11. In its FY23 climate statement, Summerset used Adoption Provision 2 to defer disclosing anticipated financial impacts of climate-related risks and opportunities until Summerset's second reporting period.
12. Summerset is well advanced in continuing to progress specific estimates and modelled projections of short and medium-term anticipated financial impacts. In some cases, Summerset expects to disclose ranges and estimates as an indicator of the potential magnitude of anticipated financial impacts, where uncertainties prevail. Summerset understands that the XRB intends to provide guidance on anticipated financial impacts in 2025 to provide climate-reporting entities with a better understanding of this disclosure requirement. Summerset supports the extension of Adoption Provision 2 such that XRB guidance on anticipated financial impacts is available to climate-reporting entities ahead of associated disclosure requirements taking effect.

Summerset supports Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods

13. Summerset's FY23 climate statement includes Summerset's climate action plan. This centres on priorities and initiatives primarily linked to decarbonisation.
14. Summerset continues to plan for the wider challenges and opportunities presented by climate change and expects its transition planning to further evolve over future reporting periods. In this respect, Summerset understands that the XRB intends to publish further guidance in 2025 to support climate-reporting entities in relation to transition planning.
15. Summerset supports the extension of Adoption Provision 3 such that XRB guidance on transition planning is available to climate-reporting entities ahead of associated requirements in the climate and assurance standards taking effect.

FINAL COMMENTS

16. Summerset is grateful for the opportunity to submit on the consultation document, and is happy to provide any further information that the External Reporting Board may require as part of its review.



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