

GHG Assurance Reports Explainer

Staff Guidance

*Non-Authoritative Guidance Assurance Engagements over
Greenhouse Gas Emissions Disclosures*

February 2025

This guide is for readers of climate statements prepared under NZ CS. It highlights what to look out for in the assurance reports that will soon accompany climate statements prepared by CREs.

What is required?

- Legislation¹ establishes requirements for the reporting and assurance of climate statements.
- CREs are required to prepare climate statements in accordance with NZ CS.
- Only part of the climate statements – the GHG emissions disclosures – are required to be assured giving rise to GHG assurance reports.
- GHG assurance is required for accounting periods ending on or after 27 October 2024. There is an option to exclude Scope 3 GHG emission disclosures from assurance initially.
- GHG emissions disclosures are required to be assured to a minimum level of limited assurance.
- Other parts of climate statements can be, but are not required to be, assured.

Assurance contributes to enhanced user trust and confidence in the information reported by CREs. The main output from the assurance engagement is an assurance report. This GHG assurance report is different to other assurance reports that you may be familiar with - such as the auditor's report that accompanies financial statements - and it is important to understand the new information it contains.

Key areas to understand in a GHG assurance report

This publication will help you navigate a GHG assurance report and find answers to the questions:

1. What information has been assured? – not all information in the climate statements may have been assured.
2. What are the different levels of assurance and what confidence do they provide? – different levels of work lead to different levels of assurance.
3. What are the different types of conclusions? – there may be more than one conclusion, and the conclusion may be modified. What does a modified conclusion mean and what are the different types of modifications?
4. What else might the GHG assurance report tell me? - there is likely to be important narrative so it will be worth a more detailed read.

Throughout this guidance we use the following abbreviations:

GHG – greenhouse gas

CRE – climate reporting entity

NZ CS - Aotearoa New Zealand Climate Standards

What the different scope emissions mean:

Scope 1 – direct GHG emissions from sources owned or controlled by the entity

Scope 2 – indirect GHG emissions from consumption of purchased electricity, heat or steam

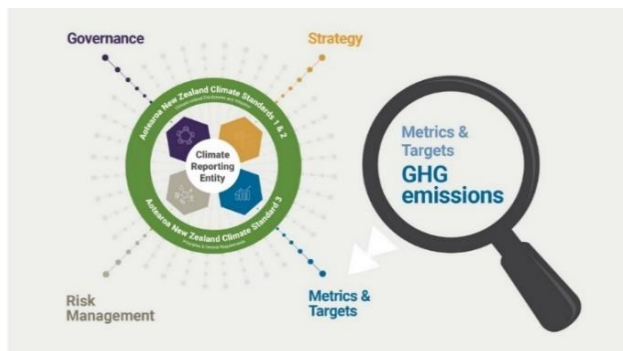
Scope 3 – other indirect GHG emissions not covered by scope 2 from the value chain of the reporting entity

¹ Financial Markets Conduct Act 2013

1. What information has been assured?

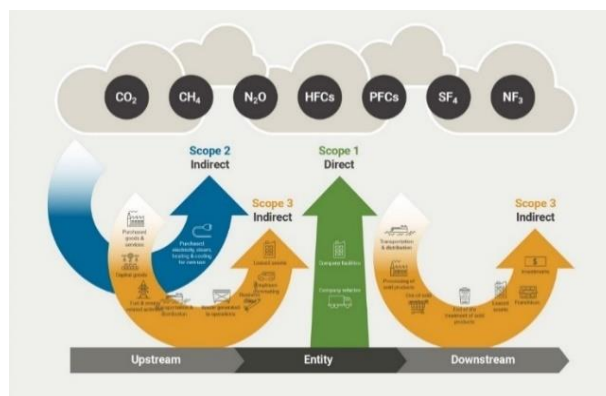
What does the legislation require?

The legislation only requires one part of a CRE's climate statements to be subject to an assurance engagement - the GHG emissions disclosures. NZ CS specify what needs to be included in the GHG emissions disclosures: scope 1, 2 and 3 emissions and related information about methods and assumptions, and data and estimation uncertainty.



What information could be assured?

CREs are likely to take different approaches to what information is assured in the early days of climate reporting. NZ CS contain optional adoption provisions that allow CREs to delay the reporting or assurance over scope 3 GHG emissions disclosures. Some CREs may report scope 3 GHG emissions but may not obtain assurance over the disclosures initially. For years ending on or after 31 December 2025, all GHG emission disclosures (scope 1, 2 and 3) are required to be assured. Additionally, CREs may decide to get other parts, or their whole climate statements, assured.



Source: adapted from GHG Protocol. The diagram presents scope 1, 2 and 3 emissions.

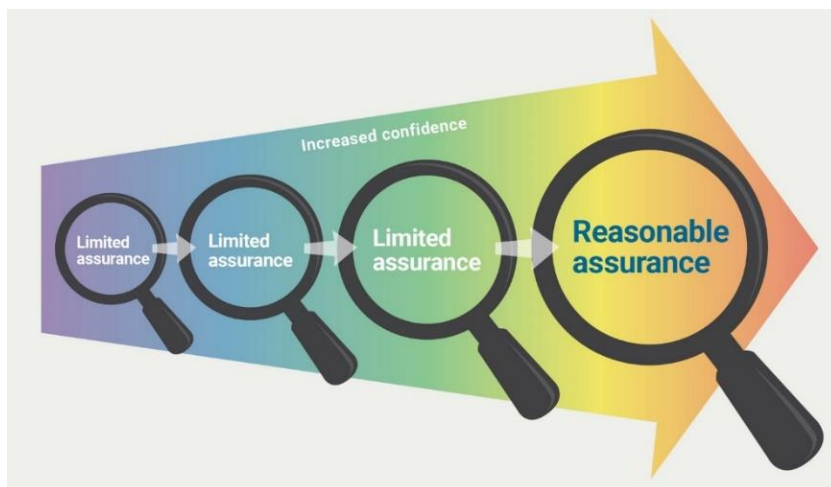
Where to look to find out what has been assured?

You can find out what information has been assured in the section that explains the scope of the assurance engagement in the assurance report. This section will specify the disclosures that have been assured and where they are located in the climate statements.

As the specific information assured will vary between climate statements, it is important to check you know what is covered by the assurance report.

2. What are the different levels of assurance and what confidence do they provide?

NZ CS require that GHG emissions disclosures are assured to a minimum level of limited assurance. CRE's may choose different levels of assurance over GHG emissions disclosures: limited assurance, reasonable assurance or a mix of both. You can expect to see reference to the level of assurance provided in the heading of the assurance conclusion section of the assurance report. Reference to the level of assurance may also be included in the title of the assurance report.



The diagram illustrates an increasing range of assurance, through limited assurance to reasonable assurance, the highest level possible. Understanding the difference between limited and reasonable assurance can be challenging. Below we explain the different levels of assurance in more detail.

Limited assurance

As the name suggests, limited assurance provides a lower level of assurance about the information than reasonable assurance. Limited assurance is comparable to the level of assurance provided by the auditor when performing the interim review of the financial statements. Limited assurance is expressed in the negative, that nothing has come to the assurance practitioner's attention that would indicate that the disclosures contain a material misstatement. The procedures that the assurance practitioner performs are less extensive than for reasonable assurance (see below). The practitioner still gains an understanding of the CRE and its controls and processes to increase confidence in the disclosures but the work done is to a lesser extent than for reasonable assurance. The range of work performed in a limited assurance engagement can vary. Where something comes to the attention of the assurance practitioner that requires more work, further procedures will be performed until they have sufficient evidence to form a limited assurance conclusion. Limited assurance reports describe the procedures the practitioner performed.

Reasonable assurance

Reasonable assurance is the same level of assurance as an audit of financial statements. A CRE may obtain reasonable assurance over some or all of its GHG emissions disclosures. Reasonable assurance is the highest possible, but not absolute, level of assurance. The assurance practitioner will perform more procedures than for a limited assurance engagement. Similar to a financial statement audit, the assurance practitioner will gain an understanding of the entity, assess its controls, identify risk and undertake detailed testing.

A mix of reasonable and limited assurance

CREs may choose to get a mix of assurance - reasonable assurance may be obtained for some disclosures (for example, scope 1 and 2 GHG emissions) and limited assurance for other disclosures (for example, scope 3 GHG emissions). In a mixed assurance engagement, two assurance conclusions will be included in the report. Each conclusion will specify the disclosures that they cover.

Level of assurance and fair presentation

GHG emissions disclosures should be accurate, relevant, verifiable, consistent, comparable and timely to achieve “fair presentation” required by NZ CS. CREs need appropriate systems and processes to collect and gather information to fairly present their climate statements. Fair presentation, including verifiability, is required irrespective of whether there is any assurance or what level of assurance is provided.

3. What are the different types of conclusions?

The assurance conclusion is influenced by the judgements made by the CRE, how these are reflected in the disclosures made in the climate statements, whether the information is fairly presented and the evidence available to the assurance practitioner.

Unmodified conclusion

A “clean” (unmodified) conclusion means that the assurance practitioner has not found issues with the GHG emissions disclosures. The table below shows examples of “clean” assurance conclusions that differ depending on the level of assurance:

Limited Assurance	Reasonable Assurance
Nothing has come to our attention that causes us to believe that the GHG emissions disclosures are not fairly presented in all material respects,	In our opinion, the GHG emissions disclosures are fairly presented in all material respects,

Modified conclusion

Not all conclusions will be “clean”, and these are known as modified conclusions. Modifications arise when the assurance practitioner:

- concludes that there is information that is sufficiently incorrect that it may impact on the decisions of someone relying on that information; or
- has been unable to find the evidence to be able to reach a conclusion.

GHG emissions disclosures may be informed by data from the value chain including downstream and upstream emissions (for example data may be provided by suppliers, customers or a third-party providers). In the first few years, many CREs are still developing controls, processes and systems for measuring and reporting GHG emissions. The quality of the data is still maturing. There may be limitations on accessing systems and data.

The report will explain the reasons for the modification (for example a material misstatement or limitations on access). The reasons for the modification are useful for users and for CREs to highlight where improvements are needed.

Types of modified conclusions

Modified conclusions vary in severity – they might relate only to some parts or cover all GHG emissions disclosures. The table below provides a summary of the different types of modifications:

Types of modified conclusions	What does it mean
Qualified	<p>That the assurance practitioner concludes that there is either a material misstatement, or a lack of evidence, but this conclusion is restricted to a specific matter. The qualification only applies to that matter. The conclusion notes that except for this matter the assurance conclusion is otherwise “clean”.</p> <p>A paragraph titled “Basis for qualified conclusion” will explain the problem identified and which part of the GHG emissions disclosures it relates to.</p>
Adverse	<p>That the assurance practitioner concludes that the GHG emissions disclosures are materially misstated. This misstatement is not restricted to one matter but applies to the GHG emissions disclosures in their entirety. This conclusion signals that trust and confidence cannot be placed in the GHG emissions disclosures.</p>
Disclaimer	<p>That the assurance practitioner is unable to obtain sufficient evidence to be able to conclude, so they “disclaim” the conclusion entirely. This means that the assurance practitioner does not know whether there are any material misstatements, and under the circumstances cannot reach a conclusion.</p>

4. What else might the GHG assurance report tell me?

You may find the following additional sections within the GHG assurance report. These sections do not affect or change the assurance conclusion, rather provide further information.

Key Matters

GHG assurance reports might have a section with the heading Key Matters. A Key Matter does not indicate a modified conclusion and does not raise a concern about the disclosures. Rather this section explains more about where the assurance practitioner focussed their effort and the steps they took to gain the necessary evidence. For example, if a specific source of GHG emissions includes a lot of estimation and judgements, the assurance practitioner might highlight this aspect as the most significant matter they considered and explain the assurance steps taken to address them.

Emphasis of Matter

When the assurance practitioner wants to draw attention to specific parts of GHG emissions disclosures, they will do so in the section titled Emphasis of Matter. An Emphasis of Matter does not mean a modified conclusion. This section is analogous to the assurance practitioner using a highlighter to indicate particularly important GHG emissions disclosures made by a CRE. An example might be to draw user's attention to CRE's disclosures about methodology applied to calculate GHG emissions from specific sources.

Other Matters

An Other Matters section is used where the practitioner needs to communicate something else relating to the assurance. An example could be to communicate whether the disclosures were assured in the prior year, as the assurance report only covers the current year.

Inherent Uncertainty

All GHG assurance reports include a statement that GHG emissions quantification is subject to inherent uncertainty. Inclusion of an inherent uncertainty paragraph provides important context that GHG emissions disclosures are often estimated. This wording does not indicate that the conclusion is modified.

You can watch a short video about the above sections here: [Assurance over GHG Emissions - Key terms.](#)

Other resources

[Illustrative reports](#) – guidance issued by the XRB for assurance practitioners.



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