



Greenhouse Gas Emissions

CLIMATE-RELATED DISCLOSURES | WEBINAR 2

—
5 November 2024



FUELLING PROSPERITY

We passionately believe that the flow-on effect from focusing on helping **fuel the prosperity** of our clients significantly contributes to ensuring that our communities, and ultimately our country and all New Zealanders, will enjoy a more prosperous future.

Your KPMG hosts



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“

Year 2 is about **making it count**
with a clearer view of metrics
and targets to measure risks
and opportunities

”



For periods
ending after
27 October 2024

Assurance

Limited assurance over:

- Gross greenhouse emissions (GHG) (all scopes individually) in metric tonnes of CO₂e
- Standards and consolidation approach used
- The source of emission factors and the global warming potential (GWP) rates used
- Summary of any exclusions and justification of exclusion
- GHG emissions methods, assumptions and estimation uncertainty.
- Explanation for any base year restatements

GHG related metrics and targets

- GHG emissions;
 - GHG emissions targets;
-
- GHG emissions intensity;
 - Internal emissions price;
 - GHG assurance.

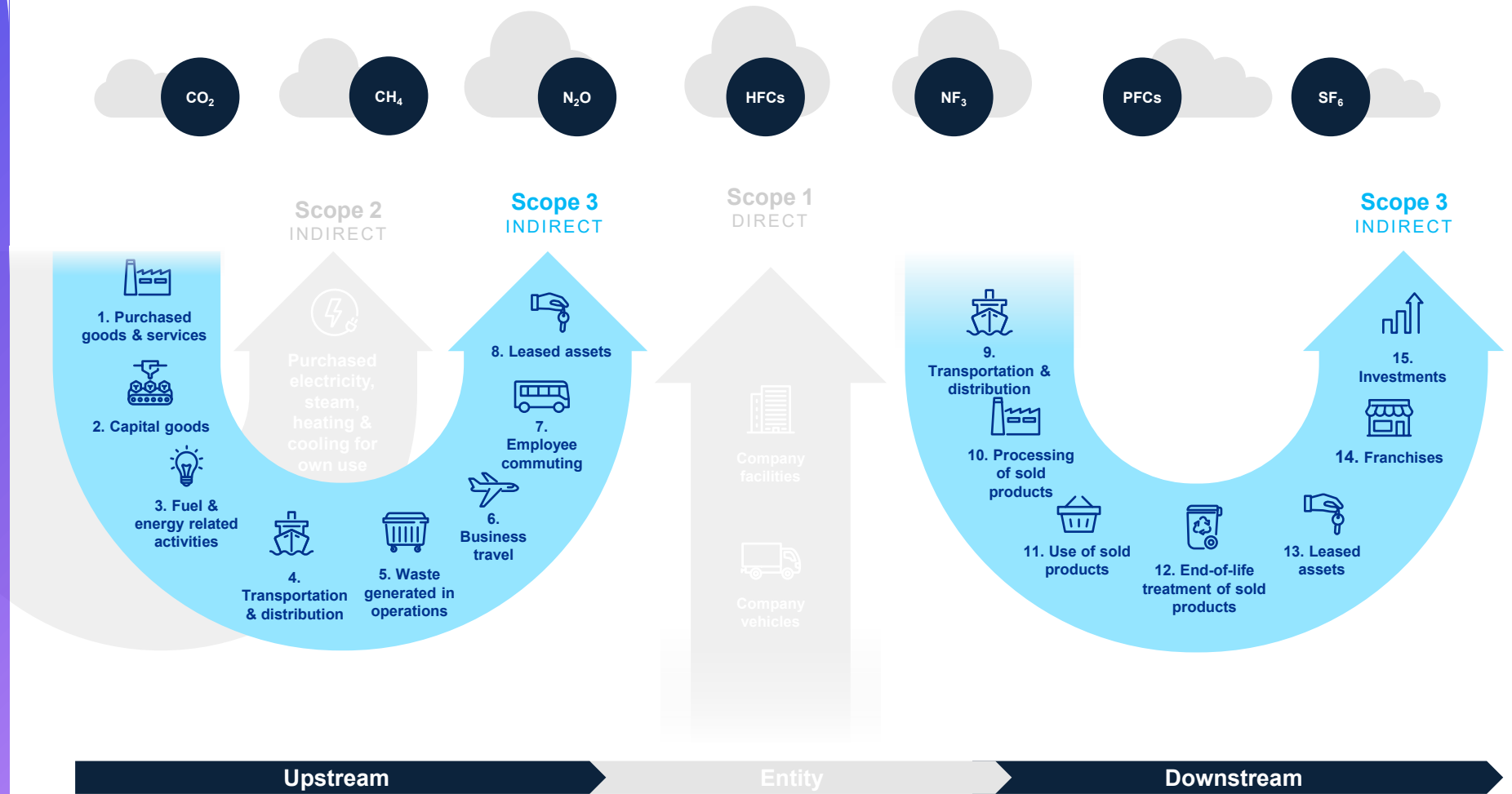


Compare entities within a sector or industry and understand how it measures and manages its climate-related risks and opportunities.



Consider appropriate methods, relevance and comparability

Scope 3 emissions



(adapted from the GHG Protocol Standards)





**A robust
materiality
framework
will ensure
intentionality,
relevance and
consistency**

Materiality

- Materiality framework
- Recalculation policy
- Significance threshold
- Relevance and the users' perspective

“

Good documentation enables you to
get it right, **consistently** over time.

”



Consistency isn't a one-time decision, it's an ongoing commitment requiring regular review and adjustment

Accounting manual

- Data ownership roles and responsibilities
- Documented process
- Key controls
- Legal record-keeping requirements for climate reporting entities including the control, storage and retention of documents
- Third-party providers



OCTOBER 2023

Guidance for keeping proper climate-related disclosure records

This guidance note is for entities that have climate-related disclosure obligations under Part 7A of the Financial Markets Conduct Act 2013. It is intended to help climate reporting entities (CREs) meet their statutory requirement to keep proper climate-related disclosure records at all times.

Data quality and uncertainty

Data quality

- Set rating criteria
- Improving data quality
 - Materiality
 - Influence / control



Uncertainty

- Identify data and estimation uncertainties
- Describing limitations





**Be deliberate
in choosing and
understanding
your emission
factors for
consistent and
transparent
reporting**

Emission factors

- Appropriateness of emission factors
- Consider any adjustments that need to be made to the emission factors to make them more appropriate
- Global warming potentials (GWPs)

“

Targets should support you in driving
and monitoring progress of your
transition towards **a low-emissions,
climate-resilient future**

”



Targets should align with your broader resilience strategies

GHG metrics and targets

- Set targets that link to your resilience strategies/transition plan
- Consider the overarching objectives of the targets
- Ensure you address any gaps between your ambition/targets and plans to achieve those targets
- Assess whether targets and baseline are impacted by changes to the organisation – e.g. acquisitions




Leveraging technology can significantly streamline and enhance mandatory climate disclosures

Broader team and technology

- Understand your finance system
- Develop analytics that can help identify potential errors
- Understand inputs required for the software and organise processes / controls accordingly
- Measure progress against metrics and targets
- Generate insights
- Efficiencies, efficiencies, efficiencies....

Useful resources



Scope 2 Emissions – is your reporting complete?

GHG Emissions Reporting Brief
July 2024

Reporting GHG emissions from consumption of purchased energy (Scope 2)

Whether you are reporting your emissions to comply with the mandatory framework or making voluntary disclosures, if you are an organisation operating in New Zealand and stating compliance with the GHG Protocol Standards, your Scope 2 emissions from purchased energy should be reported under both the location-based and market-based methods (i.e. dual reporting).

We have recently identified that only 1 out of 8 organisations that are stating compliance disclose both numbers. This GHG Emissions Reporting Brief summarises our views on how Scope 2 emissions should be reported under the GHG Protocol Standards (GHG Protocol) in New Zealand.

Q. What should you report if you want to say that you comply with the GHG Protocol?

In accordance with GHG Protocol Standard Scope 2 Guidance paragraph 7.1, for companies with any operations in markets providing product or supplier-specific data in the form of contractual instruments, companies shall account and report Scope 2 emissions in two ways: one based on the location-based method, and one based on the market-based method.

Q. This sounds straight-forward. So, what's the issue?

From a review of published FY Dec'23 climate reports, 8 reports stated GHG emissions were prepared in accordance with the GHG Protocol Corporate Standard, and only 4 out of the 8 reports disclosed



GHG emissions reporting

Handbook



GHG Emissions Accounting Online Training Series

Register today! Limited spaces available.



Q&A



Key takeaways



Be intentional and maintain detailed records to continually improve



- ❑ Be clear on your **methods and assumptions** and have a clear **materiality** framework.
- ❑ Clear and **detailed documentation** will enable consistency and comparability over time and reduce the risks of errors.
- ❑ Ensure you consider how any metrics and targets aligns with your strategic intent and resilience planning.
- ❑ To drive efficiency moving forward, take a **long-term view**, **leverage tools and technology to streamline processes**, **enhance productivity**, and build a resilient foundation for sustained success.

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