



Canadian Public Accountability Board

Via email: info@cpab-ccrc.ca

May 6, 2025

Dear Board Members:

RE: Request for file inspections regarding KPMG and PwC audits of Suncor and CNRL

We are writing to request that the CPAB conduct file inspections regarding the most recent KPMG audit of Suncor and PwC audit of CNRL to assess potential gaps in assurance related to liabilities accounting and assumptions regarding the energy transition.

We draw your attention to the investor briefs we have circulated regarding the financial statements and audit reports at [Suncor](#) and [CNRL](#). Our analysis builds on the Climate Accounting and Audit Assessment framework developed by Carbon Tracker for the global investment group Climate Action 100+. This framework draws on existing globally recognised accounting and auditing standards, which require that any material climate-related matters are taken into account when preparing financial statements and in the audits thereof.

Our analysis found significant gaps in both the financial statements and audit reports that may have material implications for valuation, and as such pose risks to investors. Please read the briefs for comprehensive information, but in short we found:

1. Related to liabilities, the financial statements are either reporting total, undiscounted decommissioning costs that cover only the low-end of the range of estimates provided by the Alberta Energy Regulator (AER), or not disclosing total, undiscounted decommissioning costs at all. To give a sense of scale, the AER estimates a total range of between \$60B for conventional oil and gas to \$320B including the oil sands, making this issue highly material. Yet, neither KPMG nor PwC conducts any stress testing of these assumptions.
2. Related to the energy transition, neither Suncor nor CNRL's financial statements provide sufficient detail on whether, how, or to what extent material climate-related matters and transition risks were considered despite being material to the determination of reserve estimates, as well as to the valuation, useful lives, and future cash flow projections of their assets. Furthermore, neither company addresses the magnitude of capital


expenditures that will be needed to meet their stated emissions reduction targets. CNRL provides limited disclosure related to carbon capture and storage investments, while Suncor does not disclose any transition-related capital expenditures despite its previous commitment to spend approximately 10% of its annual capital budget, on average, through 2025 on projects aimed at lowering its emissions and advancing low-carbon energy offerings.

There are precedents for more robust audit practices in this area. In Europe, Deloitte's audit of Enquest in 2023 rigorously tested decommissioning assumptions by benchmarking costs against peer companies and third-party data while considering contradictory evidence from industry trends and actual decommissioning expenditures. EY performed a sensitivity analysis due to climate change and energy transition risks in its 2023 audit of Shell. Its auditor's report specifically included a climate-related key audit matter, labelled 'The impact of climate change and the energy transition on the Consolidated Financial Statements.' Both PwC and KPMG themselves have considered climate and energy transition matters in their auditor's reports for Eni S.p.A. and TotalEnergies, respectively, despite failing to do so in their audits of Canadian oil and gas companies.

In addition, both KPMG and PwC have published guidance regarding the potential materiality of climate-related matters in financial statements, yet there is no evidence that either has acted on this guidance in the case of these specific audits.

We believe these gaps in assurance pose the risk of material errors and misstatement going unacknowledged, thereby affecting valuation and posing risks to investors. We therefore request a file inspection of the KPMG and PwC audits regarding these issues.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Matt Price', is positioned above the typed name.

Matt Price, Executive Director
Investors for Paris Compliance