



## **Kia ora welcome to this webinar**



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**EXTERNAL REPORTING BOARD**

# Deep dive ED International Ethics Standard for Sustainability Assurance (New Zealand)

**ED IESSA (NZ)**

Presenters:

**Misha Pieters**

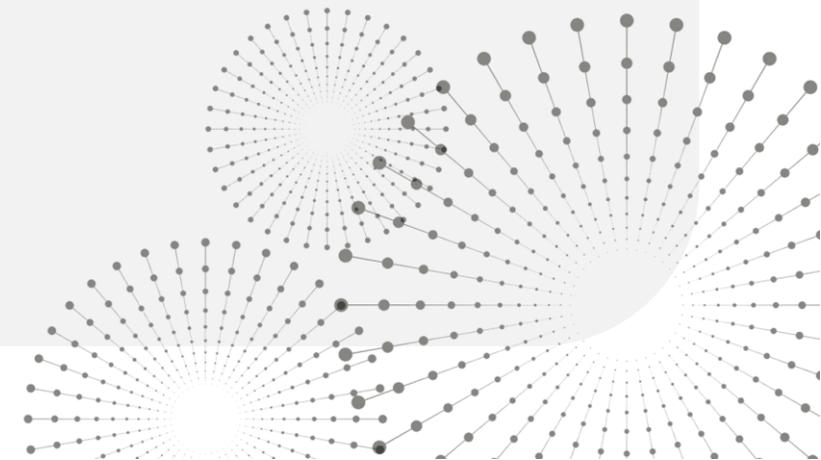
Director, Assurance

**Karen Tipper**

Technical Director, Assurance

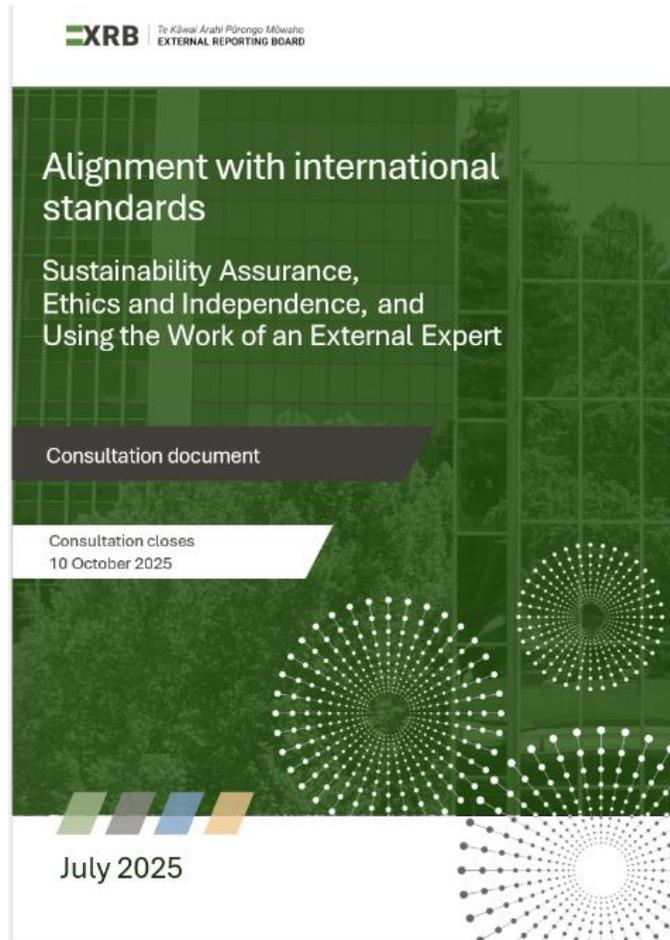
# Agenda

- What we are consulting on
- International developments
- Key principles contained in IESSA (NZ)
- Opportunities to engage



# International Alignment.

## Sustainability assurance, ethics and independence and using the work of an external expert



[International alignment consultation » XRB](#)



**Closes 10 October 2025**

## Release of 3 new international standards

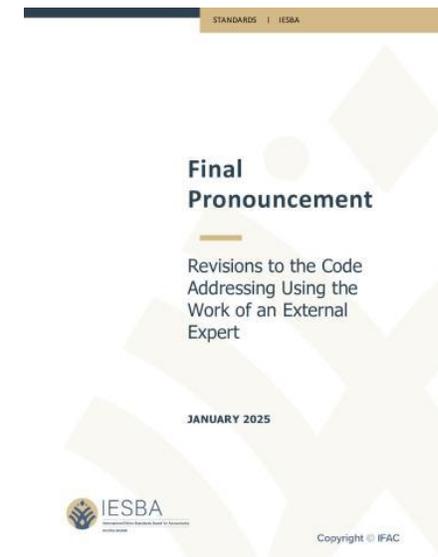
### Engagement Performance



### Ethics and Independence



### Using the Work of an External Expert



**Proposed application date for periods starting on or after  
15 December 2026**

## How these standards may be used

ED ISSA (NZ) 5000

ED IESSA (NZ)

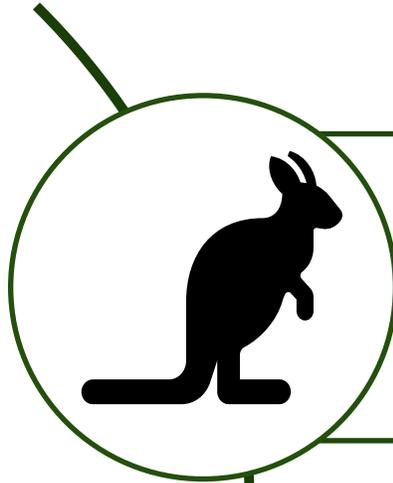
ED Revisions to the Code on  
Using the Work of an External  
Expert

- an option for mandatory GHG emissions assurance
- voluntary assurance:
  - on other information in the climate statements
  - on other reported sustainability information

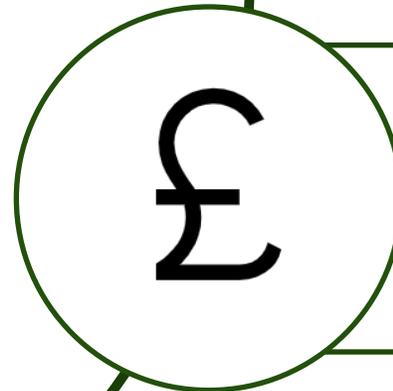
ED Revisions to the Code on  
Using the Work of an External  
Expert

- mandatory for financial statement audits and reviews

## International developments



Australia – Adopted and effective from 1 January 2026



UK - FRC evaluating how to incorporate into the Code of Ethics

ED International Ethics Standards for Sustainability  
Assurance (including International Independence Standards)  
(New Zealand)  
IESSA (NZ)



## Poll Questions

1.

Do you currently perform GHG or sustainability assurance engagements?

2.

Do you use PES 1 ?

## Why was the IESSA developed?



Underpin  
assurance  
standards

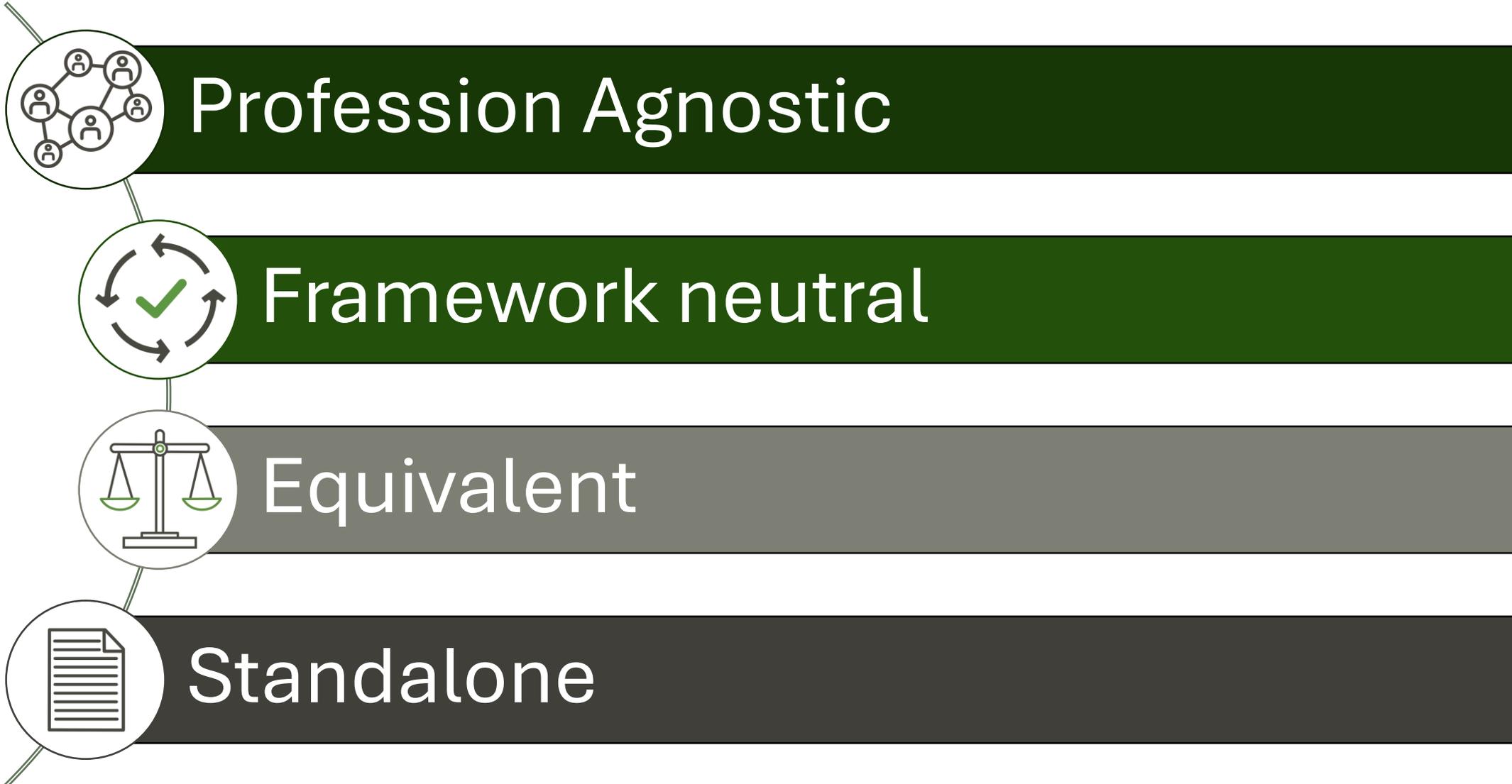


Global baseline –  
increased trust  
and confidence

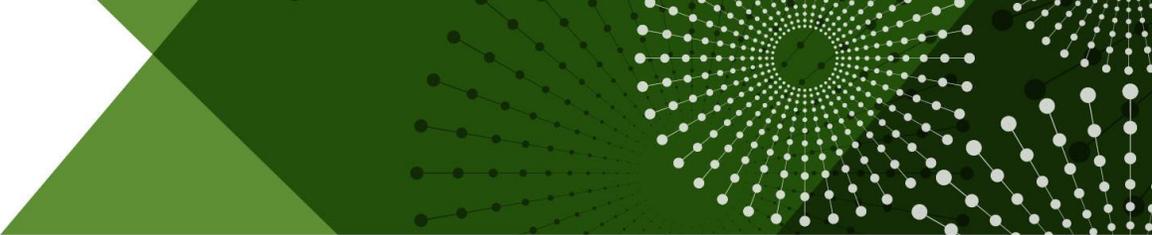


Response to  
demand from  
investors

## Key characteristics of the ED IESSA (NZ)



# Proposed structure of the IESBA Code of Ethics



# Summary on a Page

## ED International Ethics Standards for Sustainability Assurance (including International Independence Standards) New Zealand

**International Ethics Standards**  
Applicable to sustainability assurance engagements and professional services any other service to the same client

**International Independence Standards.**  
Some only apply to Public interest Entities (PIE)

5110  
Fundamental Principles

5120  
Conceptual Framework

5200  
Pressure to Breach

5300  
Applying the Conceptual Framework to Ethics

- Conflicts of interest
- Objectivity (EQR and reviewers)
- Custody of Client Assets
- Tax Planning Services
- Professional Appointments
- Inducements
- Non-compliance with laws and regs (NOCLAR)
- Using the work of an expert
- Fees

5400 - 5700  
Applying the Conceptual Framework to Independence

- Group engagements (including value chain)
- Gifts /hospitality
- Family and Personal Relationship
- Temporary assignments
- Litigation
- Recent service with the client
- Long Association
- Another practitioner
- Loans and Guarantees
- Serving as director or officer
- Non-Assurance Services
- Fees
- Financial Interest
- Employment
- Compensation
- Business Relationship

## Proposed ED IESSA (NZ) – scope & key elements



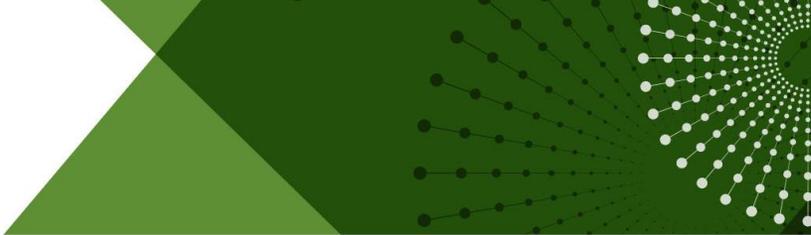
### Ethics proposals

All sustainability assurance engagement (SAE) and any other service to the same client

### Independence proposals

Sustainability information reported under a general-purpose framework, publicly disclosed, or required by law

# Key definitions



Sustainability  
assurance  
engagement



Sustainability  
Information



Group sustainability  
information



# Group sustainability information



## GROUP COMPONENTS

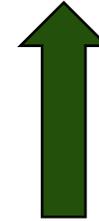
A component required to be included in the reporting entity's group financial statements



Requires a firm to be independent when performing a sustainability assurance engagement, and to apply the conceptual framework to identify, evaluate and address threats to independence.

## VALUE CHAIN COMPONENTS

A component within the reporting entity's value chain that is not included in the group financial statements



Requires independence of a firm and assurance team members in relation to the entity on which the assurance work is performed

## Performing assurance work at a component



No need for physical presence at the component to perform assurance work

A group firm has determined to perform assurance procedures at a component to obtain evidence for purposes of the group sustainability assurance engagement

The assurance procedures are performed on the data or information *maintained by* the component

## Sustainability assurance engagements



The group firm is sufficiently and appropriately involved in the assurance work

Client (including Group Component)

- Independence required from network (firm and network firm)
- If outside network independence required for the whole network from the client and Group client

Value chain component (VCC)

- Independence required of the practitioner performing the assurance work at the Value Chain Component
- Independence from Value Chain Component only

## Using the work of another practitioner

The group firm cannot be sufficiently and appropriately involved in the assurance work

Client (including Group Component)

- Group firm shall request confirmation of firm's independence
- Other practitioner required to meet independence requirements of a sustainability assurance team member

Value chain component (VCC)

- Independence required of the practitioner performing the assurance work at the Value Chain Component
- Independence from Value Chain Component only
- Group firm may request a statement of independence from the value chain component assurance practitioner

# Providing non- assurance services (NAS)



Sustainability Information Services	Administrative Services
Valuations and Advisory Services on Forward-Looking Information	Tax Services
Internal Audit Services	Information Technology System Services
Litigation Support Services	Legal Services
Recruiting Services	Corporate Finance Services

- Requirement to consider impact on sustainability information on which the firm expresses an opinion
- General proposed provisions:
  - Prohibition from assuming management responsibility
  - “Self-review threat” prohibition for public interest entities
  - Requirement for communication with Those Charged with Governance
- List of prohibited NAS
  - Additional sustainability-specific services

## Non-compliance with laws or regulations (NOCLAR)

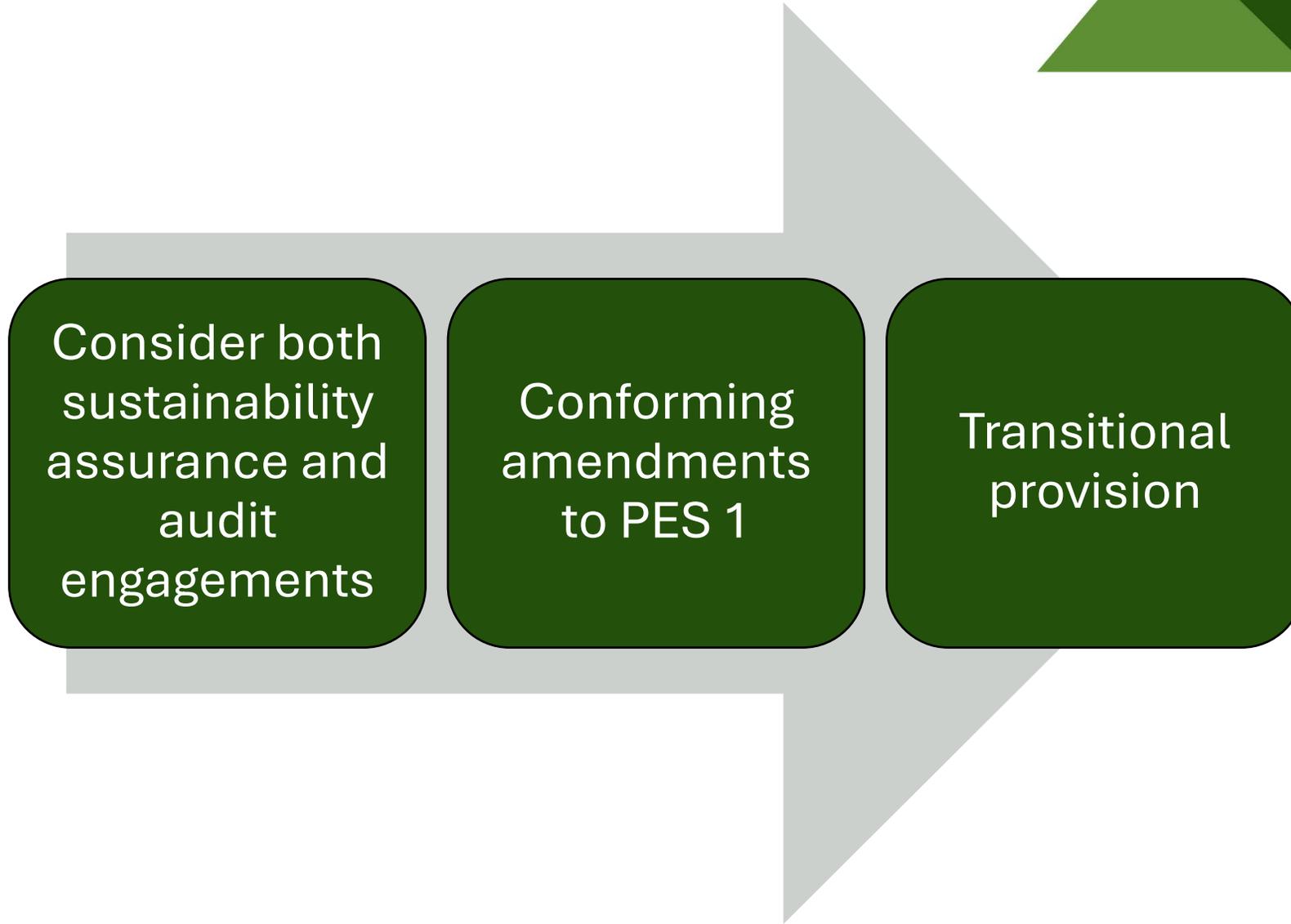


Require communication when client is audit client of firm or component



Consider communication when client is audit client from outside firm, or network

## Long association



## Poll Questions

3.

Do you agree with the proposal to adopt the IESSA (NZ) in New Zealand?

4.

Is your firm intending to transition to the IESSA (NZ) for sustainability assurance engagements?

# New Zealand proposed amendments



## Proposal to clarify that NZ SAE 1 applies to mandatory GHG assurance engagements

- Proposal to refer to NZ SAE 1 for mandatory assurance of GHG disclosures

*NZ R5100.0 A sustainability assurance practitioner shall apply the independence requirements in NZ SAE 1 when conducting an assurance engagement for the disclosures within the climate statements relating to greenhouse gas emissions required by the Financial Markets Conduct Act 2013 to be the subject of an assurance engagement.*

## Proposal to replicate amendments made in the extant PES 1



Proposal to replicate amendments that have been made to PES 1 for audits and reviews of financial statements that are equally relevant to sustainability assurance.

These include:

a) Proposed requirements

- i. relating to the disclosure of safeguards and service as a director or officer
- ii. relating to a prohibition for an assurance practitioner to accept or pay referral fees
- iii. when an assurance practitioner identifies multiple threats to independence, which individually may not be significant, to evaluate the significance of those threats in aggregate and apply safeguards to eliminate or reduce them to an acceptable level

b) Additional application material

- i. to advise practitioners to seek legal advice when disclosing confidential information
- ii. regarding the provision of tax advisory planning and advisory services

## Poll Questions

5.

Do you agree with the proposed New Zealand changes to IESSA (NZ):

to clarify the scope ?

6.

Do you agree with the proposed New Zealand changes to IESSA (NZ):

To replicate amendments in PES 1?

# Events



## Deep dives

- [17 September 2025 – ED Revisions to the Code Addressing Using the Work of an External Expert](#)

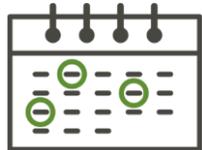
## Panel

- [1 October 2025 - Panel Discussion](#)

## Climate and GHG assurance standards



Proposed 2025 Amendments to Climate and Assurance Standards



Closes 24 September 2025



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# Questions?

*Pātai*

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Thank you  
*Mā te wā*

