

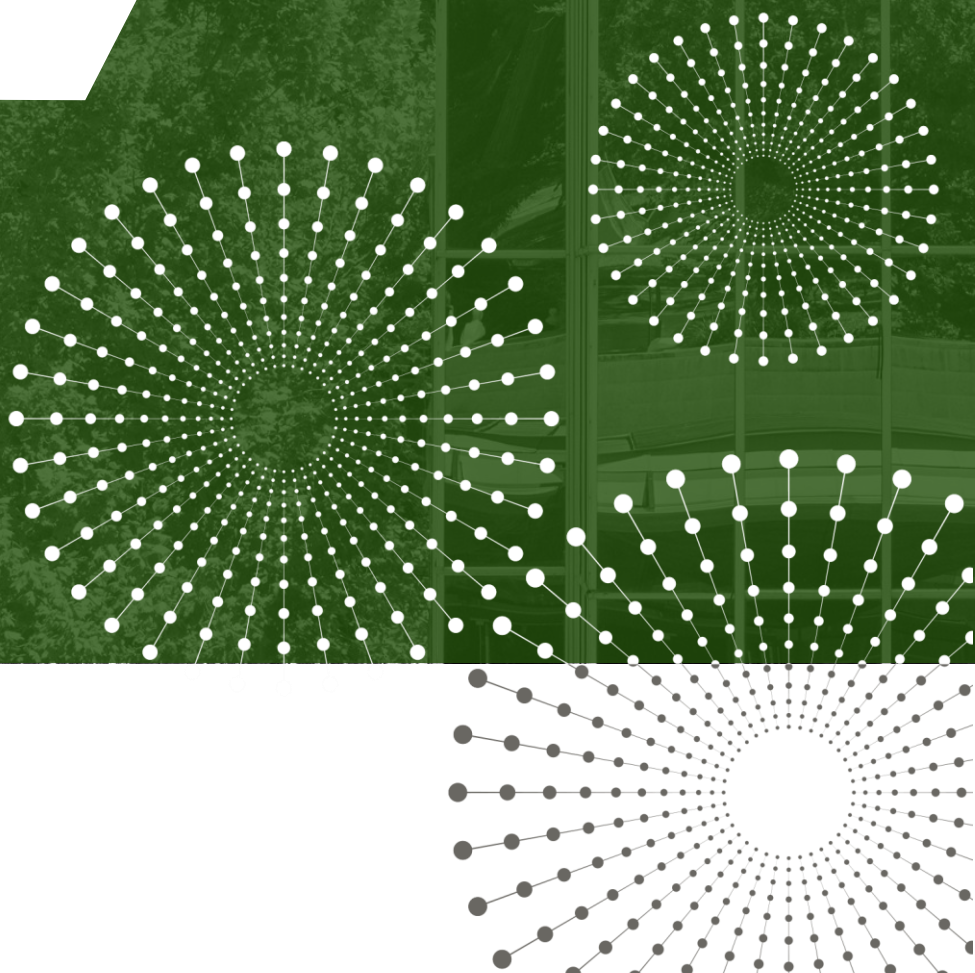
Alignment with international standards

Sustainability Assurance, Ethics and Independence, and Using the Work of an External Expert

Consultation document

Consultation closes
10 October 2025

July 2025





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Part 1: About this consultation

We seek comment on a new international sustainability assurance engagement standard

We invite your views on whether the External Reporting Board (XRB) should make exposure draft (ED) International Standard on Sustainability Assurance (New Zealand) 5000, *General Requirements for Sustainability Assurance Engagements* (ISSA (NZ) 5000) available for use by assurance practitioners in New Zealand.

This standard may be used:

- as an option for the mandatory assurance of greenhouse gas (GHG) emissions disclosures within our temporary standard, New Zealand Standard on Assurance Engagements 1, *Assurance Engagements over Greenhouse Gas Emissions Disclosures* (NZ SAE 1)
- for voluntary assurance over other information included in the climate statements
- for voluntary assurance over other reported sustainability information.

We seek comment on a new ethics standard for sustainability assurance engagements

We invite your views on whether the XRB should make ED International Ethics Standards for Sustainability Assurance (including International Independence Standards) (New Zealand) (IESSA (NZ)) available for use by assurance practitioners in New Zealand.

We seek comment on revisions to the Code addressing the use of an external expert

We invite your views on ED *Revisions to the Code Addressing Using the Work of an External Expert*. This affects all assurance engagements, including audits of financial statements, reviews and sustainability assurance engagements.

We seek comment on amendments to the temporary assurance standard for GHG disclosure engagements

The XRB has decided not to withdraw or replace NZ SAE 1, which currently applies to mandatory GHG assurance engagements. Instead, we intend to retain this temporary standard and propose to add the option to use ISSA (NZ) 5000 for periods beginning on or after 15 December 2026.

We continue to actively monitor the market to inform future decisions about the temporary standard. This approach gives us time to observe how other jurisdictions, and the diverse range of assurance practitioners adopt or apply these new international standards.

We believe that it is important to retain NZ SAE 1 while these developments continue to evolve. We aim to provide as much certainty as is possible at this stage. We will base any decision to transition to permanent assurance standards on our analysis of emerging global and local developments.

We seek comment on the decision to retain, at this stage, the topic specific standard for assurance engagements on GHG statements

The international standard for assurance engagements on GHG statements (**ISAE 3410¹**) is being withdrawn for periods beginning on or after 15 December 2026. We believe that it is important to retain the New Zealand version of this standard at this stage to be used as an option within NZ SAE 1, as it is topic specific to GHG emissions assurance.

We seek comment on the application dates

If we adopt the proposals, following our consultation, assurance practitioners may use them for periods beginning on or after 15 December 2026, with early adoption permitted. We are consulting to gather feedback, make informed decisions, and give assurance practitioners time to transition to any new standards.

Part 2: How to provide feedback

This document should be read in conjunction with the following EDs:

- **ED International Standard on Sustainability Assurance (New Zealand) 5000, General Requirements for Sustainability Assurance Engagements (ISSA (NZ) 5000)**
- **ED International Ethics Standards for Sustainability Assurance (including International Independence Standards) (New Zealand) (IESSA (NZ))**
- **ED Other Revisions to the Code Relating to Sustainability Assurance and Reporting**
- **ED Revisions to the Code Addressing Using the Work of an External Expert**
- **ED Amendments to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025.**

Feedback can be provided orally or in writing.

You will be able to provide oral comments at feedback sessions. Information about dates and times can be found on the [events section](#) of our website.

Please provide written submissions by **10 October 2025**. Your submission may respond to any or all of the questions below. Where possible, please include sufficient and clear information or evidence in support of your views. To provide written feedback, either use the online submission template on [our website](#) or send your views to assurance@xrb.govt.nz. You can send any questions about the submission process to the same email address.

All submissions will be published on the XRB website unless confidentiality is requested.²

¹ International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*.

² Submissions are subject to the Official Information Act 1982 and the Privacy Act 2020. The XRB will handle information in accordance with these Acts. If you object to the release of any information in your submission, please identify the specific parts and the reasons under the Official Information Act 1982. We reserve the right not to publish defamatory submissions.

Consultation questions

Issue ISSA (NZ) 5000
Q1: Do you agree with the proposal to adopt ISSA (NZ) 5000 in New Zealand?
Q2: Is your firm intending to transition to ISSA (NZ) 5000 for sustainability assurance engagements? If yes, when?
Q3: Do you agree with the proposed New Zealand changes to ISSA (NZ) 5000: a) To clarify the scope b) To address the existence of relationships that the assurance practitioner may have? Are there any other matters that you recommend that the XRB add to ISSA (NZ) 5000?
Issue IESSA (NZ)
Q4: Do you agree with the proposal to adopt the IESSA (NZ) in New Zealand?
Q5: Is your firm intending to transition to the IESSA (NZ) for sustainability assurance engagements? If yes, when?
Q6: Do you agree with the proposed New Zealand changes to IESSA (NZ): a) To clarify the scope b) To replicate amendments in PES 1? Are there any other matters that you recommend the XRB add to IESSA (NZ)?
Issue <i>Revisions to the Code Addressing Using the Work of an External Expert</i> applicable to all assurance engagements
Q7: Do you agree with the proposal to adopt the <i>Revisions to the Code Addressing Using the Work of an External Expert</i> in New Zealand?
Q8: Are there any New Zealand changes that you recommend the XRB add to the standard <i>Addressing Using the Work of an External Expert</i> ?
Amend NZ SAE 1
Q9: Do you support adding a third option to NZ SAE 1 to enable assurance practitioners to apply ISSA (NZ) 5000 for mandatory GHG assurance engagements?
Q10: Do you support the proposed conditional requirement for one-to-many reports being added to NZ SAE 1?
Retain ISAE (NZ) 3410
Q11: Do you agree that the XRB should defer any decision to withdraw ISAE (NZ) 3410 to a later date?
Applicable date of all standards
Q12: Do you agree with the proposed application date for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026? The proposal is to align with the effective dates of the international standards.
Other
Q13: Do you have any further comments?

Part 3: Background

We are actively monitoring the New Zealand GHG assurance market

In December 2022, the XRB issued the New Zealand climate standards (**NZ CS**) applicable to climate reporting entities (**CREs**) for periods beginning on or after 1 January 2023. From 27 October 2024, CREs must obtain assurance over their GHG emissions disclosures³. New Zealand has a narrow scope mandatory sustainability assurance regime, restricted to GHG emissions disclosures.

NZ SAE 1 was deliberately developed as a temporary standard, applicable for the assurance required by legislation; it was based on existing standards and best practice at the time. When developing NZ SAE 1, the international assurance and ethics standards were still evolving. Our approach was aimed at ensuring the assurance regime was open to all competent, independent assurance practitioners.

The XRB intends to retain our temporary standard NZ SAE 1 for mandatory assurance over GHG emissions disclosures. The first assurance reports required in accordance with NZ SAE 1 are in the [market](#) and we are actively monitoring developments. The XRB will make a final decision on the permanent applicable assurance standards for our climate regime when we learn more about:

- which practitioners are engaged to perform assurance
- whether CREs seek assurance over more than the GHG emissions disclosures
- how the recent international standards are adopted and applied in practice.

We propose issuing the new international assurance, ethics and independence standards, with relevant New Zealand amendments, to be applicable for periods beginning on or after 15 December 2026.

Since the issue of NZ SAE 1, there have been developments in international assurance and ethics standards. Three international standards have been issued and will be applicable for periods beginning on or after 15 December 2026:

- the International Auditing and Assurance Board (**IAASB**) issued an international standard on sustainability assurance (ISSA 5000), *General Requirements for Sustainability Assurance Engagements*:
 - ISSA 5000 will replace **ISAE 3000**⁴ as the global standard applicable to sustainability assurance engagements. ISAE 3000 is used by many practitioners who performed sustainability assurance engagements
 - in addition, the IAASB will withdraw ISAE 3410. While ISAE 3410 is topic-specific to GHG emissions, the new ISSA 5000 addresses assurance of all types of sustainability reporting including GHG emissions. Internationally, the withdrawal of ISAE 3410 will take effect from the effective date of ISSA 5000. This is for periods beginning on or after 15 December 2026
- the International Ethics Standards Board for Accountants (**IESBA**) issued two standards:

³ NZ CS 2 includes two optional adoption provisions that exempt an entity from reporting scope 3 GHG disclosures in the second year of reporting and that exempt an entity from assuring reported scope 3 GHG emissions disclosures for accounting periods ending before 31 December 2025.

⁴ ISAE 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

- International Ethics Standards for Sustainability Assurance (including Independence Standards) (**IESSA**) and *Other Revisions to the Code Relating to Sustainability Assurance and Reporting*
- *Revisions to the Code Addressing Using the Work of an External Expert*. Note these amendments impact all assurance engagements including audits of financial statements.

These international standards are designed to work together as a package. They have been developed to be framework neutral (applicable to a wide range of sustainability reporting under suitable reporting frameworks) as well as practitioner neutral, able to be used by a broad range of assurance practitioners, and not limited to those from a financial background.

Collaborative initiatives⁵ are underway to embed a consistent global baseline of sustainability assurance standards that can be applied regardless of professional background.

The International Organization for Standardization (**ISO**) is also developing standards for the assurance of sustainability information that are intended to be issued later this year.

Global reporting and assurance of sustainability information is evolving. Some jurisdictions are considering adoption of international standards, while others are planning to delay. A summary of Australian developments relating to assurance is included in Appendix A. These developments are considered to be relevant given the number of Trans-Tasman entities in New Zealand. The XRB is actively monitoring other jurisdictions including the UK, Canada, and Japan.

⁵ The IESBA and International Accreditation Forum (**IAF**) have a [strategic partnership](#). The IAF has a [letter of intent](#) to collaborate with the IAASB. The IAF is a global association of accreditation bodies, conformity assessment body associations and other organisations involved in conformity assessment in fields including validation/verification and the certification of management systems, products, processes, services and persons

Part 4: Summary of proposals

The XRB proposes to make the new international assurance, ethics and independence standards available for use in New Zealand to enable practitioners to remain aligned with international standards. The proposals do not replace the standards currently in use for mandatory assurance engagements. We are not withdrawing or replacing the temporary standard NZ SAE 1, applicable for mandatory GHG assurance engagements. We propose adding the option to use ISSA (NZ) 5000 for periods beginning on or after 15 December 2026.

Issue ISSA (NZ) 5000 for sustainability assurance engagements

The XRB proposes to issue ISSA (NZ) 5000, based on ISSA 5000. We propose that assurance practitioners may use ISSA (NZ) 5000 for sustainability assurance engagements including:

- as an option for the mandatory assurance of GHG emissions disclosures within our temporary standard, NZ SAE 1 (refer to section on [Amend NZ SAE 1](#))
- for voluntary assurance over other information included in the climate statements
- for voluntary assurance over other reported sustainability information.

The standard covers both limited and reasonable assurance engagements. It is intended to be practitioner neutral, but the format and language may be more familiar to accountants.

We propose to issue this standard in New Zealand because once it is effective internationally, ISSA 5000 will replace ISAE 3000 as the global standard applicable to sustainability assurance engagements. Anecdotally we have heard that global firms are moving their methodologies to align with ISSA 5000 for sustainability assurance as it reflects the most recent international thinking for this topic. We invite your views as to whether you agree that the XRB should issue ISSA (NZ) 5000 to maintain alignment with international standards.

Australia is one of the first jurisdictions in the world to require application of these new international standards. Certain Australian entities are required to have some of their climate disclosures assured under the Australian equivalent of ISSA 5000 (**ASSA 5000**). We are proposing to issue ISSA (NZ) 5000, aligned to ISSA 5000 as assurance practitioners may want to use this standard for Trans-Tasman engagements.

For more information about what is included in ISSA 5000, refer to Appendix B.

- Q1: Do you agree with the proposal to adopt ISSA (NZ) 5000 in New Zealand?
- Q2: Is your firm intending to transition to ISSA (NZ) 5000 for sustainability assurance engagements? If yes, when?

Proposed New Zealand-specific amendments to ISSA 5000

The XRB proposes the following amendments to harmonise ISSA 5000 with New Zealand legal and regulatory arrangements or principles and practices that are appropriate having regard to the public interest in New Zealand.

1. We propose to clarify that NZ SAE 1 applies to mandatory GHG assurance engagements

The scope of ISSA 5000 is intentionally broad and covers all sustainability information including GHG. However, in New Zealand, NZ SAE 1 is the applicable standard for mandatory assurance over GHG emission disclosures in the climate statements of CREs.

For clarity, we propose including the following New Zealand-specific paragraph in ISSA (NZ) 5000 to refer to NZ SAE 1 for the purposes of mandatory assurance:

NZ 8A The practitioner shall apply New Zealand Standard on Assurance Engagements 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.

2. We propose to include reference to Financial Markets Conduct (FMC) reporting entities with a higher level of public accountability (FMC HLPAs)

The XRB proposes to amend references to listed entities to refer to FMC entities considered to have a higher level of public accountability. This is consistent with our New Zealand approach in the ISAs (NZ)⁶ and ISAEs (NZ)⁷. In this standard, the requirement amended is to include the name of the engagement leader in the assurance report (refer ED ISSA (NZ) 5000 para. 191).

3. We propose an additional requirement for a statement in the assurance practitioner's report around the existence of any relationships with the entity and its subsidiaries

The XRB proposes to add a requirement that the assurance practitioner's report includes a statement as to the existence of any relationship that the assurance practitioner has with, or any interests that the assurance practitioner has in, the entity or any of its subsidiaries. Given the nature of our small market, this requirement has been added to all XRB assurance standards to address the actual or perceived risks of any associated conflicts of interest. See proposed text in 190 d NZ (v) a below with underlining to indicate the additional text.

Assurance Report Content

190. The assurance report shall include at a minimum the following basic elements: (Ref: Para. A539, A567–A569) ...

190 d NZ (v) a: A statement as to the existence of any relationship (other than that of practitioner) which the practitioner has with, or any interests which the practitioner has in, the entity or any of its subsidiaries.

Q3: Do you agree with the proposed New Zealand specific changes to ISSA (NZ) 5000:

- a) To clarify the scope
- b) To address the existence of relationships that the assurance practitioner may have?

Are there any other matters that you recommend that the XRB add to ISSA (NZ) 5000?

⁶ International Standards on Auditing (New Zealand)

⁷ International Standard on Assurance Engagements (New Zealand)

Issue IESSA (NZ)

The XRB proposes to issue IESSA (NZ) in New Zealand as part 5 in **PES 1**⁸, based on the IESSA issued by the IESBA.

Once effective, IESSA will replace the extant provisions in the *Code of Ethics* as the global ethics and independence standard applicable to sustainability assurance engagements. Firms will not be able to assert compliance with international standards without reference to the IESSA from its effective date.

The IESSA includes the most up to date international thinking and has been tailored for specific ethical and independence considerations relevant to sustainability assurance.

The Australian Accounting Professional & Ethical Standards Board (**APESB**) has approved the adoption of the IESSA in Australia. These will be included in APES 110 and are applicable from periods beginning on or after 1 January 2026.

For more information about what is included in the IESSA, refer to Appendix C.

- Q4: Do you agree with the proposal to adopt the IESSA (NZ) in New Zealand?
- Q5: Is your firm intending to transition to the IESSA (NZ) for sustainability assurance engagements? If yes, when?

Proposed New Zealand-specific amendments to IESSA

The XRB proposes the following amendments to harmonise IESSA with New Zealand legal and regulatory arrangements or principles and practices that are appropriate having regard to the public interest in New Zealand.

1. We propose to clarify that NZ SAE 1 applies to mandatory GHG assurance engagements

The XRB proposes to make amendments to clarify the applicability of standards in New Zealand.

The IESSA is intended to be used by any assurance practitioner for sustainability assurance engagements, including GHG assurance engagements. However, in New Zealand, NZ SAE 1 is the applicable standard for mandatory GHG assurance. It includes the ethics and independence requirements and requires the assurance practitioner to report what specific ethical standards have been applied.

For clarity, we propose to add a New Zealand-specific paragraph to refer to NZ SAE 1 for mandatory engagements over GHG emissions disclosures as follows:

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.*

⁸ Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)

The XRB proposes some specific New Zealand amendments 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 amendments include the following:

- application material to advise practitioners to seek legal advice when disclosing confidential information (NZ 5114.3 A1.1)
- amendments relating to the disclosure of safeguards (NZ R5310.9.1, NZ R5310.9.2 and NZ R5310.12.1) and service as a director or officer (NZ R5523.3.1)
- amendments relating to a prohibition for an assurance practitioner to accept or pay referral fees (NZR5330.5)
- a requirement, 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 (NZ R5400.19.1)
- additional application material regarding the provision of tax advisory planning and advisory services (NZ 5604.12.A2.1).

Q6: Do you agree with the proposed New Zealand changes to IESSA (NZ):

- a) To clarify the scope
- b) To replicate amendments in PES 1?

Are there any other matters that you recommend the XRB add to IESSA (NZ)?

Issue Revisions to the Code Addressing Using the Work of an External Expert

The XRB proposes to issue *Revisions to the Code Addressing Using the Work of an External Expert*.

These revisions include the ethical and independence requirements to apply when using the work of an external expert. The requirements are applicable for financial statement audits, reviews, assurance and sustainability assurance.

Proposed revisions include revised definitions for an external expert and new definitions for expert and expertise. For more information about what is included in these amendments, refer to Appendix D.

Q7: Do you agree with the proposal to adopt the *Revisions to the Code Addressing Using the Work of an External Expert* in New Zealand?

New Zealand-specific amendments to Addressing Using the Work of an External Expert

The XRB does not propose any New Zealand specific amendments to *Addressing Using the Work of an External Expert*.

Q8: Are there any New Zealand-specific changes that you recommend the XRB add to the standard *Addressing Using the work of an External Expert*?

Amend NZ SAE 1

The XRB is not withdrawing or replacing NZ SAE 1, which currently applies to mandatory GHG assurance engagements. The XRB is not amending the independence requirements included in NZ SAE 1, based on what is included in the IESSA. Rather, the XRB will make a final determination once more information is available about how the IESSA is applied more broadly.

We intend to retain the temporary standard, and propose adding the option to use ISSA (NZ) 5000 for periods beginning 31 December 2026.

1. We propose to include an option to use ISSA (NZ) 5000 for the assurance of GHG emissions

The XRB does not propose to mandate the use of ISSA (NZ) 5000 for GHG emissions assurance. Rather, we propose to make ISSA (NZ) 5000 available for use as an option alongside ISAE (NZ) 3410 or ISO 14064:3-2019⁹ to assure GHG emissions disclosures within our temporary standard.

We acknowledge that practitioners may wish to transition to the latest international standards. ISSA 5000 includes the relevant requirements from extant ISAE 3410 and has been updated to include latest best practice such as requirements for the value chain and groups, which are relevant for GHG emission engagements. We understand that some firms may already be updating their methodologies to align to ISSA 5000. Once ISSA 5000 becomes effective internationally, firms may be required by their global methodology to transition to ISSA 5000.

Given the new climate reporting and assurance requirements in Australia (refer Appendix A), use of ISSA (NZ) 5000 within New Zealand may reduce the costs and administrative burden, and avoid the need to apply different standards across Trans-Tasman engagements.

Proposed drafting for this amendment in extant NZ SAE 1 (with underlining to show the change) is as follows:

11. When conducting the assurance engagement required by the Financial Markets Conduct Act 2013, the assurance practitioner:

Shall comply with either ISO 14064-3: 2019 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements or ISAE (NZ) 3410 Assurance Engagements on Greenhouse Gas Statement or ISSA (NZ) 5000 General Requirements for Sustainability Assurance Engagements

Q9: Do you support adding a third option to NZ SAE 1 to enable assurance practitioners to apply ISSA (NZ) 5000 for mandatory GHG assurance engagements?

2. We propose to include a conditional requirement if one-to-many reports are used

A [value chain](#) encompasses the activities, resources and relationships an entity uses and relies on to create its products or services from conception to delivery, consumption and end of life.

⁹ ISO 14064-3: 2019 Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Value chain considerations are especially relevant to scope 3¹⁰ GHG emission disclosures which are subject to mandatory assurance in New Zealand.

During our recent consultation on amendments to the climate standards, the use of service organisation and controls reports was highlighted by practitioners for third party data providers. ISSA 5000 includes requirements and considerations for one-to-many reports (refer Appendix B for details) if the practitioner plans to use an assurance report of another practitioner that has been designed for use by user entities.

NZ SAE 1 includes high-level principles for the use of the work of others (refer para. 26). Two of these requirements state that, if the assurance practitioner intends to use the work of others, they shall:

- agree the nature, scope and objectives of their work
- evaluate the adequacy of the work performed for their purposes.

We are interested to understand how practitioners are dealing with scope 3 GHG assurance and whether further changes are needed within our temporary standard. We are exploring adding a requirement for one-to-many reports within NZ SAE 1 to drive consistency across practitioners, noting that any such requirement would not be applicable until periods commencing on or after 15 December 2026.

Proposed drafting is:

Use of Work of Others

26A In agreeing the nature of the work performed in accordance with paragraph 26 (d) and evaluating the adequacy of the work in accordance with paragraph 26 (e), if the assurance practitioner plans to use an assurance report of another assurance practitioner that has been designed for use by user entities and their assurance practitioner across a value chain (a one-to-many report), the assurance practitioner shall determine whether the assurance report provides sufficient appropriate evidence for their purposes by evaluating: _____

- (a) Whether the description of the procedures performed and the results thereof are appropriate for the assurance practitioner's purposes; and*
- (b) The adequacy of the standard(s) under which the assurance report was issued.*

Q10: Do you support the proposed conditional requirement for one-to-many reports being added to NZ SAE 1?

Retain ISAE (NZ) 3410 as an option in NZ SAE 1

Internationally ISSA 5000 will replace ISAE 3410 for periods beginning on or after 15 December 2026. Thereafter, ISAE 3410 will not be maintained internationally, and assurance practitioners will not be able to assert compliance with international standards if referencing ISAE 3410.

¹⁰ Scope 3 emissions are other indirect GHG emissions from the value chain of the reporting entity that are not included in scope 2.

The XRB currently intends to retain ISAE (NZ) 3410 as an XRB standard. We also intend to retain ISAE (NZ) 3410 as an option within NZ SAE 1. ISAE (NZ) 3410 is specific to GHG emissions, which is the scope of the mandatory assurance required for climate statements.

We have heard that practitioners may find application material in ISAE (NZ) 3410 (particularly paras. A44 to A51) relating to materiality judgements useful. We will promote this guidance, as we consider all practitioners, irrespective of what standard they use, may benefit from this guidance specific to GHG assurance engagements.

We will continue to monitor GHG assurance reports in the New Zealand market and will engage on the value of retaining ISAE (NZ) 3410 once more information is available.

Q11: Do you agree that the XRB should defer any decision to withdraw ISAE (NZ) 3410 to a later date?

Part 5: Application date

The XRB proposes to align with the application dates of the international standards, i.e. applicable for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026.

The XRB proposes to allow, but not require, early adoption.

Note that the IESSA (NZ) includes transitional provisions.

Q12: Do you agree with the proposed application date for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026?

The proposal is to align with the effective dates of the international standards.

Part 6: Other Comments

Q13: Do you have any further comments?

Appendix A: Australian sustainability assurance developments

For periods beginning on or after 1 January 2025, certain Australian entities are required to report climate statements in accordance with AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and AASB S2 *Climate-related Disclosures*. Certain entities will be required to obtain limited assurance of the disclosures relating to:

- governance
- strategy – risks and opportunities, and
- scope 1 and 2 GHG emissions

in their sustainability reports prepared under the Corporations Act 2001.

These assurance requirements are being phased in over time with reasonable assurance being required for all disclosures in the climate reports of some entities for periods beginning on or after 1 July 2030.

These assurance engagements are required to be conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*. ASSA 5000 is aligned to ISSA 5000 and requires assurance practitioners to apply the extant version of the Australian Professional and Ethical Standard 110 *Code of Ethics for Professional Accountants (including Independence standards)*.

The APESB has approved the adoption of the IESSA and *Revisions to the Code Addressing Using the Work of an External Expert* in Australia. These are applicable from periods beginning on or after 1 January 2026.

Harmonisation with Australia is considered important given that some entities are dual listed and harmonisation enables businesses, consumers and investors to conduct operations across the Tasman in a seamless regulatory environment¹¹.

¹¹ [How we set our standards](#)

Appendix B: Summary of ISSA 5000

ISSA 5000 is a standalone umbrella standard that covers the whole sustainability assurance engagement process. It includes requirements for both limited and reasonable assurance engagements.

Outline of key principles and concepts

- Applicable to assurance of all types of sustainability information prepared under any suitable reporting framework. This includes the assurance of GHG emissions disclosures.
- Requires compliance with:
 - the IESBA's Code of Ethics related to sustainability assurance engagements or professional requirements that an appropriate authority has determined to be at least as demanding (para. 34); and
 - the International Standard on Quality Management or professional requirements that an appropriate authority has determined to be at least as demanding (para. 30).

Acceptance and continuance requirements

- Requires that the engagement team has appropriate competence, capabilities and resources to perform the engagement (para. 26)
- Requires that appropriate preconditions exist before the acceptance of the engagement (paras. 75-84). This includes obtaining a preliminary knowledge of the sustainability information, and considering whether the entity has a process to identify sustainability information to be reported.

Planning considerations

- Requires consideration of materiality for qualitative disclosures and determination of materiality for quantitative disclosures (para. 98).

Risk assessment requirements

- Requires risk assessment at the disclosure level for limited assurance and at the assertion level for the disclosures for reasonable assurance (para 103).
- Includes risk assessment procedures for:
 - determining the suitability of the applicable criteria (para. 107)
 - obtaining an understanding of the:
 - sustainability matters and sustainability information
 - entity's reporting policies, entity and its environment
 - legal and regulatory framework
 - components of the entity's system of internal control (paras 108 – 111, 113).
- enquiries with those charged with governance, and others within the entity, about fraud and non-compliance with laws and regulations (para. 112).

Response to assessed risk requirements

- Requires design and performance of further procedures to respond to identified risks of material misstatement and in specific situations, for example when suspected fraud or non-compliance with laws and regulations are identified (paras. 126 and 128).
- Requires procedures to be performed on the entity's process for assembling the sustainability information (para. 149).

- Requires a response to assessed risk relating to estimates and forward-looking information (para 146). Provides application material on estimates and forward-looking information, including strategy, targets, risk and opportunities (paras. A242-A244).
- Requires communication with the financial statement auditor if the other information reported with the sustainability information is the audited financial statements and if a material inconsistency in that other information is identified (para. 174).

Concluding and reporting requirements

- Prescribes the minimum contents of an assurance report (para. 190), including illustrative reports. (Appendix 3).
- Requires a paragraph on inherent limitations to be included in the assurance report, if applicable (para. 190g).

Groups and value chains requirements and application material

- Applies to stand-alone and group sustainability information. The concept of group in ISSA 5000 is broad and, if specified under the framework criteria, includes a parent and subsidiaries and entities that are part of the downstream or the upstream value chain of the entity.
- Requires further procedures to be designed and performed to respond to the risk of material misstatement from the aggregation process for group engagements (para. 151).
- Includes application material about how to determine group components and value chain components when planning and performing the engagement (para. A18).
- Includes provisions for using one-to-many reports to address challenges of gaining assurance over value chain information (para. 51).

Use of the work of others requirements

- When a practitioner intends to use the work of others, requires the practitioner to evaluate the competence and capabilities of others and whether their work is adequate for the practitioner's purposes (para. 50).

Other resources

[IAASB ISSA 5000 factsheet](#)

[IAASB frequently asked questions](#)

[IAASB Basis for conclusions on ISSA 5000](#)

[First-time implementation guides](#)

Appendix C: Summary of the IESSA

The IESSA has been developed to be profession agnostic and framework neutral. It has been designed to incorporate ethics and independence requirements for sustainability assurance engagements that are equivalent to financial statement audits. The structure is the same as the extant code.

Ethics provisions [sections 5100 - 5300]:

Applicable to sustainability assurance practitioners performing:

- sustainability assurance engagements that are designed to enhance the degree of confidence of the intended users about the sustainability information. They are not intended to apply to certification engagements that confirm compliance with the specifications set out in relevant certification programmes or accreditation standards
- other professional services performed by sustainability assurance practitioners for the same sustainability assurance client.

Independence provisions [sections 5400 – 5600]:

Independence provisions applicable when reported sustainability information:

- is prepared in accordance with a general-purpose framework, and
- required by law or used for decision making.

Stakeholders have heightened expectations regarding the practitioner's independence when the client is a public interest entity (PIE). The independence requirements are scalable to PIE and non-PIE clients.

Outline of new concepts

The IESSA includes the following considerations for sustainability:

- new defined terms in the glossary for sustainability assurance practitioner, group and value chain component, sustainability information and other sustainability related terms
- independence requirements for group firms, component firms and group sustainability assurance team members when performing group sustainability assurance engagements (R5405.1 to R5405.37)
- independence requirements when assurance work is performed at a value chain component. These provisions require independence of a firm and assurance team members in relation to the entity on which the assurance work is performed (R5405.30A – R5404.37)
- independence requirements for using the work of another practitioner when the firm is unable to be sufficiently and appropriately involved in that work (R5406)
- requirements for communication of actual or suspected non-compliance with laws or regulations (NOCLAR) or suspected NOCLAR to the external auditor, when the sustainability assurance client is also an audit client or a component of an audit client of the firm (R5360.18a). Consideration of the communication of actual or suspected NOCLAR to the external auditor, when the sustainability assurance client is an audit client or a component of an audit client of a network firm or a firm outside the network (R5360.18b)

- requirements that entities be treated as PIEs in the IESSA if they are deemed to be a PIE under the provisions in the extant Code related to financial statement audits (5400.13 - 5400.15)
- requirements for long association to consider the roles on both the sustainability and audit engagements into considerations of familiarity threats and calculations of time-on and cool-off periods for individuals working on sustainability assurance engagements (R5540)
- requirements and prohibitions for the provision of non-assurance services to sustainability assurance clients (5600). This section includes new services such as sustainability data and information services and advisory services on forward-looking information. There is a general prohibition where the practitioner provides non-assurance services to a PIE client, if there is a risk that the service might create a self-review threat
- requirements for a firm to publicly disclose paid or payable fees for sustainability assurance engagements if the PIE does not make the relevant disclosure (5400).

Conforming amendments - changes for the financial statement auditors

The main proposed changes to Part 3 and Part 4A of the Code, that result from the IESSA are:

- requirements regarding communication of NOCLAR by the auditor to the sustainability assurance practitioner (amendments to section 360 of the Code)
- if a firm or firm in the same network provides a sustainability assurance engagement addressed in IESSA, the fee for that sustainability assurance engagement does not impact the level of the self-interest threat or intimidation threat created by the proportion of fees for services other than audit to the audit fee [amendments to section 410 of the Code]
- that a self-interest or familiarity threat might be created by involvement in a combination of audit and sustainability assurance engagements for the same client over a long period of time [section 540 of the Code].

Transitional provisions

The IESSA includes transitional provisions for:

- non-assurance services engagements
- if a firm adopted the IESSA before the effective date, they can accept the other practitioner's statement of independence in accordance with provisions of Part 4B
- long association rotation requirements.

Other resources

- [IESSA basis for conclusions](#)
- [Technical overview](#)
- [Fact sheet](#)

Appendix D: Summary of *Revisions to the Code Addressing Using the Work of an External Expert*

These amendments impact all assurance engagements, including audits of financial statements and sustainability assurance engagements.

New concepts included [sections 290, 390 and 5390]

- New definitions for expert and expertise, revised definition for external expert (in the glossary)
- A requirement to agree the terms of engagement with the external expert
- For an audit, sustainability assurance or other assurance engagement, a requirement to request the external expert to provide specific information in writing, such as financial interests, conflicts of interest, previous or current engagements in relation to the entity at which the external expert is performing the work and in relation to the assurance client
- For an audit, review or sustainability assurance engagements of clients that are public interest entities, a requirement to obtain in writing the information about the external expert's additional objectivity considerations
- For an audit, sustainability assurance or other assurance engagement, a requirement to agree with the external expert that they will communicate any changes to the information provided during the period covered by the audit, sustainability assurance or other assurance report through to the issuance of that report
- A requirement to evaluate whether the external expert has the necessary competence, capabilities and objectivity (**CCO**), to re-evaluate the external expert's CCO when facts and circumstances change, and to conclude on such evaluation
- A prohibition to use the work of the external expert when the assurance practitioner concludes that the external expert does not have necessary CCO
- Comprehensive guidance to assist in identifying, evaluating and addressing threats to compliance with the fundamental principles when using the work of an external expert
- Guidance to communicate with those charged with governance where appropriate
- Guidance to document steps taken to evaluate the external expert's CCO and the resulting conclusions, significant threats identified, and actions taken, as well as the results of any significant discussions with the external expert.