



External Reporting Board (XRB)  
Level 6/154 Featherston St  
Central Wellington 6011

10 October 2025

## International alignment consultation

Dear Sir / Madam

We thank you for the opportunity to submit our response to your consultation Alignment with international standards: Sustainability assurance, ethics and independence and using the work of an external expert.

We support the adoption of ISSA (NZ) 5000 and IESSA (NZ) within New Zealand and encourage conformity with international standards and alignment with global market expectations. We do not support the continued use of other frameworks and standards for the reasons described below and would welcome further consideration by the XRB of whether to discontinue the temporary NZ SAE 1 and withdraw ISAE (NZ) 3410 on the basis that the adoption of the international standards renders these NZ specific standards no longer necessary to achieve an appropriate level of quality in the assurance market.

- IESSA and ISSA 5000 are practitioner-agnostic and designed to achieve inclusivity and competition in the assurance market, which was one of the XRB's intentions when it created NZ SAE 1.
- Reducing complexity will help reduce cost of assurance for reporting entities: overlapping frameworks means duplicated policies, templates, training and documentation and creates the potential for confusion and conflicting requirements.
- Consistency and comparability in assurance practices builds a credible assurance market: overlapping concepts risks divergent interpretations, meaning inconsistent levels of work for the same expressed level of assurance. Users benefit from simplicity and comparability.
- Additional requirements that are inconsistent with international standards creates unnecessary burden on NZ assurance practitioners and adds costs for reporting entities in New Zealand. As an example; NZ SAE 1 requires an engagement quality reviewer (EQR) for each engagement, which is inconsistent with IESSA and ISSA 5000 requirements which allows practitioners to adopt a risk based approach to evaluating whether an EQR is appointed.
- Divergence from international standards creates additional complexities when providing group-level assurance engagements across multiple jurisdictions.
- The above may present challenges for the standard setting body and regulators in addition to practitioners and users and of the assurance reports.



Our detailed comments follow.

Our responses have been based on an holistic assessment of the potential impact of adopting IESSA and ISSA 5000 and the retention, or not, of the NZ standards, NZ SAE 1 and ISAE (NZ) 3410. Accordingly, our views, including some of our recommendations, might change if different outcomes are determined by the Board.

We acknowledge the efforts of the XRB and the speed at which the Board was able to develop a sustainability assurance framework that was fit for purpose at the time and ahead of the international standard setting bodies.

### **Detailed Comments:**

#### **Q1: Do you agree with the proposal to adopt ISSA (NZ) 5000 in New Zealand?**

**Yes, with comments.**

ISSA (NZ) 5000 is a comprehensive standard that extends beyond GHG disclosures. This will be increasingly useful and relevant to engagements seeking assurance on subject matters beyond the current legislative requirements. It provides the opportunity to apply a single standard across a broad range of sustainability information.

Being practitioner-agnostic, ISSA (NZ) 5000 is inclusive and enables a broad range of sustainability practitioners to provide assurance to an internationally recognised standard of quality. This creates a competitive market for assurance whilst maintaining consistency, trust and credibility.

We consider conformity with the international standards to be important to the integrity of the profession given the global reach of our clients.

#### **Q2: Is your firm intending to transition to ISSA (NZ) 5000 for sustainability assurance engagements? If yes, when?**

**- Unknown, with comments.**

Adopting the effective dates as proposed in the ISSA 5000 standard supports global alignment and user experience across different territories.

Across our network of firms, only by exception is PwC preparing to transition before the effective date. In these cases, early adoption is not voluntary but a requirement that this standard will be mandated early, for example, in Australia where it is required to utilise ASSA 5000 for trans-tasman engagements reporting under the Australian Sustainability Reporting Regime (ASRS) from December 2025. For the assurance of NZ CREs who are also reporting under ASRS, it would be sensible to utilise ISSA (NZ) 5000 when available, as the incremental effort (after having adopted ASSA 5000) would likely be minimal.

Having multiple standards available would, in our view, be confusing to practitioners and users. As an example; a dual reporter, presenting year one ASRS information, a voluntary metric, and GHG Disclosures could face 7 different variations of requirements across the different assurance standards. Refer to illustration 1-1.



If the Board decides to transition to ISSA 5000, we would be concerned if NZ SAE 1 and ISAE (NZ) 3410 were retained for the reasons outlined.

### Illustration 1 - 1

Dual reporter with one voluntary metric could result in an assurance report as follows:

	<b>NZ CS GHG Disclosures (NZ options)</b>	<b>Voluntary Metric (NZ options)</b>	<b>ASRS Year 1 Information (AU requirement)</b>
1	NZ SAE 1, ISAE (NZ) 3410	ISAE (NZ) 3410 and/or ISAE (NZ) 3000	ASSA 5000/ISSA 5000
2	NZ SAE 1, ISAE (NZ) 3410,	ASSA 5000/ISSA 5000	ASSA 5000/ISSA 5000
3	NZ SAE 1, ASSA 5000/ISSA 5000	ISAE (NZ) 3410 and/or ISAE (NZ) 3000	ASSA 5000/ISSA 5000
4	NZ SAE 1, ASSA 5000/ISSA 5000	ASSA 5000/ISSA 5000	ASSA 5000/ISSA 5000
5	NZ SAE 1, ISO 14064/14065	ISAE (NZ) 3410 and/or ISAE (NZ) 3000	ASSA 5000/ISSA 5000
6	NZ SAE 1, ISO 14064/14065	ASSA 5000/ISSA 5000	ASSA 5000/ISSA 5000
7	NZ SAE 1, ISO 14064/14065	ISO 14064/14065	ASSA 5000/ISSA 5000

*\*Varying requirements in independence and ethical standards across territories, and measurement frameworks further increase this variability between reporting entities.*

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

#### a) To clarify the scope

**No, with comments.**

Refer to our response to Q1 and Q2. Whilst we agree with the proposed adoption of ISSA (NZ) 5000, we do not agree with the retention of NZ SAE 1 as intended by paragraph NZ8A.

NZ SAE 1 has incremental requirements to ISSA (NZ) 5000, whilst being more limited in scope and less comprehensive than ISSA (NZ) 5000. Further analysis by the Board as to the benefits versus costs of the incremental requirements in NZ SAE 1 would be useful to share with the profession to assist with understanding the Board's objective in retaining NZ SAE 1 if that is the case.

As an example of the incremental requirements, NZ SAE 1 requires an engagement quality review (EQR) for each engagement and introduces the concept of reporting key matters. We are not sure that a cost versus benefit analysis would support the additional requirements over the international standards,



acknowledging that the provisions in the international standards give assurance providers the ability to use EQRs as determined is appropriate based on risk of the engagement. An EQR may not be warranted on lower risk or non-complex assurance engagements, or where an entity (not a CRE) voluntarily reports and obtains assurance on those GHG Disclosures. Refer to our response on “*other matters that you recommend XRB add to ISSA (NZ) 5000*” for our views on reporting key matters.

NZ SAE 1 also lacks guidance/requirements that are within ISSA (NZ) 5000 such as requirements for assessing estimates and forward looking information, how to address groups and value chain entities, definitions of engagement team vs. using the work of others and additional guidance on materiality.

**b) To address the existence of relationships that the assurance practitioner may have?**

**Yes, but with comments.**

Paragraph 190(d) NZ(V)(a) of the ED could be clarified to define what is meant by “other than that of practitioner”. We believe this could be interpreted differently among practitioners who may be providing other assurance and non-assurance services as these other services may be performed in the practitioner’s capacity as an assurance practitioner or appointed auditor. Further, this could be applied inconsistently to NZ SAE 1.57 which requires a statement as to the “existence of any relationship (other than undertaking the GHG assurance engagement) . . .”, which implies that each relationship established by undertaking any service needs to be explicitly stated.

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

The requirement to report Key Matters (KMs) is not included in ISSA 5000. While we understand the basis for including this requirement in NZ SAE 1, from our review of publicly available assurance reports, the practical application of the requirement appears to be varied given the criteria that would warrant a KM. The nature of the reporting and extent of disclosure should respond to the needs of users. We support not requiring KMs in the assurance reports.

However, if the Board is contemplating the requirement to report key matters (KMs) from NZ SAE 1 as a prohibitive factor in retiring NZ SAE 1, the reporting requirement could be added to ISSA (NZ) 5000 as an alternative.

**Issue IESSA (NZ)**

**Q4: Do you agree with the proposal to adopt the IESSA (NZ) in New Zealand?**

Yes, with consideration to an appropriate implementation timeline that aligns with global transition relief and which will minimise international inconsistencies for practitioners and users. For example, the global pronouncement will be effective from 15 December 2026 (Australian equivalent from 1 January 2026), except for sustainability assurance provisions applicable to value chain components in Part 5, which will be effective from 1 July 2028 for both the international and Australian regimes.



**Q5: Is your firm intending to transition to the IESSA (NZ) for sustainability assurance engagements? If yes, when?**

**Yes, with comments.**

As an audit and assurance firm, we comply with Part 1 - Part 4 of the Code of Ethics, which are largely consistent with Part 5 of IESSA (NZ). We have not identified incremental challenges in complying with Part 5, rather we found it clarified some of the earlier assumptions and interpretations we had made based on complying with Part 1 - Part 4.

To uphold a consistent standard of ethics that users can expect from the sustainability assurance market, we believe its adoption should be mandated rather than optional for engagements performed in accordance with ISSA (NZ) 5000 and/or NZ SAE 1 if retained.

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

**a) To clarify the scope**

**No, with comments.**

Aligned with our response to Q3, multiple frameworks and standards may create confusion and inconsistent outcomes. In the interests of international consistency and market consistency in NZ, we support the adoption of one framework.

Retaining NZ SAE 1 would likely give rise to a risk that practitioners evaluate ethical and independence requirements differently when carrying out an assurance engagement on similar subject matters. An assurance report issued under NZ SAE 1 versus ISSA 5000 may not be entirely comparable creating confusion in the market.

IESSA (NZ) is a profession agnostic standard, allowing practitioners to apply ethical and independence standards that an appropriate authority has determined to be at least as demanding as the provisions of the Professional and Ethical Standard. It is therefore not prohibitive to practitioners outside of the accounting profession, but will ensure the ethical and independence requirements would be assessed by an appropriate authority to be at least as demanding as those applied by practitioners required to comply with IESSA.

**b) To replicate amendments in PES 1?**

**Yes, without comment.**

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

**Yes, with comments.**

There may be unintended consequences arising from some requirements and further clarification may assist practitioners to understand the extent to which independence threats are evaluated. Specifically,



we refer to evaluating work at a value chain component and the practical limitations that may exist, as well as the likelihood of threats to independence arising. Further clarification and examples would assist practitioners in applying the requirements to the extent anticipated by the standard setters.

**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?**

**Yes, with comments.**

We are largely supportive of this proposal, but acknowledge that the revisions to the code address external experts only. Consistent with PES 3 quality management requirements which include a system of quality management that deals with both internal and external personnel, PES 1 could be updated to contain requirements that deal with using the work of both internal and external experts. This would then remove the need to refer to another auditing or assurance standard when using the work of an internal expert, and these duplicative requirements could be removed from those other auditing and assurance standards.

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

**No, without comment.**

**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?**

**No, with comments.**

We are of the view that NZ SAE 1 and ISAE (NZ) 3410 become redundant on adoption of IESSA and ISSA 5000. As noted, there is a significant risk of confusion both for practitioners and users of the reports and a risk of varying quality.

We agree early adoption of ISSA (NZ) 5000 should be available during a period of transition to ISSA (NZ) 5000, however we encourage the Board to consider a single, consistent set of standards without any deferral or delay beyond international adoption timeframes, which will align expectations among reporters, practitioners and users of the assurance reports.

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

**Yes, however with regard to our comments on retiring NZ SAE 1.**

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



No, without comment.

**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.**

Yes, without comment.

Other

**Q13: Do you have any further comments?**

Yes.

1. ISSA (NZ) 5000 ED, paragraphs 156 - 158 do not include a responsibility to communicate to those charged with governance. We consider it crucial to communicate such misstatements (other than those that are clearly trivial) to the individuals with oversight and responsibility for the preparation of the sustainability information.
2. Similarly, paragraph 165, refers to obtaining management representations and Those Charged With Governance (where appropriate). The ED implies that you could obtain representations from management, or management and those charged with governance, but does not allow a practitioner to determine that TCWG are the appropriate party from which to obtain representation. We believe this shifts the burden of properly informing themselves from TCWG to the practitioner.
3. Paragraph 171(b) of the ISSA (NZ) 5000 ED may be unintentionally restrictive and cause delay in reporting sustainability information where other information is not prepared by the entity in a timely manner. We believe there may be instances where the report date may be earlier than the finalisation of the other information. ISSA (NZ) 5000 may benefit by including similar options that are available to an auditor in performing and reporting on responsibilities in accordance with ISA (NZ) 720.