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Deloitte Submission on the *Alignment with international standards: Sustainability Assurance, Ethics and Independence and Using the Work of an External Expert*

Thank you for the opportunity to provide comment on the External Reporting Board's *Alignment with international standards: Sustainability Assurance, Ethics and Independence and Using the Work of an External Expert*.

In our previous submissions (to the XRB and MBIE), we have supported alignment with international reporting and assurance standards, as well as alignment around who has to report (legislative thresholds, where appropriate) and director / auditor liability settings with key international counterparts, in particular Australia.

For this submission, it is our view that New Zealand should align to the international standards to achieve global harmonisation as this lowers the risk of regulatory fragmentation and confusion in the sustainability standard-setting landscape, reducing cost and complexity for preparers and users.

We have included our comments in Appendix 1 in response to the specific questions raised. Please do not hesitate to contact us should you require further clarification on any of the matters discussed.

Yours sincerely



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for Deloitte Limited

Appendix 1

Issue ISSA (NZ) 5000

1	<p>Do you agree with the proposal to adopt ISSA (NZ) 5000 in New Zealand?</p> <p>Yes, we support harmonisation with international standards and agree that New Zealand should align with the <i>International Standard on Sustainability Assurance (ISSA) 5000 – General Requirements for Sustainability Assurance Engagements</i> ('ISSA (NZ) 5000') as the sole standard for sustainability assurance.</p> <p>Alignment with international standards for both preparers and assurance providers (being those issued by the International Sustainability Standards Board and International Auditing and Assurance Standards Board) is essential to ensure New Zealand entities can continue to access global capital with minimal cost and effort. The presence of multiple standards and frameworks can lead to market confusion and reduce the clarity and comparability of sustainability disclosures. Having a single, globally recognised assurance standard alongside a single, internationally aligned sustainability reporting framework, would benefit both assurance practitioners and users in New Zealand.</p> <p>Fragmented sustainability assurance standards result in inconsistent practices, reduced comparability, and added complexity – particularly for multinational entities. A single, globally recognised standard would promote consistency, improve quality, and simplify cross-border assurance. It would also give firms the confidence to invest in the infrastructure – systems, templates, and methodologies – needed to deliver high-quality engagements, supporting global capability building and enabling a more scalable assurance environment.</p>
2	<p>Is your firm intending to transition to ISSA (NZ) 5000 for sustainability assurance engagements? If yes, when?</p> <p>The New Zealand firm would look to adopt ISSA (NZ) 5000 for periods beginning on or after 15 December 2026, in accordance with its international effective date, should this be permitted.</p>
3	<p>Do you agree with the proposed New Zealand changes to ISSA (NZ) 5000:</p> <p>a) To clarify the scope</p> <p>b) To address the existence of relationships that the assurance practitioner may have?</p> <p>Are there any other matters that you recommend that the XRB add to ISSA (NZ) 5000?</p> <p>a) Response in relation to proposed New Zealand changes to clarify scope:</p> <p>Paragraph NZ8A of ED ISSA (NZ) 5000 states: “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.”</p> <p>We recommend that New Zealand Standard on Assurance Engagements 1 – <i>Assurance Engagements over Greenhouse Gas Emissions Disclosures</i> ('NZ SAE 1') be retained only as a temporary transitional standard, with a clear intention to withdraw it once ISSA (NZ) 5000 becomes effective for periods beginning on or after 31 December 2026.</p> <p>ISSA (NZ) 5000 provides a comprehensive framework for assurance over all sustainability-related matters, including greenhouse gas emissions and is intended for assurance engagements on sustainability information of all entities, regardless of size or complexity. Furthermore, the standard is profession agnostic indicating that assurance practitioners from any profession can use the standard, provided they comply with relevant ethical requirements and apply a system of quality management that is at least as rigorous as the International Code of Ethics for Professional Accountants and the IAASB's suite of quality management standards. To support consistency and comparability across jurisdictions, we favour minimal local modifications to ISSA (NZ) 5000 and encourage the External Reporting Board to adopt it as the sole standard for sustainability assurance in New Zealand.</p> <p>We note that the intent behind NZ SAE 1, is to ensure that the assurance regime remains open to all competent, independent assurance practitioners, including non-accounting professionals. With the profession agnostic status of ISSA (NZ) 5000, we strongly encourage the XRB to revisit the need for NZ SAE 1, noting that ISAE 3410 is being</p>

withdrawn and replaced with ISSA 5000 internationally. Furthermore, the XRB’s recent [GHG Assurance Snapshot \(September 2025\)](#) suggests the use of ISO-based approaches is limited:

- **70 of the 79** engagements cited applied International Standard on Assurance Engagements (New Zealand) 3410 – *Assurance Engagements on Greenhouse Gas Statements* (‘ISAE 3410’); and
- **Only 8** applied ISO 14064-3:2019: *Greenhouse gases — Part 3: Specification with guidance for the verification and validation of greenhouse gas statements* (‘ISO 14064-3:2019’).

In addition to the above, we note the inclusion of the requirement in paragraph NZ191 “When the assurance report on sustainability information is for a FMC reporting entity considered to have a higher level of public accountability, the name of the engagement leader shall be included, unless, in rare circumstances, such disclosure is reasonably expected to lead to a significant personal security threat.”

While our preference is for limited NZ amendments to international standards for the reasons set out above, we accept that this NZ amendment is consistent with the New Zealand approach in the ISAs (NZ) and ISAEs (NZ) for FMC reporting entities considered to have higher level of public accountability.

b) Response in relation to proposed New Zealand changes to address the existence of relationships that the assurance practitioner may have:

Paragraph 190. NZ(v)(a) requires the assurance report to include “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.”

While our preference is for limited NZ amendments to international standards for the reasons set out above, we accept that this NZ amendment is consistent with other New Zealand audit and assurance standards issued by the XRB.

Issue IESSA (NZ)

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

4

Yes, we support the proposal to adopt the IESSA (NZ) in New Zealand. Our firm encourages international alignment, and we agree that New Zealand should harmonise with the International Ethics Standards for Sustainability Assurance (IESSA). The adoption of ethical and independence standards tailored to sustainability assurance is essential to building trust and credibility in sustainability information.

As noted in Deloitte Global’s [submission](#) to the Exposure Draft, *Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting*: “Given the increasing number of sustainability reporting frameworks and the diverse nature of sustainability assurance practitioners, it is imperative that the assurance provided is high quality, consistent and comparable. Having assurance and ethics standards that are framework-neutral, and profession-agnostic are key in strengthening public trust in the overall sustainability reporting and assurance environment.”

Aligning New Zealand’s ethical standards with the international IESSA will promote global consistency, reduce fragmentation, and support the development of scalable assurance capabilities across firms and markets.

Furthermore, many New Zealand firms are members of a global network (‘network firms’) and use globally developed methodology and tools based on international standards when undertaking assurance engagements. Lack of harmonisation means that New Zealand firms will have to introduce workarounds in their systems of quality management to bridge the gap in requirements, such as changes to tools and templates and to monitoring activities. These activities add to the cost of an assurance engagement in New Zealand and increase the risk of inadvertent non-compliance (particularly for multi-national engagements).

5

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

The New Zealand firm would look to adopt IESSA (NZ) for periods beginning on or after 15 December 2026, in accordance with its international effective date, should this be permitted.

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)?

a) Response in relation to proposed New Zealand changes to clarify scope:

Paragraph NZ R5100.0 states that “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.”

NZ SAE 1 embeds ethical and independence requirements for practitioners who may not be required to comply with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (‘PES 1’), Professional and Ethical Standard 3 – *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (‘PES 3’) and Professional and Ethical Standard 4 – *Engagement Quality Reviews* (‘PES 4’).

We believe the ethical framework provided by IESSA (NZ) to be issued by the XRB as part 5 in PES 1 addresses the original intent of NZ SAE 1, as IESSA (NZ) is designed to apply to **all sustainability assurance practitioners**, including those who are not professional accountants. As stated in ED IESSA (NZ) Section 5100.2b: “A practitioner who is not a professional accountant is encouraged to apply Parts 1 to 4B of the Code to guide the practitioner’s general conduct. Adhering to the ethics (including independence) standards set out in the Code (or other ethics standards at least as demanding as the Code) in all professional activities contributes to public trust in sustainability information that is subject to assurance.”

This inclusive approach aligns with the IAASB’s ISSA 5000, which is also profession-agnostic and intended for use by both accountants and non-accountants. Together, these standards provide a comprehensive framework for ethical conduct and independence in sustainability assurance. We therefore recommend that NZ SAE 1 be **withdrawn** once IESSA (NZ) and ISSA 5000 become effective.

Furthermore, the **GHG Assurance Snapshot (September 2025)** shows that a majority of assurance engagements (68 out of 79) applied PES 1. This data suggests that most practitioners already apply the XRB’s internationally aligned Ethical and Independence standards, and the use of other ethical standards and frameworks is limited.

While IESSA (NZ) is not itself a quality management standard, paragraph 5400.3(f) clarifies that high-quality sustainability assurance relies on a firm’s system of quality management that complies with standards such as PES 3 or equivalent requirements. Therefore, practitioners who are not subject to PES 3, will need to either apply PES 3 or develop a system that is **at least as rigorous**. This is a critical implementation consideration, particularly for non-audit firms seeking to apply IESSA (NZ) and ISSA 5000, and should these standards be adopted and NZ SAE 1 withdrawn, additional guidance and support to help these practitioners meet the necessary quality management expectations may be required.

b) Response in relation to proposed New Zealand changes to replicate PES1:

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).**

	While our preference is for limited NZ amendments to international standards for the reasons set out above, we accept that these NZ amendments are consistent with those in PES 1.
Issue Revisions to the Code Addressing Using the Work of an External Expert applicable to all assurance engagements	
7	<p>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?</p> <p>Yes, we support harmonisation with the international standards, therefore we agree that New Zealand should align to the <i>Revisions to the Code Addressing Using the Work of an External Expert</i>.</p>
8	<p>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>?</p> <p>We do not believe that any divergence is required from the international standard.</p>
Amend NZ SAE 1	
9	<p>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?</p> <p>For the reasons set out above, we recommend that NZ SAE 1 be withdrawn once IESSA (NZ) and ISSA (NZ) 5000 become effective. However, should the XRB not withdraw NZ SAE 1, we support the inclusion of ISSA (NZ) 5000 as option to be used for mandatory assurance engagements.</p>
10	<p>Do you support the proposed conditional requirement for one-to-many reports being added to NZ SAE 1?</p> <p>For the reasons set out above, we recommend that NZ SAE 1 be withdrawn once IESSA (NZ) and ISSA (NZ) 5000 become effective. ISSA (NZ) 5000 already includes provisions for using one-to-many reports to address the challenges of gaining assurance over value chain information. However, should the XRB not withdraw NZ SAE 1, we support the inclusion of the proposed conditional requirements in NZ SAE 1.</p>
Retain ISAE (NZ) 3410	
11	<p>Do you agree that the XRB should defer any decision to withdraw ISAE (NZ) 3410 to a later date?</p> <p>We do not support the retention of ISAE (NZ) 3410. With the introduction of ISSA (NZ) 5000, we expect most practitioners will transition to the new standard. Retaining ISAE (NZ) 3410 risks creating confusion and inconsistency in the market, particularly for investors and other users of assurance reports. As the IAASB has withdrawn the international version, we encourage the XRB to align with this decision to ensure clarity and coherence across the assurance framework.</p>
Applicable date of all standards	
12	<p>Do you agree with the proposed application date for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026?</p> <p>The proposal is to align with the effective dates of the international standards.</p> <p>Yes, we agree with international alignment of the effective date of all standards.</p> <p>We note that the XRB consultation document on page 6 states that “<i>We propose issuing the new international assurance, ethics and independence standards, with relevant New Zealand amendments, to be applicable for periods ending on or after 15 December 2026.</i>” We have interpreted this as intending to align with the international standards, which apply to periods beginning on or after that date.</p>

Other Comments

Do you have any further comments?

13

We have previously expressed concern about the ongoing use of ISO 14064-3: 2019 *Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements* under NZ SAE 1. In our view, this is not an appropriate framework for assurance, as it is not publicly available free of charge. This lack of accessibility reduces transparency and increases the potential for misunderstanding, which is inconsistent with the principles of high-quality assurance.