



Friday, 10 October 2025

Graeme Pinfold FCA  
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By email: [assurance@xrb.govt.nz](mailto:assurance@xrb.govt.nz)

Dear Graeme

**Consultation Paper: Alignment with international standards – Sustainability assurance, ethics and independence and using the work of an external expert**

Chartered Accountants Australia and New Zealand (CA ANZ) appreciates the opportunity to provide comments to the External Reporting Board (XRB) on the above consultation paper (the CP). We make this submission on behalf of our members and in the public interest. This submission is informed by consultation with our members and our previous advocacy on these topics.

Our position, as stated in our previous submissions to the XRB on sustainability assurance<sup>1</sup>, is that there needs to be a global baseline for assurance on sustainability reporting and we support adoption of the IAASB's profession-agnostic overarching standard for assurance on sustainability reporting; ISSA 5000 General Requirements for Sustainability Assurance Engagements (ISSA 5000) and any future ISSA standards, subject to consultation and due process in New Zealand.

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<sup>1</sup> [Submissions on the IAASB, AUASB and XRB on sustainability assurance | CA ANZ](#)  
[Joint submission on greenhouse gas emissions assurance | CA ANZ](#)

## Key Points

- We support making ISSA (NZ) 5000 available for use in New Zealand by adding it as an option in NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures (NZ SAE 1) as this will allow firms that wish to adopt ISSA 5000 for their broader sustainability assurance services to use a single methodology.
- We also support temporarily retaining ISAE (NZ) 3410 Assurance on Greenhouse Gas Statements as an option in NZ SAE 1 for the purpose of transition.
- We remain concerned about the dual adoption of ISO standards alongside ISAE 5000/3410. The ISO standards operate under a fundamentally different framework, with terminology and assurance concepts that diverge significantly from those used in the IAASB standards and other audited market disclosures in New Zealand and internationally. This divergence risks confusion among users and undermines comparability and consistency in assurance engagements. Moreover, the ISO standards are not freely available for public review or scrutiny, which limits transparency and stakeholder engagement in the standard-setting, assurance and reporting processes. As we noted in our earlier [submission](#) on greenhouse gas emissions assurance, such an approach could lead to a two-tier system of assurance, eroding confidence in sustainability reporting and compromising the robustness of governance and oversight arrangements expected by investors and other stakeholders
- We support adopting the IESBA's International Ethics Standards for Sustainability Assurance (Including International Independence Standards) (IESSA) in New Zealand, but we have made some recommendations on improvements to make it fit for purpose in New Zealand.
- We also support the proposed amendments to PES 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (PES 1) in relation to using the work of an external expert but have made some recommendations for the Board to consider.

Our responses to the specific questions raised in the CP are in Appendix A. Appendix B provides more information about CA ANZ. Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact Amir Ghandar FCA, Leader – Reporting and Assurance at [Amir.Ghandar@charteredaccountantsanz.com](mailto:Amir.Ghandar@charteredaccountantsanz.com)

Sincerely

**Peter Vial FCA**

New Zealand Country Head

**Amir Ghandar FCA**

Reporting and Assurance Leader

# Appendix A

## Responses to specific questions

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

Yes, we support the adoption of ISSA (NZ) 5000 in New Zealand. As we have stated in our previous submissions to the XRB on sustainability assurance, we believe in the need for a global baseline for sustainability assurance and support the IAASB standards for this purpose. As Australia has adopted ASSA 5000, the adoption of ISSA (NZ) 5000 in New Zealand will enable trans-Tasman harmonisation as well as international harmonisation for New Zealand assurance practitioners.

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

Our understanding is that many assurance practitioners are intending to transition to ISSA (NZ) 5000.

### **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?

Yes, we agree with the proposed changes. We have no other recommended changes.

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

Yes, we support the adoption of the IESSA (NZ) in New Zealand.

However, there are some issues in relation to the adoption of the IESSA that the Board needs to consider. We also raised these matters with the Australian Professional and Ethical Standards Board (APESB) in our [submission](#) on its consultation on adopting the IESSA in Australia.

## **Considerations for NPAPs**

There are concerns as to whether the requirements will be consistently applied to voluntary sustainability assurance engagements by assurance practitioners from different professional backgrounds. Some practitioners may not be familiar with certain terminology and concepts

used commonly in external assurance and audit engagements on general purpose corporate reporting. We believe that non-professional accountant practitioners (NPAPs) will need additional implementation guidance. The Board may need to produce implementation guidance for NPAPs if there is not sufficient guidance available from the IESBA.

There is also a risk that disparity in monitoring and enforcement processes for NPAPs compared to PAs may give rise to an actual or perceived two-tier system for voluntary sustainability assurance engagements that could undermine public confidence and trust. We recommend the Board considers providing clarity on the type of oversight arrangements and other professional elements that would be expected to be in place to meet the ethical requirements and Independence Standards in Part 5 of PES 1.

### **Value chain components**

Feedback from our members indicates that this is the most challenging aspect of the ED, especially the interaction with the independence requirements for group sustainability assurance engagements. We note that the table in Appendix 3 of the [IESBA Basis for Conclusions](#) is particularly useful in this regard, but its existence may be overlooked. Therefore, we recommend this be elevated to the IESSA (NZ) itself.

We recommend the Board commences a pre-implementation review of the value chain component independence requirements upon the release of the IESSA (NZ) on the basis it would assist firms with this challenging area. Implementation guidance on value chain components prior to the effective date for the provisions in sections 5405 and 5406 would also be well received to assist firms in applying these independence requirements in practice.

In addition, we understand that the value chain component independence requirements cannot be enforced in jurisdictions that have not adopted the IESSA, and that recent updates to the European Union (EU) sustainability regulations create further challenges.

### **Fees**

We are concerned about proposed paragraph R5410.31 requiring the firm providing the sustainability assurance to publicly disclose information regarding fees for PIEs (if the entity does not make the relevant disclosures). In our view, requiring the firm to publicly disclose fee information is not appropriate, and therefore we urge the XRB to not mandate such disclosures.

Such disclosures should be made by the entity and driven by requirements in sustainability reporting standards. The New Zealand Climate Standards do not currently require the

disclosure of fees for sustainability assurance engagements. Consequentially, this is a matter for the Sustainability Reporting Board to address.

We note that where the same firm conducts the financial statement audit and the sustainability assurance engagement, the entity would be required to disclose in its financial statements the fee for the sustainability assurance engagement as part of the disclosures required in FRS-44 New Zealand Additional Disclosures paragraph 8.3. Given this disclosure is not in the sustainability report or climate statement, users of the sustainability information may not be able to locate it.

### **Determination of a PIE**

We have concerns about proposed paragraph 5400.13a which says that, where an entity is voluntarily treated as a PIE for the financial statement audit, it does not have to be treated as a PIE for the sustainability assurance engagement. We acknowledge that this is unlikely to happen in practice if the same firm is performing both engagements, but complications that are not in the public interest may arise if these engagements are conducted by different firms.

### **Non-assurance services**

In our experience, the self-review threat prohibition is not very well understood amongst NPAPs. The word “might” is not consistently considered as the mere possibility of a self-review threat occurring and is often interpreted as needing to be *probable* that a self-review threat would occur. This appears to be most prevalent in relation to information technology systems services. This misunderstanding will result in misapplication and inconsistencies in practice and implementation guidance should be provided to minimise the possibility of unintended consequences.

### **Sustainability information definition**

We note that the definition of “sustainability information” in the glossary contained in the proposed other revisions to the Code relating to sustainability assurance and ethics ED IESSA (NZ) differs to that in the proposed ISSA (NZ) 5000. Although we recognise the IESBA’s reasoning that the corresponding definitions in ISSA 5000 and Part 5 the IESBA Code are substantively similar and result in the same outcome, we are concerned this may still result in unintended consequences, given that the standards are intended to be applied together. We encourage the XRB to fully align the definitions in the New Zealand context.

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

Our understanding is that many firms that intend to transition to ISSA (NZ) 5000 would use the IESSA (NZ).

**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)?**

We agree with the proposed New Zealand changes. Please see our response to question 4 for matters for the Board's consideration in relation to the IESSA (NZ).

**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?**

We support adopting the revisions to PES 1 addressing using the work of an external expert.

However, there are some issues in relation to the proposed revisions that the Board needs to consider. We also raised these matters with the Australian Professional and Ethical Standards Board (APESB) in our [submission](#) on its consultation on the same proposed revisions to APES 110.

**Objectivity of external experts**

While we agree with raising the bar for an external expert's objectivity, members in smaller practices have expressed concerns that the proposed requirements might be challenging to implement due to New Zealand being a smaller market, and the limited number of experts available. To address this, we recommend the Board monitors this as a potential issue and, if necessary, provides guidance on the application of safeguards to address threats to an external expert's objectivity.

**Use of a secondary external expert**

An external expert may need to supplement their capabilities by directly engaging a secondary external expert for a specific aspect of an engagement. It is not immediately clear that this is permitted by the Code. We recommend the Board clarifies by way of guidance that 'resources available to the external expert' in paragraphs 290.7 A2, 390.7 A2 and 5390.7 A2 include a secondary external expert and hence is a relevant factor in evaluating whether the external expert has the necessary capabilities. The IESBA has addressed this in Q5 of its [Staff Q&As](#), and the APESB has done this in its [Basis for Conclusions](#).

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

We do not have any additional New Zealand changes to recommend.

**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?**

Yes, we support adding a third option to NZ SAE 1 enabling assurance practitioners to apply ISSA (NZ) 5000 for mandatory GHG assurance engagements as this will allow them to use a single methodology for both mandatory and voluntary sustainability assurance if they choose to adopt ISSA (NZ) 5000.

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

We support the amendment to introduce conditional requirements for one-to-many reports to NZ SAE 1. As the stated purpose of the amendment is to drive consistency in practice by introducing similar requirements to ISSA (NZ) 5000, we recommend that the Board also considers whether there is also content in paragraphs 52, 54 and 55 of ISSA (NZ) 5000 which may also be relevant to practitioners who are not applying ISSA (NZ) 5000.

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

Given that NZ SAE 1 currently includes ISAE (NZ) 3410 as one of the options, we agree that it is appropriate to temporarily retain ISAE (NZ) 3410 during a reasonable period of transition until ISSA (NZ) 5000 has been implemented in the New Zealand market.

**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, we agree with the proposed application date.

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

In the CP the Board stated that it is interested in how practitioners are dealing with scope 3 GHG assurance engagements. We made comments on this matter in our recent [submission](#) to the XRB on the proposals to further extend the adoption provisions for the disclosure and assurance of scope 3 GHG emissions.



# Appendix B

## About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.