Transitional Questions and Answers

Sustainability assurance, ethics and independence for Greenhouse Gas disclosures

ISSA (NZ) 5000 *General Requirements for Sustainability Assurance Engagements* and PES 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* are the internationally aligned standards that will apply to mandatory assurance of greenhouse gas (GHG) disclosures required by the Financial Markets Conduct (FMC) Act 2013 for periods beginning on or **after 15 December 2026**.

What do I need to know now?

Is ISSA (NZ) 5000 specific to a particular reporting framework e.g. NZ CS?

1. No, ISSA (NZ) 5000 is framework neutral. It applies to assurance engagements on sustainability information, regardless of the type of sustainability information or how that information is presented (ISSA 5000 Implementation Guide, paragraph 2).

   This means it can be applied to assurance of the climate statements prepared under the current Aotearoa New Zealand Climate Standards (NZ CS), and can also apply if New Zealand's climate reporting standards change in the future.

Who can perform GHG assurance engagements under the new standards?

2. ISSA (NZ) 5000 and Part 5 of PES 1 can be used by all independent, competent assurance practitioners who performed mandatory assurance engagements under NZ SAE 1.

   All practitioners we engaged with on consultation confirmed that they intended to transition to these new standards in line with the applicable dates.

What do I need to do now (for periods beginning before 15 December 2026)?

Can I still use NZ SAE 1?

3. Yes. NZ SAE 1, *Assurance Engagements over Greenhouse Gas Emissions*, is the applicable assurance standard for periods beginning before 15 December 2026. During the transition period, practitioners may continue to use:

   - ISAE (NZ) 3410, *Assurance Engagements on Greenhouse Gas Statements* or
   - ISO 14064-3:2019, Part 3: *Greenhouse gases Part 3: Specification with guidance for the verification and validation of greenhouse gas statements*,

   subject to the additional requirements in NZ SAE 1.

Can I early adopt ISSA (NZ) 5000 and/or Part 5 of PES 1?

4. Yes, early adoption of these standards is permitted. If an assurance practitioner decides to early adopt ISSA (NZ) 5000 they are not required to apply NZ SAE 1 for periods that begin before 15 December 2026. (Basis for Conclusions para 40)

   Assurance practitioners may want to early adopt ISSA (NZ) 5000 for Trans-Tasman engagements.

Do I need to apply the requirements of Part 5 of PES 1 if I early adopt ISSA (NZ) 5000?

5. No, if ISSA (NZ) 5000 is early adopted, the assurance practitioner is not required to (but may) early adopt Part 5 of PES 1. Likewise, if Part 5 of PES 1 is early adopted, the assurance practitioner is not required to early adopt ISSA (NZ) 5000. (Basis for Conclusions para 41)

   If the assurance practitioner chooses to early adopt ISSA (NZ) 5000 but not Part 5 of PES 1 they are required to apply the requirements of Part 4B of PES 1 until applicable date of the new PES 1. (Basis for Conclusions para 42)

What happens for accounting periods beginning after 15 December 2026?

Can NZ SAE 1 be used for accounting periods beginning after 15 December 2026?

6. No. NZ SAE 1 cannot be used for periods beginning on or after 15 December 2026.

   NZ SAE 1 has been revoked by ISSA (NZ) 5000. While NZ SAE 1 has been revoked, it continues to apply for accounting periods that begin before 15 December 2026, except if you are an early adopter of ISSA (NZ) 5000 (paragraph 0.7 of ISSA (NZ) 5000).

Can ISAE (NZ) 3410 be used for accounting periods beginning after 15 December 2026?

7. No. ISAE (NZ) 3410 can no longer be used for periods beginning on or after 15 December 2026. (XRB Basis for conclusions paragraph 54)

   ISSA (NZ) 5000 applies to all assurance engagements on sustainability information and to all types of sustainability information regardless of how that information is presented (refer ISSA (NZ) 5000, paragraph 8). This includes GHG information presented in the form of a GHG statement. (Question 3 IAASB staff publication)

Can ISO 14064:3 -2019 still be used for mandatory assurance engagements on GHG emissions disclosures for accounting periods beginning after 15 December 2026?

8. No. ISO 14064-3:2019 can no longer be used for periods beginning on or after 15 December 2026.

   ISSA (NZ) 5000 is practitioner neutral and can be used by all assurance practitioners including those who have previously used ISO 14064-3:2019.

   All practitioners we engaged with on consultation confirmed that they intended to transition to these new standards in line with the applicable dates. The new standards do not change who can perform the mandatory assurance engagements.

Does ISSA (NZ) 5000 have to be applied with other XRB standards?

9. ISSA (NZ) 5000 is a stand-alone standard and does not require other XRB assurance performance standards to be applied. This allows practitioners who are not familiar with the ISAs or International Standards on Assurance Engagements (ISAEs) to use it effectively.

   ISSA (NZ) 5000 does require assurance practitioners to comply with PES 1, *International Code of Ethics for Professional Accountants (including International Independence Standards)* related to sustainability assurance engagements of the International Ethics Standards Board for Accountants, and be a member of a firm that applies International Standard on Quality Management (PES 3), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* or follow professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding as the PES 1 and PES 3. These are essential elements of robust and reliable assurance engagements. (IAASB ISSA 5000 FAQ January 2025)

Because the NZAuASB has issued ISSA (NZ) 5000, Part 5 of PES 1 and PES 3, these are the three standards applicable to mandatory GHG assurance engagements required by the FMC Act 2013 for periods beginning on or after 15 December 2026.

Additional information on relevant ethical requirements and requirements for quality management is available in the ISSA 5000 Implementation Guide.

Can I use ISAE (NZ) 3000 for any sustainability assurance engagements after ISSA (NZ) 5000 becomes applicable?

10. No, as New Zealand has adopted ISSA (NZ) 5000. ISSA (NZ) 5000 applies to all assurance engagements on sustainability information performed once the standard is applicable, for periods beginning on or after 15 December 2026. Therefore, ISAE (NZ) 3000 will no longer apply to sustainability assurance engagements after the application date of ISSA (NZ) 5000. (ISSA 5000 FAQ 1)

Other Considerations

Can ISSA (NZ) 5000 be used for engagements other than the assurance of GHG disclosure?

11. Yes ISSA (NZ) 5000 can be used for the following types of assurance engagements

- Attestation engagements, when a party other than the practitioner (such as management of the entity) measures or evaluates the sustainability matters against the criteria and presents the resulting sustainability information in a report or statement. ISSA (NZ) 5000 does not apply to direct engagements. These are engagements in which the practitioner measures or evaluates the sustainability matters against the criteria and concludes on the reported outcome of the measurement or evaluation of the sustainability matters against the criteria.
- Limited assurance, reasonable assurance or combined assurance engagements. Combined assurance engagements arise when limited assurance is obtained on selected information and reasonable assurance on other information and the conclusions are presented in the same assurance report.
- Sustainability information reported under either a compliance or a fair presentation framework.
- Assurance engagements on general purpose sustainability information. ISSA (NZ) 5000 does not include specific requirements for assurance engagements on special purpose sustainability information. Special purpose sustainability information is designed to meet the information needs of specific users, such as sustainability reporting required under a contract. However, the practitioner may be able to adapt and supplement ISSA (NZ) 5000 as necessary in the engagement circumstances for an assurance engagement on special purpose sustainability information.

(IAASB ISSA 5000 First-time Implementation Guide, paragraph 12).