

## RESPONSE TEMPLATE FOR EXPOSURE DRAFT OF PROPOSED ISSA 5000, *GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS*

### Guide for Respondents

Comments are requested by **December 1, 2023**. *Note that requests for extensions of time cannot be accommodated due to the accelerated timeline for finalization of this proposed standard.*

This template is for providing comments on the Exposure Draft of proposed International Standard on Sustainability Assurance Engagements™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000), in response to the questions set out in the Explanatory Memorandum to ED-5000. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
  - Respond directly to the questions.
  - Provide the rationale for your answers. If you disagree with the proposals in ED-5000, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
  - Identify the specific aspects of ED-5000 that your response relates to, for example, by reference to sections, headings or specific paragraphs in ED-5000.
  - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the [ED-5000 webpage](#) to upload the completed template.

**Responses to IAASB’s Request for Comments in the Explanatory Memorandum for ED-5000, General Requirements for Sustainability Assurance Engagements**

**PART A: Respondent Details and Demographic information**

Your organization’s name (or your name if you are making a submission in your personal capacity)	ICAS
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	James Barbour, Director, Policy Leadership
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	jbarbour@icas.com
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">Europe</a>
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">Member body and other professional organization</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	<p>The Institute of Chartered Accountants of Scotland (ICAS) is a global, professional membership organisation and business network for Chartered Accountants. It’s also an educator, regulator, examiner and a professional awarding body.</p> <p>ICAS’ diverse membership is made up of over 23,000 world class business professionals who work in the UK and in more than 80 countries around the globe. Members of ICAS are also known by the letters CA, an exclusive professional designation in the UK.</p> <p>ICAS members operate at the forefront of ethical and sustainable business. Educated, regulated, and led by the highest standards of ethical leadership since 1854, they are at the top of their game. They are trusted professionals, that transform business and support one another for the greater good.</p>

Acting in the public interest is the guiding principle of all that ICAS does and we continually work to maintain trust in the finance profession. That ethos is enshrined in the ICAS Code of Ethics – which applies to all members, students and member firms, and is underpinned by our Royal Charter commitment.

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB's preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to ED-5000).

**Information, if any, not already included in responding to the questions in Parts B and C:**

## PART B: Responses to Questions in in the Explanatory Memorandum for ED-5000

*For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.*

### Overall Questions

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

*(See Explanatory Memorandum Section 1-A, paragraph 14)*

**Overall response:** [Agree, with comments below](#)

**Detailed comments (if any):**

As we set out in our 2022 paper ‘[Sustainability assurance: factors to consider](#)’ we welcome that the IAASB has decided to create a new set of assurance standards specifically to cover sustainability-related subject matter with ISSA-5000 to be the overarching standard. We believe this decision sends an important message to stakeholders as to how important this topic is to the IAASB, and this focus is very much in the public interest.

We believe that ED-5000 can be applied for each of the items described in paragraph 14 of the Explanatory Memorandum to provide a global baseline for sustainability assurance engagements. Although we are generally supportive of the proposed standard, we have set out in our responses to the questions below, areas where we believe it can be improved.

We welcome the pace at which the IAASB is undertaking this project to ensure that this global baseline can be derived within a reasonable time frame. We also believe it is important, as is recognised by the IAASB, for this standard to be framework-neutral, profession-agnostic and stand alone in order to satisfy this global baseline objective.

Whilst we acknowledge that in due course the IAASB will produce further assurance standards on specific related topics as are deemed necessary, we believe that it is essential that further content on key areas such as materiality and groups and consolidated information is incorporated into the finalised overarching standard.

We also have concerns that there could still be fragmentation of sustainability assurance standards (and therefore diversity in the performance of related engagements) which will cause confusion to assurance providers, users of sustainability assurance reports and other stakeholders, as there may be a lack of comparability across similar entities and/or industries. Fragmentation will also create additional complexity for multinational entities subject to reporting requirements in multiple jurisdictions. In addition to potentially having to adopt multiple sustainability reporting frameworks that may require the entity to maintain multiple systems and varied processes, controls, and resources, the required sustainability assurance obtained by the application of multiple sustainability assurance standards will add complexity and cost for both preparers and assurance practitioners, and ultimately, investors.

*Public Interest Responsiveness*

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

(See *Explanatory Memorandum Sections 1-B, and Appendix*)

**Overall response:** [Agree, with comments below](#)

**Detailed comments (if any):**

We agree that the proposals in ED-5000 are generally responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal. We have, however, set out in our responses to the questions below, areas where we believe there is scope for improvement in the current draft.

We believe it is essential that high-quality assurance and related ethics, independence and quality management standards apply to all those who are providing assurance on sustainability-related information. ED-5000 has the potential to serve as a global baseline in this regard, but it will need the support of regulatory bodies around the globe to achieve that objective. The IAASB's ongoing dialogue with such regulatory bodies is therefore crucial to ensure that the public interest will be served.

### **Specific Questions**

*Applicability of ED-5000 and the Relationship with ISAE 3410*

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

(See *Explanatory Memorandum Section 1-C*)

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

Within the IAASB's sustainability assurance standards specifically, we believe that there is a need for further clarity on the relationship between ED-5000 and ISAE 3410, Assurance Engagements on Greenhouse Gas (GHG) Statements, (ISAE 3410) to avoid inconsistencies in the nature and extent of procedures performed on GHG information. Currently, for example, two different work efforts on limited assurance engagements over the same GHG information would be allowed, depending on whether the practitioner used ED-5000 or ISAE 3410. This may not be easily understood or transparent to all users of the related sustainability assurance reports.

Although we support ED-5000, we have significant concerns about the consequences it brings in the form of inconsistencies with the existing assurance standards, both ISAE 3410 and ISAE 3000 (Revised). We believe that the requirements and application material dealing with assurance engagements on GHG statements should be aligned as soon as possible with ED-5000 instead of ISAE 3410. This is because we do not believe that an engagement to provide a separate conclusion on a GHG statement should be conducted substantially differently than an engagement to report on sustainability-related information.

### *Relevant Ethical Requirements and Quality Management Standards*

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

*(See Explanatory Memorandum Section 1-D)*

**Overall response:** [Yes, with comments below](#)

#### **Detailed comments (if any):**

We strongly agree that practitioners that undertake ED-5000 should be required to comply with relevant ethical requirements that are at least as demanding as the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) and comply with professional requirements regarding the firm’s responsibility for its system of quality management that are at least as demanding as ISQM 1. The requirements of these international standards are fundamental to serve the public interest and are key to the performance of quality assurance engagements. However, we acknowledge the challenges that likely face assurance practitioners that are not professional accountants to comply with these requirements. As such, we strongly suggest that the IAASB develop further implementation guidance:

- For non-accountant assurance practitioners that choose to apply ISQM 1 or an equivalent; and
- Explaining how a practitioner can perform an analysis to determine whether other professional requirements are at least as demanding, such as a detailed comparison of other professional requirements and the IESBA Code, either working with IESBA or encouraging IESBA to develop and issue further guidance timely.

Ultimately, it will be for jurisdictional regulators to determine what is deemed to be “at least as demanding”. In order to ensure consistency of application there is a need for discussion between the IAASB and bodies such as IFIAR to seek to promote a common understanding and application of this threshold.

Additionally, we note that paragraph 32 states the following in relation to the characteristics of the engagement lead:

- “(a) Competence and capabilities in assurance skills and techniques developed through extensive training and practical application;
- (b) An understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and circumstances of the assurance engagement; and
- (c) Sustainability competence sufficient to accept responsibility for the conclusions reached on the engagement.”

In line with the approach taken in (c) we also believe that there is a need to reflect in (a) the importance of engagement leaders possessing sufficient competence and capabilities in assurance skills and techniques to accept responsibility for the conclusions reached on the engagement.

*Definitions of Sustainability Information and Sustainability Matters*

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

*(See Explanatory Memorandum Section 1-E, paras. 27-32)*

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

The use of 'sustainability matters' when referring to information on sustainability-related risks and opportunities could lead to confusion, as this differs from the globally accepted use of the term 'sustainability' as meaning sustainable development in relation to economies, society and the environment. These risks are better referred to as sustainability-related matters. There should be a clear distinction between matters concerned with sustainable development and sustainability related matters that affect the organisation.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

*(See Explanatory Memorandum Section 1-E, paras. 35-36)*

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

Please refer to our response to question 5 in relation to the proposed definitions. We are, however, supportive of the proposed approach to distinguishing between the respective concepts.

*Differentiation of Limited Assurance and Reasonable Assurance*

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 45-48)*

**Overall response:** [Neither yes/no, but see comments below](#)

**Detailed comments (if any):**

Given that the standard is to be profession agnostic it is crucial that assurance practitioners are clearly able to understand the differentiation in work effort between limited assurance and reasonable assurance engagements. Clearly, some of these will have prior experience of applying ISAE 3000 in relation to assurance engagements on sustainability related-information but others will not. We therefore welcome that ED-5000 has sought to include guidance to help differentiate between these two different types of assurance engagement as this is a crucial area of the standard.

We are supportive of the input that the IAASB has already received from the CAG and other stakeholders indicating that clearly distinguishing the work effort is important to highlight the incremental procedures that would be required for a shift from a limited assurance engagement to a reasonable assurance engagement in the future (e.g., if mandated by law or regulation). We are supportive of the adoption of the approach that is consistent with that in ISAE 3000 (Revised) and ISAE 3410, i.e. requirements and application material in ED-5000 that apply to only limited assurance or reasonable assurance engagements have the letter “L” (limited assurance) or “R” (reasonable assurance), respectively, after the paragraph number. We are also supportive of the use of columnar format in ED-5000 to differentiate requirements that are specific to limited and reasonable assurance engagements, and agree that this helps to illustrate when there are corresponding requirements for both limited and reasonable assurance related to aspects of the engagement for which the work effort is different.

We do, however, believe that more practical guidance is required to better demonstrate the different levels of evidence required to be obtained and related documentation requirements for limited versus reasonable assurance engagements. In this regard, in our response to question 13 we have highlighted the need for further differentiation between the work effort required with regard to understanding the entity’s system of internal control for limited assurance versus reasonable assurance.

*Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement*

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

*(See Explanatory Memorandum Section 1-F, para. 51)*

**Overall response:** [Yes \(with no further comments\)](#)

**Detailed comments (if any):**

9. Does ED-5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

*(See Explanatory Memorandum Section 1-F, paras. 52-55)*

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

This is a very challenging area and one in which we believe further consideration is required by the IAASB as we believe that further clarification is required between the entity’s materiality assessment and the assurance provider’s determination of materiality.



*Suitability and Availability of Criteria*

10. Does ED-5000 appropriately address the practitioner's evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 56-58)*

**Overall response:** [Yes, with comments below](#)

**Detailed comments (if any):**

We welcome that paragraph A170 of ED-5000 states:

“Framework criteria that are embodied in law or regulation or are issued by authorized or recognized bodies of experts that follow a transparent due process are presumed to be suitable in the absence of indications to the contrary.”

However, given the multitude of existing frameworks this could still prove challenging to the assurer to determine.

11. Does ED-5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner's consideration or determination of materiality? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)*

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

ED-5000 is intended to be designed to be framework neutral with respect to reporting, which we applaud. However, we are not convinced that the proposed standard adequately deals with scenarios where an entity will be reporting under a double materiality lens. Given that reporting entities in the EU and others from outwith which are in scope will have to comply with a double materiality approach we believe this highlights the need for the proposed assurance standard to comprehensively deal with assurance engagements in relation to where this has been applied. We believe that the optimum approach to deal with this will be to include conditional requirements in relation to where an entity has applied a double materiality approach. Such requirements and related application material will need to reflect the more holistic approach that has been adopted by preparers and include matters to be considered by the assurer both in terms of completeness and in assessing the materiality of misstatements identified.

In this regard the finalised version of ED-5000 should recognise the importance of entities sequencing their materiality assessment requiring assessment of the organisation's most significant impacts to precede the assessment of the risks, opportunities and their impact on financial consequences as per the Global Reporting Initiative and European Sustainability Reporting Standards. Both perspectives are important in their own right, but so too is completeness, and significant impacts give rise to actual or potential risks and opportunities. They also affect dependencies. In related guidance the IAASB could consider referring to applicable guidance such as that provided by GRI Standards, GRI 3: Material Topics 2021 on determining material topics (as defined in GRI 3). It is particularly important that the process of determining material sustainability and sustainability related matters is included in the scope of assurance engagements.

### *Materiality*

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 65-74)*

**Overall response:** [Agree, with comments below](#)

#### **Detailed comments (if any):**

Whilst we are supportive of the approach we believe that further examples to better illustrate the concepts are necessary. These could be included in separate guidance and do not necessarily have to form part of the finalised standard.

### *Understanding the Entity's System of Internal Control*

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

*(See Explanatory Memorandum Section 1-F, paras. 75-81)*

**Overall response:** [Neither agree/disagree, but see comments below](#)

#### **Detailed comments (if any):**

We believe that further differentiation is needed between the work effort required with regard to understanding the entity's system of internal control for limited assurance versus reasonable assurance. We also believe that further consideration needs to be given to explaining the terminology used at different places e.g. "consider", "determine" and "evaluate", if these standards are going to be clear, particularly from a profession agnostic perspective.

Additionally, we do have a concern that the content is too prescriptive and does not appear to readily support innovation in the provision of assurance e.g. the use of technological tools such as AI where it might not be clear where their use would contravene the requirements.

### *Using the Work of Practitioner's Experts or Other Practitioners*

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner's firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are "another practitioner" and not members of the engagement team? If not, what suggestions do you have for making this clearer?

*(See Explanatory Memorandum Section 1-G, paras. 82-87)*

**Overall response:** [Yes \(with no further comments\)](#)

#### **Detailed comments (if any):**

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

(See *Explanatory Memorandum Section 1-G, paras. 88-93*)

**Overall response:** [Neither yes/no, but see comments below](#)

**Detailed comments (if any):**

We believe that further specificity is needed regarding the practitioner's responsibilities when using the work of a practitioner's external expert or another practitioner.

By their very nature sustainability-related information covers a wide variety of subject matters, which is one of the inherent challenges. This in many cases will require a wide range of technical skills and competences within the engagement team, supplemented by experts as appropriate to appropriately perform an assurance engagement on the subject matter information. The use of a practitioner's external expert may therefore be crucial to the successful performance of such assurance engagements. We therefore believe that the standard needs to be comprehensive in relation to such circumstances which are likely to be pervasive. In this regard, in relation to situations where an assurer is using the services of a practitioner's external expert or another practitioner and cannot be sufficiently involved in their work we believe ED-5000 needs further application material.

*Estimates and Forward-Looking Information*

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See *Explanatory Memorandum Section 1-G, paras. 94-97*)

**Overall response:** [Disagree, with comments below](#)

**Detailed comments (if any):**

As IAASB is aware this is one of the more challenging areas for assurance practitioners. However, we believe IAASB has to revisit its approach to this area as it is rather weak and appears to recognize this by its statement in the explanatory memorandum that this matter could be addressed further in a separate topic-specific ISSA in the future. Whilst we recognise that there will undoubtedly be a need to revisit this area in the future, the current content is not yet at a satisfactory stage and more work is required.

Estimates are generally quantitative in nature and therefore are well served by the requirements and application material of ISA 540. However, forward looking information is more qualitative in nature and not readily applicable to the approach adopted in ISA 540. We note that the application material in ED-5000 recognises this distinction. Therefore, the approach adopted at paragraphs such as A228 needs to be better reflected in the requirements to ensure that this distinction is more clearly highlighted.

In summary, separation is needed between the procedures required for estimates and those needed for forward-looking information. In both cases, the requirements related to those topics need to be aligned and consistent with existing IAASB standards.

### *Risk Procedures for a Limited Assurance Engagement*

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

*(See Explanatory Memorandum Section 1-G, paras. 98-101)*

**Overall response:** [Yes, with comments below](#)

#### **Detailed comments (if any):**

Whilst we are supportive of the proposed approach, additional specificity is needed on the risk procedures expected to be performed for a limited assurance engagement in order to mitigate the risk of inconsistency in practice.

### *Groups and “Consolidated” Sustainability Information*

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-G, paras. 102-107)*

**Overall response:** [Disagree, with comments below](#)

#### **Detailed comments (if any):**

Although we are supportive of the principle-based requirements in ED-5000 on the sustainability-related information of groups or in other circumstances when ‘consolidated’ sustainability-related information is presented by the entity, we do not believe that ED-5000 addresses in detail the challenges for practitioners on multi-location or multi-site engagements, nor the challenges of access and reliability of information related to an entity outside the control of the reporting entity. Whilst we agree that additional guidance on “group” information can be issued as a separate standard, we believe it is essential that:

- Certain requirements and guidance be added to ED-5000 before its finalisation, including a requirement for the practitioner to perform procedures on the aggregation/consolidation process of sustainability-related information and further guidance on materiality and reporting boundary concept; and
- The IAASB issue some form of implementation guidance for group engagements concurrent with the effective date of ED-5000. We believe that issuing ED-5000 without any additional implementation guidance for group engagements will create a risk of inconsistent application of ED-5000 for these engagements.

### *Fraud*

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

*(See Explanatory Memorandum Section 1-G, paras. 108-110)*

**Overall response:** [Neither agree/disagree, but see comments below](#)

#### **Detailed comments (if any):**

This is a complex matter, and we question upfront whether “greenwashing” will always necessarily be a subset of “fraud”. This matter is not helped by the current lack of a globally accepted definition of “greenwashing”. We understand and welcome the use of proposed requirements and application material that are based on those in extant ISA 240. These provide a solid foundation, however, we believe that further consideration is required by the IAASB to better meet the challenges that assurers are likely to face when encountering potential instances of “greenwashing”, which may include an entity inadvertently placing too much emphasis on positive aspects of its sustainability performance or by making narrowly focused statements that do not take account of the holistic nature of its activities.

IAASB standards have recently made greater use of ‘stand-back requirements and this would appear to be an area where such a requirement, to take place towards the conclusion of an assurance engagement, would be of benefit in mitigating against the risk of “greenwashing”.

### *Communication with Those Charged with Governance*

20. Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-G, paras. 111-112)*

**Overall response:** [Yes \(with no further comments\)](#)

#### **Detailed comments (if any)**

### *Reporting Requirements and the Assurance Report*

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

*(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)*

**Overall response:** [Yes, with comments below](#)

#### **Detailed comments (if any):**

It is essential that an assurance report clearly conveys to users the information that has been subject to assurance and the level(s) thereon. Any information not within scope of the engagement should be clearly identifiable by users. Whilst we accept, and indeed see benefit, in assurance engagements being a mix of

limited and reasonable assurance, this does increase the potential risk of misunderstanding by users as to the level of assurance that has been obtained by the sustainability assurance practitioner on specific matters.

We question whether there is a need to include a specific section on inherent limitations in preparing the sustainability-related information. We believe that the preparers of the information should disclose such matters.

(See Explanatory Memorandum Section 1-G, paras. 121-123)

22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-G, paras. 121-123)*

**Overall response:** [Agree, with comments below](#)

**Detailed comments (if any):**

At this time we are supportive of the IAASB’s proposed approach in this regard. However, we do believe that over time as recognised by the IAASB this is likely to be an area that is required to be revisited in a future ISSA to ensure that the reporting requirements continue to serve the public interest.

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-G, para. 131)*

**Overall response:** [Yes \(with no further comments\)](#)

**Detailed comments (if any):**

*Other Matters*

24. Are there any public sector considerations that need to be addressed in ED-5000?

*(See Explanatory Memorandum Section 1-I, para. 135)*

**Overall response:** [Yes, with comments below](#)

**Detailed comments (if any):**

We believe there is a need for the IAASB to ensure that it undertakes sufficient outreach with public sector bodies across the globe to ensure that the finalised standard appropriately deals with any specific public sector considerations. For example, we are aware that auditor appointments in the public sector can be on

a statutory footing and therefore the acceptance and continuation paragraphs of the proposed standard would need to reflect that.

25. Are there any other matters you would like to raise in relation to ED-5000?

**Overall response:** [Yes, as further explained below](#)

**Detailed comments (if any):**

We would highlight the following:

*Extent of application material*

The length of the standard is a concern, and we request that the IAASB review the extent of the application material to ensure that it is all necessary and relevant and not merely repetitive in nature. In that regard we would highlight paragraphs such as A221 which does not appear to add anything but rather just repeats the requirement established at paragraph 70 (b).

*Connectivity*

There is ever increasing focus by users on the connectivity between financial and sustainability reporting. This will become increasingly important, and we therefore believe that the proposed standard needs to be clearer on the communications that should take place between the financial statement auditor and sustainability assurance provider. This would of course need to take into consideration applicable laws and regulations on confidentiality.

*Other information*

Paragraph 12 of ED-5000 states:

"12. Sustainability information also may be presented together with the entity's audited financial statements, for example, as a part of the entity's annual report or in a separate document or documents accompanying the annual report. In these circumstances, the audited financial statements are considered other information for purposes of this ISSA."

Where the assurance engagement on the sustainability-related information is being undertaken by another assurance provider who does not have knowledge of financial reporting this might prove to be a considerable challenge.

### **Part C: Request for General Comments**

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

**Overall response:** [No response](#)

**Detailed comments (if any):**

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISSA. If not, what do you propose and why?

**Overall response:** [Agree \(with no further comments\)](#)

**Detailed comments (if any):**