

## 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)	WPK
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Dr. Michael Hüning
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Jan Langosch Steffen Branz
E-mail address(es) of contact(s)	<a href="mailto:Jan.langosch@wpk.de">Jan.langosch@wpk.de</a> <a href="mailto:Steffen.branz@wpk.de">Steffen.branz@wpk.de</a>
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).	Wirtschaftsprüferkammer (WPK) is a corporation under public law, whose members are German public accountants, German sworn auditors, German public audit firms and German firms of sworn auditors in Germany. As the representative of the entire profession of auditors in Germany WPK represents their professional interests towards the public and articulates these interests towards lawmakers, competent courts and other authorities.

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):**

- WPK would like to thank the IAASB for the opportunity to comment on ED-5000 and to congratulate the IAASB for the excellent work done so far. In general, the draft standard is clearly structured and easy to understand. The application material is principally suitable for all practitioners to get a sufficient understanding of the requirements. Both provide an appropriate global baseline for sustainability assurance engagements.
- It is sufficiently clear that the requirements established in this standard shall be applied equally by all practitioners (PAs and Non-PAs).

### 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 \(with no further comments\)](#)

**Detailed comments (if any):**

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

**Detailed comments (if any):**

*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):**

- **WPK generally agrees with the concept „at least demanding“.**
- **However, it needs to be made clear that such alternative ethical requirements must be “at least demanding” in each individual category and not only in their entirety with some requirements exceeding and some other requirements falling below the IESBA Code.**

*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:** Yes (with no further comments)

**Detailed comments (if any):**

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:** Yes (with no further comments)

**Detailed comments (if any):**

*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:** Yes (with no further comments)

**Detailed comments (if any):**

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

**Detailed comments (if any):**

*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 \(with no further comments\)](#)

**Detailed comments (if any):**

11. Does ED-5000 appropriately address the notion of "double materiality" in a framework-neutral way, ? If not, what do you propose and why?

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

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

**Detailed comments (if any):**

*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):**

- We agree with the general approach. The requirements relating to “materiality” are basically clear, understandable and applicable.
- However, the requirements and application material to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures may not be sufficient.

**Recommendation:**

- We encourage the IAASB to include further application material and guidance in the Standard in order to ensure a consistent application by all practitioners. This relates most of all to the quantitative materiality considerations referred to in paragraphs A279 to A281 given the expected great number of different units of measure used in the sustainability reporting as well as the broad range of potential users who may have different information needs or a different tolerance for misstatement.

*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:** Agree (with no further comments)

**Detailed comments (if any):**

*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:** No, with comments below

**Detailed comments (if any):**

- The requirements expressed in paragraphs 41, 42 and 49 through 54 are not sufficiently clear.

**Recommendations:**

- First of all, the three mentioned categories “Internal Expert”, “External Expert” and “Another Practitioner” should each be defined separately in paragraph 17. A clear classification of the involved experts or practitioners to the three mentioned categories as well as the determination whether they are part of the engagement team or not are of special importance due to the different requirements associated with them.

- Furthermore, it is not clear who is covered by the category of "Another Practitioner". On the one hand, it is conceivable that "Another Practitioner" is an individual or firm inside or outside the Practitioner's network who is active as a kind of „Component Auditor“ within the scope of the group audit. On the other hand, it is conceivable as well that "Another Practitioner" is an individual or firm who has no organizational relationship with the Practitioner (e.g. another practitioner not being part of the network having conducted a separate assurance engagement for a significant supplier in the supply chain). The distinction between these two categories should be clearly described in the Standard in addition to the guidance given in A22.
- One of the consequences is that the ability to obtain information from the other practitioner may widely differ. Paragraph A 117 acknowledges that it may become more and more difficult to get access to the work of another practitioner the further down the entity's value chain that information resides. However, the consequences and the potential reaction of the practitioner are not clearly described. Paragraph A 117 only refers to paragraph A 125 with regard to scope limitations. Therefore, additional guidance should be provided on this topic.
- The guidance in respect of the communication between the practitioner and an external expert or another practitioner does not seem to be sufficient. In particular, paragraph 52 of the Standard requires communication with the other practitioner only with regard to the findings of the work. We recommend to include guidance for the communication about other relevant aspects of the other practitioner's work in the requirements (Para. 51-54 of the Standard) and / or in the respective application material (A117 to A125).

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:** Yes (with no further comments)

**Detailed comments (if any):**

*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):**

- The WPK welcomes that the requirements on estimates and forward-looking information are addressed in the standard. Both topics are of considerable importance in financial reporting. Similarly, estimates and forward-looking information are also expected to play a significant role in sustainability reporting in the future.

**Recommendation:**

- **Against this background, we consider the requirements to be somewhat concise and recommend to provide additional application material.**
- **In the context of financial statement audits, estimates as dealt with in ISA 540 relate mainly to “historical financial information”. On the other hand, forward-looking information pertains to prospective financial data and is characterized by a notably higher level of uncertainty (refer to ISAE 3400). Similarly, we recommend that the IAASB provide distinct and comprehensive guidance on both subjects in relation to sustainability assurance engagements.**

*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 no further comments)**

**Detailed comments (if any):**

*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:** **Agree, with comments below**

**Detailed comments (if any):**

- **Please refer to our concerns expressed in question 14.**
- **The requirements and the application material are comprehensible and generally sufficient. However, we would like to point out that obtaining audit evidence is more difficult in certain cases, for example if the „other practitioner“ operates outside the practitioner's network and/or is based in other cultural jurisdictions.**



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

**Detailed comments (if any):**

*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 \(with no further comments\)](#)

**Detailed comments (if any):**

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 \(with no further comments\)](#)

**Detailed comments (if any):**

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:** No (with no further comments)

**Detailed comments (if any):**

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):**

- The requirements and application material on scalability in paragraph 13 seem to be very general and too brief. In particular, there is no guidance regarding the areas in which scaling is possible.

**Recommendation:**

We recommend to include additional guidance on the areas in which scaling is possible and conceivable.

- According to Paragraph 137, the practitioner shall accumulate misstatements identified during the engagement, other than those that are clearly trivial.

**Recommendation:**

In view of the large number of measured variables (e.g. monetary values, weights, full time equivalents, areas, etc.) more detailed guidance regarding such accumulation is desirable.

- A qualified conclusion is required according to paragraph 184 if the "effects ... of a matter are not so material and pervasive as to require ...".

**Recommendation:**

We suggest to replace the wording "not so material and pervasive" by the wording "material, but not pervasive" like it is also used in ISA 705.

**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 ISA. If not, what do you propose and why?

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

**Detailed comments (if any):**