

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

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)	ACTEO AFEP MEDEF
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Lise Chorques, ACTEO Elisabeth Gambert, Le Quang Tran Van, AFEP Karine Merle, Emilie Blaise, MEDEF
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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.	<u>Europe</u>
	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.	<u>Member body and other professional organization</u>
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	AFEP, ACTEO and MEDEF are the 3 main business organisations representing French companies from all sectors and sizes.

PART 2: SURVEY QUESTIONS

What is the IAASB's aim in issuing [ED-5000](#)?

Sustainability reporting has quickly become a matter of global importance and stakeholders are increasingly demanding assurance on sustainability information. The IAASB developed ED-5000 in response to the public interest need for a timely standard that supports the consistent performance of quality sustainability assurance engagements. ED-5000 is principles-based, but with sufficient specificity to drive consistency in the conduct of sustainability assurance engagements for all entities, regardless of size and complexity. It was developed on the basis that it can be applied for:

- *All sustainability topics (e.g., climate, labor practices, biodiversity) and aspects of topics (e.g., risks and opportunities, governance, metrics and key performance indicators)*
- *All mechanisms for reporting of sustainability information (e.g., a stand-alone sustainability report, inclusion in an annual report or an integrated report)*
- *Sustainability information prepared in accordance with a recognized reporting framework or any other suitable criteria*
- *All intended users, whether concerned with the impacts of the entity on the environment, society, economy or culture, or the impacts of sustainability matters on the entity*
- *Limited and reasonable assurance engagements*
- *Use by all assurance practitioners, whether professional accountant or non-accountant assurance practitioners (i.e., profession agnostic)*

Additional information for reference: [Explanatory Memorandum](#), paragraphs 2-4, 13-14

Global Baseline Standard for Assurance Engagements on Sustainability Information (Question 1)

1. Do you agree that it is important for ED-5000 to be capable of being applied for each of the items listed above to provide a global baseline for sustainability assurance engagements?

Overall View:

- Yes
- No
- Undecided
- No View

[If No] Please indicate which of the items listed above are, in your view, not important for ED-5000 to address and why. *

Please also share any specific views you may have, and be as specific as possible about how ED-5000 should address each of the individual items above and whether it does so.

■ All sustainability topics

French companies welcome the development of ED-5000 as a principles-based global baseline for the assurance of sustainability information for the following reasons:

- As of FY 2024, EU companies will be progressively subject to mandatory sustainability reporting according to **ESRS (European Sustainability Reporting Standards) which cover a large variety of sustainability topics** such as climate change, pollution, water resources, biodiversity, circular economy, workforce, workers in the supply chain, affected communities, consumers, business conduct and governance. Considering the large scope of their reporting obligations and the permanent evolution of sustainability topics, **French companies consider the wide scope of ED-5000 appropriate.**
- **Sustainability reports will have to be audited by statutory auditors or independent assurance services providers** according to assurance standards to be adopted by the EU Commission no later than 1 October 2026 for limited assurance standards, followed no later than 1 October 2028 by reasonable assurance standards if certain conditions are met.
- It is in the interest of EU companies that non-EU competitors not only publish equivalent sustainability information, but are also subject to high-quality assurance engagements performed according to high-quality international standards developed by the IAASB. Only an international level-playing field will be able to ensure the necessary trust in assurance engagements on sustainability information performed around the world. **This is why French companies are in favour of a convergence between the future EU assurance standards and the international standards developed by the IAASB.**

Regarding the scope of ED-5000, French companies have the two following concerns:

- **They wonder whether the fact that ISAE 3410 regarding assurance engagements on greenhouse gas statements co-exists next to ISSA 5000 might create some confusion.** Indeed, climate related reporting is a central part of sustainability reports and **ideally there should be one single standard for assurance engagements on all sustainability topics.**
- They also suggest underlining more explicitly that the **assurance engagement according to ISSA 5000 will also cover the materiality assessment performed by entities** (see our more detailed response to question 4).

■ All mechanisms for reporting

French and EU companies will have to publish their sustainability reports as part of the management report. It is however important that assurance engagements for sustainability information published in other jurisdictions as stand-alone documents or integrated reports are performed with the same rigour and consistency. **French companies therefore support the approach of ED 5000 which may apply to all sustainability reports regardless of their integration in the annual report or not.**

■ Any suitable criteria

French companies support the framework agnostic nature of ED 5000 as it is likely that several reporting frameworks will continue to co-exist in the near future (ESRS, IFRS S1, S2, SASB, CDSB Framework, GRI, IR, ...). Users should be able to rely on the same rigour performed for assurance engagements performed on information reporting against these different frameworks.

■ All intended users

French and EU companies will have to report on sustainability risks, impacts and opportunities identified through the double materiality lens. It is therefore essential that ISSA 5000 allows for assurance engagements taking into account, as proposed, the intended users' needs according to the double materiality principle which is wider than those of the financial materiality.

■ Limited and reasonable assurance engagements

In the EU, during the first years, only limited assurance engagements will be mandatory. In 2028 the Commission will then have to assess whether reasonable assurance is feasible for auditors and for undertakings and adopt reasonable assurance standards accordingly.

The evolution towards reasonable assurance will require time as both practitioners and preparers have only moderate experience of assurance auditing. Even in France, which was among the first countries in the world to introduce mandatory assurance of sustainability information, only limited assurance engagements have been mandatory and cover a much more limited set of information than the ESRS. A change in the level of assurance, however gradual, will therefore entail a major upheaval for companies. Given the nature of sustainability data (forward looking, qualitative, intangible, covering a wide variety of indicators collected and consolidated with a different level of maturity of methodologies and IT systems, etc.), **a proportionate approach is needed** which takes into account the difficulties for practitioners and preparers concerning certain data (see in particular our more detailed comments on reasonable assurance engagement on forward looking information).

■ Use by all assurance practitioners

The assurance of sustainability information requires very specific expertise, which is why it should not be the same team of financial auditors that carries out the sustainability assurance engagement. The teams must be different and/or, where appropriate, have a specialisation/accreditation justifying their expertise. French companies have the choice between auditors and independent assurance service providers which allows a plurality of players to emerge on the market and avoid oligopolistic market

structures. In practice, companies frequently choose the same firm providing both financial audit and sustainability assurance with different teams which facilitates the understanding of the audited entity's activities, organisation, processes and environment (including reporting processes and internal control environment), determination of the scope and the interconnection between the financial and sustainability areas. In any case, communication between the two audit teams will be key to this process and should be addressed by the ED.

Relevant Ethical Requirements and Quality Management Standards (Question 2)

ED-5000 is based on two fundamental premises:

- The members of the engagement team are subject to the provisions of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding.
- The practitioner who is performing the engagement is a member of a firm that is subject to International Standard on Quality Management (ISQM) 1, or other professional requirements, or requirements in law or regulation, regarding the firm's responsibility for its system of quality management, that are at least as demanding as ISQM 1.

The concept of "at least as demanding" is not new for assurance practitioners familiar with the IAASB's assurance standards as it currently exists in ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Law, regulation or professional requirements in a jurisdiction may specify relevant ethical requirements or requirements relating to quality management to be applied in the conduct of assurance engagements and may provide guidance about what constitutes "at least as demanding" for the IESBA Code and the ISQMs.

Why is this important?

Sustainability assurance engagements will be performed by assurance practitioners with a wide range of skills and competencies. Quality management within firms that perform these assurance engagements, and compliance with ethical principles, including independence requirements, are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. Therefore, when a practitioner performs a sustainability assurance engagement in accordance with ED-5000, it is important to recognize that the requirements in the proposed standard reflect these fundamental premises.

Additional information for reference: [Explanatory Memorandum](#), paragraphs 23-26
[ED-5000](#), paragraphs 5-6, A4-A9, A44-A48, A53-A56

2. In your view, is the concept of "at least as demanding" clear?

Overall View

- Yes
- No
- Undecided

[If No] If not, how might the IAASB address this? *

Please also share your specific views, if any, about why the fundamental premises in ED-5000 are important.

The standard is sufficiently clear.

Terminology –Sustainability Matters, Sustainability Information and Disclosures (Question 3)

Sustainability matters - Environmental, social, economic and cultural matters, including:

- (i) The impacts of an entity's activities, products and services on the environment, society, economy or culture, or the impacts on the entity, and
- (ii) The entity's policies, performance, plans, goals and governance relating to such matters.

In the IAASB proposals, sustainability-related information ('sustainability information') is information about sustainability matters. The term "sustainability matters" is difficult to define given the different uses and descriptions in sustainability reporting standards and numerous other sources.

Similarly, sustainability reporting frameworks may refer to or describe "disclosures" about sustainability information in different ways. Regarding the specific disclosures that may be required, reporting frameworks may address different topics (e.g., climate, biodiversity, labor practices, human rights) and aspects of those topics (e.g., governance, metrics, risks and opportunities). The IAASB's proposals refer to disclosure(s) as the specific information provided by an entity about an aspect of a topic (e.g., disclosures about an entity's governance practices related to climate). Disclosures can be in various forms (qualitative information or quantitative information) and may be limited to a single paragraph or table or may span multiple pages in a sustainability report or other reporting mechanism.

ED-5000 is intended to be framework neutral – in other words, capable of being used for sustainability information prepared under any established framework or other suitable criteria. Therefore, the definitions in ED-5000 are intentionally broad in order to be reflective of the current sustainability environment and the concepts embedded in various sustainability reporting frameworks..

Additional information for reference: [Explanatory Memorandum](#), paragraphs 27-36
[ED-5000](#), Appendix 1

3. Do you agree with the terminology for sustainability matters, sustainability information and disclosures in ED-5000?

Overall View

- Yes
- No
- Undecided
- No View

[If No] **If not, what suggestions do you have to make it clearer? ***

Please also provide your specific suggestions or views about:

Sustainability matters

The standard is sufficiently clear.

Sustainability information

The standard is sufficiently clear.

Disclosures

The standard is sufficiently clear.

THE ENTITY'S "MATERIALITY PROCESS" AND THE NOTION OF "DOUBLE MATERIALITY" (QUESTIONS 4 AND 5)

Materiality plays a critical role under the IAASB proposals. Entities make materiality judgments to focus their reporting on sustainability-related information that is useful to the primary users of that information. In deciding whether to accept or continue a sustainability assurance engagement, ED-5000 requires the practitioner to obtain a preliminary knowledge of the engagement circumstances, including an understanding about the sustainability information the entity expects to report. In doing so, the practitioner may consider whether management has applied an appropriate process regarding the disclosure of material information. This process may be referred to as the entity's "materiality process," or "materiality assessment," among other terms, and is critical to determining whether the disclosures comply with the reporting framework or other suitable criteria.

The entity's "materiality process" also may be relevant to the practitioner's determination of the appropriateness of the scope of the proposed assurance engagement. One of the preconditions to accepting or continuing a sustainability assurance engagement is whether the engagement exhibits a rational purpose. An engagement may not have a rational purpose if the scope of the engagement includes only part of the sustainability information expected to be reported, and that would be misleading to intended users.

How does the standard consider "double materiality?"

Some reporting frameworks require "double materiality" to be applied in preparing the sustainability information to assist decision-making by intended users. Intended users may be interested in the impacts of sustainability matters on the entity, the impacts of the entity on sustainability matters, or both. When intended users are interested in the "two-way" impacts, this can be referred to as double materiality. However, the criteria may not require consideration of, and certain users may not be focused on, both perspectives. Therefore, the notion of double materiality is not always relevant to every sustainability assurance engagement.

The requirements of the reporting framework related to the entity’s “materiality process” provide a frame of reference for the assurance practitioner’s consideration of materiality. However, it is not the same as the practitioner’s materiality, which is used in developing the approach to the assurance engagement and when evaluating whether the sustainability information is free from material misstatement. If the notion of double materiality is relevant to the engagement, the practitioner will apply that “lens” in considering whether a misstatement may be material to intended users of the sustainability information.

Additional information for reference:

[Explanatory Memorandum](#), paragraphs 49-55, 59-60, 68

4. Do you agree with the way in which ED-5000 addresses the entity’s “materiality process”?

Overall View

Yes

No

Undecided

No View

[If No] **If not, what approach would you suggest? ***

Provide your specific views, if any, about the approach for addressing the entity’s “materiality process.”

The materiality concept is very well explained in the ED-5000, illustrating the different approaches of financial, impact and double materiality. It also describes how the concept is applied both by the practitioner and the preparer. However, the connection between the two applications, by the preparer on the one hand, and by the practitioner on the other hand, is not sufficiently clear.

Indeed, the materiality assessment process performed by the preparer is of fundamental importance because it determines the scope of the assurance engagement. All EU companies subject to ESRS will have to **disclose the description of methodologies and assumptions allowing them to identify and assess their material risk, impacts and opportunities** (materiality assessment process). **This process will also be subject to a limited assurance statement by the practitioner.**

Although the materiality assessment is addressed in different parts of the ED-5000, the language is too vague and not explicit enough on the procedures the practitioner will have to perform in this context. § 69a ED simply indicates, as a precondition for an assurance engagement, and in conjunction with A156 ED, that the practitioner may consider “whether the topics and aspects of topics to be reported have been or will be determined by management through an appropriate process”.

ED-5000 should be more specific, **clarifying that the assurance engagement also explicitly concerns the performance of the materiality assessment by the preparer** and which procedures will have to be conducted in this respect. French companies consider in this respect **that the practitioner should express an opinion only on the robustness of the materiality analysis process**, but not on the relevance of the selected or discarded topics of reporting.

5. Do you agree that ED-5000 appropriately addresses the notion of “double materiality” in a framework-

neutral way?

Overall View *

- Yes
- No
- Undecided
- No View

[If No] If not, what do you propose and why?

Provide your specific views about how ED-5000 addresses or should address the notion of “double materiality.”

The ED appropriately addresses the notion of “double materiality” in a framework-neutral way.

Fraud (Including “Greenwashing”) (Question 6)

Stakeholders encouraged the IAASB to consider and address the topic of fraud (including “greenwashing”) in ED-5000. Many noted that the preparation and reporting of sustainability-related information, and the related system of internal control, are continuing to develop and in many cases are less mature than for historical financial information. This may increase the susceptibility of the sustainability information to misstatements due to fraud, particularly when there are pressures for management to meet publicly announced targets or goals.

ED-5000 notes that misstatements of sustainability information can arise from error or fraud, may be qualitative or quantitative, and include omitted information or information that obscures the presentation of the disclosures. ED-5000 also includes requirements for the practitioner to:

- Maintain professional skepticism throughout the engagement, recognizing the possibility that a material misstatement due to fraud could exist.*
- Have discussions with the engagement team (specifically the engagement leader and other key members of the engagement team, and any key external experts used by the practitioner) about the susceptibility of the disclosures to material misstatement, whether due to fraud or error.*
- Respond appropriately to actual or suspected fraud identified during the engagement.*
- Consider whether identified misstatements, either individually or in the aggregate, may be due to fraud and respond appropriately if there are indicators that there may be material misstatements due to fraud.*
- Evaluate the implications on the engagement when indicators of possible management bias are identified. When there is intention to mislead, management bias is fraudulent in nature.*

The application material in ED-5000 notes that complexity, judgment, change, uncertainty, or susceptibility to misstatement due to management bias or fraud could give rise to material misstatement of the disclosures and thus result in the susceptibility of the disclosures to material misstatement, whether due to fraud or error. Examples of misstatements due to fraud in sustainability information are also provided.

Additional information for reference:

[Explanatory Memorandum](#), paragraphs 108-110

6. 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?

Overall View *

- Yes
- No
- Undecided
- No View

[If No] If not, why and what suggestions do you have? *

Provide your specific views or suggestions, if any, for improving the focus on fraud (including “greenwashing”) in ED-5000.

While we understand the choice of including greenwashing in the whole concept of fraud without specific developments, we consider that ED-5000 approach of fraud is not appropriate, as there is an insufficient distinction between fraud and errors which are not intentional on the one hand and between fraud and internal control immaturity on the other hand. This confusion is carried by the examples provided in the application material at § A296 and § A406. The final example in the list of § A296 is particularly problematic: material misstatements due to fraud in sustainability information may relate to matters such as immature systems of internal control over sustainability reporting. There is an inversion in the reasoning. Indeed, we consider that the internal control robustness is a way to lower the level of controls, but its lack of maturity is not per se a reason to infer a fraud. As the sustainability reporting is a recent requirement, the immaturity of the internal control system is a common situation in the companies and therefore shouldn't be considered as a trigger of fraud. To this extent, we caution against including greenwashing within fraud at this stage. Examples developed in §A406 are also problematic as they mix an intentional misstatement with questions raised by ordinary situations that currently leads to discussions between auditors and companies. For instance, in the last example, misstating sustainability information associated with specific project milestones, budget approval, or rights to access certain markets or begin projects in certain markets or geographies, or in the first example of § A296, which highlights potentially aggressive or overly optimistic internal or external goals. An overly optimistic goal is not per se a case of fraud if there is no intentionality to change the reality. In the financial statements, discussions regularly occur on very technical subjects which requires judgement, for instance to determine if impairments are required or if a milestone in an important project has been reached to recognize revenue. In our view, it is key that such discussions be not addressed through the prism of fraud. For those reasons, the examples should be deeply reviewed to strictly refer to intentional cases of misstatements.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE (QUESTION 7)

As a principles-based standard, ED-5000 requires the practitioner to determine whether, pursuant to the terms of the engagement and other engagement circumstances, any significant matters have come to the attention of the practitioner to be communicated with management, those charged with governance or others. Application material provides examples of significant matters that may be appropriate to communicate.

Given the evolving nature of sustainability assurance engagements and the different topics and aspects of topics that may be disclosed by the entity, the IAASB decided not to prescribe a list of matters for the practitioner to communicate with those charged with governance. However, the IAASB is interested in the views of respondents regarding such communication, including examples of types of matters that may be communicated.

7. 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?

Overall View *

Yes

Additional information for reference:

[Explanatory Memorandum](#), paragraphs 111-112

- No
- Undecided
- No View

[If No] **If not, what do you propose and why? ***

Provide your specific views or suggestions, if any, about matters to communicate with those charged with governance, management and others.

THE PRACTITIONER'S ASSURANCE REPORT (QUESTIONS 8 AND 9)

The importance of clarity and transparency in the assurance practitioner's report is often cited by users of sustainability information. In the IAASB's ongoing outreach, stakeholders frequently raise issues such as clarifying the level of assurance obtained for users of the assurance report, the scope of the assurance engagement and the importance of consistency to enable comparability between reports. It is also noted that there is a heightened need for communication by the assurance practitioner in the assurance report to meet the information needs of the intended users in a reporting environment that is evolving and maturing, reinforcing the need for flexibility and the option of long-form reporting.

The reporting requirements in ED-5000, and the illustrative report examples, were based on the requirements in ISAE 3000 (Revised) and ISAE 3410. However, the IAASB's post-implementation review (PIR) of its auditor reporting standards indicated some demand from stakeholders for considering changes to assurance reports to align with the auditor's report on an audit of financial statements. This included putting the practitioner's conclusion first followed by the basis for that conclusion, a statement about independence and other ethical responsibilities, and requiring the name of the engagement leader (for listed entities). Feedback suggested that this would help to enable consistency across audit and assurance reports, particularly for reports on the same entity.

The IAASB also discussed whether ED-5000 should require, or allow for, the communication of "key sustainability assurance matters" (a concept equivalent to key audit matters in a financial statement audit for listed entities). The IAASB acknowledged the potential public interest benefits of such

communication but also noted concerns expressed by stakeholders in the auditor reporting PIR, including that users may perceive a greater level of assurance than is intended (particularly in a limited assurance report), and that costs may outweigh benefits for assurance engagements. As a result, the IAASB decided not to address “key sustainability assurance matters” in ED-5000. Instead, the IAASB will consider this in a future ISSA.

Additional information for reference: [Explanatory Memorandum](#), paragraphs 116-131
[ED-5000](#), Appendix 2 (illustrative assurance reports)

8. Do you agree that the requirements in ED-5000 will drive reporting on sustainability assurance engagements that meets the information needs of intended users?

Overall View *

- Yes
- No
- Undecided
- No View

[If No] **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.** *

Specific views about whether the ED-5000 reporting requirements will drive reporting that meets the information needs of intended users.

9. Do you agree with not addressing “key sustainability assurance matters” in ED-5000, and instead having the IAASB consider this in a future ISSA?

Overall View *

- Yes
- No
- Undecided
- No View

[If No] **If you do not agree with the IAASB’s approach (i.e., support addressing “key sustainability assurance matters” in ED-5000), what do you propose and why?** *

Specific views in support of not addressing “key sustainability assurance matters” in ED-5000.

Other Matters

10. Are there any other matters for which you wish to provide comments, or that the IAASB should consider in finalizing ED-5000? If so, please be specific about the matter(s) and whether you agree with the approach taken in ED-5000 and why. If you disagree with the approach taken, please indicate why and provide suggestions for

how to improve or clarify the approach. *

- Yes
- No

[If Yes]

Other Matters

We have reservations on the developments regarding subsequent events, especially the examples given in the application material, § A427. First, the consequences are not clear : are those cases adjusting events or does it require additional information in the report ? Second, the first three triggers are not specific enough to be considered, especially on matters evolving as fast as sustainability. In the climate or biodiversity area, events such as *the publication of revised factors, assumptions or benchmarks by a body such as a government agency (e.g., revised emissions factors), changes to relevant legislation or regulations, significant improved scientific knowledge*, are very likely to occur every year. They shouldn't be considered as subsequent event and it should be deemed appropriate that the application of those new knowledges will be taken into consideration in the next reporting period.

Matter 1 *

Overall view on the approach to the matter in ED-5000 *

- Agree
- Disagree

Specific comments about why you agree or disagree, and if you disagree, suggestions for clarifying or improving the approach.*

Any more matters? *

- Yes
- No

[If Yes]

Other Matters

Matter 2 *

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 dropdown 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: [Click to select from dropdown menu](#)

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: 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):

We agree that estimates and forward-looking information are subject to greater uncertainty as stated in the exposure draft. However, we consider that addressing this topic in the section “Responding to Risks of Material Misstatement” introduces a bias which could result in requiring excessive due diligence. The exposure draft indicates that estimates and forward-looking information could be addressed further in the future in a specific ISSA. We are not sure that it is necessary to develop a separate standard for estimates and forward-looking information but consider that it would be more appropriate to address the issue in a specific separate section of draft ISSA 5000. Moving forward, the IAASB may consider the opportunity to complement draft ISSA 5000 to address specifically disclosures related to transition plans. Indeed, we believe that in the future transition plans will become key for preparers and their stakeholders.

As regards the due diligence to perform to obtain a limited or reasonable assurance we agree with the due diligence required under limited assurance. We have reservations about the approach described for reasonable assurance in paragraph 134R and in particular under subparagraph (b). The due diligence required under this subparagraph is not further detailed in the application section of the exposure draft, as is the case for paragraph (a), and rather difficult to understand. At the very least, the IAASB could provide examples to illustrate the due diligence expected from practitioners. This said we question whether it is appropriate to perform detailed quantitative testing on estimates and forward-looking. The due diligence in this regard should be limited to the tests described in subparagraph (a) supplemented by tests to ensure that calculations are accurate.

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

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

Overall response: [Click to select from dropdown menu](#)

Detailed comments (if any):

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: [Click to select from dropdown menu](#)

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: [Click to select from dropdown menu](#)

Detailed comments (if any):