

## 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)	Institute of Chartered Accountants of the Maldives.
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	info@camaldives.org
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="#">Other (if none of the categories above apply to your situation)</a>
	South East Asia
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="#">Regulator or assurance oversight authority</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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):

Paragraph 14 is comprehensive on the types of engagements, potential stakeholder needs and the nature of assurance engagements on ESG Matters. All principle-based; truly international.

### 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):

Looking at the mapping of the objectives and standard-setting action in the proposal to relevant paragraphs in the standard and qualitative standard setting characteristics, we find that public interest has been well considered in developing the ED-5000.

### 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):**

It is sufficiently clear about the IESBA code regarding relevant ethical requirement for assurance engagements and ISQM 1 requirement.

*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 comments below](#)

**Detailed comments (if any):**

We do support the definition of sustainability information and sustainability matters explained in ED-5000.

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 comments below](#)

**Detailed comments (if any):**

It is sufficiently explaining the relationship between sustainability matters, sustainability information and disclosures.

*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 comments below](#)

**Detailed comments (if any):**

Yes, in almost in all the phases and sub-phases ED -5000 provide an appropriate basis for performing both limited assurance and 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 comments below](#)

**Detailed comments (if any):**

Yes, ED -5000 is sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge.

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 comments below](#)

**Detailed comments (if any):**

Yes, paragraph A157 addresses the Practitioner's consideration of the entity's materiality process.

*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):**

ED-5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing sustainability information.

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

**Detailed comments (if any):**

Yes, ED-5000 appropriately addresses the notion of “double materiality” in a framework-neutral way, including how it differs from the practitioner’s consideration or determination of materiality.

*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):**

Yes, 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.

*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 comments below](#)

**Detailed comments (if any):**

Yes, 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.

*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 comments below](#)

**Detailed comments (if any):**

ED-5000 is clear on identifying the situation in which the practitioner's or other practitioners can be considered a member of the engagement team and circumstances in which they must be considered as another practitioner and not part of the engagement team.

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 comments below](#)

**Detailed comments (if any):**

Though it is clear on circumstances to use of practitioner's expert and this can be consistently applied, it has to be kept in mind that there is an element of human judgement involved in use of external experts.

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

**Detailed comments (if any):**

Approach to the requirements in ED-5000 in relation to the estimates and forward looking information is sufficient as it requires the practitioner to evaluate the information.

*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):**

For a limited assurance engagement, the practitioner is required to design and perform risk procedures sufficient to identify disclosures where material misstatements are likely to arise and thereby provide a basis for designing further procedures to focus on those disclosures. This requirement is consistent with ISAE 3000 (Revised), which does not necessitate a risk assessment for limited assurance engagements.

Furthermore, given the potential for wide range of sustainability disclosures, limited assurance practitioners would find it more effective to concentrate on disclosures with higher inherent risks at the disclosure level rather than conducting a broad assessment. Quantification of risk of material misstatement requires time and in-depth understanding and evaluation of the control procedures and environment. Hence, this targeted focus on understanding riskier disclosures at disclosure level as opposed to the assessment level, establishes a suitable criterion for limited assurance engagements.



*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):**

This is particularly relevant when considering the complexity of modern business structures, where data and processes may be decentralized or involve external parties (functions outsourced) in the value chain.

There are principle-based requirements (ED-5000, Para A117 – A125) for using the work of other practitioners, however practical challenges may arise, especially when obtaining evidence from entities in different jurisdictions, such as regulatory challenges due to varying legal and compliance framework.

*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 comments below](#)

**Detailed comments (if any):**

The ED includes numerous references to fraud throughout the requirement and application material.

*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 comments below](#)

**Detailed comments (if any):**

The auditors are required to communicate with those charged with governance on a timely basis and evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. The high-level requirement in the ED to

communicate material matters establishes an approach that encourages management to direct its attention to key and substantial matters.

*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):**

The requirements in the ED are well drafted to address the information needs of the users. The alignment with established standards, namely ISA700 and ISA 720 (revised) used as a guide for the elements of the assurance report on sustainability information reflects the latest thinking about the form and content of the auditor's report as highlighted in the Explanatory Memorandum.

Furthermore, consideration of additional reporting responsibilities, and provision of illustrative reports indicate a comprehensive approach to developing assurance reporting that is relevant and adaptable to various circumstances.

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):**

The IAASB's approach in the ED to not address Key Audit Matters (KAM) for a sustainability assurance engagement and to consider addressing this in a future ISSAs appears reasonable and well-considered.

As included in the Explanatory Memorandum the concerns raised by stakeholders in the PIR survey regarding the inclusion of KAM in limited assurance reports, such as potential misperception of the level of assurance, and the balance between costs and benefits, are valid considerations.

Considering addressing KAM in future suite of ISSAs reflects a proactive stance. It allows for a more tailored approach in addressing KAM specifically in the context of sustainability assurance engagements.

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 comments below](#)

**Detailed comments (if any):**

Yes, for limited assurance engagements, 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 is sufficiently prominent.

*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):**

Mostly the approach in ED-500 will also be applicable to sustainability assurance engagements relating to public sector. However, as the public sector managements are usually politically exposed person (PEPs), material misstatements in sustainability information due to political motive need to be looked into by practitioners.

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

**Overall response:** [No other matters to raise](#)

**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:** [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 comments below](#)

**Detailed comments (if any):**

We do believe that this will provide sufficient time, assuming that the standard will be issued in the first quarter of 2024.