## Agenda Item 1-C

**Minutes of the 138th Meeting of the**

INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB)

**Held on April 19, 2023, via Video Conference**

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<tr>
<th>Voting Members</th>
<th>Technical Advisors (TA)</th>
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<tbody>
<tr>
<td>Present: Tom Seidenstein (Chair)</td>
<td>Helene Agélii (Mr. Hagen)</td>
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<td>Josephine Jackson (Vice Chair)</td>
<td>Sara Ashton (Ms. Almond)</td>
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<td>Sue Almond</td>
<td>Viviene Bauer (Mr. Monroy)</td>
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<td>Chun Wee Chiew</td>
<td>Wolf Böhm (Prof. Marten)</td>
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<td>Julie Corden</td>
<td>Fabien Cerutti (Ms. Tracq-Sengeissen)</td>
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<td>Kai Morten Hagen</td>
<td>Antonis Diolas (Mr. Chiew)</td>
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<td>Sachiko Kai</td>
<td>Johanna Field (Mr. Turner)</td>
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<td>Edo Kienhuis</td>
<td>Diane Hardesty (Ms. Larsen)</td>
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<td>Diane Larsen</td>
<td>Rene Herman (Mr. Edge)</td>
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<td>Prof. Warren Maroun</td>
<td>Susan Jones (Mr. Morris)</td>
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<td>Prof. Kai-Uwe Marten</td>
<td>Yvette Lange (Prof. Maroun)</td>
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<td>Neil Morris</td>
<td>Thokozani Nkosi (Ms. Jackson)</td>
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<td>Fernando Ruiz Monroy</td>
<td>Tania Sergott (Ms. Corden)</td>
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<td>Greg Schollum</td>
<td>Jamie Shannon (Mr. Kienhuis)</td>
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<tr>
<td>Wendy Stevens</td>
<td>Sylvia Van Dyk (Mr. Schollum)</td>
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<td>Isabelle Tracq-Sengeissen</td>
<td>Brian Wilson (Ms. Stevens)</td>
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<td>Eric Turner</td>
<td>Kazuko Yoshimura (Ms. Kai)</td>
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### Apology

- William Edge

### Non-Voting Observers

- Present: Jim Dalkin (IAASB Consultative Advisory Group (CAG) Chair), Yosh’inao Matsumoto (Japanese Financial Services Authority), Rogier Wezenbeek (European Commission)

### Public Interest Oversight Board (PIOB) Observer

- Present: Mr. Janine van Diggelen

### IAASB Technical Staff

- Present: Willie Botha (Program and Technical Director), Sally Ann Bailey, Ida Diu, Jan Thijs Drupsteen, Amy Fairchild, Claire Grayston, Armand Kotze, Fadi Mansour, Hanken Talatala, Jasper van den Hout, Adriana Chircusi (Staff Fellow), Dan Montgomery (Senior Advisor – Technical Projects)
Welcome and Introduction

- The Chair welcomed members, technical advisors, official observers, and public observers via YouTube, to the April 19, 2023, IAASB Mid-quarter Board call.
- The Chair announced to the Board that the Less Complex Entities (LCE) Task Force, in deliberation with IAASB staff, intends to present the ISA for LCE for approval at the September 18-22, 2023, quarterly IAASB meeting. This represents an update to the forward agenda that was discussed with the Board in Executive session at the March 2023 Board meeting.

Meeting Topics

- Minutes Approval
- Sustainability Assurance (Agenda Item 1)

Approval of Minutes

Decision

1. The Board approved the minutes of the December 2022 IAASB quarterly Board meeting, and the IAASB Mid-quarter Board call held on February 7, 2023, as presented.

Sustainability Assurance (Agenda Item 1)

Decision

Proposed ISSA 5000\textsuperscript{1}

2. The Board noted their overall support for the draft Introduction section of proposed ISSA 5000 as presented in Agenda Item 1-A and the draft illustrative assurance reports as presented in Agenda Item 1-B. The Board provided specific drafting comments and direction on certain matters, as further explained in the “Directions” section below.

3. The Board agreed to:
   - Simplify the illustrative reports and limit the wording in certain sections to reflect the core requirements of Part 9 Reporting of proposed ISSA 5000.
   - Include an illustrative report containing a qualified limited assurance conclusion resulting from a scope limitation.
   - Revise the limited assurance report included in the unmodified combined assurance report to focus on assurance relating to a limited number of metrics.

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\textsuperscript{1} Proposed International Standard on Sustainability Assurance \textsuperscript{TM} (ISSA) 5000, General Requirements for Sustainability Assurance Engagements
Directions

Introduction to Proposed ISSA 5000

4. The Board supported the approach that the Sustainability Assurance Task Force (SATF) has taken to develop the Introduction in proposed ISSA 5000, and suggested that the SATF consider the following:
   - Explaining further, or providing additional guidance on, the term “sustainability information.”
   - Adding a sentence in the Introduction or in the relevant application material to clarify that individual jurisdictions also have a responsibility in determining what constitutes “at least as demanding” with respect to the IESBA Code\(^2\) and ISQM 1.\(^3\)
   - Clarifying further in paragraph 3 that the premises in ISSA 5000 are applicable to professional accountants as well as other assurance practitioners.
   - Deleting or rewording the second sentence of paragraph 4 since it suggests that compliance with ISSA 5000 is optional.
   - Clarifying further the concepts of framework criteria, entity-developed criteria, and special purpose criteria, and adding application material regarding the suitability of special purpose criteria.
   - Considering whether the reference to “restricting the distribution” in paragraph A10 of the application material could be changed to “restricting the use.”
   - Providing more clarification on the concept in paragraph 12(b) of a greenhouse gas (GHG) statement being “a relatively minor part” of the overall sustainability information.
   - Adding a definition of “attestation engagement” in proposed ISSA 5000.

5. The Board suggested that the SATF reconsider whether the concepts of fair presentation criteria and compliance criteria in paragraph 5 are consistent with the current status and evolution of sustainability reporting and have added complexity to the standard.

6. The Board suggested that SATF consider clarifying in the Explanatory Memorandum to the Exposure Draft on ISSA 5000 the interconnectivity between proposed ISSA 5000, ISAE 3000 (Revised),\(^4\) and ISAE 3410.\(^5\) The Board also suggested that the Explanatory Memorandum give an indication of the future of ISAE 3410 and the Extended External Reporting (EER) Guidance.

Illustrations of Independent Assurance Reports on Sustainability Information

7. The Board suggested that the SATF check the consistency of the wording in the Management Responsibilities section across the illustrative reports.

8. Recognizing that some matters may be resolved by simplifying the illustrative reports, the Board provided the following suggestions regarding the unmodified reasonable assurance report as

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\(^2\) International Ethics Standards Board for Accountants

\(^3\) International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements

\(^4\) International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

\(^5\) ISAE 3410, Assurance Engagements on Greenhouse Gas Statements
presented in Agenda Item 1-B.1:

- Reconsidering the statement in the Other Information section that management is responsible for the other information, because the other information may include audited financial statements and the auditor’s report thereon, such a statement in the assurance report may imply that management is responsible for the auditor’s report.

- Removing the “Summary of the Work Performed” section as this is already reflected in the Practitioner’s Responsibilities section.

- Moving the “Quality Management” section after the “Basis for Opinion” section.

- Reconsidering the positioning of the Inherent Limitation paragraph as it relates to both management’s and the practitioner’s responsibilities. In addition, the Board asked the SATF to consider the reference to a multidisciplinary team.

9. The Board provided the following suggestions regarding the unmodified limited assurance report as presented in Agenda Item 1-B.2:

- Exploring the possibility of clarifying as early as possible in the report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement.

- Clarifying the wording of the second bullet in the Management Responsibilities section as it was found to be confusing.

- Clarifying or simplifying the example procedures in the “Summary of the Work Performed” section.

- Checking the consistency of the first sentence of the Practitioner’s Responsibilities section with the requirements in paragraph 10L of Part 9 Reporting of proposed ISSA 5000.

Other Substantial Matters

IAASB CAG Chair Remarks

10. Mr. Dalkin noted that CAG Representatives had considerable discussions about limited assurance engagements and highlighted the importance of differentiation between reasonable and limited assurance engagements, so the readers of the assurance report can clearly identify the level of work done in each type of engagement.

11. Mr. Dalkin noted that the Quality Management standards refer to “firms,” while in certain cases the practitioner is an individual.

PIOB Observer Remarks

12. Ms. van Diggelen thanked the SATF Chair and members for the efforts in developing proposed ISSA 5000 and the progress made to date and asked the SATF to consider all comments raised by IAASB Board members to enhance the draft of proposed ISSA 5000.

13. Ms. van Diggelen asked the SATF to continue focusing on clarifying the language, terminology, and definitions, which is key, particularly for non-professional accountants.

14. Ms. van Diggelen recommended that the SATF continue coordinating with IESBA to achieve consistency in terminology and definitions.

15. Ms. van Diggelen emphasized the need for an appropriate balance on what would be reasonable to
require for assurance practitioners who are not professional accountants, in relation to relevant ethical requirements and quality management, to ensure, on the one hand, a level playing field and at the same time not to introduce a disproportionate ‘barrier’ which could adversely affect the adoption of proposed ISSA 5000 by non-professional accountants.

16. Ms. van Diggelen noted that the difference between reasonable and limited assurance should be clear in the example reports but recommended that the SATF provides more guidance in the application material.

17. Ms. van Diggelen reiterated that it would be useful to include Key Sustainability Assurance Matters (KSAM) for Public Interest Entities in the assurance reports so that assurance providers may provide further insight into significant risks assessed and difficult areas encountered while performing the engagement. However, she noted her understanding that the Board has taken the decision in its March 2023 meeting not to include KSAM in the illustrative examples, and asked the Board to request feedback on this matter as part of the public consultation for proposed ISSA 5000.

18. In her final comments, Ms. Van Diggelen noted the PIOB’s support for the acceleration of the timeline for approval of the Exposure Draft of ISSA 5000 and highlighted the importance of continued coordination with IESBA since the two Boards have different timelines. She noted that the risk of not meeting the market’s expectations is higher than not advancing the timeline.

Closing

Mr. Seidenstein thanked the Task Force, IAASB members, TAs and IAASB Staff for joining the call. He then closed the public session.

Next Meeting

The next IAASB quarterly Board meeting will be held in New York City, USA, from June 20–23, 2023, with a virtual session to be held for the approval of the Sustainability Assurance exposure draft (ED) on June 28, 2023. Details of the meeting will be communicated in due course. There will also be an interim IAASB CAG call scheduled for June 15, 2023, to discuss Sustainability Assurance before the approval of the ED. The next full IAASB CAG meeting will be held during September 12-13, 2023, in New York City, USA.