

Draft Appendix to Proposed ISSA 5000¹ Illustrations of Independent Assurance Reports on Sustainability Information

Illustration 2 - Unmodified Limited Assurance Report on Sustainability Information of an Entity Other than a Listed Entity Prepared in Accordance with a Compliance Framework

For purposes of this illustrative assurance report, the following circumstances are assumed:

- A limited assurance engagement relating to the entirety of the sustainability information of ABC Company, an entity other than a listed entity, for the current period as required by law or regulation.
- The sustainability information is presented in a stand-alone document (i.e., the entity's sustainability report).
- The sustainability information is prepared by management of the entity in accordance with a general-purpose compliance framework (XYZ Law of Jurisdiction X).
- The sustainability information does not contain comparative information (i.e., information for earlier periods).
- The Board of Directors of the Company is the engaging party.
- The terms of the assurance engagement reflect the description of management's responsibility for the sustainability information in ISSA 5000.
- The assurance practitioner has concluded that an unmodified (i.e., "clean") conclusion is appropriate based on the evidence obtained.
- The relevant ethical requirements that apply to the assurance engagement comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements relating to assurance engagements in the jurisdiction, and the assurance report refers to both.
- The engagement was conducted by a multidisciplinary team.
- There is no other information because the entity's sustainability information is presented in a stand-alone report.
- The assurance practitioner has no other reporting responsibilities required under law or regulation.

The following report is for illustrative purposes only and is not intended to be exhaustive or applicable to all situations. The assurance report needs to be tailored to the engagement circumstances.

¹ International Standard on Sustainability Assurance™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON ABC'S
SUSTAINABILITY INFORMATION

Para. 3(a)

To the Board of Directors of ABC

Para. 3(b)

Limited Assurance Report on the Sustainability Information²

Limited Assurance Conclusion

Para. 3(c)(i)

We have conducted a limited assurance engagement on the Sustainability Report of ABC Company (the Company) for the year ended December 31, 20X1 (the "Sustainability Information").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Sustainability Information is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

Para. 3(c)(ii) - (viii)

Basis for Conclusion

We conducted our limited assurance engagement in accordance with ISSA 5000, *General Requirements for Sustainability Assurance Engagements*, issued by the International Auditing and Assurance Standards Board.

Para. 3(d)(i)

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

Para. 3(d)(ii)

[PLACEHOLDER for amended requirements when IESBA requirements are revised] We are independent of the Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the International Ethics Standards Board for Accountants, which sets out fundamental principles of ethics: integrity, objectivity, professional competence and due care, confidentiality and professional behavior, together with the ethical requirements that are relevant to our assurance engagement of the Sustainability Information in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Para. 3(d)(iii)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Para. 3(d)(iv)

Management Responsibilities

Para. 3(f)

Management of the Company is responsible for:

- The preparation of the Sustainability Information in accordance with XYZ Law of Jurisdiction X.
- Referring to, or describing in the Sustainability Information, XYZ Law of Jurisdiction X.

Para. 3(f)(i)

Para. 3(f)(ii)

² The sub-title "Limited Assurance Report on the Sustainability Information" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

- Designing, implementing and maintaining internal control relevant to the preparation of the Sustainability Information to enable the preparation of such information that is free from material misstatement, whether due to fraud or error.

Para. 3(f)(iii)

Inherent Limitation in Preparing the Sustainability Information

As discussed in note Y to the Sustainability Information, the Sustainability Information includes estimates or extrapolated underlying information to calculate certain amounts included within the water consumption information that is subject to inherent uncertainty because of incomplete scientific and economic knowledge and the nature of the information.

Para. 3(f)(iv)

Practitioner's Responsibilities

Our objectives are to obtain limited assurance that, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X, and to issue a limited assurance report that includes our conclusion. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk procedures, including an understanding of internal control, and the procedures performed in response to risks. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Information.

Para. 3(g)(i)-(ii)

As part of a limited assurance engagement in accordance with ISSA 5000, we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

Para. 3(g)(iii)-(vi)

- Perform risk procedures relevant to the engagement to identify disclosures where material misstatements of the Sustainability Information are likely to arise. These risk procedures include obtaining an understanding of internal control relevant to the preparation of the Sustainability Information.
- Design and perform procedures responsive to identified disclosures where material misstatements of the Sustainability Information are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the reasonableness of estimates made, the appropriateness of the measurement and evaluation methods and reporting policies used, and assumptions used by management in the preparation of the Sustainability Information.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners, engineers, and environmental scientists. We used the work of environmental scientists to assist with determining the reasonableness of

Para. 5

ABC's climate-related scenarios. We remain solely responsible for our assurance modified conclusion.

Quality Management

Our firm applies International Standard on Quality Management 1 and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Para. 3(h)

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgment, including the consideration of risks where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Information.

Para. 3(i)

In conducting our limited assurance engagement, we:

[Insert a summary of the nature and extent of procedures performed that, in the practitioner's judgment, provides additional information that may be relevant to the users' understanding of the work performed to support the practitioner's conclusion and the level of assurance obtained.³ The following section has been provided as guidance, and the example procedures are not an exhaustive list of either the type, or extent, of the procedures that may be important for the users' understanding of the work performed].

- Through inquiries, obtained an understanding of ABC's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether ABC's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate ABC's estimates.
- Undertook site visits at four of ABC's twenty manufacturing sites; we selected these sites based on the contribution of the site Sustainability Information to the overall Sustainability Information.
- Tested, at each site visited, a limited number of items to or from supporting records, as appropriate.

³ The procedures are to be summarized but not to the extent that they are ambiguous, nor described in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is important that the description of the procedures does not give the impression that an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan.

Illustration 2: Unmodified Limited Assurance Report

IAASB Main Agenda (April 2023)

- Performed analytical procedures by comparing the expected greenhouse gas (GHG) emissions, based on the calorific value of fuel combusted during the period, to actual GHG emissions and made inquiries of management to obtain explanations for any significant differences we identified.
- Considered the presentation and disclosure of the Sustainability Information.
- [...]

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

[Signature in the name of the assurance firm, the personal name of the assurance practitioner, or both, as appropriate for the particular jurisdiction]

Para. 3(j)

[Practitioner's Address]

Para. 3(k)

[Date of the limited assurance report]

Para. 3(l)