

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

Illustration 3 - Unmodified Combined Assurance Report on Sustainability Information for an Entity Other than a Listed Entity Prepared in Accordance with a General-Purpose Compliance Framework, comprising:

- a) Reasonable Assurance Report on [Section of]² Sustainability Information**
- b) Limited Assurance Report on [Section of]² Sustainability Information**

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

- A reasonable assurance engagement relating to Section 1 and a limited assurance engagement relating to Section 2 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 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, based on the evidence obtained, an unmodified (i.e., "clean") reasonable assurance opinion and limited assurance conclusion are appropriate with respect to Sections 1 and 2 of the sustainability information, respectively.
- 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 sustainability information and the practitioner report thereon have also been included in the Company's Annual Report. The assurance practitioner has obtained the Annual Report prior to the date of the assurance report and has not identified a material misstatement of the other information in the Annual 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*

² A part of the sustainability information could be identified by the title and/or the page numbers of the relevant section, which may relate to specific topics, aspects of the topics or disclosures.

Illustration 3: Reasonable and Limited Assurance Report Unmodified

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

Para. 3(a)

To the Board of Directors of ABC

Para. 3(b)

Reasonable Assurance Opinion

Para. 3(c)(i)

We have conducted a reasonable assurance engagement on Section 1 of the Sustainability Information of ABC Company (the Company) for the year ended December 31, 20X1.

In our opinion, Section 1 of the accompanying Sustainability Information is prepared, in all material respects, in accordance with XYZ Law of Jurisdiction X.

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

Limited Assurance Conclusion

Para. 3(c)(i)

We have conducted a limited assurance engagement on Section 2 of the Sustainability Information of the Company for the year ended December 31, 20X1.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that Section 2 of 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 Reasonable Assurance Opinion and Limited Assurance Conclusion

We conducted our engagements to obtain reasonable assurance on section 1 of the Sustainability Information and limited assurance on section 2 of the Sustainability Information 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 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 reasonable assurance opinion and limited assurance conclusion.

Para. 3(d)(iv)

Other Information³

Para. 3(e), 12 and 13

Management is responsible for the other information. The other information comprises the [information included in the Annual Report, but does not include the Sustainability Information and our practitioner's report thereon].⁴

Our reasonable assurance opinion and limited assurance conclusion on Sections 1 and 2, respectively, of the Sustainability Information do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our limited and reasonable assurance engagements on the Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.
- 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)(i)

Para. 3(f)(ii)

Para. 3(f)(iii)

Inherent Limitation in Preparing the Sustainability Information

As discussed in note Y to Section 1 of the Sustainability Information, Section 1 includes information based on climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts.

Para. 3(f)(iv)

Practitioner's Responsibilities

Our objectives are to obtain:

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

- (a) reasonable assurance about whether Section 1 of the Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our opinion.

³ Another appropriate heading may be used, such as "Information Other than the Sustainability Information and Reasonable and Limited Assurance Report Thereon".

⁴ A more specific description of the other information, such as "the financial statements and notes thereto and chairman's statement," may be used to identify the other information.

- (b) limited assurance that, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that Section 2 of 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 assessment 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 these sustainability information.

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

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

- (a) For a reasonable assurance engagement:

- Perform risk procedures to identify and assess the risks of material misstatement of the Sustainability Information, whether due to fraud or error. These risk procedures include obtaining an understanding of internal control relevant to the preparation of the Sustainability Information.
- Design and perform procedures responsive to the assessed risks of material misstatement of the Sustainability Information. 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.

- (b) For a limited assurance engagement:

- 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, in particular, to assist with determining the reasonableness of ABC's climate-related scenarios. We remain solely responsible for our reasonable assurance opinion and limited assurance conclusion.

Para. 5

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

An assurance engagement involves performing procedures to obtain evidence about the Sustainability Information. The procedures selected depend on professional judgment, including:

Para. 3(i)

- (a) For a reasonable assurance engagement, the assessment of risks of material misstatement, whether due to fraud or error, in the Sustainability Information.
- (b) For a limited assurance engagement, the consideration of risks where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Information. The procedures for limited assurance vary in nature and timing from, and are less in extent than for, reasonable assurance. 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.

In conducting our assurance engagement, we:

- (a) For the reasonable assurance engagement:

[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 opinion.]

- (b) For the limited assurance engagement

[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.⁵]

⁵ 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

Illustration 3: Unmodified Reasonable and Limited Assurance Report

IAASB Main Agenda (April 2023)

- 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.
- 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 assurance report]

Para. 3(l)

an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan.