

Agenda Item B – Assurance on Sustainability Reporting

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Sustainability Assurance Task
Force Chair

IAASB CAG Meeting
June 15, 2023



Sustainability Assurance: The team



TF MEMBERS

Josephine Jackson (Chair)
Bill Edge
Warren Maroun
Neil Morris
Isabelle Tracq-Sengeissen
Wolf Boehm



DRAFTING TEAM

Johanna Field
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Dan Montgomery

Project Objective that Supports the Public Interest

To Develop an Overarching Standard

- (a) Responsive to the public interest need for a timely standard that supports the consistent performance of quality sustainability assurance engagements
- (b) Suitable across all sustainability topics, information disclosed about those topics, and reporting frameworks
- (c) Implementable by all assurance practitioners

Qualitative Standard-Setting Characteristics

Scalability

Addresses both more and less complex circumstances

Clarity and Conciseness

Enhance understandability and minimize the likelihood of differing interpretations

Proportionality

Considering the relative impact on different users

Implementability


Ability of being consistently applied and globally operable

Relevance

Responding to emerging issues, evolving needs and changes in the business environments

Coherence

With the overall body of standards



Focused on the
Targeted Actions of
the Project
Proposal

Progress to Date



Ongoing
engagement
with key
stakeholders

December
2021

Information gathering on
sustainability assurance
commenced

September
2022

Project proposal approved

December
2022

Proposed ISSA 5000
requirements and application
material addressing priority areas



Ongoing
coordination
with IESBA

All requirements and
application material

Introduction and
Illustrative Reports

Target for Approval of
Exposure Draft

March
2023

April
2023

June
2023

April IAASB meeting - Introduction



The Introduction of proposed ISSA 5000 and related application material

- **Drafting conventions:** The Introduction and Scope sections of ISAE 3000 (Revised) and ISAE 3410 modified as appropriate for sustainability assurance engagements
- **Balance:** Achieving an appropriate balance in terms of content and length that highlights important considerations and concepts regarding the scope and applicability of the proposed standard. Not “executive summary”
- **Includes:**
 - Relationship with ISAE 3000 and 3410 – Practitioner not required to apply ISAE 3000, relationship with ISAE 3410 when a GHG statement is included as part of the overall sustainability information presented
 - Sustainability information - not all sustainability information reported is necessarily in scope of the engagement
 - Guidance on “at least as demanding” in respect to the IESBA Code and ISQM1

April IAASB Meeting - Illustrative Assurance Reports



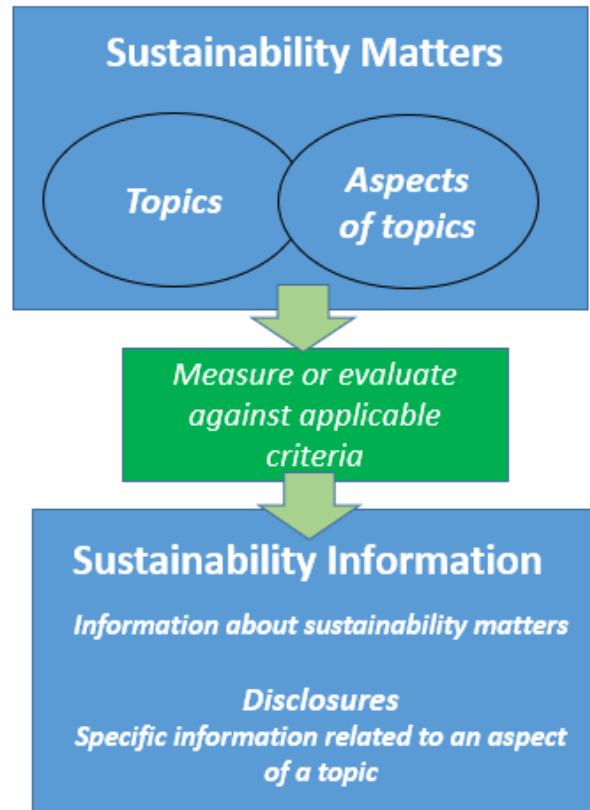
Draft illustrative reports

- **Illustration 1:** Unmodified Reasonable Assurance Report on Sustainability Information of a Listed Entity Prepared in Accordance with Fair Presentation Criteria
- **Illustration 2:** Unmodified Limited Assurance Report on Sustainability Information of an Entity Other than a Listed Entity Prepared in Accordance with Compliance Criteria
- **Illustration 3:** Unmodified Combined Reasonable and Limited Assurance Report on Sustainability Information for an Entity Other than a Listed Entity Prepared in Accordance with Compliance Criteria

Since April IAASB meeting

- **Added Illustration 4 :** Modified Limited Assurance Report on Sustainability Information of an Entity Other than a Listed Entity Prepared in Accordance with Compliance Criteria
- **All illustrative reports** reflect the basic content elements and provide a more generic “template” for reporting certain matters

Definitions - Update



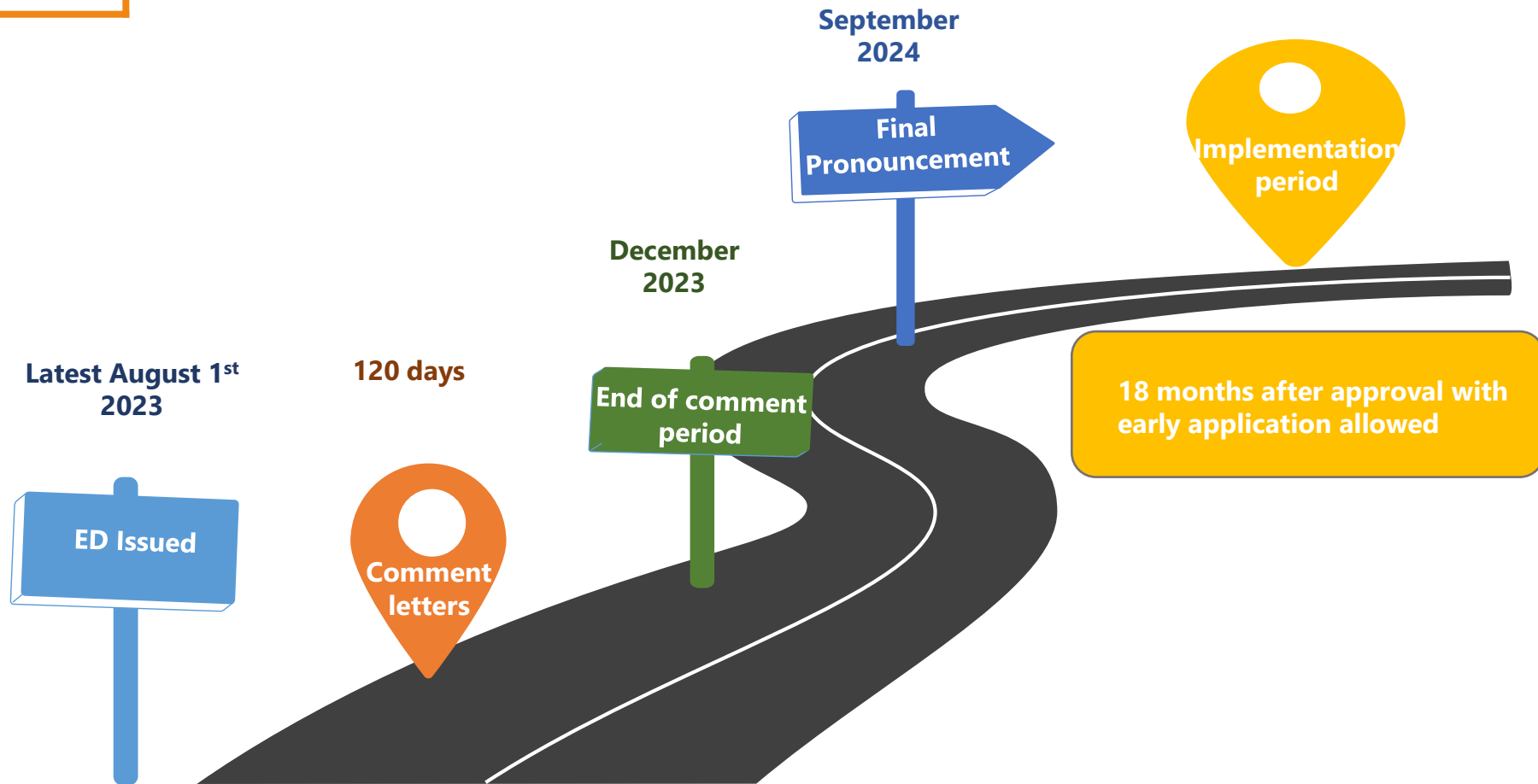
Sustainability Disclosures				
		Topics		
		Climate, including emissions	Labor practices	Economic impacts
Aspects of Topics	Governance	X	X	X
	Risks and opportunities	X	X	X
	Metrics and KPIs	X	X	X

Materiality - Update



- Further guidance was added on matters related to materiality (double materiality – multiple materiality)
- The definition of Sustainability Matters recognizes the dual focus inherent in the concept of “double materiality”
- An example was added to reference “financial materiality” and “impact materiality”
- Clarification that there may be more than one materiality for the same assurance engagement

Other Matters - Exposure Period, Timing of Completion and Proposed Implementation Period



Other Matters - Outreach

Roundtables



Engagement opportunities



Existing jurisdictional events
and targeted engagement
following roundtables



Key Stakeholders

On-going engagement



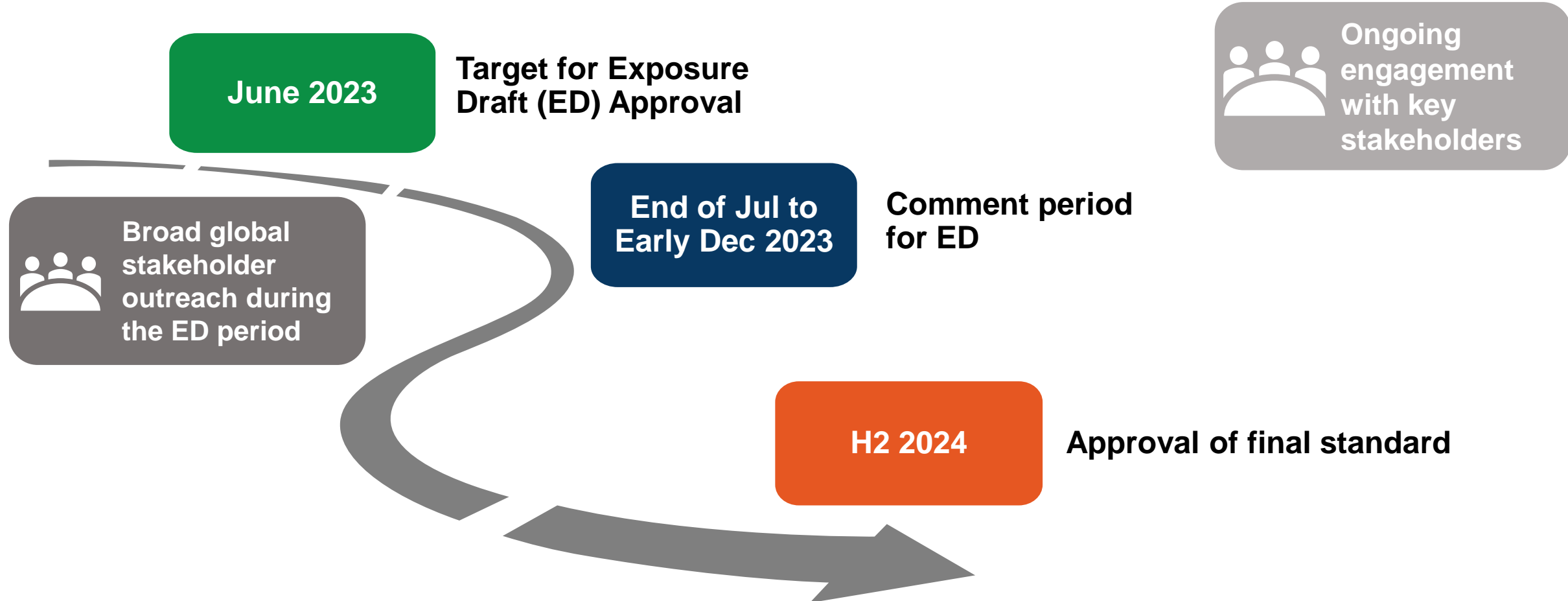
**Virtual awareness
raising and information
sharing**



Explanatory Memorandum – Matters to include

- Background and objectives of the project
- Premised on Ethics and Quality Management
- Key terminology used
- How priority areas were addressed
 - ✓ Differentiation of reasonable and limited assurance work effort, both risk and response
 - ✓ Materiality
 - ✓ Suitable criteria
 - ✓ Appropriate scope of the engagement
 - ✓ Relevant and reliable evidence
 - ✓ System of internal controls
- How other key areas were addressed
 - ✓ Using the work of others – experts and other practitioners
 - ✓ The entity's process to prepare the sustainability information
 - ✓ Sufficient appropriate evidence for estimates and forward-looking information
 - ✓ The practitioner's responsibilities for other information
 - ✓ Assurance engagements for groups or "consolidated" sustainability information
- Matters to be addressed in the future suite of ISSAs

Way forward



CAG Views



Representatives are asked for views on the ED presented in Agenda Items B.2, B.3 and B.4 that will be presented to the IAASB for approval at the June 2023 meeting

CAG Views



Representatives are asked whether there are any other matters that the SATF should consider for the Explanatory Memorandum



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