

Please note: This Agenda Item includes a clean version of Proposed International Standard on Sustainability Assurance (ISSA) 5000: *General Requirements for Sustainability Assurance Engagements* – Application Material that will be discussed by the Board at the June 2023 IAASB quarterly meeting (Agenda Item 2-E).

PROPOSED INTERNATIONAL STANDARD ON SUSTAINABILITY ASSURANCE (ISSA) 5000 GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS

APPLICATION MATERIAL (CLEAN)

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Application and Other Explanatory Material

Introduction

Sustainability Information (Ref: Para 1-2A)

- A1. Sustainability information may be described in different ways in law or regulation, sustainability reporting frameworks, or other sources. Such information is often intended to give insight into sustainability-related risks and opportunities for users to understand and evaluate the impacts of sustainability matters on the entity or the entity's actual or potential impacts, positive or negative, on people or the environment.
- A2. As described in paragraph 68, in connection with the acceptance and continuance of the assurance engagement, the practitioner is required to obtain a preliminary knowledge about the sustainability information expected to be reported, and whether the scope of the engagement encompasses all or part of that sustainability information.

Premises in this ISSA (Ref: Para. 3)

- A3. Law or regulation in a jurisdiction may specify, or provide guidance about, what constitutes “at least as demanding” as the IESBA Code regarding relevant ethical requirements for sustainability assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management.

Ethical Requirements (Ref: Para. 3(a))

- A4. As explained in paragraph A44, the IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of an assurance practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Paragraph A45 describes the conceptual framework in the IESBA Code that an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles. Paragraphs A46-A47 describe matters that may give rise to potential threats to compliance and that may affect or influence the practitioner’s independence.
- A5. Paragraph A48 explains that other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the provisions of the IESBA Code related to assurance engagements when they address equivalent matters to those addressed in the relevant sections of the IESBA Code and impose obligations that achieve the aims of the requirements set out in the IESBA Code related to such engagements.

Quality Management (Ref: Para. 3(b) and 4)

- A6. As explained in paragraph A53, this ISSA has been written in the context of a range of measures taken to ensure the quality of assurance engagements. Such measures include a system of quality management implemented across the firm.
- A7. Paragraph A54 explains the responsibilities of the firm to design, implement and operate a system of quality management for assurance engagements, and describes the components addressed by such a system that is designed in accordance with the requirements of ISQM 1.

- A8. As explained in paragraph A55, other professional requirements, or requirements in law or regulation that deal with the firm's responsibilities to design, implement, and operate a system or processes related to quality management, are at least as demanding as ISQM 1 when they address equivalent matters to those addressed in the requirements of ISQM 1 and impose obligations on the firm that achieve the objective of ISQM 1.
- A9. In accordance with ISQM 1, the objective of the firm is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:
- (a) The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
 - (b) Engagement reports issued by the firm or engagement leaders are appropriate in the circumstances.

Scope of this ISSA

Types and Presentation of Sustainability Information (Ref: Para. 6)

- A10. The sustainability information presented by an entity may be limited to certain matters, such as metrics, targets or key performance indicators. Alternatively, the sustainability information may include more comprehensive disclosures about many different topics or aspects of topics as required by the sustainability reporting framework or by law or regulation, or that the entity chooses to present in accordance with the applicable criteria.
- A11. Sustainability information may be presented in different ways, for example, in a separate sustainability report issued by the entity, as part of the entity's annual report (e.g., a separately identified report within the annual report, or presented as part of the management report or management commentary) or in an integrated report. Depending on the applicable criteria, the sustainability information may be for a single entity, or may include information for entities that are part of a group or other entities in the reporting entity's value chain.

Relationship with ISAE 3410 (Ref: Para. 9)

- A12. ISAE 3410 defines a GHG statement¹ as a statement setting out constituent elements and quantifying an entity's GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes, including a summary of significant quantification and reporting policies. An entity's GHG statement may also include a categorized listing of removals or emissions deductions.
- A13. If a small amount of other sustainability-related information is included within the GHG statement, ISAE 3410 still applies.
- A14. Whether a GHG statement is a relatively minor part of the overall sustainability information presented is a matter of professional judgment for the practitioner in the circumstances of the engagement.

¹ ISAE 3410, paragraph 14(m)

Objectives

Engagements with Sustainability Information Comprising a Number of Aspects (Ref: Para. 14(b))

A15. When the sustainability information comprises a number of topics or aspects of topics, separate conclusions may be provided on each aspect. The separate conclusions expressed depend on the level of assurance obtained by the practitioner on each aspect. Therefore, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in this ISSA to the conclusion in the assurance report include each conclusion when separate conclusions are provided.

Definitions

Assertions (Ref: Para. 16(b))

A16R. Assertions are used by practitioners to consider the different types of potential misstatements that may occur when identifying and assessing, and responding to, the risks of material misstatement. Examples of assertions are provided in paragraph A351R.

Criteria (Ref: Para. 16(h))

A17. The applicable criteria, particularly framework criteria, may specify or include guidance about the sustainability information to be presented. The criteria also may define metrics or other terms to support the evaluation or measurement of the sustainability matters, as well as the measurement or evaluation basis to be used.

Disclosure(s) (Ref: Para. 16(i))

A18. Appendix 1 explains the relationship between sustainability matters, sustainability information and the related disclosures about the sustainability information.

A19. The term “disclosure(s)” as used in this ISSA is not intended to have the same meaning as “financial statement disclosures” as defined or described in financial reporting frameworks. Rather, the term “disclosure(s)” is used in the context of sustainability reporting and sustainability assurance engagements to refer to specific sustainability information reported about aspects of topics.

Engagement Leader (Ref: Para. 16(k))

A20. The individual appointed as the engagement leader may be a partner or another senior staff member in the firm (e.g., a director or principal). Whether the individual is permitted to be an engagement leader in accordance with this standard depends on how the firm assigns responsibilities, and whether law, regulation or professional requirements include requirements that specify who may be permitted to accept responsibility for the engagement (e.g., law, regulation or professional requirements may include requirements for the professional licensing of engagement leaders, including requirements regarding their professional education and continuing professional development).

A21. The term engagement leader in this ISSA is the equivalent of “engagement partner” in ISQM 1.²

² ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, paragraph 16(c)

Engagement Risk (Ref: Para. 16(l))

A22. Engagement risk does not refer to, or include, the practitioner's business risks, such as loss from litigation, adverse publicity, or other events arising in connection with particular sustainability information.

A23. In general, engagement risk can be represented by the following components:

- (a) Risks that the practitioner does not directly influence, which consist of:
 - (i) The susceptibility of the sustainability information to a material misstatement before consideration of any related controls applied by the entity (inherent risk); and
 - (ii) The risk that a material misstatement that occurs in the sustainability information will not be prevented, or detected and corrected, on a timely basis by the entity's internal control (control risk); and
- (b) The risk that the practitioner does directly influence, which is the risk that the procedures performed by the practitioner will not detect a material misstatement (detection risk).

A24R. Reducing engagement risk to zero is very rarely attainable or cost-beneficial. Therefore, reasonable assurance is less than absolute assurance due to factors such as the following:

- The use of selective testing.
- The inherent limitations of internal control.
- The fact that much of the evidence available to the practitioner is persuasive rather than conclusive.
- The use of professional judgment in gathering and evaluating evidence and forming conclusions based on that evidence.
- In some cases, the characteristics of the sustainability matters when evaluated or measured against the criteria.

Entity (Ref: Para. 16(q))

A25. An example of an identifiable portion of a legal or economic entity is a single factory or other form of facility, such as a landfill site.

Firm (Ref: Para. 16(s))

A26. The legal nature of the entity performing the assurance engagement may take many forms and may not be described as a firm.

Intended Users (Ref: Para. 16(w))

A27. Examples of intended users include shareholders, investors, lenders and other creditors who may use sustainability information to make resource allocation decisions. Other intended users who may be interested in the impact of the organization include consumers, taxpayers, employees, competition, prudential authorities, central banks and bodies in charge of financial stability oversight, those granting public contracts, partners, suppliers, community, indigenous peoples, government, regulators, and interest groups. [Moved from Part 5 paragraph A20]

- A28. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly where a large number of people have access to it. In such cases, particularly where possible users are likely to have a broad range of interests in the sustainability matters, intended users may be limited to major stakeholders with significant and common interests. Intended users may be identified in different ways, for example, by agreement between the practitioner and management or those charged with governance, or by law or regulation.
- A29. In some cases, specific users (for example, lenders) may request the appropriate party(ies) to arrange for an assurance engagement to be performed on sustainability information that has been prepared using criteria that are designed for a specific purpose. When engagements use criteria that are designed for a specific purpose, paragraph 169(d)(vii) requires a statement alerting readers to this fact. In addition, the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, this may be achieved by restricting the distribution or use of the assurance report (see paragraph A476)

Misstatement (Ref: Para. 16(bb))

- A29A. Paragraph A394 provides examples of where or how misstatements in sustainability information may arise. Paragraph A400 provides examples of misstatements due to fraud in sustainability information.

Partner (Ref: Para. 16(gg))

- A30. As noted in paragraph A26, the entity performing the assurance engagement may not be described as a firm. Therefore, the individual with authority to bind the entity with respect to the performance of the engagement may not carry the title of partner.

Reporting Boundary (Ref: Para. 16(pp))

- A31. Although the entity's sustainability information and financial statements may relate to the same reporting entity, the reporting boundary for sustainability information may differ from the boundary for purposes of preparing financial statements. For example, the reporting boundary may include activities, operations, relationships or resources up and down the entity's value chain. An entity's supply chain is part of the value chain.
- A32. The reporting boundary is determined by the applicable criteria. In some cases, framework criteria may specify the reporting boundary. In other circumstances, the reporting boundary may be determined by the entity, in which case the reporting boundary will be part of the entity-developed criteria. The reporting boundary may vary for different topics and aspects of topics (e.g., some key performance indicators may have different boundaries from other key performance indicators because of the nature of the sustainability matters).

Sustainability Information (Ref: Para. 16(ww))

- A32A. As explained in paragraph 2, sustainability information relates to information about sustainability matters and may cover a number of topics and aspects of those topics. Examples of topics and aspects of topics include the following:

Topics	Aspects of the Topics
<ul style="list-style-type: none"> • Climate, including emissions • Energy, such as type of energy and consumption • Water and effluents, such as water consumption and water discharge • Biodiversity, such as impacts on biodiversity or habitats protected and restored • Labor practices, such as diversity and equal opportunity, training and education, and occupational health and safety • Human rights and community relations, such as local community engagement, impact assessments and development programs • Customer health and safety • Economic impacts, such as government assistance, tax strategy, anti-competitive behavior, anti-corruption and market presence 	<ul style="list-style-type: none"> • Governance • Strategy and business model • Risks and opportunities • Risk management or mitigation • Innovation to address risks and opportunities • Metrics and key performance indicators • Targets • Internal control over monitoring and managing risk • Scenario analysis • Impact analysis, including magnitude of impact

Conduct of an Assurance Engagement in Accordance with the ISSAs

Complying with Standards that are Relevant to the Engagement (Ref: Para. 18)

A33. In some cases, another ISSA is also relevant to the engagement. Another ISSA is relevant to the engagement when the ISSA is in effect, the subject matter of the ISSA is relevant to the engagement, and the circumstances addressed by the ISSA exist.

A34. The ISAs³ and ISREs⁴ have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process for practitioners undertaking a sustainability assurance engagement in accordance with this ISSA.

³ ISA, *International Standards on Auditing*

⁴ ISRE, *International Standards on Related Services*

Text of an ISSA (Ref: Para. 19)

A35. ISSAs contain the objectives of the practitioner in following the ISSA, and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the ISSA, and definitions.

A36. The objectives in an ISSA provide the context in which the requirements of the ISSA are set, and are intended to assist in:

- (a) Understanding what is to be accomplished; and
- (b) Deciding whether more needs to be done to achieve the objectives.

The proper application of the requirements of an ISSA by the practitioner is expected to provide a sufficient basis for the practitioner's achievement of the objectives. However, because the circumstances of assurance engagements vary widely and all such circumstances cannot be anticipated in the ISSA, the practitioner is responsible for determining the procedures necessary to fulfill the requirements of relevant ISSAs and to achieve the objectives stated therein. In the circumstances of an engagement, there may be particular matters that require the practitioner to perform procedures in addition to those required by relevant ISSAs to meet the objectives specified in those ISSAs.

A37. The requirements of ISSAs are expressed as "shall."

A38. Where necessary, the application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. In particular, it may:

- Explain more precisely what a requirement means or is intended to cover.
- Include examples that may be appropriate in the circumstances.

While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in an ISSA. Where appropriate, additional considerations specific to public sector entities or smaller or less complex entities are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in the ISSAs. They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in an ISSA.

A39. Definitions are provided in an ISSA to assist in the consistent application and interpretation of the ISSA, and are not intended to override definitions that may be established for other purposes, whether by laws, regulations or otherwise.

A40. Appendices form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related ISSA or within the title and introduction of the appendix itself.

Complying with Relevant Requirements (Ref: Para. 20-21)

- A41. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements.
- A42. The requirements of this ISSA and any other relevant ISSAs are designed to enable the practitioner to achieve the objectives specified in the ISSA, and thereby the overall objectives of the practitioner. Accordingly, other than in exceptional circumstances, the practitioner is required to comply with each requirement that is relevant in the circumstances of the assurance engagement.

Documentation of a Departure from a Relevant Requirement (Ref: Para. 22)

- A43. The engagement documentation requirement applies only to requirements that are relevant in the circumstances. A requirement is not relevant only in the cases when the requirement is conditional and the condition does not exist (for example, the requirement to modify the practitioner's conclusion when there is an inability to obtain sufficient appropriate evidence, and there is no such inability).

Acceptance and Continuance of the Assurance Engagement

Relevant Ethical Requirements, Including Those Related to Independence (Ref: Para. 24(a), 32-35)

- A44. The IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of an assurance practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IESBA Code also specifies the approach that a professional accountant is required to apply to comply with the fundamental principles and, when applicable, the International Independence Standards. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.
- A45. The IESBA Code provides a conceptual framework which an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles, including:
- (a) Identifying threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:
 - (i) Self-interest;
 - (ii) Self-review;
 - (iii) Advocacy;
 - (iv) Familiarity; and
 - (v) Intimidation;
 - (b) Evaluating whether the threats identified are at an acceptable level; and
 - (c) If the identified threats to compliance with the fundamental principles are not at an acceptable level, addressing them by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.

- A46. The IESBA Code sets out requirements and application material on various topics that may give rise

to potential threats to compliance, including:

- Conflicts of interest;
- Professional appointments;
- Second opinions;
- Fees and other types of remuneration;
- Inducements, including gifts and hospitality;
- Custody of client assets; and
- Responding to non-compliance with laws and regulations.

A47. The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. The International Independence Standards in the IESBA Code address various matters that may affect or influence the practitioner's independence, including:

- Fees;
- Gifts and hospitality;
- Actual or threatened litigation;
- Financial interests;
- Loans and guarantees;
- Business relationships;
- Family and personal relationships;
- Recent service with an assurance client;
- Serving as a director or officer of an assurance client;
- Employment with an assurance client;
- Long association of personnel with an assurance client;
- Provision of non-assurance services to an assurance client; and
- Reports that include a restriction on use and distribution.

A48. Other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the provisions of the IESBA Code related to assurance engagements when they address the matters referred to in the relevant sections of IESBA Code and impose obligations that achieve the aims of the requirements set out in the IESBA Code related to such engagements. Paragraphs A45-A47 describe matters addressed in the IESBA Code that may assist practitioners in assessing whether other professional

requirements, or requirements imposed by law or regulation, address equivalent matters in, and therefore are at least as demanding as, the provisions of the IESBA Code.

Considerations Specific to Public Sector Entities (Ref: Para. 32)

A49. Statutory measures may provide safeguards for the independence of public sector practitioners. However, public sector practitioners or firms carrying out public sector assurance engagements may, depending on the terms of the mandate in a particular jurisdiction, need to adapt their approach to promote compliance with paragraph 32. This may include, where the public sector mandate does not permit withdrawal from the engagement, disclosure through a public report of circumstances that have arisen that would, if they were in the private sector, lead the practitioner to withdraw.

Engagement Leader Responsibilities for Acceptance and Continuance (Ref: Para. 26)

A50. Under ISQM 1, for acceptance and continuance decisions, the firm is required to make judgments about the firm's ability to perform the engagement in accordance with professional requirements and applicable legal and regulatory requirements. The engagement leader may use the information considered by the firm in this regard in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and engagements are appropriate. If the engagement leader has concerns regarding the appropriateness of the conclusions reached, the engagement leader may discuss the basis for those conclusions with those involved in the acceptance and continuance process.

A51. If the engagement leader is directly involved throughout the firm's acceptance and continuance process, the engagement leader will be aware of the information obtained or used by the firm in reaching the related conclusions. Such direct involvement may also provide a basis for the engagement leader's determination that the firm's policies or procedures have been followed and that the conclusions reached are appropriate.

A52. When the firm is obligated by law or regulation to accept or continue an assurance engagement, the engagement leader may take into account information obtained by the firm about the nature and circumstances of the engagement.

Firm-level Quality Management (Ref: Para. 28)

A53. This ISSA has been written in the context of a range of measures taken to ensure the quality of sustainability assurance engagements. Such measures include:

- Competency requirements, such as education and experience, and ongoing continuing professional development as well as life-long learning requirements.
- A system of quality management implemented across the firm i.e., ISQM 1, or other professional requirements, or requirements in law or regulation, that are at least as demanding.
- When applicable, performance of engagement quality reviews in accordance with ISQM 2.
- A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

A54. ISQM 1 deals with the firm's responsibilities to design, implement and operate a system of quality management for assurance engagements. It sets out the responsibilities of the firm for establishing quality objectives, identifying and assessing risks to the achievement of the quality objectives, and designing and implementing responses to address such risks, including certain specified responses. The specified responses in ISQM 1 include the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. ISQM 2⁵ deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.

A54A. A system of quality management addresses the following eight components:

- (a) The firm's risk assessment process;
- (b) Governance and leadership;
- (c) Relevant ethical requirements;
- (d) Acceptance and continuance of client relationships and specific engagements;
- (e) Engagement performance;
- (f) Resources;
- (g) Information and communication; and
- (h) The monitoring and remediation process.

Firms or national requirements may use different terminology or frameworks to describe the components of the system of quality management.

A55. Other professional requirements, or requirements in law or regulation, that deal with the firm's responsibilities to design, implement, and operate a system of quality management, are at least as demanding as ISQM 1 when they address the requirements of ISQM 1 and impose obligations on the firm to achieve the objective of ISQM 1.

A56. A firm's system of quality management includes establishing a monitoring and remediation process designed to:

- Provide the firm with relevant, reliable and timely information about the design, implementation and operation of the system of quality management.
- Take appropriate actions to respond to identified deficiencies such that deficiencies are remediated by the firm on a timely basis.

A57. Ordinarily, the engagement team may depend on the firm's system of quality management unless:

- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
- Information provided by the firm or other parties about the effectiveness of such policies or procedures suggests otherwise.

For example, the engagement team may depend on the firm's system of quality management in

⁵ ISQM 2, *Engagement Quality Reviews*

relation to:

- Competence and capabilities of personnel through their recruitment and formal training.
- Independence through the accumulation and communication of relevant independence information.
- Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and assurance engagements.
- Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

A58. In considering deficiencies⁶ identified in the firm's system of quality management that may affect the engagement, the engagement leader may consider the remedial actions undertaken by the firm to address those deficiencies. A deficiency in the firm's system of quality management does not necessarily indicate that an assurance engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner's report was not appropriate.

Engagement-level Quality Management

Overall Responsibility for Managing and Achieving Quality (Ref: Para. 29-30)

A59. Taking overall responsibility for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement may be demonstrated by the engagement leader in various ways, including:

- Involvement in the acceptance and continuance process to be able to determine that the firm's policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed;
- The engagement being planned and performed (including appropriate direction and supervision of engagement team members) in accordance with professional standards or requirements and applicable legal and regulatory requirements;
- Reviews being performed in accordance with the firm's policies or procedures and reviewing the engagement documentation on or before the date of the assurance report;
- Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner's objectives, and that the engagement was performed in accordance with this ISSA and relevant legal and regulatory requirements; and
- Appropriate consultation being undertaken by the engagement team on difficult or contentious matters.

A60. The engagement leader remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISSA. The term "the engagement leader shall take responsibility for..." is used for those requirements that the engagement leader is permitted to assign the design or performance of procedures, tasks or actions to appropriately skilled or suitably experienced members

⁶ ISQM 1, paragraph 16(a)

of the engagement team. For requirements in this ISSA that state “the engagement leader shall...”, this ISSA expressly intends that the requirement or responsibility be fulfilled by the engagement leader. In such circumstances, the engagement leader may obtain information from the firm or other members of the engagement team in fulfilling the requirement.

- A61. ISQM 1 requires the firm to establish quality objectives that address the firm’s governance and leadership that supports the design, implementation and operation of the system of quality management. The engagement leader’s responsibility for managing and achieving quality is supported by a firm culture that demonstrates a commitment to quality. A culture that demonstrates a commitment to quality is further shaped and reinforced by the engagement team members as they demonstrate expected behaviors when performing the engagement.
- A62. The actions of the engagement leader, and appropriate messages to the other members of the engagement team, emphasize the fact that quality is essential in performing an assurance engagement, and the importance to the quality of the assurance engagement of:
- (a) Performing work that complies with professional standards and relevant legal and regulatory requirements.
 - (b) Complying with the firm’s policies or procedures as applicable.
 - (c) Issuing a report for the engagement that is appropriate in the circumstances.
 - (d) The engagement team’s ability to raise concerns without fear of reprisals.
- A63. Being sufficiently and appropriately involved throughout the engagement when procedures, tasks or actions have been assigned to other members of the engagement team may be demonstrated by the engagement leader in different ways, including:
- Informing assignees about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and to provide any other necessary instructions and relevant information.
 - Direction and supervision of the assignees.
 - Review of the assignees’ work to evaluate the conclusions reached, in addition to the requirements in paragraphs 44-47.

Application of Firm Policies or Procedures by Members of the Engagement Team (Ref: Para. 30)

- A64. Within the context of the firm’s system of quality management, engagement team members from the firm are responsible for implementing the firm’s policies or procedures that are applicable to the engagement. As engagement team members from another firm are neither partners nor staff of the engagement leader’s firm, they may not be subject to the firm’s system of quality management or the firm’s policies or procedures. Further, the policies or procedures of another firm may not be similar to that of the engagement leader’s firm. For example, policies or procedures regarding direction, supervision and review may be different, particularly when the other firm is in a jurisdiction with a different legal system, language or culture than that of the engagement leader’s firm. Accordingly, if the engagement team includes individuals who are from another firm, different actions may need to be taken by the firm or the engagement leader to implement the firm’s policies or procedures in respect of the work of those individuals. For example, individuals who are not personnel may not be

able to complete independence declarations directly on the firm's independence systems. The firm's policies or procedures may state that such individuals can provide evidence of their independence in other ways, such as written confirmation.

Characteristics of the Engagement Leader (Ref: Para. 31)

- A65. ISQM 1 requires the firm to establish quality objectives that engagement team members are assigned to each engagement, including an engagement leader, who have appropriate competence and capabilities to consistently perform quality engagements.
- A66. Paragraph 31 requires the engagement leader to have sufficient sustainability competence, in addition to having competence in assurance skills and techniques, to be able to:
- (a) Ask appropriate questions of a practitioner's expert and evaluate whether the answers are judged to be reasonable in the engagement circumstances;
 - (b) Evaluate a practitioner's expert's work and, to the extent needed, integrate it with the work of the engagement team as a whole; and
 - (c) Take responsibility for the conclusions reached on the engagement.
- A67. What constitutes sufficient sustainability competence depends on the engagement circumstances and differs from engagement to engagement. Whether the engagement leader has sufficient sustainability competence in order to accept responsibility for the conclusions reached on the engagement is a matter of professional judgment, and may involve consideration of factors such as:
- The judgment involved in evaluating whether the criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances.
 - The judgment involved in determining whether the sustainability information that is within the scope of the assurance engagement is appropriate.
 - (The nature and complexity of the sustainability matters.
 - The extent to which the sustainability matters are capable of precise measurement or whether there is a high degree of measurement uncertainty that may need significant knowledge and judgment.
 - The engagement leader's and engagement team's competence and previous experience in relation to sustainability matters.

Relevant Ethical Requirements, Including Those Related to Independence

Engagement Leader Responsibilities for Relevant Ethical Requirements (Ref: Para. 33-35)

- A68. Open and robust communication between the members of the engagement team about relevant ethical requirements may also assist in:
- Drawing the attention of engagement team members to relevant ethical requirements that may be of particular significance to the assurance engagement; and
 - Keeping the engagement leader informed about matters relevant to the engagement team's understanding and fulfillment of relevant ethical requirements and the firm's related policies or

procedures.

- A69. In accordance with ISQM 1, the firm's responses to address the quality risks in relation to relevant ethical requirements, including those related to independence for engagement team members, include policies or procedures for identifying, evaluating and addressing threats to compliance with the relevant ethical requirements.
- A70. Appropriate actions the firm may take to address threats to compliance with relevant ethical requirements may include, for example:
- Following the firm's policies or procedures regarding breaches of relevant ethical requirements, including communicating to or consulting with the appropriate individuals so that appropriate action can be taken, including as applicable, disciplinary action(s).
 - Communicating with those charged with governance.
 - Communicating with regulatory authorities or professional bodies. In some circumstances, communication with regulatory authorities may be required by law or regulation.
 - Seeking legal advice.
 - Withdrawing from the assurance engagement, when withdrawal is possible under applicable law or regulation.

Assurance Skills and Techniques, Professional Skepticism and Professional Judgment

Professional Skepticism (Ref: Para. 37)

- A71. Professional skepticism is an attitude that includes being alert to, for example:
- Evidence that is inconsistent with other evidence obtained.
 - Information that calls into question the reliability of responses to inquiries or information intended to be used as evidence.
 - Circumstances that suggest the need for procedures in addition to those required by relevant ISSAs.
 - Conditions that may indicate likely misstatement.
 - Conditions that may indicate possible fraud.
- A72. Professional skepticism is necessary for the critical assessment of evidence. This includes questioning inconsistent evidence and the reliability of responses to inquiries and information intended to be used as evidence. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the circumstances. Maintaining professional skepticism throughout the engagement is necessary if the practitioner is for example, to reduce the risks of:
- Overlooking unusual circumstances.
 - Overgeneralizing when drawing conclusions from observations.
 - Using inappropriate assumptions in determining the nature timing, and extent of the procedures, and evaluating the results thereof.

- A73. Unless the engagement involves assurance about whether documents are genuine, the practitioner may accept records and documents as genuine unless the practitioner has reason to believe the contrary. Nevertheless, the practitioner is required by paragraph 82 of this ISSA to consider the reliability of information intended to be used as evidence.
- A74. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism.
- A75. Impediments to the exercise of professional skepticism at the engagement level may include, but are not limited to:
- Budget constraints, which may discourage the use of sufficiently experienced or technically qualified resources, including experts, when needed.
 - Tight deadlines, which may negatively affect the behavior of those who perform the work as well as those who direct, supervise and review.
 - Lack of cooperation or undue pressures imposed by management, which may negatively affect the engagement team's ability to resolve complex or contentious issues.
 - Insufficient understanding of the entity and its environment, its system of internal control and the applicable criteria.
 - Difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others, which may cause the engagement team to bias the selection of sources of evidence and seek evidence from sources that are more easily accessible.
 - Overreliance on automated tools and techniques, which may result in the engagement team not critically assessing evidence.
 - When there is no one generally accepted way in which to measure or evaluate the sustainability matters and report the sustainability information, which may result in practitioners being less willing to question management's approach.
 - Complexity of the engagement. The larger, more complex and more diverse the entity (e.g., the greater its geographical spread, and the more dependent it is on a long and diverse supply chain), the more challenging it may be to understand:
 - Whether the sustainability matters are appropriate in the engagement circumstances, and
 - How much prominence should be given to each disclosure in the context of the sustainability information as a whole.
- A76. Possible actions that the engagement team may take to mitigate impediments to the exercise of professional skepticism at the engagement level may include:
- Remaining alert to changes in the nature or circumstances of the engagement that necessitate requesting additional or different resources for the engagement.
 - Explicitly alerting the engagement team to instances or situations when vulnerability to unconscious or conscious biases may be greater (e.g., areas involving greater judgment).

- Changing the composition of the engagement team, for example, requesting that more experienced individuals with greater skills or knowledge or specific expertise are assigned to the engagement.
- Involving more experienced members of the engagement team in more complex areas of the engagement or when dealing with members of management who are difficult or challenging to interact with.
- Involving members of the engagement team with specialized skills and knowledge or a practitioner's expert to assist the engagement team with complex or subjective areas of the engagement.
- Involving appropriate resources to perform procedures to obtain evidence about disclosures related to entities across the entity's organizational boundary and value chain.
- Modifying the nature, timing and extent of direction, supervision or review, for example, by more in-person oversight on a more frequent basis or more in-depth reviews of certain working papers.
- Communicating with those charged with governance when management imposes undue pressure or the engagement team experiences difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others from whom evidence may be sought.

Professional Judgment (Ref: Para. 38)

A77. Professional judgment is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and the ISSAs, and the informed decisions required throughout the engagement, cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances. Professional judgment is necessary in particular regarding decisions about:

- The presence of the preconditions for an assurance engagement.
- Materiality and engagement risk.
- The nature, timing and extent of procedures used to meet the requirements of this ISSA and any other relevant ISSAs and to obtain evidence, including where, and to what extent, it is necessary to perform procedures at entities across the entity's organizational boundary and value chain.
- Evaluating whether sufficient appropriate evidence has been obtained, and whether more needs to be done to achieve the objectives of this ISSA and any other relevant ISSAs. In particular, in the case of a limited assurance engagement, professional judgment is required in evaluating whether a meaningful level of assurance has been obtained.
- The appropriate conclusions to draw based on the evidence obtained.
- The actions to take in exercising professional skepticism.
- Whether the engagement leader's involvement throughout the engagement has been sufficient and appropriate such that the engagement leader has the basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature

and circumstances of the engagement.

- A78. The distinguishing feature of the professional judgment expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments.
- A79. The exercise of professional judgment is based on the facts and circumstances that are known by the practitioner. It needs to be exercised throughout the engagement and be appropriately documented. Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of assurance and measurement or evaluation principles and is appropriate in the light of, and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner's assurance report. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence.

Engagement Resources (Ref: Para. 39)

- A80. Resources include human, technological and intellectual resources. Human resources include members of the engagement team and, when applicable, a practitioner's external expert. Technological resources include technological tools that may allow the practitioner to manage the engagement more effectively and efficiently. Intellectual resources include, for example, assurance methodologies, implementation tools, assurance guides, model programs, templates, checklists or forms.
- A81. In determining whether sufficient and appropriate resources to perform the engagement have been assigned or made available to the engagement team, the engagement leader ordinarily may depend on the firm's related policies or procedures (including resources). For example, based on information communicated by the firm, the engagement leader may be able to depend on the firm's technological development, implementation and maintenance programs when using firm-approved technology to perform procedures.

Competence and Capabilities of the Engagement Team (Ref: Para. 40)

- A82. When determining that the engagement team has the appropriate sustainability competence and competence and capabilities in assurance skills and techniques, the engagement leader may take into consideration such matters as the team's:
- Understanding of, and practical experience with, sustainability assurance engagements of a similar nature and complexity through appropriate training and participation.
 - Understanding of professional requirements and applicable legal and regulatory requirements applicable to the engagement.
 - Expertise in the sustainability matters relevant the engagement.
 - Expertise in IT used by the entity or automated tools or techniques that are to be used by the engagement team in planning and performing the engagement.
 - Knowledge of relevant industries in which the entity operates.
 - Knowledge of laws, regulations or business practices relevant to the entity's operations in a particular jurisdiction.

- Ability to exercise professional skepticism and professional judgment.
- Understanding of the firm's policies or procedures.

A83. Sustainability assurance engagements may be performed on a wide range of sustainability matters that require specialized skills and knowledge beyond those possessed by the engagement leader and other members of the engagement team and for which the work of a practitioner's expert is used. A practitioner's expert may be either a practitioner's internal expert (who is a member of the engagement team), or a practitioner's external expert. A practitioner's expert may be needed to assist the practitioner in one or more areas.

Examples:

- Obtaining an understanding of the entity and its environment, including its internal control.
- Performing risk procedures.
- Responding to risks, including (in a reasonable assurance engagement) determining and implementing overall responses to assessed risks of misstatement of the sustainability information.
- Evaluating the sufficiency and appropriateness of evidence obtained in forming a conclusion on the sustainability information.

A84. Considerations when deciding whether to use a practitioner's expert may include:

- Whether management has used a management's expert in preparing the sustainability information (see paragraph A85).
- The nature and significance of the sustainability information, including its complexity.
- The identified disclosures where material misstatements are likely to arise (limited assurance) or the assessed risks of material misstatement (reasonable assurance).
- The expected nature of procedures to respond to identified risks, including: the practitioner's knowledge of and experience with the work of experts in relation to such matters; and the availability of alternative sources of evidence.

A85. When management has used a management's expert in preparing the sustainability information, the practitioner's decision on whether to use a practitioner's expert may also be influenced by such factors as:

- The nature, scope and objectives of the management's expert's work.
- Whether the management's expert is employed by the entity, or is a party engaged by it to provide relevant services.
- The extent to which management can exercise control or influence over the work of the management's expert.
- The management's expert's competence and capabilities.
- Whether the management's expert is subject to technical performance standards or other professional or industry requirements.

- Any controls within the entity over the management's expert's work.

A86. The more complex the engagement, including its geographical spread and the extent to which information is derived from the entity's value chain, the more necessary it may be to consider how the work of other practitioners and the work of practitioner's experts is to be integrated across the engagement. The appropriate application of competence in performing the engagement depends on the practitioners, practitioner's experts and other practitioners who are to perform the engagement:

- Having the appropriate competence to perform the roles assigned to them; and
- Working together effectively, including effective two-way communication.

Involvement in the Work of a Practitioner's External Expert or Another Practitioner (Ref: Para. 41)

A87. Paragraph 29 requires the engagement leader to be sufficiently and appropriately involved throughout the engagement. Such involvement extends to the work performed by a practitioner's external expert or another practitioner.

A88. A practitioner's external expert is not part of the engagement team. Accordingly, paragraph 48 specifies the requirements and conditions for the practitioner to be able to use the work of a practitioner's external expert.

A89. In certain circumstances, another practitioner will perform, or may have performed, work on sustainability information that is relevant to the practitioner's engagement. For example, another practitioner may have conducted a separate assurance engagement on the entity's greenhouse gas emissions, removals and storage and that information is included in the sustainability information subject to the assurance engagement.

A90. Another practitioner may include an individual (or, as applicable, another firm) from within or outside of the practitioner firm's network. If the practitioner intends to use the work of another practitioner that is relevant to the practitioner's engagement, and the practitioner is able to direct and supervise the other practitioner and review their work, then the other practitioner is a member of the engagement team. In these circumstances, the requirements applicable to the engagement team, including those related to direction, supervision and review in paragraphs 44-47 apply.

A91. The practitioner may be unable to direct and supervise another practitioner, or review their work. This may be because the practitioner's access to the work of another practitioner is restricted. For example, another practitioner may already have completed their engagement, or the other practitioner may be unable to cooperate with the practitioner because there are restrictions on access to information or people due to law, regulation or other conditions. In such circumstances, the other practitioner is not a member of the engagement team and paragraphs 50-53 apply.

Insufficient or Inappropriate Resources Assigned or Made Available (Ref: Para. 42)

A92. The engagement leader's determination of whether additional engagement-level resources are required is a matter of professional judgment and is influenced by the requirements of this ISSA and the nature and circumstances of the engagement. In certain circumstances, the engagement leader may determine that the firm's responses to quality risks are ineffective in the context of the specific engagement, including that certain resources assigned or made available to the engagement team are insufficient. In those circumstances, the engagement leader is required to take appropriate action,

including communicating such information to the appropriate individuals in the firm. For example, if an assurance software program provided by the firm has not incorporated new or revised procedures related to sustainability disclosures required by new or revised framework criteria, timely communication of such information to the firm enables the firm to take steps to update and reissue the software promptly or to provide an alternative resource that enables the engagement team to comply with the new regulation in the performance of the engagement.

- A93. When the sustainability includes information for entities that are part of a group or other entities in the entity's value chain (which sustainability reporting frameworks may refer to as "consolidated sustainability information"), the engagement may involve performing work across multiple entities and jurisdictions. In these circumstances, the engagement's leader's determination about whether the resources assigned or made available are sufficient and appropriate may include considering whether there is a need to involve another practitioner (or practitioners) with knowledge and experience of the laws, regulations, language or culture in certain jurisdictions.
- A94. If the resources assigned or made available are insufficient or inappropriate in the circumstances of the engagement and additional or alternative resources have not been made available, appropriate actions may include:
- Changing the planned approach to the nature, timing and extent of direction, supervision and review (see also paragraph 45).
 - Discussing an extension to the entity's reporting deadlines with management or those charged with governance, when an extension is possible under applicable law or regulation.
 - Following the firm's policies or procedures for resolving differences of opinion if the engagement leader does not obtain the necessary resources for the engagement.
 - Following the firm's policies or procedures for withdrawing from the engagement, when withdrawal is possible under applicable law or regulation.

Using the Resources Assigned or Made Available (Ref: Para. 43)

- A95. The firm's policies or procedures may include required considerations or responsibilities for the engagement team when using firm-approved technological tools to perform procedures and may require the involvement of individuals with specialized skills or expertise in evaluating or analyzing the output. The engagement team may be required, in accordance with the firm's policies or procedures, to use the firm's assurance methodology and specific tools and guidance. The engagement team may also consider whether the use of other intellectual resources is appropriate and relevant based on the nature and circumstances of the engagement, for example, an industry specific assurance methodology or related guides and performance aids.

Direction, Supervision and Review

Engagement Leader's Responsibility for Direction, Supervision and Review (Ref: Para. 44)

- A96. ISQM 1 requires that direction, supervision and review is planned and performed on the basis that the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members.
- A97. Direction and supervision of the engagement team and the review of their work are firm-level

responses that are implemented at the engagement level, of which the nature, timing and extent may be further tailored by the engagement leader in managing the quality of the engagement. Accordingly, the approach to direction, supervision and review will vary from one engagement to the next, taking into account the nature and circumstances of the engagement. The approach will ordinarily include a combination of addressing the firm's policies or procedures and engagement specific responses.

- A98. When an engagement is not carried out entirely by the engagement leader, or when the nature and circumstances of the engagement are more complex (e.g., when there are members of the engagement team spread across multiple jurisdictions), it may be necessary for the engagement leader to assign direction, supervision, and review to other members of the engagement team. However, as part of the engagement leader's overall responsibility for managing and achieving quality on the engagement and to be sufficiently and appropriately involved, the engagement leader is required to determine that the nature, timing and extent of direction, supervision and review is undertaken in accordance with paragraph 45. In such circumstances, personnel or members of the engagement team may provide information to the engagement leader to enable the engagement leader to make the determination required by paragraph 45.

Direction

- A99. Direction of the engagement team may involve informing the members of the engagement team of their responsibilities, such as:

- Contributing to the management and achievement of quality at the engagement level through their personal conduct, communication and actions.
- Maintaining a questioning mind and being aware of unconscious or conscious biases in exercising professional skepticism when gathering and evaluating evidence.
- Addressing threats to the achievement of quality, and the engagement team's expected response. For example, budget constraints or resource constraints should not result in the engagement team members modifying planned procedures or failing to perform planned procedures.
- Fulfilling relevant ethical requirements.
- Understanding the objectives of the work to be performed and the detailed instructions regarding the nature, timing and extent of planned assurance procedures as set forth in the overall engagement strategy and plan.
- The responsibilities of respective engagement team members to perform procedures and of more experienced engagement team members to direct, supervise and review the work of less experienced engagement team members.

Supervision

- A100. Supervision may include matters such as:

- Tracking the progress of the engagement, which includes monitoring:
 - The progress against the engagement plan;
 - Whether the objective of work performed has been achieved; and

- The ongoing adequacy of assigned resources.
- Taking appropriate action to address issues arising during the engagement, including for example, reassigning planned procedures to more experienced engagement team members when issues are more complex than initially anticipated.
- Identifying matters for consultation or consideration by more experienced engagement team members during the engagement.
- Providing coaching and on-the-job training to help engagement team members develop skills or competencies.
- Creating an environment where engagement team members raise concerns without fear of reprisals.

Review

A101. Review of the engagement team's work consists of consideration of whether, for example

- The work has been performed in accordance with the firm's policies or procedures, professional requirements and applicable legal and regulatory requirements.
- Significant matters have been raised for further consideration.
- Appropriate consultations have taken place and the resulting conclusions have been documented and implemented.
- There is a need to revise the nature, timing and extent of work performed.
- The work performed supports the conclusions reached and is appropriately documented.
- The evidence obtained is sufficient and appropriate to provide a basis for the practitioner's conclusion.
- The objectives of the procedures have been achieved.

Determining the Nature, Timing & Extent of Direction, Supervision and Review (Ref. Para. 45)

A102. The approach to the direction and supervision of the members of the engagement team and the review of their work provides support for the engagement leader in fulfilling the requirements of this ISSA, and in concluding that the engagement leader has been sufficiently and appropriately involved throughout the engagement in accordance with paragraph 165.

A103. The approach to direction, supervision and review may be tailored depending on, for example:

- The engagement team member's previous experience with the entity and the subject matter.
- The complexity of the engagement.
- The assessed risks of material misstatement (in a reasonable assurance engagement).
- The competence and capabilities of the individual engagement team members performing the work.
- The manner in which the reviews of the work performed are expected to take place (remote or in-person).
- The structure of the engagement team and the location of engagement team members.

- Whether engagement team members are from the practitioner's firm, another network firm, or another practitioner.

Review of Engagement Documentation (Ref. Para. 46)

A104. Timely review of engagement documentation by the engagement leader at appropriate stages throughout the engagement enables significant matters to be resolved to the engagement leader's satisfaction on or before the date of the practitioner's report. The engagement leader need not review all engagement documentation.

A105. Judging the significance of a matter requires an objective analysis of the facts and circumstances.

Examples of significant matters:

- Matters, in a reasonable assurance engagement, for which the practitioner's assessment of risk of material misstatement is higher.
- Results of procedures indicating that the sustainability information could be materially misstated.
- Circumstances that cause the practitioner significant difficulty in applying necessary procedures.
- Findings that could result in a modification to the assurance conclusion or the inclusion of an Emphasis of Matter paragraph in the assurance report.

A106. The engagement leader exercises professional judgment in identifying significant judgments made by the engagement team. The firm's policies or procedures may specify certain matters that are commonly expected to be significant judgments. Significant judgments may include matters related to planning and performing the engagement, as well as the conclusions reached by the engagement team.

Examples of significant judgments:

- Whether the scope of the sustainability information expected to be reported and the scope of the assurance engagement are appropriate.
- Whether the engagement exhibits a rational purpose, including, in the case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance.
- The suitability of the applicable criteria.
- Planning the engagement, such as matters related to materiality.
- The composition of the engagement team, including:
 - Personnel with expertise in one or more sustainability matters addressed in the engagement;
 - The use of personnel from service delivery centers.

- The decision to involve a practitioner's expert, including the decision to involve an external expert.
- The decision to use work of another practitioner, including the relevance of that work to the engagement.
- The engagement team's consideration of information obtained in the acceptance and continuance process and proposed responses to that information.
- The engagement team's risk procedures, including situations when the identification of risks of material misstatement (in a reasonable assurance engagement) or disclosures where material misstatements are likely to arise (in a limited assurance engagement) requires significant judgment by the engagement team.
- Results of the procedures performed by the engagement team on areas of the engagement involving significant management judgment.
- The engagement team's evaluation of the work performed by a practitioner's external expert or another practitioner, and conclusions drawn therefrom.
- For engagements addressing sustainability information that includes information for more than one entity (e.g., information for entities that are part of a group or other entities in the reporting entity's value chain):
 - The proposed overall engagement strategy and plan for addressing where, and by whom, evidence needs to be obtained; and
 - Decisions about the involvement of other practitioners, including how to direct and supervise them and review their work, including, for example, when, in a reasonable assurance engagement, another practitioner performs work on areas of higher assessed risk of material misstatement of the sustainability information.
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
- The evaluation of matters that may affect the assurance report, including modification of the practitioner's conclusion.

A107. The engagement leader exercises professional judgment in determining other matters to review, for example based on:

- The nature and circumstances of the engagement.
- Which engagement team member performed the work.
- Matters relating to recent inspection findings.
- The requirements of the firm's policies or procedures.

A108. The engagement leader uses professional judgment in determining which written communications to review, taking into account the nature and circumstances of the engagement. For example, it may not be necessary for the engagement leader to review communications between the engagement team and management in the ordinary course of the engagement.

Using Work Performed by a Practitioner's External Expert (Ref: Para. 48)

A109. The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's external expert. Nonetheless, if the practitioner using the work of a practitioner's external expert, having followed this ISSA, concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner may accept that expert's findings or conclusions in the expert's field as appropriate evidence.

A110. The nature, timing and extent of procedures to fulfill the requirement in paragraph 48 will vary depending on the circumstances. Relevant considerations may include:

- The significance of that expert's work in the context of the engagement (see also paragraphs A111-A112).
- The nature of the disclosure(s) to which that expert's work relates.
- The risks of material misstatement of the sustainability information (in a reasonable assurance engagement) or the disclosures where material misstatements are likely to arise (in a limited assurance engagement) to which that expert's work relates.
- The practitioner's knowledge of and experience with previous work performed by that expert.

A111. When the work of a practitioner's external expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 48 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's external expert will be fully integrated with the work of other assurance personnel and when the work of the practitioner's external expert is to be used in the early stages of the engagement, for example during initial planning and risk procedures.

A112. The competence, capabilities and objectivity of a practitioner's external expert are factors that significantly affect whether the work of the practitioner's external expert will be adequate for the practitioner's purposes. Information regarding the competence, capabilities and objectivity of a practitioner's external expert may come from a variety of sources.

Examples:

- Personal experience with previous work of that expert.
- Discussions with that expert.
- Discussions with other practitioners or others who are familiar with that expert's work.
- Knowledge of that expert's qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition.
- Understanding whether that expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body.
- Published papers or books written by that expert.

A113. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the practitioner's external expert and the significance of the expert's work in the context of the engagement. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed practitioner's external expert is an individual who has played a significant role in preparing the sustainability information.

A114. When evaluating the objectivity of a practitioner's external expert, it may be relevant to:

- Inquire also of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the expert that may affect that expert's objectivity.
- Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that may be relevant to discuss with the expert include:
 - Financial interests.
 - Business and personal relationships.
 - Provision of other services by that expert.

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external expert about any interests or relationships with the entity or engaging party of which that expert is aware.

A115. Having a sufficient understanding of the field of expertise of the practitioner's external expert enables the practitioner to:

- (a) Agree with the practitioner's expert the nature, scope (including materiality to be applied) and objectives of that expert's work for the practitioner's purposes;
- (b) Understand what assumptions, data and methods, including models as applicable, are used by the practitioner's expert, and whether they are generally accepted within that expert's field and appropriate in the circumstances of the engagement; and
- (c) Evaluate the adequacy of that expert's work for the practitioner's purposes.

A116. It may be appropriate for the practitioner's agreement with the practitioner's external expert to also include matters such as the following:

- The respective roles and responsibilities of the practitioner and that expert.
- The nature, timing and extent of communication between the practitioner and that expert, including the form of any report to be provided by that expert.
- The need for the expert to observe confidentiality requirements.

A117. The following matters may be relevant when evaluating the adequacy of a practitioner's external expert's work for the practitioner's purpose:

- The relevance and reasonableness of the findings or conclusions from that expert's work, and their consistency with other evidence.

- If that expert's work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances.
- If that expert's work involves the use of source data that is significant to the work, the relevance, completeness, and accuracy of that source data.

A118. [Not used]

Using Work Performed by Another Practitioner Not Part of the Engagement Team (Ref: Para. 50)

A119. In planning and performing the engagement, the practitioner may intend to use the work of another practitioner. As described in paragraph A91, if the practitioner is unable to direct and supervise the other practitioner and review their work, that other practitioner is not part of the engagement team. The practitioner exercises professional judgment in determining whether the work of another practitioner is relevant to and is appropriate for purposes of the engagement, and the nature and extent to which the work of another practitioner can be used in the circumstances.

A120. While paragraphs A109-A117 provide guidance for using work performed by a practitioner's external expert, they may also be helpful when using work performed by another practitioner that is not part of the engagement team. In particular, the considerations described in paragraphs A110 and A117 are also relevant when the practitioner plans to use work performed by another practitioner.

A121. The extent to which another practitioner's policies and procedures support the independence of the other practitioner and the level of competence of the other practitioner are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of another practitioner that is appropriate in the circumstances.

A122. The sources described in paragraph A112 related to the work of a practitioner's expert may also be relevant when evaluating the competence and capabilities of another practitioner. When another practitioner is another firm within the same network as the practitioner's firm and is subject to common network requirements or uses common network services, the practitioner may be able to depend on such network requirements, for example, those addressing professional training or recruitment, or that require the use of common methodologies and related implementation tools.

A123. Evaluating whether the nature, scope and objectives of another practitioner's work are appropriate for the practitioner's purposes may include obtaining an understanding of:

- The nature of the engagement and whether it exhibits a rational purpose;
- The applicable criteria;
- The scope of the engagement, including materiality;
- Whether the engagement is a limited or reasonable assurance engagement; and
- Whether the work performed has been supported by firm-level policies and procedures designed to address quality management.

A124. Relevant matters that the engagement team may request another practitioner to communicate include:

- Whether the other practitioner has complied with ethical requirements that are relevant to the engagement, including independence and professional competence.

- Information on instances of non-compliance with law or regulation that could give rise to a material misstatement of the sustainability information.
- A list of uncorrected misstatements identified by the other practitioner during the engagement that are not clearly trivial.
- Indicators of possible bias in the preparation of relevant information.
- Description of any identified significant deficiencies in internal control identified by the other practitioner during the engagement.
- Other significant matters that the other practitioner has communicated or expects to communicate to the entity, including fraud or suspected fraud.
- Any other matters that may be relevant to the sustainability information, or that the other practitioner wishes to draw to the attention of the engagement team, including exceptions noted in any written representations that the other practitioner requested from the entity.
- The other practitioner's overall findings, conclusion or opinion.

A125. If the practitioner determines that another practitioner's communications are not adequate for the practitioners' purposes, the practitioner may consider whether, for example:

- Further information can be obtained from the other practitioner (e.g., through further discussions or meetings);
- Review of additional engagement documentation of the other practitioner may provide the practitioner with further information;
- Additional procedures may need to be performed by the engagement team; or
- There are any concerns about the other practitioner's competence or capabilities.

A126. The practitioner's determination whether to review additional engagement documentation of the other practitioner may include consideration of:

- The nature, timing and extent of the work performed by the other practitioner;
- The competence and capabilities of the other practitioner; and
- The significant judgments made by, and the findings or conclusions of, the other practitioner about matters that are material to the sustainability information.

Using Work Performed by the Internal Audit Function (Ref: Para. 54)

A127. In determining whether the work of the internal audit function can be used for purposes of the engagement, a first consideration is whether the planned nature and scope of the work of the internal audit function that has been performed, or is planned to be performed, is relevant to the overall engagement strategy and plan that the practitioner has established.

A128. The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal auditors and the level of competence of the function are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of the function that is appropriate in the circumstances.

A129. Factors that may affect the practitioner's evaluation of whether the internal audit function applies a systematic and disciplined approach include the following:

- The existence, adequacy and use of documented internal audit procedures or guidance covering such areas as risk assessments, work programs, documentation and reporting, the nature and extent of which is commensurate with the size and circumstances of an entity.
- Whether the internal audit function has appropriate quality control policies and procedures, for example, policies and procedures that would be applicable to an internal audit function (such as those relating to leadership, human resources and engagement performance) or quality control requirements in standards set by the relevant professional bodies for internal auditors. Such bodies may also establish other appropriate requirements such as conducting periodic external quality assessments.

Monitoring and Remediation (Ref: Para. 57)

A130. In considering information communicated by the firm through its monitoring and remediation process and how it may affect the engagement, the engagement leader may consider the remedial actions designed and implemented by the firm to address identified deficiencies and, to the extent relevant to the nature and circumstances of the engagement, communicate accordingly to the engagement team. The engagement leader may also determine whether additional remedial actions are needed at the engagement level. For example, the engagement leader may determine that:

- A practitioner's expert is needed; or
- The nature, timing and extent of direction, supervision and review needs to be enhanced in an area of the engagement where deficiencies have been identified.

If an identified deficiency does not affect the quality of the engagement (e.g., if it relates to a technological resource that the engagement team did not use) then no further action may be needed.

Fraud (Ref: Para. 58)

A131. Maintaining professional skepticism requires an ongoing questioning of whether the information and evidence obtained suggests that a material misstatement due to fraud may exist. It includes considering the reliability of the information intended to be used as evidence and the controls over its preparation and maintenance where relevant. Due to the characteristics of fraud, the practitioner's professional skepticism is particularly important when considering material misstatement due to fraud, which may include omission of information and/or deliberate bias.

Non-Compliance with Laws and Regulations (Ref: Para. 59-60)

A132. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the practitioner's communication of certain matters with the responsible party, management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity. In these circumstances, the issues considered by the practitioner may be complex and the practitioner may consider it appropriate to obtain legal advice.

A133. Law, regulation or relevant ethical requirements may:

- (a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity, and
- (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

A134. Reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be required or appropriate in the circumstances because:

- (a) Law, regulation or relevant ethical requirements require the practitioner to report;
- (b) The practitioner has determined reporting is an appropriate action to respond to identified or suspected non-compliance in accordance with relevant ethical requirements; or
- (c) Law, regulation or relevant ethical requirements provide the practitioner with the right to do so.

A135. The reporting of identified or suspected non-compliance with laws and regulations in accordance with law, regulation or relevant ethical requirements may include non-compliance with laws and regulations that the practitioner comes across or is made aware of when performing the engagement but which may not affect the sustainability information. Under this ISSA, the practitioner is not expected to have a level of understanding of laws and regulations beyond those affecting the sustainability information. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to such non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body.

A136. In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.

Communication with Management, Those Charged with Governance and Others (Ref: Para. 61)

A137. Significant matters that may be appropriate to communicate with management, those charged with governance or others include:

- Identified fraud or suspected fraud.
- Identified deficiencies in internal control.
- Management bias in the preparation of the sustainability information.
- Significant matters discussed or subject to correspondence with management.
- Significant difficulties encountered during the engagement.

A138. Significant matters discussed, or subject to correspondence with management, may include such matters as:

- Significant events or transactions that occurred during the year.

- Concerns about management's use of work of an expert or information obtained from external sources.
- Significant matters on which there was disagreement with management.

A139. Significant difficulties encountered during the engagement may include such matters as:

- Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the practitioner to perform procedures.
- An unreasonably brief time within which to complete the engagement.
- Extensive unexpected effort required to obtain sufficient appropriate evidence.
- The unavailability of expected information.
- Restrictions imposed on the practitioner by management.

In some circumstances, such difficulties may constitute a scope limitation that leads to a modification of the practitioner's assurance conclusion.

Considerations Specific to Public Sector Entities (Ref: Para. 61)

A140. A public sector practitioner may be obliged to report on identified or suspected non-compliance to the legislature or other governing body or to report them in the practitioner's report.

Documentation

Overarching Documentation Requirements

Form, Content and Extent of Engagement Documentation (Ref: Para. 62-64)

A141. A practitioner experienced in sustainability assurance refers to an individual (whether internal or external to the firm) who has practical experience in sustainability assurance, and a reasonable understanding of:

- (a) Assurance processes;
- (b) ISSAs and applicable legal and regulatory requirements;
- (c) The business environment in which the entity operates; and
- (d) Assurance and sustainability reporting matters relevant to the entity's industry.

A142. Preparing sufficient and appropriate engagement documentation on a timely basis helps to enhance the quality of the assurance engagement and facilitates the effective review and evaluation of the evidence obtained and conclusions reached before the practitioner's report is finalized. Engagement documentation prepared after the assurance engagement work has been performed is likely to be less accurate than documentation prepared at the time such work is performed.

A143. The form, content and extent of engagement documentation depend on factors such as:

- The size and complexity of the entity.
- The scope of the assurance engagement and nature of the procedures to be performed. For example, the extent of engagement documentation would ordinarily be less.

- For a limited assurance engagement compared to a reasonable assurance engagement.
- (When the scope of the assurance engagement includes only certain parts, rather than all, of the sustainability information).
- The extent of disclosures where material misstatements are likely to arise (in a limited assurance engagement) or the identified and assessed risks of material misstatement (in a reasonable assurance engagement).
- The significance of the evidence obtained.
- The nature and extent of exceptions identified.
- The need to document a conclusion or the basis for a conclusion not self-evident from the engagement documentation of the work performed or evidence obtained.
- The assurance methodology and tools used.

A144. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Examples of significant matters include:

- (Matters that give rise to higher assessed risks (in a reasonable assurance engagement)).
- Results of procedures indicating that the sustainability information could be materially misstated or, in a reasonable assurance engagement, a need to revise the practitioner's previous assessment of the risks of material misstatement and the practitioner's responses to those risks.
- Circumstances that cause the practitioner significant difficulty in applying necessary procedures.
- Findings that could result in a modification to the assurance conclusion or the inclusion of an Emphasis of Matter paragraph in the assurance report.

A145. An important factor in determining the form, content and extent of engagement documentation of significant matters is the extent of professional judgment exercised in performing the work and evaluating the results. Engagement documentation of the professional judgments made, when significant, serves to explain the practitioner's conclusions and to reinforce the quality of the judgment.

A146. Circumstances in which it is appropriate to prepare engagement documentation relating to the use of professional judgment, include matters and judgments that are significant to:

- The rationale for the practitioner's conclusion when a requirement provides that the practitioner "shall consider" certain information or factors, and that consideration is significant in the context of the particular engagement.
- The basis for the practitioner's conclusion on the reasonableness of judgments (for example, the reasonableness of significant estimates).
- The basis for the practitioner's conclusions about the authenticity of a document when further investigation is undertaken in response to conditions identified during the assurance engagement that caused the practitioner to believe that the document may not be authentic.

A147. It is neither necessary nor practical to document every matter considered, or professional judgment

made, during an engagement. Further, it is unnecessary for the practitioner to document separately (e.g., through a checklist) compliance with matters for which compliance is demonstrated by documents included within the assurance engagement file.

A148. The requirement to document who reviewed the work performed does not imply a need for each specific working paper to include evidence of review. The requirement, however, means documenting what work was reviewed, who reviewed such work, and when it was reviewed.

A149. Documentation of discussions of significant matters with management, those charged with governance, and others is not limited to records prepared by the practitioner but may include other appropriate records such as minutes of meetings prepared by the entity's personnel and agreed by the practitioner. Others with whom the practitioner may discuss significant matters may include other personnel within the entity, and external parties, such as persons providing professional advice to the entity.

Assembly of the Final Engagement File (Ref: Para. 65)

A150. ISQM 1 (or other professional requirements, or requirements in law or regulation that are at least as demanding as ISQM 1) requires firms to establish a quality objective that addresses the assembly of engagement documentation on a timely basis after the date of the engagement report. An appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the assurance report.

A151. The completion of the assembly of the final engagement file after the date of the assurance report is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the engagement documentation during the final assembly process if they are administrative in nature. Examples of such changes include:

- Deleting or discarding superseded documentation.
- Sorting, collating and cross-referencing working papers.
- Signing off on completion checklists relating to the file assembly process.
- Documenting evidence that the practitioner has obtained, discussed and agreed with the relevant members of the engagement team before the date of the assurance report.

A152. ISQM 1 requires firms to establish a quality objective that addresses the maintenance and retention of engagement documentation to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards. The retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report.

Documentation Related to Quality Management (Ref: Para. 67)

A153. When dealing with circumstances that may pose risks to achieving quality on the engagement, the exercise of professional skepticism, and the engagement documentation of the practitioner's consideration thereof, may be important. For example, if the engagement leader obtains information that may have caused the firm to decline the engagement (see paragraph 27), the engagement documentation may include explanations of how the engagement team dealt with the circumstance.

Preconditions for an Assurance Engagement

Determining Whether the Preconditions are Present

Obtaining a Preliminary Knowledge of the Engagement Circumstances (Ref: Para. 68)

A154. The practitioner's preliminary knowledge of the engagement circumstances, as defined in paragraph 16(j), may be different in nature and less in extent than the understanding required for performing the engagement, and may include:

- Whether there are different levels of assurance for different disclosures, for example:
 - Limited assurance on disclosures related to the social topic and reasonable assurance on disclosures related to the environmental topic.
 - (Limited assurance on disclosures about risks and opportunities related to the social topic, and reasonable assurance on the process to prepare the disclosures related to the social topic.
- How the applicable criteria were selected or developed.
- (If the sustainability information within the scope of the assurance engagement is not all of the sustainability information expected to be reported, the reasons why.
- How the sustainability information is to be presented, for example, included in a regulatory filing or in a standalone report.
- Other matters, for example, events, transactions, conditions and practices, that may have a significant effect on the assurance engagement.

A155. When obtaining the preliminary knowledge of the engagement circumstances, the practitioner may become aware of matters that may be relevant to determining whether the preconditions for an assurance engagement are present, such as:

- The sustainability matter is complex and diverse, and the disclosures are more qualitative than quantitative, or more forward-looking than historical.
- The entity's process to prepare the sustainability information or other components of the entity's system of internal control relevant to the preparation of the sustainability information do not appear to be fully developed.
- The criteria comprise only aspects of a framework (i.e., not the entire framework), have been selected from numerous frameworks, or include entity-developed criteria.
- The sustainability information expected to be reported only covers a part of the information that could reasonably be reported in the circumstances.
- The proposed scope of the assurance engagement is limited to certain sustainability information and has been determined by management or those charged with governance (i.e., there may be management bias in selecting the sustainability information within the scope of the assurance engagement).

Obtaining a Preliminary Knowledge of the Sustainability Information Expected to be Reported (Ref: Para. 68(a))

A156. In obtaining a preliminary knowledge of the sustainability information expected to be reported, the practitioner may consider whether the scope of the sustainability information has been or will be determined by management through an appropriate process. This may include consideration of whether that process will enable management to:

- (a) Identify the topics and aspects of topics, and the reporting boundaries, that are likely to meet the information needs of intended users; and
- (b) Report sustainability information that is not likely to mislead intended users by obscuring or omitting topics or aspects or topics, or excluding entities, facilities or locations from the boundaries of the sustainability information.

A157. The entity's process to identify and select topics and aspects of the topics for inclusion in the sustainability information expected to be reported, may be established by management or applied pursuant to the requirements of a sustainability reporting framework. Such a process may often be referred to as the "process to identify reporting topics," "materiality assessment," or "materiality process", among other terms. However, the concept of materiality in this regard is not the same as the practitioner's materiality. For the purposes of this ISSA, materiality refers only to a threshold of significance to user decision-making considered by the practitioner in relation to potential and identified misstatements, in the circumstances of the engagement (see paragraph 90).

Obtaining a Preliminary Knowledge of the Scope of the Proposed Assurance Engagement (Ref: Para. 68(b))

A158. The scope of the assurance engagement may extend to all of the sustainability information expected to be reported by the entity (e.g., the entity's sustainability report), or only part of it (e.g., it may be limited to specific disclosures such as assurance on key performance indicators for product recycling rates). Also, the scope of the proposed assurance engagement may encompass the reporting boundary covered by the sustainability information to be reported, or only certain jurisdictions, entities, operations or facilities within the reporting boundary.

A159. The reporting boundary within the scope of the assurance engagement may be established in law, regulation or professional requirements, or it may be determined by the appropriate party(ies). In obtaining a preliminary knowledge of the scope of the assurance engagement, the practitioner may consider whether the reporting boundary(ies):

- Relates to the entity, multiple entities, the entity's value chain(s), specific jurisdictions, activities, operations, locations or facilities.
- Extend beyond the operational control of the entity.
- Are established in framework criteria or entity-developed criteria.
- Are consistent between different topics, aspects of topics or disclosures, and if inconsistent, whether such inconsistency is appropriate based on the applicable criteria.

Suitability of the Roles and Responsibilities (Ref: Para. 69(a))

A160. The three parties for an assurance engagement are:

- (a) Management (which is ordinarily responsible for the sustainability matters), those charged with governance or the engaging party, as applicable;

- (b) The practitioner, and
- (c) The intended users.

A161. If the engagement does not have at least three parties, it is unable to satisfy all of the elements of an assurance engagement under the *International Framework for Assurance Engagements*. The practitioner's responses may include:

- Asking the engaging party to change the terms of engagement to reflect a three-party relationship.
- Conducting the engagement as a consulting engagement.
- Performing an agreed-upon procedures engagement or declining the engagement.

Reasonable Basis for the Sustainability Information (Ref: Para. 69(a))

A162. In evaluating whether management or those charged with governance, as appropriate, have a reasonable basis for the sustainability information, the practitioner may consider whether they have a formal process with robust controls to enable the preparation of the sustainability information that is free from material misstatement. What constitutes a reasonable basis will depend on the nature of the sustainability matters addressed by the sustainability information and other engagement circumstances.

A163. If the practitioner becomes aware that there are deficiencies in 's management's process to prepare the sustainability information that is not within the proposed scope of the assurance engagement and is therefore other information, this may indicate that management or those charged with governance, as appropriate, does not have a reasonable basis for reporting this information. In these circumstances, the implications of the requirements in this standard for other information (see paragraphs 155-157) will have an impact on the practitioner's acceptance of the proposed engagement.

Appropriate Sustainability Matters (Ref: Para. 70))

A164. Whether the sustainability matters within the scope of the engagement are appropriate is not affected by the level of assurance, that is, if a sustainability matter is not appropriate for a reasonable assurance engagement, it is also not appropriate for a limited assurance engagement, and vice versa. Therefore, inappropriate sustainability matters for a reasonable assurance engagement cannot be overcome by changing the engagement to a limited assurance engagement.

A165. In evaluating whether the sustainability matters are appropriate, and whether sufficient appropriate evidence can be obtained, the practitioner may consider matters such as the characteristics of the sustainability matters (i.e., the degree to which they are qualitative versus quantitative, factual versus judgmental, historical versus forward-looking, and relate to a point in time or cover a period) and the reporting boundary.

Suitability and Availability of Criteria (Ref: Para. 71)

Sources of the Criteria (Ref: Para. 71(a))

A166. Criteria may be:

- (a) Framework criteria, that is:
 - (i) Embodied in law or regulation;
 - (ii) Issued by authorized or recognized bodies of experts that follow a transparent due process;
 - (iii) Developed collectively by a group that does not follow a transparent due process;
 - (iv) Published in scholarly journals or books; or
 - (v) Developed for sale on a proprietary basis;
- (b) Entity-developed criteria; or
- (c) A combination of framework criteria and entity-developed criteria.

A167. In evaluating the sources of the criteria, the practitioner may consider whether the entity identified and selected criteria from one or more frameworks or developed some or all of the criteria.

A168. When criteria are selected from multiple frameworks or entity-developed criteria are to be used, the practitioner's evaluation of the suitability of the criteria may be more extensive and the practitioner may need to consider subjectivity or opportunity for management bias in selecting or developing the criteria.

169. Framework criteria that are embodied in law or regulation or are issued by authorized or recognized bodies of experts that follow a transparent due process are presumed to be suitable in the absence of indications to the contrary. However, if the framework criteria establish principles and concepts regarding the measurement or evaluation of the sustainability matters, but lack the specificity needed in the circumstances of the entity to be relevant or complete, those criteria may not be suitable on their own. In such cases, the criteria may need to be supplemented by additional framework or entity-developed criteria in order to:

- Be sufficiently prescriptive about the scope of the sustainability matters to be addressed in the sustainability information.
- Address the entity's industry or jurisdictions in which the entity operates, or other factors pertinent to the sustainability information to be reported.
- Avoid vague descriptions of expectations or judgments.

A170. The practitioner may consider the process followed by the entity to identify framework criteria or develop entity-developed criteria, including whether that process:

- Addresses the purpose of the sustainability information.
- Is transparent.
- Involves engagement with intended users or their representatives in identifying their information needs for decision-making.

- Evaluates the suitability of the criteria, including how the criteria will be applied in the entity's circumstances.
- Provides appropriate reasons for using the criteria. Considers if the criteria are appropriately specific regarding how the sustainability matters should be measured or evaluated.

Characteristics of Suitable Criteria (Ref: Para. 71(b))

A171. Suitable criteria are required for reasonably consistent measurement or evaluation of the sustainability matters within the context of professional judgment. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive, that is, it is determined in the context of the engagement circumstances. Even for the same sustainability matters there may be different criteria that will yield a different outcome. Suitable criteria exhibit the following characteristics,:

- (a) **Relevance:** Relevant criteria result in sustainability information that assists decision-making by the intended users;
- (b) **Completeness:** Criteria are complete when sustainability information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of intended users made on the basis of that sustainability information. Complete criteria include, where relevant, benchmarks for presentation and disclosure;
- (c) **Reliability:** Reliable criteria allow reasonably consistent measurement or evaluation of the sustainability matters, when used in similar circumstances by different practitioners;
- (d) **Neutrality:** Neutral criteria result in sustainability information that is free from bias as appropriate in the engagement circumstances; and
- (e) **Understandability:** Understandable criteria result in sustainability information that can be understood by the intended users.

A172. The relative importance of each characteristic of the criteria to a particular engagement is a matter of professional judgment.

A173. If the criteria are unsuitable, this cannot be overcome by changing the level of assurance. That is, if criteria are unsuitable for a reasonable assurance engagement, they are also unsuitable for a limited assurance engagement, and vice versa.

Specific Considerations for Determining the Suitability of Criteria for Qualitative Information

A174. In some circumstances, the practitioner may determine that the criteria for qualitative information are unsuitable. For example, not all the characteristics for suitable criteria are exhibited because the criteria lack specificity or criteria for the qualitative information do not exist. In such circumstances, the practitioner may consider:

- Requesting the entity to develop suitable criteria.
- Requesting the entity not report the information that would result from applying the unsuitable criteria, but if the entity decides to report it, clearly identifying the information as other information that is not within the scope of the assurance engagement, and performing procedures in accordance with paragraphs 153-158.

- Whether the information may be misleading, and the impact on acceptance and continuance of the engagement.
- The impact on the assurance conclusion.

Specific Considerations for Determining the Suitability of Criteria for Processes, Systems and Controls

A175. If sustainability information on processes, systems and controls is subject to the assurance engagement, the practitioner may consider whether the criteria encompass the following:

- (a) If the assurance engagement includes the description of the entity's process, systems or controls:
 - (i) The control objectives and controls designed to achieve those objectives;
 - (ii) The procedures and records, within both information technology and manual systems, by which the sustainability matters, and significant events and conditions, relevant to the sustainability information are recorded, processed, corrected as necessary, and transferred to the sustainability information reported..
- (b) If the assurance engagement includes the suitability of the design of the processes, systems or controls:
 - (i) Identification of the risks that threaten achievement of the control objectives stated in the description of the processes, systems or controls; and
 - (ii) Whether the controls identified in that description would, if operated as described, provide reasonable assurance about the achievement of the control objectives.
- (c) If the assurance engagement includes the operating effectiveness of the processes, systems or controls:
 - (i) Whether the controls were consistently applied as designed throughout the specified period; and
 - (ii) Whether manual controls were applied by individuals who have the appropriate competence and authority.

Specific Considerations for Determining the Suitability of Criteria for Performance

A176. In evaluating whether the criteria to evaluate the entity's performance are suitable, the practitioner may consider whether the criteria encompass:

- (a) Measures or benchmarks used to set the targets, key performance indicators, commitments or other goals against which performance is to be measured; and
- (b) Methods of measurement or evaluation of the entity's performance.

Specific Considerations for Determining the Suitability of Criteria for Forward-looking Sustainability Information

A177. In evaluating whether the criteria to be applied in preparing the entity's forward-looking information are suitable, the practitioner may consider whether the criteria encompass:

- (a) The basis of the assumptions made and the nature, sources and extent of uncertainty inherent

in those assumptions; and

- (b) The measurement or evaluation methods to be used for the forward-looking sustainability information to be prepared on the basis of the assumptions in (a).

Relevance of the Criteria (Ref: Para. 71(b)(i))

A178. In evaluating whether the criteria are relevant, the practitioner may consider whether the criteria:

- (a) Result in sustainability information that meets the information needs of the intended users.
- (b) Were developed through a process, by the entity or an external party, that focused on identifying or evaluating whether the sustainability information assists decision making by the intended users, including the general types of decisions that intended users are expected to make based on the purpose of the sustainability information.
- (c) Address the inherent level of measurement or evaluation uncertainty in applying the criteria in the circumstances of the engagement, including whether the sustainability information that is subject to high inherent measurement or evaluation uncertainty will be accompanied by disclosures that make the nature and extent of the uncertainty clear.
- (d) Specify the level of disaggregation or aggregation of the information or include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances.
- (e) Are consistent with those generally recognized to be appropriate in the context of the entity's industry or sector or there are justifiable reasons not to use such criteria (e.g., the entity develops more relevant criteria).
- (f) Permit omissions of sustainability disclosures only in circumstances when it is appropriate to do so. For example, the criteria may allow the entity to exclude certain disclosures if:
 - (i) The reporting processes have not yet fully matured, such that the information is incomplete or unavailable, and the criteria require the entity to disclose this fact and its reasons therefore.
 - (ii) That disclosure is not applicable to the entity's circumstances.
 - (iii) There are legal constraints preventing the disclosure.
 - (iv) In extremely rare circumstances, the sustainability information is confidential or the adverse consequences of disclosure would reasonably be expected to outweigh the public interest benefits of doing so, such as information that might prejudice an investigation into an actual, or suspected, illegal act.
- (g) Are specific to the topics and aspects of the topics, that will result in information that assists decision-making by the intended users, such as whether the criteria for:
 - (i) Processes, systems or controls includes, for example, control objectives to evaluate the suitability of their design (see also paragraph A175);
 - (ii) Performance includes the targets, key performance indicators, commitments or goals against which performance is measured and methods of measurement or evaluation of that performance (see also paragraph A176);

- (iii) Forward-looking information includes the basis for evaluating the reasonableness of the underlying assumptions and methods of preparation based on those assumptions (see also paragraph A177); or
- (iv) Historical information includes methods of measurement or evaluation of the entity's activities.

A179. The information needs of the intended users may relate to:

- (a) The impact of sustainability matters on the entity, which may be referred to as financial materiality;
- (b) The impacts of the entity on sustainability matters, which may be referred to as impact materiality; or
- (c) Both.

When the information needs of the intended users relate to both, it may be described by the applicable criteria as “double materiality” in the context of identifying topics or aspects of topics to be included in the sustainability information (see paragraph A157).

Completeness of the Criteria (Ref: Para. 71(b)(ii))

A180. In evaluating the completeness of the criteria, including entity-developed criteria to interpret or supplement any framework criteria used, the practitioner may consider whether they address:

- Topics or aspects of topics that could reasonably be expected to affect decisions of intended users, and are not subject to management bias to exclude any topics or aspects of topics only on the basis that they may reflect poorly on the entity or cannot be as readily measured or evaluated as other topics or aspects of topics.
- The basis for significant judgments in preparing the sustainability information.
- The source of significant inherent uncertainties in applying the criteria.
- The reporting boundary(ies).

Reliability of the Criteria (Ref: Para. 71(b)(iii))

A181. In evaluating whether the criteria are reliable, the practitioner may consider:

- Whether the measurement or evaluation of the sustainability matters can be undertaken with the necessary degree of precision to be relevant in the engagement circumstances.
- Whether the criteria are based on definitions with little or no ambiguity.
- Whether applying the criteria allows for reasonably consistent measurement or evaluation of the sustainability matters when used in similar circumstances by different parties.
- The sources of the criteria and the process used to develop them.

Neutrality of the Criteria (Ref: Para. 71(b)(iv))

A182. In evaluating whether the criteria are neutral, the practitioner may consider whether the criteria:

- Require a balanced disclosure of both favorable and unfavorable information.

- Do not result in information that is misleading to the intended users in the interpretation of the sustainability information.
- Are consistent between reporting periods, unless there is a reasonable basis for the change.
- Address how the information is presented and disclosed, to reduce the opportunity for management bias.
- Are entity-developed (e.g., may be subject to management bias).

A183. When the criteria are not consistent with previous reporting periods, the practitioner may consider whether:

- The entity has a reasonable basis for the change, for example, the entity may be developing and improving its process to prepare the sustainability information and the entity-developed criteria may have been changed to reflect more appropriate or modern approaches, data or methods.
- The basis for the change is sufficiently disclosed and explained in the sustainability information.
- The criteria are different from those commonly used in the entity's industry or sector, as this may be an indicator of management bias.
- The change results in information that is always positive (e.g., management changes the criteria year on year so that the outcome looks more positive).

Understandability of the Criteria (Ref: Para. 71(b)(v))

A184. In evaluating whether the criteria are understandable, the practitioner may consider whether the criteria:

- Are clear and unambiguous.
- Will enable the intended users to identify readily the main points being made and to infer appropriately whether they affect their decision-making.
- Will result in a presentation that does not obscure relevant information.
- Will result in clear presentation of the sustainability information in a way that effectively summarizes and draws attention to key features of the information reported.
- Will result in the sustainability information being coherent, easy to follow, clear and logical.
- Will result in sustainability information that can be readily located, for example, the information may be difficult to locate if it is spread across different reports, webpages or included by reference.
- Will result in sustainability information that is appropriately balanced between conciseness to be understandable and relevance.
- Will result in logical and comparable time periods, whether those be:
 - A point in time (e.g., for description or implementation of a process not covering the period).
 - Periods which have ended (e.g., for historical information).

- (Periods which end in the future (e.g., for strategy, targets or commitments)).

Suitable Criteria for Only Some of the Sustainability Matters (Ref: Para. 71(c))

A185. If suitable criteria are not available for all of the sustainability information expected to be subject to the assurance engagement, but the practitioner can identify one or more disclosures in the sustainability information for which the criteria are suitable, then an assurance engagement can be performed with respect to those disclosures.

Availability of the Criteria to Users (Ref: Para. 71(d))

A186. Criteria being available allows the intended users to understand how sustainability matter has been measured or evaluated. Framework criteria may need to be supplemented by entity-developed criteria, or the entity may need to develop criteria to interpret the framework. The intended users are unlikely to be able to base decisions on the sustainability information without access to both the framework criteria and any entity-developed criteria supplementing or interpreting the framework criteria. In determining whether the criteria are available to the intended users the practitioner may consider whether they will be available in writing, with sufficient detail, sufficiently clear, and including identification of the version of the criteria applied. Criteria may be made available:

- (a) Publicly, for example, in published framework criteria or a general-purpose framework that is readily available, such as on a website.
- (b) Through inclusion in the sustainability information, in particular for entity-developed criteria.
- (c) By general understanding, for example, the criterion for measuring time in hours and minutes.

Ability to Obtain Evidence Needed (Ref: Para. 72)

A187. In determining whether the evidence needed to support the practitioner's conclusion can be expected to be obtained, the practitioner may consider:

- (a) The characteristics of the sustainability matters and the potential sources of evidence; and
- (b) Whether evidence is not available due to the engagement circumstances, even though the evidence could reasonably be expected to exist.

A188. Examples of the nature and availability of evidence that may impact the practitioner's ability to obtain evidence, include:

- The timing of the practitioner's appointment, the entity's document retention policy, inadequate information systems, or a restriction imposed by the appropriate party(ies).
- The nature of the relationship between the appropriate party(ies) affecting the practitioner's ability to access records, documentation and other information the practitioner may require as evidence to complete the engagement.
- Evidence located at organizations not controlled by the entity, such as entities within the value chain but outside of the entity's group. In such cases, the practitioner may determine whether the entity has contractual arrangements with those organizations to provide access to persons or information, or to provide independent assurance reports on relevant internal controls or the

measurement or evaluation of relevant sustainability matter, or whether the entity has plans to put such arrangements in place.

A189. In some circumstances, the practitioner may conclude that, due to the condition and reliability of an entity's records, it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information. This may occur, for example, when the entity has little experience with the preparation of sustainability information. In such circumstances, it may be more appropriate for the sustainability information to be subject to an agreed-upon procedures engagement or a consulting engagement in preparation for an assurance engagement in a later period. However, while such an engagement can serve a valuable purpose in enhancing the entity's reporting process sufficiently so that an assurance engagement can be performed, it can also give rise to potential threats to the practitioner's independence in performing the proposed assurance engagement at a later date.

A190L. The evidence that the practitioner obtains in a limited assurance engagement is more limited than in a reasonable assurance engagement. However, if the practitioner becomes aware in a limited assurance engagement of a matter(s) that causes the practitioner to believe that the subject matter may be materiality misstated, the practitioner is required by paragraph 132L to design and perform additional procedures to obtain further evidence. In such circumstances, the evidence that the practitioner may need to be able to obtain on a specific matter may be the same in the limited assurance and reasonable assurance engagement. Therefore, the need for availability and accessibility to evidence is the same regardless of the level of assurance.

Rational Purpose (Ref: Para. 73)

A191. The practitioner may draw on the preliminary knowledge of the engagement circumstances obtained in accordance with paragraph 68, and the evaluation of the characteristics in paragraphs 70-72, in determining whether the engagement has a rational purpose.

A192. Other matters the practitioner may consider in evaluating whether the engagement has a rational purpose, include whether:

- A robust process to identify reporting topics in accordance with the applicable criteria has been conducted and, if so, how the information needs of the intended users have been identified and addressed.
- When the engagement is a combination of reasonable and limited assurance, there is sufficient justification for the different levels of assurance.
- Management and those charged with governance, if different from the engaging party, have consented to the reporting of the sustainability information.
- When the criteria were selected or developed by the entity, how the intended users were identified in selecting the criteria.
- The degree of judgment and scope for bias in applying the criteria.
- There are any significant limitations on the scope of the practitioner's work.
- The engaging party intends to associate the practitioner's name with the sustainability matters or the sustainability information in an inappropriate manner.

Meaningful Level of Assurance in a Limited Assurance Engagement (Ref: Para. 73(a))

A193L. The level of assurance the practitioner plans to obtain for a limited assurance engagement is not ordinarily susceptible to quantification. Whether the level of assurance is meaningful is a matter of professional judgment for the practitioner to determine in the circumstances of the engagement. In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential.

A194L. Across the range of all limited assurance engagements, what is meaningful assurance can vary from just above assurance that is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential to just below reasonable assurance. What is meaningful in a particular engagement represents a judgment within a range from more than inconsequential but less than reasonable assurance that depends on the engagement circumstances, including the information needs of intended users as a group, the criteria, and the sustainability matters of the engagement.

A195L. Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include:

- The characteristics of the sustainability matters and the applicable criteria.
- Instructions or other indications from the appropriate party(ies) about the nature of the assurance. For example, the terms of the engagement may stipulate particular procedures that the appropriate party(ies) considers necessary or particular aspects the appropriate party(ies) would like the practitioner to focus on within the sustainability information that is within the scope of the assurance engagement. However, the practitioner may consider that other procedures are required to obtain sufficient appropriate evidence to obtain meaningful assurance.
- Generally accepted practice, if it exists, with respect to assurance engagements for sustainability information.
- The information needs of intended users as a group. Generally, the greater the consequence to intended users of receiving an inappropriate conclusion when the sustainability information is materially misstated, the greater the assurance that would be needed in order to be meaningful to them. For example, in some cases, the consequence to intended users of receiving an inappropriate conclusion may be so great that a reasonable assurance engagement is needed for the practitioner to obtain assurance that is meaningful in the circumstances.
- The expectation by intended users that the practitioner will form the limited assurance conclusion on the sustainability information within a short timeframe and at a low cost.

Appropriateness of the Scope of the Assurance Engagement (Ref: Para. 73(c))

A196. If the scope of the assurance engagement includes only part of the sustainability information being reported by the entity (e.g., in reporting labor practices, the entity only requires assurance over

occupational health and safety disclosures) the practitioner may consider whether, the scope of the engagement is appropriate, and overall the proposed engagement has a rational purpose.

A197. The entity may not have a reasonable basis for all of the disclosures in the sustainability information, such as when the entity's processes to prepare some or all of the sustainability information are at an early stage of development. In such cases, it may be possible to include only those areas of the sustainability information where the processes are more developed within the scope of the assurance engagement, because the preconditions have been met for those areas.

A198. In jurisdictions in which there are no laws or regulations requiring assurance on sustainability information, in particular for sustainability information that is reported voluntarily, there may be legitimate reasons for not including all of the sustainability information being reported by the entity within the scope of an assurance engagement. In determining whether the sustainability information within the scope of the engagement is appropriate, the practitioner may consider:

- (a) Whether the sustainability information within the scope of the assurance engagement is likely to meet the information needs of intended users; and
- (b) How the sustainability information will be presented and whether intended users may misinterpret what has, and has not, been subject to the assurance engagement.

A199. Examples of circumstances when the sustainability information subject to the assurance engagement may not be appropriate include:

- Inadequate justification for not including sustainability information expected to be reported within the scope of the engagement.
- The assurance engagement excludes sustainability information that can be readily measured or evaluated and the exclusion of this sustainability information from the assurance engagement may be misleading to intended users.
- The assurance engagement excludes sustainability information that may be significant to intended users' decisions.
- The assurance engagement includes sustainability information that may be perceived by intended users as positive, and excludes sustainability information that is negative (e.g., areas where the entity has not met targets or has not taken action to achieve goals).
- The reporting boundaries within the scope of the assurance engagement excludes significant entities, operations or facilities, which may be misleading to intended users.

A200. The practitioner's consideration of the suitability of the criteria, may include criteria for the preparation of any other part(s) of the sustainability information not within the scope of the assurance engagement. This may enable the practitioner to consider matters such as:

- Whether there may be omissions of relevant parts of the sustainability information from the sustainability information within the scope of the assurance engagement, and whether such omissions call into question the rational purpose of the engagement; and
- Whether and how the sustainability information is used in the preparer's own decision-making processes:

- If information relating to an entity's decisions is important to its stakeholders, then it may be reasonable to expect that the entity would be using that information in its own decision-making.
- If the entity is using the information in its decision-making, then it may be reasonable to expect that a user may be interested in that information.
- If the information is not used for the entity's own decision-making, that may raise a question as to why the information is being reported, and whether there may be bias in selecting only sustainability information that are easily subject to an assurance engagement or that present the entity in a positive way.

Preconditions Not Present After Acceptance (Ref: Para. 75)

A201. If the practitioner discovers that the preconditions in paragraph 69 are not present, but is required to continue the engagement under law or regulation, the assurance report may address the matter. For example:

- When, in the practitioner's professional judgment the intended users are likely to be misled, since either the applicable criteria are unsuitable, or the sustainability matters are inappropriate, a qualified conclusion or adverse conclusion may be appropriate, depending on how material and pervasive the matter is.
- A qualified conclusion or a disclaimer of conclusion may be appropriate in other circumstances depending on, in the practitioner's professional judgment, the materiality and pervasiveness of the matter.

Terms of the Assurance Engagement

Agreeing the Terms of the Assurance Engagement (Ref: Para. 77-78)

A202. It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances. For example, if law or regulation prescribes in sufficient detail the terms of the engagement, the practitioner need not record them in a written agreement, except for the fact that such law or regulation applies and that the appropriate party(ies) acknowledges and understands its responsibilities under such law or regulation.

A203. When agreeing the terms of engagement, the practitioner may request agreement from management or those charged with governance to provide information or access to persons, such as: unless restricted by law or regulation:

- Access to other practitioners providing audit or assurance reports on part or parts of the other information (e.g., the financial statement auditor of the entity if the other information includes the financial statements).
- Authority to obtain information relevant to the assurance engagement on the sustainability information from the other practitioners.

- Authority to share information requested by the financial statement auditor relevant to the audit or review of the financial statements.
- Authority to communicate findings with other practitioners, as appropriate.

A204. Law or regulation, particularly in the public sector, may mandate the appointment of a practitioner and set out specific powers, such as the power to access an appropriate party(ies)'s records and other information, and responsibilities, such as requiring the practitioner to report directly to a minister, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement.

Changing the Terms of the Assurance Engagement (Ref: Para. 79-80)

A205. Examples of when the appropriate party(ies) may request a change to the terms of the assurance engagement and there may not be reasonable justification for doing so include:

- (a) The change is to limited assurance from reasonable assurance because of an inability to obtain sufficient appropriate evidence; or
- (b) The change is to remove sustainability information from the scope of the assurance engagement, to avoid a modification of the assurance conclusion.

A206. A change in circumstances that affects the intended users' needs, or a misunderstanding concerning the nature of the engagement, may justify a request for a change in the engagement, for example, from an assurance engagement to a non-assurance engagement, or from a reasonable assurance engagement to a limited assurance engagement.

Evidence

Designing and Performing Procedures to Obtain Sufficient Appropriate Evidence (Ref: Para. 81)

A207. Evidence is necessary to support the practitioner's conclusion and assurance report. It is cumulative in nature and is primarily obtained from procedures performed during the course of the engagement. It may, however, also include information obtained from other sources, such as previous engagements (provided the practitioner has determined whether changes have occurred since the previous engagement that may affect the relevance of the information to the current engagement) or a firm's quality policies or procedures for acceptance and continuance of client relationships and assurance engagements. Evidence comprises both information that supports and corroborates disclosures, and any information that contradicts disclosures.

A208. The practitioner obtains evidence by designing and performing procedures, including risk procedures and further procedures to comply with this ISSA. The nature of a procedure refers to its purpose and its type. Types of procedures include inquiries, inspection, observation, confirmation, recalculation, reperformance and analytical procedures.

Designing and Performing Procedures in a Manner that is not Biased (Ref: Para. 81(a))

A209. Unconscious or conscious biases may affect the engagement team's professional judgments in designing and performing procedures, which may impede the exercise of professional skepticism. An awareness of such biases when designing and performing procedures may help to mitigate impediments to the practitioner's exercise of professional skepticism in critically assessing evidence

and determining whether sufficient appropriate evidence has been obtained. Such awareness may also enable the practitioner to design and perform procedures that seek to avoid:

- Placing more weight on evidence that corroborates disclosures than evidence that contradicts or casts doubt on such disclosures (confirmation bias).
- Using an initial piece of information or evidence as an anchor against which subsequent information or evidence is assessed (anchoring bias).
- Placing more weight on information that immediately comes to mind or uses information from sources that are more readily available or accessible (availability bias).
- Placing weight or undue reliance on output from automated systems or information in digital format, or assuming it is relevant and reliable, without performing appropriate procedures (automation bias).
- Placing undue reliance on information prepared by an expert or another practitioner, or assuming the information is relevant and reliable, without performing appropriate procedures (authority bias).

A210. Obtaining evidence in an unbiased manner may involve obtaining information from multiple sources (see also paragraphs A234-A236).

Procedures that are Appropriate in the Circumstances (Ref: Para. 81(b))

A211. Procedures are appropriate in the circumstances when the nature, timing and extent of such procedures are designed, performed and executed in a manner that achieves the intended purpose of the procedures. The purpose of performing a procedure may be related to risk procedures, further procedures or another procedure to comply with this ISSA. For example, the purpose may be to obtain evidence about whether an event has occurred or whether the disclosures are complete.

A212. In designing and performing procedures that are appropriate in the circumstances to provide evidence, the practitioner's considerations may include whether information intended to be used as evidence:

- Is expected to be available in digital, written or oral form, related to a point in time or for a period, and is to be obtained from internal or external sources.
- Is needed across multiple disclosures and how that affects the nature, timing and extent of evidence needed. For example, the nature and availability of appropriate evidence may vary based on whether the disclosures relate to an entity's processes, governance, controls or key performance indicators, and the characteristics of the disclosures, such as whether they are quantitative, qualitative, historical or forward-looking (see also paragraphs A220-A224).
- Relates to disclosures that include information from the entity's value chain, and how that may affect the ability to obtain sufficient appropriate evidence.
- Will need to be obtained across multiple locations or jurisdictions (e.g., for a group sustainability assurance engagement).
- Relates to disclosures that are factual, judgmental or subject to estimation uncertainty.

A213. In designing and performing procedures, the appropriateness of an approach or technique in

selecting items for testing depends on several factors, such as:

- The nature of the sustainability matters or population to be tested.
- The intended purpose of the procedure.
- How the procedure is designed.
- Whether the practitioner is performing the procedure manually or using automated tools and techniques.
- The matters described in paragraph A212 relating to information intended to be used as evidence.
- The persuasiveness of evidence that is needed in the circumstances.

Sufficiency and Appropriateness of Evidence (Ref: Para. 81(b))

A214. The practitioner is required to obtain sufficient appropriate evidence to provide a basis for the assurance conclusion. The sufficiency and appropriateness of evidence are interrelated and together affect the persuasiveness of evidence. In both limited and reasonable assurance engagements, the collective persuasiveness of the evidence obtained establishes the level of assurance obtained. The practitioner aims to obtain evidence that is collectively persuasive to respond to risk considerations. Ordinarily, evidence will be persuasive rather than conclusive. As explained in paragraph A190L, the evidence that the practitioner obtains in a limited assurance engagement is more limited than in a reasonable assurance engagement. However, if the practitioner becomes aware in a limited assurance engagement of a matter(s) that causes the practitioner to believe that the subject matter may be materially misstated, the practitioner is required to design and perform additional procedures to obtain further evidence.

A215. Sufficiency is the measure of the quantity of evidence. The quantity of evidence needed is affected by (for limited assurance engagements) the nature and number of disclosures where material misstatements are likely to arise or (for reasonable assurance engagements) the assessed risks of the disclosures being materially misstated at the assertion level (the more likely, or higher, the risks, the more evidence is likely to be required). Sufficiency is also affected by the quality of such evidence (the higher the quality, the less may be required). Obtaining more evidence, however, may not compensate for its poor quality. As explained in paragraph A193L, in a limited assurance engagement, the procedures performed are limited compared with those necessary in a reasonable assurance engagement but are, nonetheless, planned to obtain a level of assurance that is meaningful. The sufficiency of evidence is assessed in that context.

A216. The appropriateness of evidence refers to its quality. The quality of evidence depends on the relevance and reliability of the information intended to be used as evidence as well as the effectiveness of the design of the assurance procedures and the practitioner's application of those procedures. Information that is more relevant and reliable ordinarily is of a higher quality and, therefore, may provide more persuasive evidence. If the evidence is more persuasive, the practitioner may determine that the evidence is sufficient in providing support for the practitioner's conclusions. Alternatively, when evidence is less persuasive, the practitioner may determine that additional evidence is needed. However, increasing the quantity of evidence by performing the same type of procedures may not provide more persuasive evidence in all circumstances.

A217. The practitioner uses professional judgment and exercises professional skepticism in evaluating the sufficiency and appropriateness of evidence to support the assurance conclusion.

A218. Factors that affect the evidence that may be available in the circumstances, in terms of quantity or quality, and therefore impact its sufficiency or appropriateness, include the following:

- The characteristics of the sustainability matters or disclosures. For example, less objective evidence might be expected when the disclosures are forward-looking rather than historical.
- Whether information used to prepare the disclosures is generated from within the entity's organizational boundary or sourced from the entity's value chain and whether the source is accessible.
- Other circumstances, such as when evidence that could reasonably be expected to exist is not available because of factors, such as those described in paragraph A188.

A219. The procedures designed and performed by the practitioner may also affect the persuasiveness of the evidence obtained. For example, in a reasonable assurance engagement, inspection of controls relating to processes in the entity's information system that support the preparation of the sustainability information, or external confirmation procedures to obtain evidence about information used by management in preparing the sustainability information, may provide more persuasive evidence than inquiry of management. In a reasonable assurance engagement, inquiry alone ordinarily does not provide sufficient appropriate evidence.

Qualitative Information (Ref: Para.81)

A220. Some qualitative disclosures may be factual and directly observable or otherwise able to be subject to further procedures to gather evidence. However, some qualitative disclosures may be inherently judgmental, not directly observable and may be susceptible to management bias. The practitioner may need to exercise significant professional judgment in evaluating what constitutes sufficient appropriate evidence in these circumstances.

A221. Although the processes and controls within the entity's information system may be sufficient to provide the preparer with a reasonable basis for the sustainability information, they may not be sufficient to provide the practitioner with the evidence needed to support the practitioner's assurance conclusion. This may have implications for the practitioner's planned procedures, the ability to obtain the evidence needed about the qualitative sustainability information, and the assurance conclusion. For example, when designing and performing procedures for qualitative sustainability information, the practitioner may consider:

- Whether, in the case of a reasonable assurance engagement, substantive testing alone will provide sufficient appropriate evidence. If not, the practitioner may need to perform tests of controls over the integrity of data, or other controls within the entity's information system that support the preparation of the qualitative information.
- The source of the information intended to be used as evidence, how such information has been captured and processed by the entity's information system, and how this may affect the reliability of the information. For example, information may be captured directly into the entity's information system on a real-time basis without supporting documentation or may be obtained through informal communication.

Forward-looking Information (Ref: Para.81)

A222. Forward-looking information, by its nature, is predictive and may be expressed in both quantitative and qualitative terms. Information about future conditions or outcomes relate to events and actions that have not yet occurred and may not occur, or that have occurred but are still evolving in unpredictable ways. For example, this information may include forecasts, projections, and may relate to the entity's intentions or strategy, future risks and opportunities. While forward-looking information may result from applying criteria to the sustainability matters, the sustainability matters (a future event, occurrence or action) may be subject to greater uncertainty, and ordinarily able to be evaluated with less precision than historical underlying subject matter(s). Uncertainty and the need for judgment are also likely to increase the further into the future the period to which the disclosures relate. Unlike historical information, it is not possible for the practitioner to determine whether the results or outcomes forecasted or projected have been or will be achieved or realized. The practitioner may obtain evidence about whether the forward-looking information has been prepared in accordance with the applicable criteria on the basis of the assumptions used by the entity, and:

- (a) In the case of forecasts, there is a reasonable basis for the assumptions used in preparing the sustainability information; or
- (b) In the case of hypothetical assumptions, such assumptions are consistent with the purpose of the information.

A223. Evidence may be available to support the assumptions on which the forward-looking sustainability information is based, but such evidence itself may also be forward-looking and, therefore, speculative in nature. Accordingly, the practitioner may need to exercise significant professional judgment in determining whether the evidence is sufficient and appropriate. In some circumstances, the evidence available may support a range of possible outcomes with the disclosure falling within that range. The practitioner's evaluation of whether the disclosures are reasonable based on the evidence obtained is further addressed in paragraph 160.

A224. The nature and availability of evidence for forward-looking information, and what constitutes sufficient appropriate evidence, will likely vary by topics, aspects of topics and disclosures, and the practitioner's consideration of potential material misstatements. For example:

- When disclosures relate to future strategy, a target, or other intentions of an entity, the practitioner may focus evidence-gathering activities on whether management or those charged with governance have an intention to follow that strategy, the target or intention exists, or there is a reasonable basis for the intended strategy or target (e.g., the practitioner may obtain evidence to support that the entity has the ability to carry out its intent, or is implementing controls over source data and the assumptions on which the strategy is based).
- When disclosures relate to future risks and opportunities, the practitioner may focus evidence-gathering activities on information available from the entity's risk register or records of discussions of those charged with governance if the entity's controls over the maintenance of the risk register and the minuting of discussions provide a reasonable basis for using these sources as evidence. In a reasonable assurance engagement, the practitioner may need to consider obtaining evidence about the effectiveness of the entity's controls.

Information Intended to be Used as Evidence

Evaluating the Relevance and Reliability of Information Intended to be Used as Evidence (Ref: Para. 82)

A225. In planning and performing a sustainability assurance engagement, the practitioner may obtain information from a variety of sources and in different forms. Such information ordinarily is expected to result in evidence to support the conclusions that form the basis for the practitioner's assurance conclusion and report. However, such information can become evidence only after procedures are applied to it, including evaluating its relevance and reliability. For purposes of this ISSA, this information is referred to as "information intended to be used as evidence."

A226. Evaluating the relevance and reliability of information intended to be used as evidence involves performing procedures. Factors that may influence the nature, timing and extent of such procedures, include:

- (a) The source of the information (see paragraphs A234-A236); and
- (b) The attributes of relevance and reliability of the information that are considered applicable in the circumstances (see paragraphs A237-A242).

A227. In some circumstances, the procedures to evaluate relevance and reliability may be straightforward (e.g., comparing information used by management to published information from a national government body). In other circumstances, procedures, including tests of controls, may be performed to evaluate the reliability of information (e.g., the accuracy and completeness of information generated internally from the entity's information system).

A228. Evidence from performing other procedures in accordance with this ISSA also may assist the practitioner in evaluating the relevance and reliability of information intended to be used as evidence. For example, evidence obtained from:

- The practitioner's understanding of the entity and its environment, the applicable criteria and the entity's system of internal control.
- Tests of controls over the preparation and maintenance of the information.
- Procedures performed when using the work of a practitioner's expert.

Form, Availability, Accessibility and Understandability of Information

A229. The form, availability, accessibility and understandability of the information intended to be used as evidence may affect:

- (a) The design and performance of the procedures in which the information will be used; and
- (b) The practitioner's evaluation of the relevance and reliability of the information.

For example, information may only be available in digital form on a continuous basis. In such circumstances, the practitioner may use automated tools and techniques that are designed to operate on a real-time basis to evaluate the relevance and reliability of the information.

A230. The practitioner may receive information intended to be used as evidence in many forms, ranging from information generated from highly complex automated systems to information manually prepared by management and others within the entity. The practitioner may have an expectation of the form in which information intended to be used as evidence will be received. Remaining alert for information intended to be used as evidence that is received in a form different from the expected

form may assist the practitioner in mitigating unconscious biases that may impede the practitioner's exercise of professional skepticism. In addition, receiving information in a form different from that expected may also be relevant to the practitioner's evaluation of the reliability of that information.

- A231. Information intended to be used as evidence may exist, but access to such information may be restricted, for example, due to restrictions imposed by law or regulation or the source providing the information (e.g., due to hospital patient confidentiality), or due to war, civil unrest or outbreaks of disease. In some cases, the practitioner may be able to overcome restrictions on access to information. For example, the practitioner may request management or those charged with governance of the entity to assist in requesting information from a source when contractual obligations exist between an information source and the entity, or the practitioner may choose to visit a location to inspect information that is available but cannot be transferred outside of a jurisdiction.
- A232. The practitioner may be unable to obtain sufficient appropriate evidence if the practitioner determines that it is not practicable to obtain or understand information intended to be used as evidence. For example, if the practitioner does not have a sufficient basis to evaluate the relevance and reliability of information from a source external to the entity, the practitioner may have a limitation on scope if sufficient appropriate evidence cannot be obtained through alternative procedures. The practitioner's inability to obtain sufficient appropriate evidence requires the practitioner to express a qualified conclusion or disclaim a conclusion on the sustainability information in accordance with this ISSA.
- A233. In some circumstances, specialized skills or knowledge may be needed to understand or interpret the information intended to be used as evidence, for example, emissions data from downstream or upstream entities, water quality or biodiversity measurements. Accordingly, the practitioner may consider using a practitioner's expert to assist in understanding or interpreting the information intended to be used as evidence if the engagement team does not have the appropriate competence and capabilities to do so.

Sources of Information

- A234. Information intended to be used as evidence may come from internal sources or external sources and may affect the availability, accessibility and understandability of the information intended to be used as evidence. For example, information may come from:
- The entity's records, management or other sources internal to the entity.
 - Other entity's within the entity's organizational boundary or value chain.
 - A management's expert.
 - A practitioner's expert.
 - Independent sources external to the entity, other than a management's or practitioner's expert, that provide information, such as the entity's legal counsel, customers, suppliers, governmental agencies, bank, or general data providers (e.g., entities providing macro-economic, industry or social data).
 - A service organization
- A235. The practitioner is not required to perform an exhaustive search to identify all possible sources of information to be used as evidence. The practitioner's understanding of the entity and its

environment, the applicable criteria and the entity's system of internal control may assist the practitioner in identifying appropriate sources of information.

A236. The practitioner ordinarily obtains more assurance from consistent evidence obtained from different sources or of a different nature than from items of evidence considered individually. In addition, obtaining information intended to be used as evidence from different sources or of a different nature may indicate that an individual item of information intended to be used as evidence is not reliable. For example, corroborative information obtained from a source independent of the entity may increase the assurance the practitioner obtains from a representation from management. Conversely, when evidence obtained from one source is inconsistent with that obtained from another, the practitioner determines what additional procedures are necessary to resolve the inconsistency.

Attributes of Relevance and Reliability of Information

A237. The quality of evidence depends on the relevance and reliability of the information upon which it is based. Whether, and the degree to which, certain attributes of relevant and reliable information are considered applicable in the circumstances is a matter of professional judgment.

Relevance of Information

A238. The principal attribute of the relevance of information intended to be used as evidence deals with the logical connection with, or bearing upon, the purpose of the procedure, including, in a reasonable assurance engagement, the assertion being tested. The degree to which the information relates to meeting the purpose of the procedure may also be a consideration.

Reliability of Information

A239. The reliability of information intended to be used as evidence deals with the degree to which the practitioner may depend on such information. Common attributes that may be applicable when considering the degree to which information intended to be used as evidence is reliable may include whether the information is:

- (a) Accurate (free from error).
- (b) Complete (reflecting all applicable events, conditions and circumstances).
- (c) Authentic (genuine, authorized and not inappropriately altered).
- (d) Free from bias (whether intentional or unintentional).
- (e) Credible (generated by a competent, capable and trustworthy source).

Factors That Affect the Practitioner's Professional Judgment Regarding the Attributes of Relevance and Reliability

A240. Factors that may affect the practitioner's professional judgment about the relevance and reliability of information intended to be used as evidence, including which attributes of reliability may be applicable in the circumstances, include:

- The disclosures and, for reasonable assurance engagements, the assertions, for which the information will be used as evidence. Information may be relevant to multiple disclosures. Some information may be relevant for certain assertions but not others.

- The period of time to which the information relates.
- The controls over the preparation and maintenance of the information.
- The practitioner's assessment of disclosures where material misstatements are likely to arise (in a limited assurance engagement) or the assessed risks of material misstatement (in a reasonable assurance engagement).
- The intended purpose of the procedure in which the information will be used.
- The level of detail of the information needed given the intended purpose of the procedure. For example, information related to key performance indicators used by management may not be precise enough to detect material misstatements at the assertion level and therefore may not, in a reasonable assurance engagement, be appropriate for use by the practitioner in performing further procedures.
- The level of precision within the applicable criteria regarding what is to be reported and how it is to be measured or evaluated. For example, when the applicable criteria require more granular quantitative disclosures, the practitioner may consider the attributes of accuracy and completeness to be important.
- The source of the information. For example, accuracy and completeness ordinarily will be applicable attributes for information generated internally from the entity's information system (such as when performing further procedures). For information obtained from a source external to the entity, the practitioner may be more focused on other attributes of reliability, including the credibility of the source providing the information.
- The ability of the reporting entity to influence information obtained from external sources with whom they have relationships.
- Evidence of general market acceptance by users of the relevance and reliability of information from an external source, including tolerance for less precise information that is inherently subjective.

A241. The reliability of information, in particular the attributes of accuracy, completeness and authenticity, when deemed to be applicable in the circumstances, may also be affected by whether the integrity of the information has been maintained through all stages of processing through the entity's information systems. For example, an entity's information system may include general information technology controls to safeguard and maintain the integrity of the sustainability information.

A242. The source of the information intended to be used as evidence may affect the nature and extent of the practitioner's evaluation of the relevance and reliability of the information. It may also affect how the practitioner responds to matters such as doubts about the reliability of the information, or inconsistencies in evidence. For example, if the information comes from a highly reputable external source, such as an authorized jurisdictional environmental agency, the practitioner's work effort in considering the reliability of the information may not be extensive.

Information Produced by the Entity (Ref: Para. 83)

A243. In order for the practitioner to obtain reliable evidence, information produced by the entity that is used for performing procedures needs to be sufficiently complete and accurate. Obtaining evidence about

the accuracy and completeness of such information may be performed concurrently with the actual procedure applied to the information when obtaining such evidence is an integral part of the procedure itself. In other situations, the practitioner may have obtained evidence of the accuracy and completeness of such information by testing controls over the preparation and maintenance of the information. In some situations, however, the practitioner may determine that additional procedures are needed.

A244. In some cases, the practitioner may intend to use information produced by the entity for other purposes. For example, the practitioner may intend to make use of the entity's production numbers for the purpose of analytical procedures for water or energy consumption, or to make use of the entity's information produced for monitoring activities, such as reports of the internal audit function. In such cases, the appropriateness of the evidence obtained is affected by whether the information is sufficiently precise or detailed for the practitioner's purposes. For example, performance measures used by management may not be precise enough to detect material misstatements.

Work Performed by a Management's Expert (Ref: Para. 84)

A245. When evaluating the relevance and reliability of information intended to be used as evidence prepared by a management's expert:

- (a) The competence and capabilities of that expert may inform the practitioner's consideration of the attribute of credibility. The credibility of the source providing the information affects the degree to which information intended to be used as evidence is reliable; and
- (b) The objectivity of that expert may inform the practitioner's consideration of the attribute of bias. A broad range of circumstances may influence the professional judgments of the management's expert, which may threaten the management expert's objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats and intimidation threats. Bias in the information intended to be used as evidence also affects the degree to which information is reliable. In some cases, information prepared by a management's expert may be subject to bias, as management may have an influence on the professional judgments of the management's expert.

Competence and Capabilities (Ref: Para. 84(a))

A246. Competence relates to the nature and level of expertise of the management's expert. Factors that may affect whether the management's expert has the appropriate competence include:

- Whether the expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body, or requirements imposed by law or regulation.
- The matter for which the management expert's work will be used, and whether they have the appropriate level of expertise applicable to the matter, including expertise in a particular area of specialty.
- The management's expert's competence with respect to relevant sustainability matters, for example, knowledge of assumptions and methods, including models when applicable, that are consistent with the applicable criteria.

A247. Capabilities relates to the ability of the management's expert to exercise the competence in the circumstances. Factors that may influence capabilities may include geographic location, and the availability of time and resources.

Obtain an Understanding of the Work Performed by the Management's Expert (Ref: Para. 84(b))

A248. Matters relevant to the practitioner's understanding of the work performed by the management's expert may include:

- The relevant field of expertise;
- The nature, scope and objectives of the management's expert's work;
- Whether there are professional or other standards, and regulatory or legal requirements that apply in preparing the information;
- How the information has been prepared by the management's expert, including:
 - The assumptions and methods used by the management's expert, and whether they are generally accepted within that expert's field and appropriate in the context of the applicable criteria and the sustainability matters; and
 - (The underlying information used by the management's expert; and
 - The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence.

Obtain an Understanding of How the Information Prepared by the Management's Expert Has Been Used by Management in the Preparation of the Sustainability Information (Ref: Para. 84(c))

A249. Obtaining an understanding about how the information prepared by a management's expert has been used by management in the preparation of the sustainability information may include understanding:

- (a) How management has considered the appropriateness of the information prepared by the management's expert; and
- (b) The modifications made by management to the information prepared by the management's expert.

A250. This understanding may assist the practitioner in:

- (a) Evaluating the relevance and reliability of the information intended to be used as evidence; and
- (b) Understanding whether the expert's findings or conclusions have been appropriately reflected in the sustainability information. For example, in some circumstances, management may need to modify the information prepared by the management's expert, such as when the information provided is too general and requires adjustment to reflect the circumstances unique to the entity. Management's adjustments may give rise to bias, or management may not have the appropriate competence and capabilities to adapt or adjust the information, which may cause the information to be inaccurate, incomplete or lack credibility.

Doubts About the Relevance and Reliability of Information Intended to be Used as Evidence (Ref: Para. 85-86)

A251. Unless the practitioner has reason to believe the contrary, the practitioner may accept records and documents as genuine. When the practitioner identifies conditions that give cause to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, possible procedures to investigate further may include:

- (a) Confirming directly with the third party.
- (b) Using the work of an expert to assess the document's authenticity.

A252. Factors or circumstances that may give rise to doubts about the reliability of information intended to be used as evidence include:

- An inability to evaluate the relevance and reliability of the information, including, for example, whether the information is authentic.
- Misstatements identified during the assurance engagement.
- Deficiencies in internal control identified by the practitioner, particularly when there is a significant deficiency in internal control.
- When procedures performed on a population result in a higher rate of deviation than expected.
- When information intended to be used as evidence is inconsistent with other information or evidence.

A253. The relevance of information intended to be used as evidence may be affected by the period of time to which the information relates. For example, the relevance of such information may change based on the passage of time or due to events or conditions, such as the identification of new information. Such circumstances may occur when the practitioner identifies information from an alternative or more credible source which negates, or causes doubt about, the relevance of the initial information intended to be used as evidence.

A254. In cases of doubt about the reliability of information or indications of possible fraud, this ISSA requires the practitioner to investigate further and determine what modifications or additions to procedures are necessary to resolve the matter. Doubts about the reliability of information from management may indicate a risk of fraud.

Planning

Planning Activities (Ref. Para. 87-89)

A255. Adequate planning helps to:

- Devote appropriate attention to important areas of the engagement;
- Identify potential problems on a timely basis and properly organize and manage the engagement in order for it to be performed in an effective and efficient manner;
- Properly assign work to engagement team members, and facilitate the direction and supervision of engagement team members and the review of their work; and
- When applicable, coordinate work done by other practitioners and experts.

A256. Planning involves the engagement leader, other key members of the engagement team, and any key practitioner's external experts developing:

- (a) An overall strategy for the scope, timing and direction of the assurance engagement; and
- (b) An engagement plan, consisting of a detailed approach for the nature, timing and extent of procedures to be performed, and the reasons for selecting them.

A257. Information obtained in the acceptance and continuance process may assist the engagement leader in planning and performing the engagement. Such information may include:

- Information about the size, complexity and nature of the entity, including the industry in which it operates and the applicable criteria;
- The entity's timetable for reporting, such as at interim and final stages;
- If the assurance engagement relates to sustainability information beyond a single entity (e.g., a group) the nature and extent of the control relationships between the entity and other entities within the organizational boundary, and relationships with other entities within the reporting boundary; and
- Relevant knowledge gained on other engagements performed by the engagement team for the entity;
- Whether there have been changes in the entity or in the industry in which the entity operates since the previous assurance engagement that may affect the nature of resources required, as well as the manner in which the work of the engagement team will be directed, supervised and reviewed.

A258. The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the sustainability matters and applicable criteria. Examples of matters that may be considered include:

- The characteristics of the entity and its activities;
- Whether the engagement is a limited assurance engagement, reasonable assurance engagement or a combination of both.
- The nature of the disclosures comprising the sustainability information.
- The expected timing and the nature of the communications required with management or those charged with governance.
- The reporting boundary.
- The practitioner's understanding of the entity and its environment, including the risks that the disclosures may be materially misstated.
- The intended users and their information needs.
- The extent to which the risk of fraud is relevant to the engagement.
- The nature, timing and extent of resources necessary to perform the engagement, such as expertise required, including the nature and extent of the involvement of experts.
- If the entity has an internal audit function, the impact on the engagement.

A259. The practitioner may decide to discuss elements of planning with the entity when obtaining preliminary knowledge of the engagement circumstances, determining the scope of the engagement

or to facilitate the conduct and management of the engagement (e.g., to coordinate some of the planned procedures with the work of the entity's personnel). Although these discussions often occur, the overall engagement strategy and the engagement plan remain the practitioner's responsibility. When discussing matters included in the overall engagement strategy or engagement plan, care is needed in order not to compromise the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the entity may compromise the effectiveness of the engagement by making the procedures too predictable.

A260. Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or evidence obtained, the practitioner may revise the overall engagement strategy and engagement plan, and thereby the resulting planned nature, timing and extent of procedures.

Scalability (Ref. Para. 87)

A261. In less complex engagements, the entire engagement may be conducted by the engagement leader (who may be a sole practitioner) or a very small engagement team. With a smaller team, coordination of, and communication between, team members is easier. Establishing the overall engagement strategy in such cases need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the engagement, including the sustainability matters and applicable criteria, the scope of the assurance engagement, and the size of the engagement team. For example, in the case of a recurring engagement, a brief memorandum prepared at the completion of the previous engagement, based on a review of the working papers and highlighting issues identified in the engagement just completed, updated in the current period based on discussions with appropriate parties, may be appropriate as the engagement strategy for the current engagement.

Nature, Timing and Extent of Planned Procedures (Ref: Para. 88)

A262. The practitioner uses professional judgment in identifying the appropriate approach to planning and performing assurance procedures to obtain sufficient appropriate evidence. Understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting (i.e., how management has grouped the information for purposes of presentation) may assist the practitioner in planning the assurance engagement. Matters that may be relevant in this regard include:

- Whether the applicable criteria addresses how the sustainability information should be presented, and how the entity has applied such criteria. Applicable criteria do not always specify in detail the required level of aggregation or disaggregation. They may, however, include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances. For example, the applicable criteria may require the entity to report operational sites situated in areas of high biodiversity value by geographical location only. In other circumstances, the applicable criteria may require that information be disaggregated further to operational size and relative vicinity.
- The entity's reporting objectives and policies regarding preparation of the sustainability information, including its policies for classification and presentation of the sustainability information.
- The entity's reporting boundary, including whether the disclosures pertain to one or more entities within the reporting boundary.

- The extent to which the sustainability information:
 - Is processed using common information systems and controls, and
 - Has a common unit of measure.
- How sustainability information is communicated internally to management or those charged with governance.
- Whether the disclosures relate to similar or interconnected topics, aspects of the topics, or characteristics (see paragraph A264).
- How the entity's industry peers present the sustainability information.

A263. The practitioner may decide that the manner in which management has grouped the information for purposes of presentation is the most appropriate approach for the engagement. The practitioner may also decide that grouping the sustainability information differently may be more appropriate for purposes of planning and performing the assurance engagement in a more effective and efficient manner. Factors that may be relevant to the practitioner's decision may include:

- The scope of the assurance engagement and the nature of the assurance conclusion(s), including whether the engagement covers all or only part of the sustainability information reported.
- Preliminary expectations about the disclosures where risks of material misstatement are likely to arise (for limited assurance) or risks of material misstatement (for reasonable assurance)
- The nature and extent of commonality of controls. For example, waste generated in the entity's own activities is recorded using the same IT system and common controls are implemented across all entities or business units in the group.

A264. The practitioner may group the sustainability information in various ways for purposes of planning and performing the assurance engagement.

Examples:

- By topics: All disclosures on climate; all disclosures on labor practices.
- By aspects of topics: All disclosures regarding risks and opportunities (regardless of the topic); all disclosures regarding targets.

By topic and aspect of topic: All disclosures regarding targets for climate; all disclosures regarding scenario analysis for climate.

- By characteristics: All disclosures that are qualitative; all disclosures that are forward-looking; all disclosures that are historical.
- By characteristics by aspect of topic: All disclosures regarding targets that are judgmental; all disclosures regarding targets that are historical.

Materiality (Ref. Para. 90-92)

A265. The practitioner's consideration or determination of materiality, as applicable, is relevant when performing risk procedures, determining the nature, timing and extent of further procedures, and

evaluating whether the sustainability information is free from material misstatement. Professional judgments about materiality are made in light of surrounding circumstances, but are not affected by the level of assurance. That is, for the same intended users and purpose, materiality for a reasonable assurance engagement is the same as for a limited assurance engagement because materiality is based on the information needs of intended users.

A266. The concept of materiality ordinarily includes the following principles:

- (a) Judgments about matters that are material to intended users of the sustainability information are based on a consideration of the common information needs of intended users as a group.
- (b) Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence decisions of intended users taken on the basis of the sustainability information.

A267. Materiality is a matter of professional judgment, and is affected by the practitioner's perception of the common information needs of intended users as a group. In this context, it is reasonable for the practitioner to assume that intended users:

- (a) Have a reasonable knowledge of the sustainability matters, and a willingness to study the sustainability information with reasonable diligence;
- (b) Understand that the sustainability information is prepared and assured to appropriate levels of materiality, and have an understanding of any materiality concepts included in the applicable criteria; and
- (c) Understand any inherent uncertainties involved in measuring or evaluating the sustainability matters; and
- (d) Make reasonable decisions on the basis of the sustainability information taken as a whole.

Unless the engagement has been designed to meet the particular information needs of specific users, the possible effect of misstatements on specific users, whose information needs may vary widely, is not ordinarily considered.

A268. The applicable criteria may include principles to assist the entity in identifying information relevant to users, which may include terms that refer to materiality (e.g., double materiality). Such principles or terms, if present in the applicable criteria, may provide a frame of reference to the practitioner in considering or determining materiality for the engagement. However, the process applied by the entity to determine the sustainability matters to be reported, often referred to as the entity's "process to identify reporting topics," "materiality assessment," or "materiality process," relates to management's determination of the topics and aspects of topics that may be relevant for intended users.

A268A. When an entity uses applicable criteria that identify reporting topics that impact the entity's financial returns, the materiality considerations may be referred to as "financial materiality," and will result in setting materiality in financial terms (e.g., the applicable criteria may state that financial materiality in the context of sustainability information represents the sustainability factors that are material to short, medium, and long-term enterprise value). In this case, the intended users are likely current and future providers of debt and equity. When an entity uses applicable criteria that identify reporting topics relevant to the impacts of the entity on the economy, environment or society, the materiality considerations may be referred to as "impact materiality." In this case, materiality is considered

according to the nature and magnitude of impacts, and may be relevant to a broader group of intended users (see also paragraph A179).

Example:

The entity operates globally in various industries, including health care and consumer goods. The entity engaged an external consulting firm to gather data on stakeholder's perspectives regarding the entity's sustainability strategy. The entity took an approach to define stakeholders, including "customers, suppliers, non-profit organizations, corporate/private sector, academics, consultants, government, media, finance, trade associations, and think tanks." The entity received direct feedback on how its sustainability strategy affected people, wider communities and the environment. After gathering this data, the entity analyzed it to determine what issues were material to those surveyed and found a number of areas to measure impact materiality and reported on those areas.

A269. Management's "materiality process" differs from materiality considered or determined by the practitioner. The practitioner considers or determines materiality in determining the approach for obtaining evidence and when evaluating identified misstatements of the sustainability information within the scope of the assurance engagement. As a result, qualitative factors considered by the entity and the practitioner may overlap but need not be identical. For quantitative disclosures, the practitioner and entity will not necessarily arrive at the same materiality threshold.

A270. Materiality relates to the sustainability information within the scope of the assurance engagement. Therefore, when the engagement covers some, but not all, of the sustainability information, materiality is considered in relation to only the sustainability information that is within the scope of the assurance engagement.

A271. Not all disclosures involve the same materiality considerations. In some cases, materiality may need to be considered or determined for different disclosures. For different disclosures, the same intended users may have different information needs, and a different tolerance for misstatement. Considering qualitative factors may help the practitioner to identify disclosures that may be more significant to the intended users. For example, intended users may place more importance on information about food or drug safety than they do on information about the recycling of non-hazardous waste because the consequences of poor safety standards in food or drug production are likely to be more serious to human health than those for not recycling non-hazardous waste. They may, therefore, have a lower tolerance for misstatement of information about food or drug safety than about recycling of non-hazardous waste.

Qualitative Materiality Considerations (Ref. Para. 90(a))

A272. Examples of factors that may be relevant to the practitioner's consideration of materiality for qualitative disclosures include:

- The number of persons or entities affected by, and the severity of the effect of, the sustainability matter. For example, a hazardous waste spill may impact a small number of people, but the effect of that spill could lead to serious adverse consequences to the environment.
- The interaction between, and relative importance of, multiple topics and aspects of the topics, such as when a report includes numerous performance indicators.

- The form of the presentation of the sustainability information when the applicable criteria allow for variations in the presentation.
- The nature of a potential misstatement and when it would be considered material. For example, the nature of observed deviations from a control when the sustainability information is a statement that a process exists, or the control is effective.
- Whether a potential misstatement could affect compliance with law or regulation, including whether there is an incentive or pressure on management to achieve an expected target or outcome. For example, a practitioner may consider a potential misstatement to be material if it affected a threshold at which a carbon tax would be payable by the entity.
- Whether a potential misstatement would be significant based on the practitioner's understanding of known previous communications to users, for example, in relation to the expected outcome of goals or targets, the degree to which a potential misstatement would impact the entity achieving the goal or target.
- When the sustainability matter is a governmental program or public sector entity, whether a particular aspect of the program or entity is significant with regard to the nature, visibility and sensitivity of the program or entity.
- If the applicable criteria include the concept of due diligence regarding impacts, the nature and extent of those impacts. For example, a practitioner may consider whether the entity's disclosures omitted or distorted the actions taken to prevent or mitigate negative impacts or ignored additional negative impacts, or the entity's actions to prevent or mitigate negative impacts were not effective.
- For narrative disclosures, whether the level of detail of the description or the overall tone of the words used to describe the matter, may give a misleading picture to users of the sustainability information.
- How the presentation of the information influences users' perception of the information. For example, when management presents the disclosures in the form of graphs, diagrams or images, materiality considerations may include whether using different scales for the x- and y-axes of a graph may result in materially misstated or misleading information.

Quantitative Materiality Considerations (Ref. Para. 90(b))

A273. Quantitative factors relate to the magnitude of misstatements relative to the disclosures, if any, that are:

- (a) Expressed numerically; or
- (b) Otherwise related to numerical values (e.g., the number of observed deviations from a control may be a relevant quantitative factor when the sustainability information is a statement that the control is effective).

A274. For disclosures that are quantitative (e.g., a key performance indicator expressed in numerical terms), materiality may be determined by applying a percentage to the reported metric, or to a chosen benchmark related to the disclosure. If the applicable criteria specify a percentage threshold for materiality, this may provide a frame of reference to the practitioner in determining materiality for the

disclosure.

Examples of thresholds may include x% of investment in community projects (in hours or monetary terms), y% of energy consumed (in kWh), or z% of land rehabilitated (in hectares).

A275. The applicable criteria may require disclosures of historical cost financial information. For example, topics reported may include community investment, training expenditures, or taxes by jurisdiction. These may also be reported in the entity's financial statements. The practitioner, or another practitioner, may be engaged to audit those financial statements. The materiality used for these aspects of the disclosures need not be the same as the materiality used in the audit of the entity's financial statements.

Reconsideration of Materiality as The Engagement Progresses (Ref. Para. 90)

A276. Materiality may need to be revised as a result of a change in circumstances during the assurance engagement (for example, the disposal of a major part of the entity's business), new information, or a change in the practitioner's understanding of the entity and its operations as a result of performing procedures. For example, it may become apparent during the engagement that the percentage of significant product categories for which customer health and safety impacts are assessed for improvement is likely to be substantially different from that expected during planning. If during the engagement the practitioner concludes that a different materiality is appropriate, it may be necessary to revise the nature, timing and extent of further procedures.

Performance Materiality (Ref. Para. 92)

A277. Performance materiality may be used during different stages of the assurance engagement. For example, performance materiality may be useful to help identify disclosures where material misstatements are likely to arise (in a limited assurance engagement), or to help identify and assess risks of material misstatement at the assertion level for the disclosures (in a reasonable assurance engagement) and to determine the nature, timing and extent of further procedures.

A278. For quantitative disclosures, planning the engagement solely to detect individually material misstatements overlooks aggregation risk, which is the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Aggregation risk arises because the sustainability information may be disaggregated by management for purposes of applying the applicable criteria, or by the practitioner for the purpose of designing and performing assurance procedures. It may therefore be appropriate when planning the nature, timing and extent of procedures for the practitioner to:

- (a) Consider setting performance materiality for quantitative disclosures to reduce aggregation risk to an appropriately low level; or
- (b) Consider what types of errors or omissions would potentially constitute a material misstatement when aggregated with other misstatements.

A279. [Not used]

A280. Performance materiality does not address misstatements that would be material solely due to qualitative factors that affect their significance. However, designing procedures to increase the

likelihood of the identification of misstatements that are material solely because of qualitative factors, to the extent it is possible to do so, may also assist the practitioner in addressing aggregation risk.

Risk Procedures

Designing and Performing Risk Procedures (Ref: Para. 94L-96)

A281. Risk procedures are part of an iterative and dynamic process. In obtaining an understanding, initial expectations may be developed about disclosures where material misstatements are likely to arise (in a limited assurance engagement) or risks of material misstatement (in a reasonable assurance engagement), which may be further refined as the practitioner progresses through the engagement, or if new information is obtained. Risk procedures by themselves do not provide sufficient appropriate evidence on which to base the assurance conclusion.

A282. The nature and extent of risk procedures will vary based on the nature and circumstances of the entity (e.g., the formality of the entity's policies and procedures, and processes and systems), the nature and complexity of the sustainability matters and the characteristics of the events or conditions that could give rise to material misstatements disclosures. The practitioner uses professional judgment to determine the nature and extent of the risk procedures to be performed to meet the requirements of this ISSA as appropriate to the level of assurance to be obtained. The depth of understanding that is required by the practitioner is less than that possessed by management in managing the entity.

A283. The type of risk procedures performed by the practitioner may include the following:

- (a) Inquiries of management, of appropriate individuals within the internal audit function (if the function exists), and of others within the entity who, in the practitioner's judgment, may have information that is likely to assist in identifying disclosures where material misstatements are likely to arise (for a limited assurance engagement) or identifying risks of material misstatement (for a reasonable assurance engagement), whether due to fraud or error;
- (b) Analytical procedures;
- (c) Observation and inspection.

A284. Designing and performing risk procedures may involve obtaining evidence from multiple sources including:

- (a) Interactions with management, those charged with governance, and other key entity personnel, which may include personnel within the entity who work in functions relevant to the sustainability information (such as Human Resources) or internal auditors.
- (b) Certain external parties such as regulators, whether obtained directly or indirectly.
- (c) Publicly available information about the entity and its industry, for example, entity-issued press releases, materials for analysts or investor group meetings, analysts' reports, or information about sustainability impact.

A285L. In rare circumstances, the practitioner's risk procedures may not identify any disclosures where material misstatements are likely to arise. Irrespective of whether any such disclosures have been identified, the practitioner designs and performs procedures to obtain a meaningful level of

assurance. In such cases, the practitioner may perform additional risk procedures or design and perform further procedures on disclosures that are material to the sustainability information.

A286. The practitioner may perform further procedures concurrently with risk procedures when it is efficient to do so.

Examples:

- In a limited assurance engagement, evidence obtained that supports the identification of disclosures where material misstatements are likely to arise may also support the practitioner's conclusion that the matter is not likely to cause the sustainability information to be materially misstated.
- In a reasonable assurance engagement, evidence obtained that supports the identification and assessment of risks of material misstatement may also support the evaluation of the operating effectiveness of controls.

Considering Information from Engagement Acceptance and Continuance Procedures (Ref: Para. 95)

A287. Paragraph 68 requires the practitioner to obtain a preliminary knowledge of the engagement circumstances to provide an appropriate basis for determining whether the preconditions for the engagement are present. This preliminary knowledge ordinarily is not sufficient to fulfill the requirements in paragraphs 94L and 94R, but may provide important evidence to support the required understanding. For example, the practitioner may have already obtained an extensive understanding of the applicable criteria in accepting the engagement and may supplement this understanding for the purpose of performing risk procedures. Information the practitioner may also consider in obtaining an understanding include:

- (a) When applicable, other engagements performed by the engagement leader for the entity, such as the audit of financial statements or verification of specific matters (e.g., verification of water consumption for a significant operation within the entity).
- (b) Previous experience with the entity, if such information remains relevant and reliable as evidence for the current engagement.

Engagement Team Discussions (Ref: Para. 96)

A288. Discussions between the engagement leader and other key members of the engagement team, and any key practitioner's external experts may:

- Provide an opportunity for more experienced engagement team members, including the engagement leader, to share their insights based on their knowledge of the entity. Sharing information contributes to an enhanced understanding by all engagement team members;
- Allow the engagement team members to exchange information about how and where the sustainability information might be susceptible to material misstatement due to fraud or error;
- Assist the engagement team in planning and performing the engagement.

A289. When the engagement is carried out by a single individual, such as a sole practitioner (i.e., when an engagement team discussion would not be possible), consideration of the matters referred to in

paragraph 96 nonetheless may assist the practitioner in identifying disclosures where risks of material misstatement are likely to arise (for a limited assurance engagement) or identifying risks of material misstatement (for a reasonable assurance engagement).

Understanding the Sustainability Matters and the Sustainability Information (Ref: Para. 97)

A290. The characteristics of events or conditions that could give rise to material misstatement of the disclosures may include complexity, judgment, change, uncertainty, or susceptibility to misstatement due to management bias or fraud, thus resulting in susceptibility of the disclosures to material misstatement, whether due to fraud or error.

A291. Examples of material misstatements due to fraud in sustainability information may relate to matters such as the following:

- Misstating sustainability information (including omitting information) to avoid penalties or fines, potentially aggressive or over-optimistic internal or external goals, intentionally inaccurate or misleading product or corporate public statements or claims.
- Misstating sustainability information to enable the entity to be favorably considered in relation to future endeavors, or to be a factor in funding, supplier or customer arrangements or negotiations.
- Misstating sustainability information to reduce carbon tax liabilities or overstate carbon credits created.
- Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way in order to influence the outcome of the performance reward or compensation.
- Pressures linked to obtaining certain credentials or recognitions (e.g., a 'green' seal or rating), or to meet certain contractual conditions.
- Immature systems of internal control over sustainability reporting.

A292. The characteristics of events or conditions that could give rise to risks of material misstatement may be different for different disclosures. For example:

- The risks of material misstatement related to information about the entity's waste generated in the entity's own activities may be different from the risks of material misstatement related to information about the waste generated upstream or downstream in entity's value chain.
- The risks of material misstatement in historical quantitative information may be different from the risks of material misstatement in forward-looking qualitative information.

A293. The sustainability matters may be complex to measure or evaluate or be subject to uncertainties. For example, potential climate-related risks, the likelihood of their occurrence, and their expected short, medium, and long-term impacts on an entity and its supply chain may be both complex to measure and evaluate and subject to a high degree of uncertainty. As a result of the inherent uncertainties, material misstatements may be more likely to arise (limited assurance) or the risk of material misstatement of disclosures may be higher (reasonable assurance), or it may be difficult to identify disclosures where material misstatements are likely to arise (limited assurance) or identify and

assess the risks of material misstatement of the sustainability information (reasonable assurance).

Understanding the Applicable Criteria (Ref: Para. 98)

A294. Understanding the applicable criteria assists the practitioner in identifying the susceptibility of the disclosures to misstatement. For example, the practitioner may:

- Identify elements of the applicable criteria that may be more susceptible to incorrect interpretation and application by the entity in preparing the sustainability information.
- Identify where the entity has the ability to exercise judgment in applying the applicable criteria, and therefore may give rise to risks of material misstatement due to inappropriate judgments in the circumstances of the entity.
- Identify aspects of the applicable criteria that may be more susceptible to manipulation, for example, when the entity is permitted to prepare the information on a comply or explain basis, provided the entity has a reasonable basis for doing so.
- Determine that the entity's process for identifying, evaluating and applying the applicable criteria is lacking, which may give rise to a heightened risk that the applicable criteria are not appropriately applied by the entity.

A295. The understanding of the applicable criteria may include:

- The uncertainties and complexities associated with identifying the framework criteria, and any entity-developed criteria used to interpret the framework.
- The criteria for identifying the relevant topics and aspects of the topics to be presented and disclosed in the sustainability information.
- The criteria for identifying the reporting boundary, and whether this differs for each disclosure.
- How the entity develops its own criteria, including criteria used to interpret the framework criteria (e.g., the selection and application of quantification methods and reporting policies), and controls over the entity's process.

A296. Framework criteria may not be considered suitable on their own (e.g., may be incomplete or subject to interpretation in application). Therefore, the entity may supplement the framework criteria so that the applicable criteria are suitable. The process of developing the applicable criteria and applying it to the sustainability matters may be complex, require judgment, and may be susceptible to bias. The evaluation required in paragraph 98 may result in the practitioner identifying disclosures where there is an increased susceptibility to misstatement or cause the practitioner to re-evaluate the suitability of the applicable criteria.

Understanding the Entity and Its Environment

Understanding the Entity's Operations, Legal and Organizational Structure, Ownership and Governance, and Business Model (Ref: Para. 99(a))

A297. Information obtained by the practitioner through inquiries of an appropriate party(ies), or others may provide important evidence to support the required understanding; however, inquiry alone ordinarily is not sufficient to identify disclosures where a material misstatement is likely to arise (limited assurance) or identify and assess risks of material misstatement at the assertion level for the

disclosures (reasonable assurance).

A298. The practitioner uses professional judgment to determine the characteristics of the entity and its environment that are relevant to the sustainability information and therefore are necessary to understand. The practitioner's primary consideration is whether the understanding that has been obtained is sufficient to meet the objective of the risk procedures. The practitioner's understanding may involve less effort when the scope of the assurance engagement is limited to certain sustainability information (e.g., discrete metrics). On the other hand, a broader understanding of the entity and its environment may be necessary if the scope of the assurance engagement addresses multiple topics or aspects of the topics.

A299. The practitioner's understanding of the entity and its environment may include an understanding of the following:

- (a) The nature of the entity and its sustainability-related business risks, including:
 - (i) The nature of the operations included in the reporting boundary, including:
 - a. Whether the activities or operations within the reporting boundary are internal or external to the entity;
 - b. The contribution of each activity or operation to the sustainability information, including entities or operations within the value chain, if material to the sustainability information; and
 - c. The uncertainties associated with the quantities reported in the sustainability information.
 - (ii) Changes from the prior period in the nature of the entity, its business risks, or the reporting boundary, including whether there have been any mergers, acquisitions, disposals, or outsourcing of functions.
 - (iii) The frequency and nature of interruptions to operations.
- (b) The maturity of the systems, processes and controls over sustainability information and the extent to which they integrate the use of IT.

Understanding the Reporting Boundary (Ref: Para 99(b))

A300. Understanding the reporting boundary may require the analysis of complex organizational structures (e.g., multiple operating units in different jurisdictions), contractual relationships and activities within the entity's value chain. The way operations are organized may also have implications for the reporting boundary. For example, a facility may be owned by one party, operated by another, and process materials solely for a third party, but the sustainability activities of all three entities may be within the reporting boundary. Understanding activities within the reporting boundary help the practitioner:

- Understand whether the sustainability matters or disclosures are affected by complexity, judgment, change, uncertainty, or susceptibility to misstatement due to management bias or fraud.
- Identify sustainability matters where it may be necessary to use the work of others to obtain sufficient appropriate evidence.

- Identify the members of the engagement team and other parties with whom the engagement leader discusses the susceptibility of disclosures to material misstatements whether due to fraud or error.
- Consider or determine an appropriate materiality for the applicable disclosures.
- Determine the nature, timing and extent of further procedures.
- Identify disclosures where it may be difficult to obtain sufficient appropriate evidence and, as a result, the implications for the assurance report.

A301. [Not used]

Understanding the Entity's Goals, Targets, or Strategic Objectives (Ref: Para. 99(c))

A302. Understanding goals, targets, or strategic objectives related to the sustainability information and measures used to assess the entity's performance may help the practitioner identify incentives and pressures that increase the susceptibility of the sustainability information to management bias or fraud.

Understanding the Legal and Regulatory Framework (Ref: Para. 100)

A303. The effect on the sustainability information of laws and regulations will vary. Those laws and regulations to which an entity is subject constitute the legal and regulatory framework. The provisions of some laws or regulations may have a direct effect on the sustainability information, in that they may determine the criteria to be applied or specify disclosures required to be included in an entity's sustainability information.

A304. Other laws and regulations may not have a direct effect on the determination of the disclosures in the sustainability information, but compliance with which may be fundamental to the operating aspects of the business. Non-compliance with laws and regulations that have a fundamental effect on the operations of the entity may cause the entity to cease operations, or call into question the entity's continuance as a going concern, which may have consequences for the entity's disclosures.

A305. To obtain an understanding of the legal and regulatory framework, and how the entity complies with that framework, the practitioner may, for example:

- Use the practitioner's existing understanding of the entity's industry, regulatory and other external factors;
- Update the understanding of those laws and regulations that establish criteria, frameworks, standards or guidance;
- Inquire of management as to other laws or regulations that may be expected to have a fundamental effect on the operations of the entity; and
- Inquire of management concerning the entity's policies and procedures regarding compliance with laws and regulations.

Inquiries and Discussion with Appropriate Parties (Ref: Para. 101)

A306. Inquiries of appropriate parties and, when appropriate, others within the entity may offer the practitioner varying perspectives in performing risk procedures.

Examples:

- Inquiries directed towards those charged with governance may help the practitioner understand the extent of oversight by those charged with governance over the preparation of the sustainability information.
- Inquiries of management may help the practitioner to evaluate the appropriateness of the selection and application of the applicable criteria.
- Inquiries directed towards in-house legal counsel may provide information about matters such as litigation, compliance with laws and regulations, knowledge of fraud or suspected fraud affecting the sustainability information.
- Inquiries directed towards the risk management function (or inquiries of those performing such roles) may provide information about operational and regulatory risks that may affect the sustainability information.
- Inquiries directed towards IT personnel may provide information about system changes, system or control failures, or other IT-related risks.

A307. If an entity has an internal audit function, inquiries of the appropriate individuals within the function may assist the practitioner in understanding the entity and its environment and the entity's system of internal control, in identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement (reasonable assurance).

Understanding Components of the Entity's System of Internal Control (Ref: Para. 102L, 102R)

A308. Understanding components of the entity's system of internal control relevant to the sustainability matter and the preparation of the sustainability information assists the practitioner in identifying the types of misstatements that may occur and factors that affect disclosures where material misstatements are likely to arise (limited assurance) or risks of material misstatement in the disclosures (reasonable assurance).

A309. The level of formality of the entity's system of internal control, including the control environment, the entity's risk assessment process and process to monitor the system of internal control, may vary by size and complexity of the entity, and the nature and complexity of the sustainability matters and the applicable criteria.

A310. The nature and extent of the practitioner's understanding of the system of internal control may vary depending on the complexity of the assurance engagement and the nature and complexity of the topics and aspects of the topics comprising the sustainability matters. As the entity, the topics and the aspects of the topics become more complex, more extensive procedures may be necessary to understand the internal controls, for example, by performing a walkthrough to confirm inquiries of entity personnel. A walkthrough involves selecting events or conditions and tracing them through the applicable process in the information system.

A311L. In a limited assurance engagement, the practitioner is not required to obtain an understanding of all the components of the system of internal control relevant to the preparation of the sustainability information as required in a reasonable assurance engagement. In addition, the practitioner is not required to evaluate the design of controls and determine whether they have been implemented

unless the practitioner plans to test the operating effectiveness of controls. The practitioner uses professional judgment to determine the extent of understanding that is necessary to identify disclosures where material misstatements are likely to arise and to provide a basis for designing procedures to focus on those disclosures. It will often not be necessary to obtain a detailed understanding of the components and the procedures to obtain the understanding may be less in extent, and of a different nature than those required in a reasonable assurance engagement. For example, the practitioner may obtain a sufficient understanding of the information system through inquiry in a limited assurance engagement but may need to perform a walk-through in a reasonable assurance engagement.

A312. In some circumstances, the sustainability matters may be related to controls (i.e., the controls are the aspects of the topics). For example, the sustainability information may comprise disclosures that describe the design, implementation, or effectiveness of controls over occupational health and safety. Paragraph 97 requires the practitioner to understand the sustainability matters (in this case, controls over occupational health and safety). Paragraphs 102L and 102R require understanding of internal control related to the processes used to design, implement, or operate the controls over occupational health and safety and the processes to prepare information about those controls.

A313. The practitioner's understanding of relevant components of internal control may raise doubts about the practitioner's ability to obtain sufficient appropriate evidence on which to base the assurance conclusion or may indicate a need to withdraw from the engagement when withdrawal is possible under applicable law or regulation. For example:

- Concerns about the integrity of those preparing the sustainability information may be so serious as to cause the practitioner to conclude that the risk of management misrepresentation in the sustainability information is such that an engagement cannot be conducted.
- Concerns about the competence of management and the condition and reliability of an entity's records may cause the practitioner to conclude that it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information.

The Control Environment (Ref: Para.102L(a), 102R(a), 103R)

A314L. The practitioner's understanding of the control environment, such as how the entity demonstrates behavior consistent with the entity's commitment to integrity and ethical values, may assist the practitioner in identifying disclosures where material misstatements are likely to arise. For example, deficiencies in the control environment may result in material misstatements being likely to arise in disclosures throughout the sustainability information.

A315R. The practitioner's evaluation of the control environment may assist the practitioner in identifying potential issues in the other components of the system of internal control. This is because the control environment is foundational to the other components of the system of internal control. This evaluation may also assist the practitioner in understanding risks faced by the entity and identifying and assessing the risks of material misstatement at the assertion level for the disclosures.

A316. The practitioner's understanding of the control environment may include understanding the controls, processes and structures that address:

- (How management's oversight responsibilities are carried out, such as the entity's culture and management's commitment to integrity and ethical values.

- When those charged with governance are separate from management, the independence of, and oversight over, the system of internal control by those charged with governance.
- The entity's assignment of authority and responsibility.
- How the entity attracts, develops, and retains competent individuals.
- How the entity holds individuals accountable for their responsibilities in the pursuit of the objectives of the system of internal control.

A317. Information about components of the control environment in less complex entities may not be available in documentary form, in particular when communication between management and other personnel is informal, but the information may still be appropriately relevant and reliable in the circumstances. For example, the practitioner may observe the entity's past and current practices, and engagement with stakeholders. Such observations may contribute to the practitioner's understanding of the components of internal control, even if policies have not been documented formally.

The Entity's Risk Assessment Process (Ref: Para. 102L(b), 102R(b), 104R)

A318. The results of the entity's risk assessment process may assist the practitioner in

- (a) Identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement in the disclosures (reasonable assurance); and
- (b) Obtaining an understanding of the sustainability matters and other engagement circumstances.

A319R. The practitioner's evaluation of the entity's risk assessment process allows the practitioner to understand where the entity has identified risks that may occur, and how the entity has responded to those risks. The practitioner's evaluation of how the entity identifies its risks, and how it assesses and addresses those risks assists the practitioner in understanding whether the risks faced by the entity have been identified, assessed, and addressed as appropriate to the nature and complexity of the entity.

A320R. Under some applicable criteria, the entity is required to identify and provide information about sustainability-related risks and opportunities, or the process(es) by which sustainability-related risks and opportunities are identified, assessed and managed. Therefore, understanding and evaluating the entity's risk assessment process may also assist the practitioner in identifying and assessing risks of material misstatement related to the appropriate application of the applicable criteria by the entity. For example, if the practitioner identifies potential deficiencies in the entity's risk assessment process, the practitioner may determine that there is a heightened risk that sustainability-related risks and opportunities may not have been identified by the entity and are therefore the presentation or description in the sustainability information.

A321R. Not all risks identified by the entity give rise to risks of material misstatement. In understanding how management and those charged with governance have identified risks relevant to the preparation of the sustainability information, and decided about actions to address those risks, the practitioner may consider how management or, as appropriate, those charged with governance, have:

- (a) Specified the entity's objectives with sufficient precision and clarity to enable the identification and assessment of the risks relating to the objectives;

- (b) Identified the risks to achieving the entity's objectives and analyzed the risks as a basis for determining how the risks should be managed; and
- (c) Considered the potential for fraud when considering the risks to achieving the entity's objectives.

A322. If the practitioner identifies disclosures where risks of material misstatements are likely to arise (limited assurance) or risks of material misstatement (reasonable assurance) that the entity failed to identify, and those risks are of a kind that the practitioner expects would have been identified by the entity's risk assessment process, it may be an indicator that the entity's risk assessment process is not appropriate to the entity's circumstances considering the nature and complexity of the entity.

The Entity's Process for Monitoring the System of Internal Control (Ref: Para. 102R(c), 105R)

A323R. Understanding the entity's process for monitoring the system of internal control relevant to the preparation of the sustainability information may involve understanding:

- (a) Those aspects of the entity's process that address:
 - (i) Ongoing and separate evaluations for monitoring the effectiveness of controls, and the identification and remediation of control deficiencies identified;
 - (ii) The entity's internal audit function, if any, including its nature, responsibilities, and activities; and
- (b) The sources of information used in the entity's process to monitor the system of internal control, and the basis upon which management considers the information to be sufficiently reliable for the purpose.

A324R. The practitioner's evaluation of the entity's process for monitoring the system of internal control assists the practitioner in understanding whether the other components of the system of internal control are present and functioning, and therefore assists with understanding the other components of the system of internal control. This evaluation may also assist the practitioner with identifying and assessing risks of material misstatement at the assertion level for the disclosures.

A325R. Matters that may be relevant for the practitioner to consider when understanding how the entity monitors its system of internal control include:

- (a) The design of the monitoring activities, for example, whether it is periodic or ongoing monitoring;
- (b) The performance and frequency of the monitoring activities;
- (c) The evaluation of the results of the monitoring activities, on a timely basis, to determine whether the controls have been effective; and
- (d) How identified deficiencies have been addressed through appropriate remedial actions, including timely communication of such deficiencies to those responsible for taking remedial action.

A326R. The practitioner may also consider how the entity's process to monitor the system of internal control addresses monitoring of information processing controls that involve the use of IT. This may include, for example:

- (a) Controls to monitor complex IT environments that:
 - (i) Evaluate the continuing design effectiveness of information processing controls and modify them, as appropriate, for changes in conditions; or
 - (ii) Evaluate the operating effectiveness of information processing controls.
- (b) Controls that monitor the permissions applied in automated information processing controls that enforce the segregation of duties.
- (c) Controls that monitor how errors or control deficiencies related to the automation of sustainability reporting are identified and addressed.

A327R. In less complex entities, and in particular owner-manager entities, the practitioner's understanding of the entity's process to monitor the system of internal control is often focused on how management or the owner-manager is directly involved in operations, as there may not be any other monitoring activities.

A328R. For entities where there is no formal process, understanding the process to monitor the system of internal control may include understanding periodic reviews of information that are designed to contribute to how the entity prevents or detects misstatements.

The Information System (Ref: Para., 102L(c), 102R(d), 106R)

A329. The practitioner uses professional judgment to determine which aspects of the information system are relevant to the engagement and may make inquiries of the appropriate party(ies) about those aspects. The understanding of the information system may include an understanding of the following:

- (a) The entity's information processing activities, including its data and information, the resources to be used in such activities and the policies or procedures that define, for the sustainability information:
 - (i) How data and information, including qualitative information, are captured, recorded, processed, reviewed, corrected, and presented. Such policies and procedures may include internal verification processes whereby the data and information are checked by a reviewer for accuracy and completeness, and signed off to evidence that the review has taken place;
 - (ii) Supporting records and other information about the sustainability matters relating to the flow of information in the information system; and
 - (iii) The processes used to prepare the sustainability information.
- (b) How the entity communicates significant matters that support the preparation of the sustainability information and related reporting responsibilities in the information system and other components of the system of internal control:
 - (i) Between people within the entity, including how roles and responsibilities are communicated;
 - (ii) Between management and those charged with governance;
 - (iii) With intended users; and

- (iv) With external parties, such as regulatory authorities.
- (c) The entity's policies or procedures that address the reliability of information. For example, the entity's controls may address the reliability of information from external sources by:
 - (i) Monitoring information provided to, and received back from, the external source;
 - (ii) Considering the reputation of the external source; and
 - (iii) Considering whether there are other sources of similar information, and whether the information from such different available sources is aligned.

A330. The practitioner's understanding of the information system may be obtained in various ways and may include:

- (a) Inquiries of relevant personnel about the procedures used to initiate, record, process and report events and conditions related to the topics and aspects of the topics;
- (b) Inspection of policy or process manuals or other documentation of the information system;
- (c) Observation of the performance of the policies or procedures by the entity's personnel; or
- (d) Selecting events or conditions and tracing them through the applicable process in the information system (i.e., performing a walk-through).

A331. The entity's information system and communication are likely to involve the use of IT to collect or process data and information. Entities may use complex IT applications, simple spreadsheets or paper-based records, or a combination of these. The practitioner's understanding of the information system includes the IT environment, IT applications and other aspects of the IT environment that are relevant to the flows and processing of information in the information system. The entity's use of IT applications or other aspects of the IT environment may give rise to risks arising from the use of IT. For example, changes in the flow of information within the information system may result from program changes to IT applications, or direct changes to data in databases involved in processing or storing that information.

A332. The information system and how the entity communicates in smaller or less complex entities are likely to be less sophisticated and are likely to involve a less complex IT environment than in larger and more complex entities. Less complex entities with direct management involvement may not need extensive descriptions of procedures, sophisticated records, or written policies. Understanding the relevant aspects of the entity's information system may therefore require less effort in an engagement for a less complex entity and may involve a greater amount of inquiry than observation or inspection of documentation. The need to obtain an understanding, however, remains important to provide a basis for the design of further procedures and may further assist the practitioner in identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement (reasonable assurance).

Control Activities (Ref: Para.102R(e), 107L, 107R)

A333. The practitioner's identification and evaluation of controls in the control activities component may focus on information processing controls, which are controls applied during the processing of information in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy, and validity of information). However, the practitioner is not

required to identify and evaluate all information processing controls.

A334R. An assurance engagement does not require an understanding of all the control activities related to each disclosure or to every assertion relevant to them.

A335R. Examples of other controls for which it may be appropriate for the practitioner to obtain an understanding include:

- Controls that address risks of material misstatement assessed as higher on the spectrum of risk based on their likelihood and magnitude.
- Controls that are related to the assembly of, or adjustments to, the sustainability information.
- If the entity uses a service organization, controls at the entity that relate to the services provided by the service organization.

Design and Implementation of Controls (Ref: Para. 108L, 108R)

A336. Evaluating the design of an identified control involves the practitioner's consideration of whether the control, individually or in combination with other controls, is capable of effectively preventing, or detecting and correcting, material misstatements (i.e., the control objective).

A337. The practitioner determines the implementation of an identified control by establishing that the control exists and that the entity is using it. There is little point in the practitioner assessing the implementation of a control that is not designed effectively. Therefore, the practitioner evaluates the design of a control first. An improperly designed control may represent a control deficiency.

A338. The practitioner may conclude that a control, which is effectively designed and implemented, may be appropriate to test in order to take its operating effectiveness into account in determining the nature, timing and extent of further procedures. However, when a control is not designed or implemented effectively, there is no benefit in testing it.

A339R. When the practitioner plans to test the operating effectiveness of a control, the information obtained about the extent to which the control addresses the risk(s) of material misstatement is an input to the practitioner's risk assessment at the assertion level.

A340. Evaluating the design and determining the implementation of control activities is not sufficient to test their operating effectiveness. However, for automated controls, the practitioner may plan to test the operating effectiveness of automated controls by identifying and testing general IT controls that provide for the consistent operation of an automated control instead of performing tests of operating effectiveness on the automated controls directly.

A341. The practitioner may expect more formal documentation of the information system and control activities when the information system and control activities form part of the sustainability matter (e.g., when the sustainability information is about the entity's controls).

Identifying Control Deficiencies (Ref: Para. 109L, 109R)

A342. If deficiencies are identified related to the control environment, this may affect the practitioner's overall expectations about the operating effectiveness of control activities, and therefore the practitioner's plans to test the operating effectiveness of controls. A343. When understanding the

components of the entity's system of internal control, the practitioner may determine that certain of the entity's policies are not appropriate to the nature and circumstances of the entity. Such a determination may be an indicator that control deficiencies exist. The practitioner may consider the effect of those control deficiencies on the design of further procedures and whether to communicate the deficiencies to management or those charged with governance.

A344. If the practitioner's understanding (for limited assurance) or evaluation (for reasonable assurance) of the entity's control environment or other components of internal control raise doubts about the ability to obtain evidence on which to base the assurance conclusion, the practitioner may:

- Perform additional risk procedures until evidence has been obtained to alleviate the practitioner's doubts;
- Withdraw from the engagement when permitted by law or regulation;
- Consider the implications for the practitioner's report.

A345. [Not used]

Identifying Disclosures where Material Misstatements are Likely to Arise (Limited Assurance) / Identifying and Assessing the Risks of Material Misstatement (Reasonable Assurance) (Ref: Para. 110L, 110R)

A346R. Risks of material misstatement are assessed on a spectrum ranging from low to high, based on the likelihood of a misstatement occurring and its potential magnitude were it to occur. The practitioner uses the significance of the combination of the likelihood and magnitude of a possible misstatement in determining where on the spectrum (i.e., the range) risk is assessed. The higher the combination of likelihood and magnitude, the higher the assessment of risk; the lower the combination of likelihood and magnitude, the lower the assessment of risk.

A347R. In considering the magnitude of a misstatement, the practitioner may consider the qualitative and quantitative aspects of the possible misstatement (i.e., misstatements in assertions about a disclosure may be judged to be material due to size, nature or circumstances).

A348R. Risks of material misstatement are assessed consistently with how the practitioner considers the disclosures for purposes of planning and performing the engagement, as described in paragraph A262. Risks of material misstatement may pertain to one or more entities within the reporting boundary. When this is the case, the practitioner may consider the use of the work of another practitioner to identify and assess the risks of material misstatement at the assertion level. However, the practitioner remains responsible for the identification and assessment of risk at the assertion level for the disclosures.

A349L. Identifying disclosures where material misstatements are likely to arise is done consistently with how the practitioner considers the disclosures for purposes of planning and performing the engagement, as described in paragraph A262. Disclosures where material misstatements are likely to arise may pertain to one or more entities within the reporting boundary. When this is the case, the practitioner may consider the use of the work of another practitioner to identify disclosures where misstatements are likely to arise. However, the practitioner remains responsible for identifying disclosures where material misstatements are likely to arise.

A350L. In a limited assurance engagement, the practitioner is not required to identify and assess risks of material misstatement at the assertion level for each disclosure. However, the practitioner may find

it useful to use assertions to identify disclosures where material misstatements are likely to arise.

A351R. In identifying and assessing the risks of material misstatement, the practitioner uses assertions to consider the different types of potential misstatements that may occur. The practitioner may use the assertions described below or may express them differently provided all aspects described below have been covered. Assertions may include:

- Occurrence and existence – the disclosures are related to events or conditions that have occurred or exist
- Responsibility – the disclosures pertain to the entity.
- Completeness – all events or conditions (whether historical or forward-looking), pertaining to the entity and the reporting boundary, that have occurred or exist and that should have been included in the sustainability information have been included.
- Accuracy and valuation– the disclosures, including estimates, have been appropriately measured, evaluated or described in accordance with the applicable criteria.
- Cutoff – the disclosures have been recorded in the reporting period to which they relate.
- Presentation, classification and understandability – the disclosures are appropriately aggregated or disaggregated, structured appropriately, and presented and described in accordance with the applicable criteria, and are clearly expressed.
- Consistency – the criteria and application of the criteria are consistent with those applied in the prior period, or changes are justified and have been properly applied and adequately disclosed; and comparative information, if any, is as reported in the prior period or has been appropriately restated.

A352. Misstatements may arise out of misuse of the criteria in one way or another, for example as a result of human error, process flaws, management bias or fraud.

Examples of different types of possible misstatements include:

- False claims in information (occurrence and existence, or responsibility assertion) – for example, an entity's reported community investment or environmental clean-up did not actually occur, or was made by another party, but with responsibility being falsely claimed as the entity's own.
 - Recording information in the incorrect period (cutoff assertion) – for example, recording an entity's water used in the period preceding or following the period in which the water was actually used.
- Inaccuracies in information (accuracy and valuation assertion) – for example, arising from inaccurately calibrated measuring devices, transposition or other errors in the recording of measurements, or use of inappropriate conversion factors, such as use of a carbon dioxide conversion factor for nuclear energy when the entity has coal and oil-fired facilities.
- Omission of information (completeness assertion) – for example, a company reports on its land rehabilitation program for three of its mining sites but remains silent about two sites where significant degradation has occurred and where there are no plans to rehabilitate the

land.

- Incorrectly classified information (presentation, classification and understandability assertion) – for example, the entity classifies seasonal contractors (mainly female) as permanent full-time employees, which results in erroneous reporting about gender representation on its permanent work force.
- Misleading or unclear representation of information (presentation, classification and understandability assertion) – for example, the preparer gives undue prominence to favorable information by using large, bold or brightly-colored text and images, or other ways to emphasize the presentation, but presents unfavorable information less conspicuously, for example, by using small or light-colored font, and less extensive text.
- Bias in information that focuses on positive aspects of performance and omits negative aspects (presentation, classification and understandability assertion).

Considerations Specific to Public Sector Entities (Ref: Para. 110R)

A353R. When making assertions about the sustainability information of public sector entities, in addition to the assertions set out in paragraph A351R, management may also assert that certain aspects of topics have been carried out in accordance with law, regulation or other authority. Such assertions may fall within the scope of the engagement.

Evaluating the Evidence Obtained from the Risk Procedures (Ref: Para.111L, 112R)

A354R. The practitioner's evaluation of the components of internal control and understanding of control activities, along with any control deficiencies identified, may:

- (a) Influence the identification and assessment of risks of material misstatement at the assertion level for the disclosures; and
- (b) Indicate risks of material misstatement that may affect many assertions or disclosures, and thus may be a risk of material misstatement for the sustainability information as a whole.

A355. [Not used]

Responding to Risks of Material Misstatement

Designing and Performing Further Procedures (Ref: Para.114L-115R)

A356. Further procedures include tests of the operating effectiveness of controls and substantive procedures. The practitioner's further procedures may include a combination of procedures such as inspection; observation; confirmation; recalculation; reperformance; analytical procedures; and inquiry. Determining the further procedures to be performed on a particular engagement is a matter of professional judgment. Because sustainability information may cover a wide range of circumstances, the nature, timing and extent of such procedures are likely to vary considerably from engagement to engagement.

A357. Substantive procedures comprise tests of details and analytical procedures (for limited assurance engagements) or substantive analytical procedures (for reasonable assurance engagements). In addition to inquiries, substantive procedures may include:

- Tests of detail, for example:
 - Agreeing emissions factors to appropriate sources (for example, government publications), and considering their applicability in the circumstances.
 - Reviewing joint venture agreements and other contracts relevant to determining the entity's organizational boundary.
 - Reconciling recorded data to, for example, odometers on vehicles owned by the entity.
 - Reperforming calculations and reconciling differences noted.
 - Sampling and independently analyzing the characteristics of materials such as coal, or observing the entity's sampling techniques and reviewing records of laboratory test results.
 - Checking the accuracy of calculations and the suitability of calculation methods used.
 - Agreeing recorded data back to source documents, such as production records, fuel usage records, and invoices for purchased energy.
- Substantive analytical procedures when there is a relationship between the sustainability information and other relevant information such that the practitioner may be able to develop an expectation and compare that expectation with the outcome of the measurement or evaluation of the sustainability matters.

A358. The nature timing and extent of the further procedures will be informed by:

- The practitioner's approach to planning and performing procedures, including understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting (see paragraph A262);
- The reasons for the identification of the disclosures where material misstatements are likely to arise (limited assurance) or the assessment of the risks of material misstatement at the assertion level (reasonable assurance), in accordance with paragraphs 121L and 121R;
- Whether the use of others is necessary to obtain evidence from or pertaining to entities not under the control of the entity preparing the sustainability information; and
- The persuasiveness of audit evidence to be obtained.

A359. Because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the further procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The differences between the practitioner's further procedures for a reasonable assurance engagement and a limited assurance engagement on sustainability information may include:

- (a) The emphasis placed on the nature of procedures as a source of evidence will likely differ, depending on the engagement circumstances. For example, the practitioner may judge it to be appropriate in the circumstances of a particular limited assurance engagement to place relatively greater emphasis on inquiries of the entity's personnel and analytical procedures, and relatively less emphasis, if any, on tests of controls and obtaining evidence from external sources than may be the case for a reasonable assurance engagement.

- (b) In a limited assurance engagement, the further procedures performed are less than in a reasonable assurance engagement. This may involve:
- (i) Selecting fewer items for examination;
 - (ii) Performing fewer procedures (for example, performing only analytical procedures in circumstances when, in a reasonable assurance engagement, both analytical procedures and tests of detail would be performed); or
 - (iii) Performing procedures on location at fewer facilities.
- (c) In a reasonable assurance engagement, substantive analytical procedures performed in response to assessed risks of material misstatement involve developing expectations of quantities or ratios that are sufficiently precise to identify material misstatements. In a limited assurance engagement, analytical procedures may be designed to support expectations regarding the direction of trends, relationships and ratios rather than to identify misstatements with the level of precision expected in a reasonable assurance engagement.

In addition, when undertaking analytical procedures in a limited assurance engagement the practitioner may, for example:

- (i) Use data that is more highly aggregated, for example, data at a regional level rather than at a facility level, or monthly data rather than weekly data.
- (ii) Use data that has not been subjected to separate procedures to test its reliability to the same extent as it would be for a reasonable assurance engagement.

A360L. The planned nature, timing and extent of further procedures is a matter of professional judgment and is influenced by the circumstances of the limited assurance engagement, including the information needs of intended users as a group, the criteria, and the sustainability matters within the scope of the engagement. The practitioner also may consider whether more persuasive evidence is needed to respond to identified disclosures where material misstatements are more likely to arise.

A361L. Examples of reasons for identifying disclosures where material misstatements are likely to arise may include:

- The inherent nature of the sustainability matter or judgment in its measurement or evaluation. For example, a material misstatement may be more likely to arise in a disclosure where mass balance calculations are involved than when water consumption is read directly from a meter.
- The complexity of the organization, its ownership and control arrangements, or its geographical spread.
- Systems and processes that are less automated or still developing, such that there may be a greater likelihood of human error, processing flaws or opportunity for unauthorized intervention.
- Incentives to misstate, for example, if a particular target performance has to be met to retain a license to operate or to avoid fines, or to meet stakeholders' expectations.

A362R. Examples of reasons for the assessment given to the risk of material misstatement at the assertion level:

- Inherent limitations in the capabilities of measuring devices (e.g., water meters) or insufficient frequency of their calibration.
- Errors or inappropriate judgments made in measuring, evaluating or disclosing the sustainability information, including in the assumptions used in making estimates, the use of inaccurate or incomplete base data on which estimates are based, or in circumstances when complex calculations are involved (e.g., when a mass balance approach is used to calculate water abstracted).
- The risk that unidentified aspects of the sustainability matter may be missed, for example because of events or transactions outside of the normal course of business, because the preparer relies on a third party for information (e.g., external meter readers or engineering firms to calculate water abstracted), or because of undetected water or wastewater leaks or similar.
- How weaknesses in the design of controls or the ineffective operation of controls might give rise to errors, processing flaws or opportunity for unauthorized intervention.

A363. Because of the engagement circumstances, more persuasive evidence may be needed as the basis for a conclusion on the sustainability information. For example, the practitioner may have identified a disclosure where a material misstatement is more likely to arise (limited assurance) or have assessed a higher risk of material misstatement (reasonable assurance). In such circumstances, it may be appropriate to increase the quantity of the evidence or obtain evidence that is more relevant or reliable by performing substantive procedures. For example, the practitioner may obtain corroborating evidence from a number of independent sources.

A364. The practitioner may perform more tests of operating effectiveness of controls or tests of detail when more persuasive evidence is needed. This may be the case, if the practitioner, through the understanding of the entity and its environment and its internal control, has identified matters. Such as:

- An increased focus of users on a topic or aspect of a topic.
- The lack of a relationship between the sustainability information and other relevant information that excludes the performance of analytical procedures.
- A control environment in which the entity does not demonstrate behavior consistent with a commitment to integrity and ethical values.
- Risks of material misstatement in disclosures that have been identified by the entity's risk assessment process.
- Information systems that are not appropriate to the circumstances of the entity.
- A lack of maturity in the sustainability matters or the information systems used to develop the sustainability information.
- Errors in the disclosure in the past.

- A new area, topic or aspect of a topic.

Overall Responses (Ref: Para. 116L, 116R)

A365. Paragraphs 114L and 114R require the practitioner to perform procedures whose nature timing and extent are focused on disclosures where material misstatements are likely to arise, whether due to fraud or error (limited assurance) or whose nature timing and extent are responsive to the assessed risks of material misstatement, whether due to fraud or error, at the assertion level (reasonable assurance). However, the practitioner may identify circumstances that indicate that material misstatements are likely to arise (limited assurance) or there is an increased risk of material misstatement in the sustainability information (reasonable assurance) throughout the sustainability information (that is, not related to one disclosure or assertion, or a few disclosures or assertions). For example:

- Deficiencies in the control environment may undermine the effectiveness of other controls, in particular in relation to fraud. In such cases, material misstatements may occur in any assertion.
- There may be incentives for intentional misstatement of the sustainability information, for example, those who are directly involved with, or have the opportunity to influence, the reporting process may have a significant portion of their compensation contingent upon achieving aggressive targets or complying with laws and regulations that have a direct effect on the sustainability information.
- The practitioner may identify disclosures pervasively throughout the sustainability information where material misstatements are likely to arise (limited assurance), or risks of material misstatement pervasively throughout the sustainability information (reasonable assurance which may indicate deficiencies in the control environment).

A366. Designing and performing overall responses ordinarily includes the consideration of how the overall conduct of the engagement can reflect increased professional skepticism, and may include:

- Assigning and supervising personnel, considering the knowledge, skill and ability of the individuals to be given significant engagement responsibilities, and the practitioner's risk procedures;
- Conducting more procedures as of the period end rather than at an interim date.
- Obtaining more extensive evidence from procedures other than tests of controls.
- Increasing sample sizes and the extent of procedures, such as the number of facilities at which procedures are performed.
- Incorporating an element of unpredictability in the selection of the nature, timing and extent of procedures.

Tests of Controls (Ref: Para. 117-123)

A367. When more persuasive evidence is needed regarding the effectiveness of a control, it may be appropriate to increase the extent of testing of the control. As well as the degree of reliance on

evidence about controls, matters the practitioner may consider in determining the extent of tests of controls include the following:

- The frequency of the performance of the control by the entity during the period.
- The length of time during the period that the practitioner is relying on evidence about the operating effectiveness of the control.
- The expected rate of deviation from a control.
- The relevance and reliability of the evidence to be obtained regarding the operating effectiveness of the control at the assertion level.
- The extent to which evidence is obtained from tests of other controls related to the assertion.

A368. Because of the inherent consistency of IT processing, evidence about the implementation of an automated application control, when considered in combination with evidence about the operating effectiveness of the entity's IT general controls (in particular, change controls), may also provide substantial evidence about its operating effectiveness.

Evidence from a Previous Sustainability Assurance Engagement about the Operating Effectiveness of Controls (Ref: Para. 121)

A369. In certain circumstances, evidence obtained from previous engagements may provide evidence for the current engagement when the practitioner performs procedures to establish its continuing relevance. For example, in performing a previous engagement, the practitioner may have determined that an automated control was functioning as intended. The practitioner may obtain evidence to determine whether changes to the automated control have been made that affect its continued effective functioning through, for example, inquiries of management and the inspection of logs to indicate what controls have been changed. Consideration of evidence about these changes may support either increasing or decreasing the expected evidence to be obtained in the current period about the operating effectiveness of the controls. *Substantive Procedures* (Ref: Para.124R-128)

A370. In most cases, evidence from a previous engagement's substantive procedures provides little or no evidence for the current period. However, it may be appropriate to use evidence from a previous engagement's substantive procedures if that evidence and the related subject matter have not fundamentally changed, and procedures have been performed during the current period to establish its continuing relevance.

External Confirmation Procedures (Ref: Para. 125R)

A371. The practitioner may consider performing confirmation procedures to request information regarding assertions, disclosures, topics, or aspects of topics.

A372. External confirmation procedures may provide relevant evidence about such information as:

- Activity data collected by a third party
- Industry benchmark data used in calculations.
- The terms of agreements, contracts, or transactions between the entity and other parties, or information about whether other parties are considered within the entity's organizational

boundary.

- The results of laboratory analysis of samples.

Response to Actual or Suspected Fraud or Non-Compliance with Laws and Regulations (Ref: Para. 126-127)

A373. The risk of not detecting a material misstatement due to fraud or non-compliance with law or regulation is higher than the risk of not detecting one resulting from error. Furthermore, the risk of not detecting fraud or suspected fraud or non-compliance or suspected non-compliance with law or regulation is higher in a limited assurance engagement than in a reasonable assurance engagement. The appropriate response to fraud or suspected fraud or non-compliance or suspected non-compliance with law or regulation is dependent on the circumstances.

A374. Responding appropriately to fraud or non-compliance with law or regulation, whether actual or suspected, identified during the engagement, may include taking action, such as

- Discuss the matter with the entity.
- Request the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Inspect correspondence, if any, with the relevant licensing or regulatory authorities.
- Consider the implications of the matter in relation to other aspects of the engagement, including the practitioner's risk assessment and the reliability of written representations from the entity.
- Obtain legal advice about the consequences of different courses of action.
- Communicate with third parties (for example, a regulator).
- Withhold the assurance report.
- Withdraw from the engagement.

A375. Examples of circumstances that may cause the practitioner to evaluate the implications of identified or suspected non-compliance on the reliability of written representations received from management and, where applicable, those charged with governance include when:

- The practitioner suspects or has evidence of the involvement or intended involvement of management and, where applicable, those charged with governance in any identified or suspected non-compliance.
- The practitioner is aware that management and, where applicable, those charged with governance have knowledge of such non-compliance and, contrary to legal or regulatory requirements, have not reported, or authorized reporting of, the matter to an appropriate authority within a reasonable period.

Extending the Conclusions of Substantive Procedures Performed at an Interim Date (Ref: Para. 128)

A376. In some circumstances, the practitioner may determine that it is effective to perform substantive procedures at an interim date, and to compare and reconcile information at the period end with the comparable information at the interim date to:

- (a) Identify amounts that appear unusual;
- (b) Investigate any such amounts; and
- (c) Perform substantive analytical procedures or tests of details to test the intervening period.

A377. Performing substantive procedures at an interim date without undertaking additional procedures at a later date increases the risk that the practitioner will not detect misstatements that may exist at the period end. This risk increases as the remaining period is lengthened. The practitioner may consider factors such as the following in deciding whether to perform substantive procedures at an interim date:

- The control environment and other relevant controls.
- The availability at a later date of information necessary for the practitioner's procedures.
- The purpose of the substantive procedure.
- The likelihood that a material misstatement will arise (limited assurance) or the assessed risk of material misstatement (reasonable assurance).
- The nature of the disclosures and related assertions.
- The ability of the practitioner to perform appropriate substantive procedures or substantive procedures combined with tests of controls to cover the remaining period in order to reduce the risk that misstatements that may exist at the period end will not be detected.

Analytical Procedures (Ref: Para.129L-130R)

A378. Analytical procedures may be performed when there is a reasonably predictable relationship between the sustainability information and financial or operational information (for example, the relationship between Scope 2 emissions from electricity and hours of operation or the general ledger balance for electricity purchases). Other analytical procedures may involve comparisons of information about the entity's sustainability information with external data such as industry averages; or the analysis of trends during the period to identify anomalies for further investigation, and trends across periods for consistency with other circumstances such as the acquisition or disposal of facilities.

A379. Analytical procedures may be particularly effective when disaggregated data is readily available, or when the practitioner has reason to consider the data to be used is reliable, such as when it is extracted from a well-controlled source. In some cases, data to be used may be captured by the financial reporting information system or may be entered in another information system in parallel with the entry of related financial data, and some common input controls applied. For example, the quantity of fuel purchased as recorded on suppliers' invoices may be input under the same conditions that relevant invoices are entered into an accounts payable system. In some cases, data to be used may be an integral input to operational decisions and therefore subject to increased scrutiny by operational personnel, or subject to separate external procedures (for example, as part of a joint venture agreement or oversight by a regulator).

Sampling (Ref: Para. 131)

A380. Sampling involves:

- (a) Determining a sample size sufficient to reduce sampling risk, which is the risk that the

practitioner's conclusion based on a sample may be different from the conclusion if the entire population were subjected to the same procedure, to an acceptable level. Because the acceptable level of assurance engagement risk is lower for a reasonable assurance engagement than for a limited assurance engagement, so too may be the level of sampling risk that is acceptable in the case of tests of details. Therefore, when sampling is used for tests of details in a reasonable assurance engagement, the sample size may be larger than when used in similar circumstances in a limited assurance engagement.

- (b) Selecting items for the sample in such a way that each sampling unit in the population has a chance of selection, and performing procedures, appropriate to the purpose, on each item selected. If the practitioner is unable to apply the designed procedures, or suitable alternative procedures, to a selected item, that item is treated as a deviation from the prescribed control, in the case of tests of controls, or a misstatement, in the case of tests of details.
- (c) Investigating the nature and cause of deviations or misstatements identified and evaluating their possible effect on the purpose of the procedure and on other areas of the engagement.
- (d) Evaluating:
 - (i) The results of the sample, including, for tests of details, projecting misstatements found in the sample to the population; and
 - (ii) Whether the use of sampling has provided an appropriate basis for conclusions about the population that has been tested.

Determining Whether Additional Procedures Are Necessary (Ref: Para. 132L)

A381L. The practitioner may become aware of misstatements that are, after applying professional judgment, clearly not indicative of the existence of material misstatements. In such cases, additional procedures may not be needed.

A382L. If, having performed the additional procedures required by paragraph 132L, the practitioner is not able to obtain sufficient appropriate evidence to either conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated or determine that it does cause the sustainability information to be materially misstated, a scope limitation exists and paragraph 164 applies.

A383L. The practitioner's judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely, or determine that a material misstatement exists, is, for example, guided by:

- Information obtained from the practitioner's evaluation of the results of the procedures already performed.
- The practitioner's updated understanding of the sustainability matters and other engagement circumstances obtained throughout the course of the engagement.
- The practitioner's view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the sustainability information may be materially misstated.
- Whether the practitioner judges it appropriate to perform procedures of similar nature or extent

to that required in a reasonable assurance engagement.

A384L. The practitioner uses professional judgment to determine the persuasiveness of evidence required to conclude on the matter. The evidence required ordinarily is less than that required in a reasonable assurance engagement.

Estimates and Forward-Looking Information (Ref: Para. 133L, 133R)

A385A. Estimates are approximations of amounts in the absence of a precise means of measurement and, as a result, are often subject to estimation uncertainty. Estimation uncertainty may arise as a result of a lack of available or accessible technology to precisely measure the estimated amount, or the measurement or evaluation of an estimate may depend on the forecast of an outcome of one or more events or conditions. Forward-looking information may include forecasts, projections, or future plans of the entity. As explained in paragraph A22, a future event, occurrence or action relating to the sustainability matters may be subject to greater uncertainty, and therefore ordinarily able to be evaluated with less precision than historical underlying subject matter(s). Regardless of the source or degree of estimation uncertainty, it is necessary for management to appropriately apply the applicable criteria when developing estimates and forward-looking information and the related disclosures, including selecting and using appropriate methods, assumptions and data.

Evaluating Whether the Method Has Been Appropriately Selected and Applied (Ref: Para 133R(b)(i))

A386R. In evaluating whether the method has been appropriately selected and applied, the practitioner's further procedures may address:

- (a) Whether judgments made in selecting the method give rise to indicators of possible management bias;
- (b) Whether the calculations are applied in accordance with the method and are mathematically accurate;
- (c) When management's application of the method involves complex modelling, whether judgments have been applied consistently and whether, when applicable:
 - (i) The design of the model meets the measurement objective of the applicable criteria, is appropriate in the circumstances, and, if applicable, changes from the prior period's model are appropriate in the circumstances; and
 - (ii) Adjustments to the output of the model are consistent with the measurement objective of the applicable criteria and are appropriate in the circumstances; and
- (d) Whether the integrity of the significant assumptions and the data has been maintained in applying the method.

Evaluating Whether the Assumptions are Appropriate (Ref: Para. 133R(b)(ii))

A387R. In evaluating whether the assumptions are appropriate, the practitioner's further procedures may address:

- (a) Whether judgments made in selecting the significant assumptions give rise to indicators of

possible management bias;

- (b) Whether the significant assumptions are consistent with each other and with those used in other disclosures, or with related assumptions used in other areas of the entity's business activities, based on the practitioner's knowledge obtained in the engagement; and
- (c) If applicable, whether management has the intent to carry out specific courses of action and has the ability to do so.
- d) Whether the entity has considered alternative assumptions or outcomes, and why it has rejected them.

Evaluating Whether the Data are Appropriate (Ref: Para. 133R(b)(iii))

A389R. In evaluating whether the data are appropriate, the practitioner's further procedures may address:

- (a) Whether judgments made in selecting the data give rise to indicators of possible management bias;
- (b) Whether the data is relevant and reliable in the circumstances; and
- (c) Whether the data has been appropriately understood or interpreted by management, including with respect to contractual terms.

Changes from Prior Periods not Based on New Circumstances or New Information (Ref: Para. 133R(b))

A390. When a change from prior periods in a method, significant assumption, or the data is not based on new circumstances or new information, or when significant assumptions are inconsistent with each other and with those used in other estimates, or with related assumptions used in other areas of the entity's business activities, the practitioner may need to have further discussions with management about the circumstances and, in doing so, challenge management regarding the appropriateness of the assumptions used.

The Entity's Process for Assembling the Sustainability Information (Ref: Para. 134L, 134R)

A390A. The process to assemble the sustainability information may be very informal when the entity's information systems are immature. In more sophisticated systems, the process may be more systematic and formally documented. The nature and extent of the practitioner's procedures with respect to adjustments and the manner in which the practitioner agrees or reconciles the sustainability information with the underlying records depends on the nature and complexity of the sustainability matters, the entity's reporting process and the related risks of material misstatement. The practitioner also may consider whether all activities within the reporting boundary have been included in the sustainability information in accordance with the applicable criteria.

Accumulation and Consideration of Identified Misstatements

Accumulation of Identified Misstatements (Ref: Para. 136)

A391. Uncorrected misstatements are accumulated during the engagement for the purpose of determining whether, individually or in the aggregate, they are material when forming the practitioner's conclusion. The practitioner is required to accumulate misstatements identified during the engagement other than those that are clearly trivial. "Clearly trivial" is not another expression for "not material." Misstatements

that are clearly trivial are of a wholly different (smaller) order of magnitude, or of a wholly different nature than those that would be determined to be material, and are misstatements that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial.

A392. For quantitative disclosures, the practitioner may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the practitioner expects that the accumulation of such amounts clearly would not have a material effect on the sustainability information.

A393. Clearly trivial may be considered in the context of the impact of the misstatement on the intended users' decisions. As explained in paragraph A27A, intended users may include users who may use sustainability information to make resource allocation decisions, or users who may be interested in the impact of the entity. The entity's process for identifying reporting topics (i.e., the entity's materiality assessment as described in paragraph A157) may inform the practitioner's consideration of identified misstatements and whether they are clearly trivial.

A394. Examples of where or how misstatements in sustainability information may arise:

- (a) An inaccuracy in gathering or processing information used to prepare the sustainability information;
- (b) Manipulating or obscuring the sustainability information in a manner that would be misleading to the intended users;
- (c) Management's judgments involving estimates being considered unreasonable by the practitioner;
- (d) The inclusion of inappropriate information, for example, information that does not meet the applicable criteria or a misapplication of the process to identify reporting topics by management which results in the inclusion of excessive immaterial information that obscures or distorts sustainability information required by the applicable criteria;
- (e) The inclusion of information that is not supported by sufficient appropriate evidence.
- (f) The omission of sustainability information required by the applicable criteria, for example, not including a required disclosure or elements of a required disclosure, or omitting sustainability information relating to a significant subsequent event that would likely change the decisions of users but has not been adequately disclosed;
- (g) Sustainability information that, in the practitioner's judgment, is:
 - (i) Ambiguous; or
 - (ii) Capable of being determined precisely, but is presented in a vague manner;
- (h) Changes since the previous reporting period to the sustainability information without reasonable justification for doing so or without disclosing the reasons for doing so;
- (i) The manner in which the sustainability information is presented. For example, it may be presented:

	(i) Out of context, in an unbalanced manner, or given greater or lesser prominence than is warranted, based on the available evidence and applicable criteria.
	(ii) Using superlatives and adjectives that describe a more positive outcome than is supportable.
	(j) Inappropriately drawing conclusions, based on selective information, for example, through statements such as the following:
	(i) “A large number of companies worldwide,” based on information for only a hundred companies; although a hundred may be large, it is not large compared to the number of companies in the world.
	(ii) “The numbers have doubled since last year” may be factual, but a small base giving rise to this doubling may not be disclosed.

A395. Determining whether there is a misstatement may require professional judgment. Some framework criteria may allow the entity to omit information, explain what information has been omitted and why. For example, the entity may be permitted to omit information if a requirement is not applicable, information is unavailable or incomplete, there are legal prohibitions, or confidentiality constraints. In such cases, the omitted information may not be a misstatement. The practitioner may discuss the omission, and the reasons for it, with management, and where appropriate, those charged with governance before concluding whether the omission is a misstatement...

A396. The sustainability information may include a description of the entity's processes, systems or controls regarding the sustainability matters (e.g., the entity's process to identify, assess, and manage current and anticipated sustainability-related risks and opportunities). The scope of the assurance engagement may require the practitioner to conclude:

- (a) Whether the description of the entity's process, systems or controls fairly presents the design and implementation of those processes, systems or controls;
- (b) Whether the entity's processes, systems or controls are suitable, or operated effectively throughout the period; or
- (c) A combination of both.

A397. The scope of the assurance engagement, and resulting conclusion in the assurance report, may depend on factors such as the applicable criteria, law, regulation or professional requirements, or the agreed terms of engagement. What constitutes a misstatement in these circumstances depends on the scope of the engagement. For example:

- (a) The scope of the engagement includes whether the entity's processes, systems or controls are suitable and operated effectively throughout the period: If the practitioner determines that the entity's description of the processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, this may constitute a misstatement.

- (b) The scope of the engagement does not include whether the entity's processes, systems or controls are suitable and operated effectively throughout the period, and the disclosures are considered other information: If the practitioner is aware that the entity's description of its processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, paragraph 161 applies.

Considering Whether Identified Misstatements may be Due to Fraud (Ref: Para. 137)

A398. Paragraph 71 requires the practitioner to evaluate whether the applicable criteria are suitable. Criteria that are vague and allow manipulation of the sustainability information may not be suitable for the engagement circumstances. If the criteria are suitable but management intentionally did not apply the criteria appropriately, it may be an indication of misstatement due to fraud.

A399. Misstatements due to fraud may result from intentional:

- (a) Manipulation, falsification, or alteration of information or supporting documentation from which the sustainability information is prepared.
- (b) Misrepresentation in, or omission from, the sustainability information.

A400. Examples of misstatements due to fraud in sustainability information:

- (i) Misstating sustainability information to avoid penalties or fines.
- (ii) Intentionally inaccurate or misleading public statements or claims that will favorably impact share price or an assessment of the entity's sustainability credentials, such as an inaccurate statement that a bond is a sustainability bond.
- (iii) Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way to influence the outcome of the performance reward or compensation.
- (iv) Emphasizing a product was produced using recycled materials but intentionally not reporting that the product was produced using forced labor.
- (v) Intentionally reporting topics for which the entity has positive impacts and omitting topics for which the entity has negative impacts.
- (vi) Misstating baseline information to make sustainability information look more favorable in subsequent periods.
- (vii) Misstating sustainability information associated with specific project milestones, budget approval, or rights to access certain markets or begin projects in certain markets or geographies.

A401. If the practitioner identifies a misstatement that is indicative of fraud, this may have implications in relation to other aspects of the assurance engagement, particularly:

- (a) The practitioner's identification of the disclosures where material misstatements due to fraud are likely to arise (in a limited assurance engagement), or the practitioner's identification and assessment of risks of material misstatement due to fraud at the assertion level for disclosures

(in a reasonable assurance engagement), and the resulting effect on the nature, timing and extent of further procedures;

- (b) The reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence.

Consideration of Identified Misstatements as the Engagement Progresses (Ref: Para. 138)

A402. The practitioner may also consider whether accumulated misstatements relate to control deficiencies. Specifically, the practitioner may consider whether the nature or extent of the accumulated misstatements result in the need to update the practitioner's understanding of the entity's system of internal control relevant to the preparation of the sustainability information (see paragraphs 102L and 102R).

Communicating and Correcting Misstatements (Ref: Para. 139-141)

A403. In the case of narrative disclosures, asking management to correct a misstatement may involve management either re-wording or removing the misstated text.

A404. The practitioner's understanding of management's reasons for not making the corrections may indicate possible bias in management's judgments.

Evaluating the Effect of Uncorrected Misstatements (Ref: Para. 142-143)

A405. Determining whether uncorrected misstatements are material involves professional judgment in the context of the applicable criteria and the engagement circumstances, including who the intended users are and what disclosures are likely to be important.

A406. When the sustainability information is measured using a common measurement basis (e.g., monetary amounts or physical units), the practitioner may be able to accumulate all misstatements together (i.e., as being of the same nature quantitatively and capable of being aggregated). However, the disclosures may relate to multiple topics, may comprise several aspects of the topics, and the sustainability matters may be measured or evaluated using different measurement bases. The practitioner is not required to convert misstatements in different measurement bases into a common base for purposes of accumulating the misstatements and determining whether the sustainability information is materially misstated.

A407. Misstatements of amounts smaller than the quantitative materiality threshold may have a material effect on the reported sustainability information from a qualitative perspective. For example, if an error results in a reversal of a declining trend in an indicator, or if an error prevents an entity from achieving regulatory requirements, these may be considered material, even if the quantitative error is smaller than the quantitative threshold.

A408. When the scope of the sustainability assurance engagement is a number of metrics, each relating to a different sustainability matter, the practitioner may evaluate the materiality of misstatements separately for each metric as intended users may have different tolerances for misstatement in each metric. For example, intended users' tolerance for misstatements is likely to be higher for a disclosure about non-hazardous, degradable waste, than it would be for a disclosure about radioactive or other hazardous waste.

A409. The sustainability information as a whole may be misstated, even though the misstatements are

individually immaterial. Even if there are misstatements that are not able to be accumulated by sustainability matter or other common factors, they may exhibit a common direction, narrative tone or trend. For example, if the effect of the misstatements is to make the sustainability information as a whole look more favorable than it actually is or all the misstatements overstate the positive aspects of the entity's actions, and downplay the negative aspects, that may add up to give a biased and misleading picture to the users of the sustainability information.

A410. It may be possible, after all non-quantifiable misstatements have been identified, to group them together, for example, by whether they relate, in common, to particular aspects of the sustainability matter. For example, there may be one or more individually immaterial misstatements in the qualitative statements management has made about occupational health and safety and another immaterial misstatement relating to employee diversity. As occupational health and safety and diversity both relate to the social aspect of sustainability information, the practitioner may be able to group these misstatements together and consider their combined effect on the social aspect of the entity's sustainability information. Similarly, a number of immaterial misstatements in the reported water consumption information and another immaterial misstatement relating to waste generated may be able to be considered together as they both relate to the environmental aspect of the sustainability information.

Other Misstatement Considerations (Ref. Para. 143)

A411. Materiality of uncorrected statements is considered in the context of qualitative and, when applicable, quantitative factors. The practitioner may also consider the extent to which users could reasonably be expected to make a different decision if the sustainability information was not misstated. Qualitative factors that may indicate that a misstatement is more likely to be material, include:

Sustainability matter

- (a) The entity's process for identifying reporting topics is misaligned with the scope or objective of reporting in accordance with the applicable criteria.
- (b) The misstated sustainability information relates to an aspect of the sustainability matter that has been determined as being significant.
- (c) There are multiple misstatements related to the same topic of the underlying sustainability matter.
- (d) The direction of the misstatements are all positive or all negative.

External factors

- (e) The misstated sustainability information relates to non-compliance with a law or regulation, particularly when the consequence for non-compliance is severe.
- (f) The misstated sustainability information relates to sustainability matters that has implications for a large number of the entity's stakeholders. However, there may be situations when the sustainability matter has implications for only a small number of stakeholders but may, nonetheless, have material implications. For example, a small community affected by radioactive contamination of their water supply from effluent from an entity's operations may open a lawsuit that could have a material impact on the entity and its other stakeholders.

Nature of the sustainability information

- (g) The misstatements may indicate doubts as to the feasibility of management's plans. For example, an entity may disclose its policies or commitments to mitigate sustainability-related risks in accordance with the applicable criteria, but evidence obtained may indicate these policies or commitments are unrealistic, rely on unproven technologies, or require financing that the entity is unlikely able to obtain.
- (h) The misstatement relates to a particular disclosure that is commonly used to compare the entity to its peers.
- (i) The misstatement relates to a target or threshold, and the error significantly impacts whether the target or threshold is met (in some cases the magnitude of the error may be small but may have significant consequences for meeting the target).
- (j) The misstated information is reporting a significant change in a previously reported position, or a trend that has reversed.

Presentation

- (k) The misstatement that has arisen from the presentation of the sustainability information being misleading because the wording that has been used lacks clarity such that it could be interpreted in widely different ways. Accordingly, intended users might make different decisions depending on their interpretation.

Management's behavior

- (l) The misstatement has arisen as a result of fraud by management to mislead intended users.
- (m) Management is reluctant to correct the misstatement for reasons other than they consider it immaterial.
- (n) Management is reporting aggressive targets or estimates, or is defensive in providing explanations.

A412. Misstatements in qualitative information are as important as misstatements in quantitative information. If the misstatements in qualitative information are not corrected by management, the practitioner may accumulate them by listing them, or marking up or highlighting them in a copy of the sustainability information. When it is not possible to add the misstatements together to determine their effect in the aggregate, the practitioner may consider whether there are any commonalities among the misstatements, such as whether the misstatements reflect a more favorable outcome that is collectively material, or indicate management bias.

A413. Other factors that may help the practitioner evaluate the materiality of misstatements include understanding:

- The underlying cause of identified misstatements. For example, if the qualitative misstatement is because management has intentionally decided to misrepresent facts, this is fraud and is considered material.
- Whether a misstatement may have an indirect effect on misstatements identified in other areas of the engagement. For example, an otherwise immaterial overstatement of an item might

indirectly affect a more significant calculation that incorporates the item, causing that calculation to fall below the required minimum threshold included in a contractual requirement, or the qualification criteria for a scheme, grant or funding. Similarly, the lack of a required approval for a relatively unimportant transaction might not be material individually, but it could have implications for the operating effectiveness of controls in areas of the sustainability information that users might consider important.

Measurement or Evaluation Uncertainty (Ref. Para. 143)

A414. The sustainability matter may have inherent measurement or evaluation uncertainty (for example, the estimation of climate-related risks in the long term across the entity's value chain). As a result of inherent uncertainties relating to the sustainability matter, there may be a wide range of possible outcomes and it may be difficult to identify whether there is a material misstatement of the sustainability information. In identifying and evaluating misstatements, the practitioner may consider whether the sustainability matter is as precise as is required by the applicable criteria, and the information required by the applicable criteria about the inherent uncertainty is disclosed. Without supporting disclosures to help the intended users understand the uncertainty, the applicable criteria may not be suitable, and the sustainability information may not be presented appropriately. Paragraphs 169(f)A and A498 address the appropriate descriptions to be included in the assurance report.

A415. When the uncertainty is not inherent (i.e., when it results from lack of appropriate application of the applicable criteria), it may give rise to misstatements. For example, management may not have used appropriate information to measure or evaluate the sustainability matter that has resulted in it not being as precise as required by the applicable criteria.

A416. Forward-looking information is ordinarily subject to greater measurement or evaluation uncertainty than historical information. As a result, there may be a broad range of possible outcomes, and it may be difficult to identify and evaluate misstatements, including whether the assumptions are:

- (a) Reasonable, in the case of a forecast; or
- (b) Realistic and in line with the purpose of the information, in the case of projections.

The practitioner may consider ways in which misstatements may arise, for example:

- (i) Data or other information used may not be relevant, complete or reliable;
- (ii) Assumptions may include information that is not relevant, may omit important considerations, may be internally inconsistent, or may be given inappropriate weighting;
- (iii) Assumptions may not be consistent with management's decisions or intent;
- (iv) There may be unintentional or deliberate misapplication of the assumptions to the data or other information, or in calculations of quantifiable information.

In some cases, misstatements may arise as a result of a combination of these circumstances.

A417. The practitioner may also consider whether there are indicators of possible management bias in the selection of assumptions, methods or data in the way in which the sustainability information is presented that may indicate a misstatement, or have implications for the rest of the assurance engagement. For example, when management has:

- (a) Changed the assumptions or methods used, or has made a judgmental assessment that there has been a change in circumstances, without reasonable justification;
- (b) Used assumptions that are inconsistent with observable marketplace assumptions; or
- (c) Selected significant assumptions that favor management's objectives, or that may indicate a pattern or trend.

A418. [Not used]

Evaluating the Description of Applicable Criteria (Ref: Para. 144)

A419. The preconditions for an assurance engagement in paragraph 71 require that the criteria that the practitioner expects to be applied in the preparation of the sustainability information will be available to the intended users. This may be done by references to a description of the applicable criteria, which is available to the intended users, or the inclusion of a description of the applicable criteria and the sources of those criteria in the sustainability information, to enable intended users to understand how:

- (a) The content of the sustainability information, such as the topics and aspects of the topics, has been identified and selected;
- (b) The intended users' information needs were identified; and
- (c) The sustainability matter has been measured or evaluated.

A420. Referencing or describing the applicable criteria and their sources is particularly important when:

- (a) There are significant differences between criteria applied by entities in the same industry, region or jurisdiction that the practitioner expects to have similar circumstances or be equivalent.
- (b) The sustainability matter is subject to a high degree of measurement or evaluation uncertainty, such as forward-looking sustainability information, as there may be more variability, or it may be open to greater interpretation than when there is less uncertainty. This may result in sustainability information that could be misunderstood or misinterpreted by intended users.

A421. In evaluating whether the reference or description of the criteria is adequate, the practitioner may consider whether it addresses:

- (a) The source of the applicable criteria, and whether the applicable criteria are framework criteria embodied in law or regulation or issued by authorized or recognized bodies of experts that follow a transparent due process, or entity-developed criteria.
- (b) How framework criteria have been applied.
- (c) For entity-developed criteria, how the determination was made that these, together with any framework criteria, are suitable.
- (d) When applicable framework criteria were not applied, the reasons therefor.
- (e) The specific aspects of the criteria related to particular types of sustainability information, for example:

- (i) The basis for evaluating the reasonableness of the underlying assumptions for forward-looking information.
- (ii) Control objectives for design and operating effectiveness of processes, systems or controls.
- (iii) Targets, key performance indicators, commitments or goals for evaluating or measuring performance.
- (f) Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods.
- (g) Any significant judgments made in applying the applicable criteria in the engagement circumstances.
- (h) The inherent limitations, if any, associated with the measurement or evaluation of the sustainability matter against the applicable criteria.
- (i) Other matters relevant to intended users understanding of the basis for the preparation of the sustainability information, including uncertainties.
- (j) Any changes in the measurement or evaluation methods used, and the reasons therefor.
- (k) Any deviations from the applicable criteria identified, for example, deviations from a framework that the entity has referred to as being the basis for preparing the sustainability information.
- (l) The need for clear meaning, so that the description does not contain imprecise or qualifying language that may result in inconsistent interpretation and provides sufficient detail and clarity to be understandable.

Subsequent Events (Ref: Para.145-146)

A422. Examples of subsequent events:

- The publication of revised factors, assumptions or benchmarks by a body such as a government agency (e.g., revised emissions factors),
- Changes to relevant legislation or regulations,
- Significant improved scientific knowledge,
- Significant structural changes in the entity,
- The availability of more accurate quantification methods,
- The discovery of a significant error
- Water pollution resulting in loss of license, or
- Fatality and other significant health and safety events.

A423R. The practitioner's procedures to identify subsequent events may include:

- (a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.

- (b) Inquiring of management, and where appropriate, those charged with governance, as to whether any subsequent events have occurred that may affect the sustainability information.
- (c) Reading minutes of meetings of the owners, those charged with governance and management held after the date of the sustainability information and inquiring about matters discussed at any such meetings for which minutes are not yet available.
- (d) Reading the entity's monthly or quarterly sustainability information, if available.

A424L. The practitioner's procedures to identify subsequent events may include inquiring of management, and as appropriate, those charged with governance, about whether any subsequent events have occurred that may affect the sustainability information. The extent of consideration of subsequent events depends on the potential for such events to affect the sustainability information and to affect the appropriateness of the practitioner's conclusion.

A425. The practitioner has no responsibility to perform any procedures regarding the sustainability information after the date of the assurance report. However, if, after the date of the assurance report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the assurance report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the management or those charged with governance or take other action as appropriate in the circumstances.

Written Representations from Management and Those Charged with Governance (Ref: Para.147)

A426. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and management, and where appropriate, those charged with governance. The person(s) from whom the practitioner requests written representations will ordinarily be a member of senior management or those charged with governance depending on, for example, the management and governance structure of the entity, which may vary by jurisdiction, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics.

A427. Representations by management and, where appropriate, those charged with governance cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide necessary evidence, they do not provide sufficient appropriate evidence on their own about any of the matters with which they deal. Furthermore, the fact that the practitioner has received reliable written representations does not affect the nature or extent of other evidence that the practitioner obtains.

Other Information

Obtaining the Other Information (Ref: Para.153)

A428. The objective of the required discussion with management in paragraph 153(a) is to help the practitioner understand the entirety of the sustainability information expected to be reported, including the sustainability information subject to the assurance engagement, and where it will be reported, to be able to identify the other information required to be read and considered in accordance with paragraph 154. For example, the sustainability information subject to the assurance engagement may be included as part of an entity's management report, annual report or integrated report, or included with other governance information.

A429. As frameworks and practices for reporting sustainability information may be evolving and new laws and regulations may be imposed over time, the location of the sustainability information and the content of the report(s) in which that information is included may change between periods. As a result, it may not be clear which document(s) comprises the report in which the sustainability information will be published. As management, or those charged with governance, is responsible for preparing the entity's reports, the practitioner may communicate with management or those charged with governance, the practitioner's expectations in relation to obtaining the final version of the report(s) which will contain the sustainability information in a timely manner prior to the date of the assurance report such that the practitioner can complete the procedures required by this ISSA before the date of the assurance report.

A430. When other information is only made available to users via the entity's website, the final version of the other information obtained from the entity, rather than directly from the entity's website, is the relevant document on which the practitioner would perform procedures in accordance with this ISSA. The practitioner has no responsibility under this ISSA to search for other information, including other information that may be on the entity's website. In addition, the practitioner has no responsibility to perform any procedures to confirm that other information is appropriately displayed on the entity's website or otherwise has been appropriately transmitted or displayed electronically, unless this is within the scope of the assurance engagement.

Reading and Considering the Other Information (Ref: Para.154)

A431. If the other information is materially inconsistent with the sustainability information subject to the assurance engagement or the practitioner's knowledge obtained in the engagement, it may indicate that there is a material misstatement of the sustainability information or that a material misstatement of the other information exists. This may undermine the credibility of the sustainability information and the assurance report thereon. Such material misstatements may also inappropriately influence the decisions of the users for whom the assurance report is prepared. The procedures with respect to other information may also assist the practitioner in complying with relevant ethical requirements as required by paragraph 32. Relevant ethical requirements require the practitioner to avoid being knowingly associated with information that the practitioner believes contains a materially false or misleading statement, statements or information provided recklessly, or omits or obscures required information where such omission or obscurity would be misleading.

A432. In some cases, disclosures in the other information may summarize, or to provide additional details about, the disclosures in the sustainability information subject to the assurance engagement. The practitioner may compare such disclosures in the other information with such disclosures in the sustainability information subject to assurance on a selected basis. The extent to which this is done is a matter of professional judgment recognizing that the practitioner's responsibilities under this ISSA do not constitute an assurance engagement on the other information or impose an obligation to obtain assurance about the other information.

A433. [Unused]

Responding When the Practitioner Concludes That a Material Misstatement of the Other Information Exists

Responding When the Practitioner Concludes That a Material Misstatement Exists in Other Information Obtained Prior to the Date of the Assurance Report (Ref: Para. 156-157)

A434. The actions the practitioner takes if the other information is not corrected after communicating with those charged with governance are a matter of professional judgment. The practitioner may take into account whether the rationale given by management and those charged with governance for not making the correction raises doubt about the integrity or honesty of management or those charged with governance, such as when the practitioner suspects an intention to mislead. The practitioner may also consider it appropriate to seek legal advice. In some cases, the practitioner may be required by law, regulation or other professional standards to communicate the matter to a regulator or relevant professional body.

Responding When the Practitioner Concludes That a Material Misstatement Exists in Other Information Obtained after the Date of the Assurance Report (Ref: Para. 156-157)

A435. The practitioner has no obligation to perform any procedures regarding the other information that becomes available after the date the assurance report. However, the practitioner may become aware that a material inconsistency appears to exist between the other information available after the date of the assurance report and the sustainability information or the practitioner's knowledge obtained in the engagement. The practitioner may discuss the matter with management or those charged with governance, as appropriate, and if the other information is not corrected take appropriate action. This may include performing other procedures to conclude whether a material misstatement of the other information or of the sustainability information exists. If the practitioner concludes that a material misstatement exists, but the other information is not corrected, the practitioner may seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the practitioner's report is prepared, considering the practitioner's legal rights and obligations.

Reporting Implications (Ref: Para. 157(a))

A436. In rare circumstances, a disclaimer of conclusion or opinion on the sustainability information may be appropriate when the refusal to correct the material misstatement of the other information casts such doubt on the integrity of management and those charged with governance as to call into question the reliability of evidence in general.

Withdrawal from the Engagement (Ref: Para. 157(b))

A437. Withdrawal from the engagement, when possible under applicable law or regulation, may be appropriate when the circumstances surrounding the refusal to correct the material misstatement of the other information cast such doubt on the integrity of management and those charged with governance as to call into question the reliability of representations obtained from them during the audit.

Responding When a Material Misstatement in the Sustainability Information Exists or the Practitioner's Understanding of the Entity and Its Environment Needs to Be Updated (Ref: Para. 158)

A438. In reading the other information, the practitioner may become aware of new information that has implications for:

- The practitioner's understanding of the entity and its environment and, accordingly, may indicate the need to revise the practitioner's risk consideration or assessment.
- The practitioner's responsibility to evaluate the effect of identified misstatements on the engagement and of uncorrected misstatements, if any, on the sustainability information.
- The practitioner's responsibilities relating to subsequent events.

Forming the Assurance Conclusion

Evaluating the Evidence Obtained (Ref: Para. 159)

A439. An assurance engagement is an iterative process, and information may come to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based. This may particularly be the case when the entity's information system is less mature or when the disclosures, and their characteristics, are subject to greater judgment. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to perform additional procedures to meet the intended purpose(s) in performing those procedures. In some circumstances, the practitioner may not have obtained the evidence that the practitioner had expected to obtain through the planned procedures. When the practitioner determines that the evidence obtained from the procedures performed is not sufficient and appropriate to be able to form a conclusion on the sustainability information, the practitioner may:

- (a) Extend the work performed; or
- (b) Perform other procedures judged by the practitioner to be necessary in the circumstances.

When neither of these is practicable in the circumstances, the practitioner will not be able to obtain sufficient appropriate evidence to be able to form a conclusion.

A440. A procedure may be designed to be effective in achieving an intended purpose, but if the performance or execution of the procedure (i.e., its application) is inappropriate the purpose of the procedure may not be met. Paragraphs 29-57 address the specific responsibilities of the practitioner regarding quality management at the engagement level, and the related responsibilities of the engagement leader, which may affect the application of procedures. In addition, paragraph A101 explains that the review of the engagement team's work consists of considering whether, for example:

- (a) The evidence obtained is sufficient and appropriate to provide a basis for the practitioner's assurance conclusion; and
- (b) The objectives of the procedures have been achieved.

441. The practitioner's professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following:

- Significance of a potential misstatement and the likelihood of it having a material effect, individually or when aggregated with other potential misstatements, on the sustainability information.
- Effectiveness of management or those charged with governance's responses to address the known risk of material misstatement.
- Experience gained during previous assurance engagements with respect to similar potential misstatements.
- Results of procedures performed, including whether such procedures identified specific misstatements.
- Source and reliability of the available information.
- Persuasiveness of the evidence.
- Understanding of the entity and its environment.

A442. The evaluation of the preparation of qualitative information or qualitative aspects of quantitative information, may include consideration of whether:

- (a) There are indicators of possible bias in judgments and decisions in the making of estimates and in preparing the sustainability information;
- (b) The quantification methods and reporting policies selected and applied are consistent with the applicable criteria and are appropriate;
- (c) The information presented in the sustainability information is relevant, reliable, complete, comparable and understandable;
- (d) The sustainability information provides adequate disclosure of the applicable criteria, and other matters, including uncertainties, such that intended users can understand the significant judgments made in its preparation; and
- (e) The terminology used in the sustainability information is appropriate.

Evidence Obtained That Is Inconsistent with Other Evidence (Ref: Para. 161)

A443. When evidence is inconsistent with other evidence, it may indicate that some of the information used as evidence is not reliable. This may be the case, for example, when responses to inquiries of management, those charged with governance, internal auditors, or others are inconsistent. Such inconsistencies may therefore call into question the appropriateness of the practitioner's evaluation of the relevance and reliability of such information, in accordance with paragraph 82. Paragraph 86 addresses the practitioner's responsibilities when the practitioner has doubts about the relevance and reliability of information intended to be used as evidence. The extent to which the practitioner may need to modify or add to the procedures to resolve the doubts and the effect on other aspects of the assurance engagement may vary.

A444. When performing a procedure, the practitioner may identify items that are inconsistent with the practitioner's expectations or that exhibit characteristics that are unusual. Different terminology may be used to describe these items, for example, exceptions, outliers, notable items, or items of interest. These items may indicate a possible misstatement in the sustainability information. They may also

indicate inconsistencies in evidence, particularly when other evidence has not identified similar exceptions or outliers, or cast doubt on the reliability of the information.

A445L. In considering the effect of inconsistencies in evidence on other aspects of the assurance engagement, the practitioner may consider whether the practitioner's identification of disclosures where material misstatements are likely to arise in a limited assurance engagement remains appropriate.

A446R. In considering the effect of inconsistencies in evidence on other aspects of the assurance engagement, the practitioner may consider whether the practitioner's risk assessment in a reasonable assurance engagement remains appropriate.

A447. If the practitioner is unable to obtain sufficient appropriate evidence, the practitioner is required to express a qualified conclusion or disclaim a conclusion on the sustainability information in accordance with paragraph 164.

Concluding (Ref: Para. 162-163)

A448. In regulatory disclosure regimes, disclosures specified in the relevant law or regulation are adequate for reporting to the regulator. However, additional disclosures in the sustainability information may be necessary for other intended users to understand the significant judgments made in preparing the sustainability information, such as:

- (a) Which operations are included in the entity's organizational boundary, and the method used for determining that boundary if the applicable criteria allow a choice between different methods;
- (b) Significant evaluation or quantification methods and reporting policies selected, including:
 - (i) The process used to determine which topics and aspects of topics have been included in the sustainability information (see paragraph A157);
 - (ii) Any significant interpretations made in applying the applicable criteria in the entity's circumstances, including data sources and, when choices between different methods are allowed, or entity-specific methods are used, disclosure of the method used and the rationale for doing so; and
 - (iii) How the entity determines whether previously reported disclosures should be restated.
- (c) A statement regarding the uncertainties relevant to the entity's quantification of its sustainability information, including: their causes; how they have been addressed; their effects on the sustainability information; and
- (d) Changes, if any, in the matters mentioned in this paragraph or in other matters that materially affect the comparability of the sustainability information with a prior period(s) or base year.

A449. The practitioner's evaluation about whether the sustainability information achieves fair presentation is a matter of professional judgment. This evaluation takes into account such matters as the facts and circumstances of the entity, including changes thereto, based on the practitioner's understanding of the entity and the evidence obtained. The evaluation also includes consideration, for example, of the disclosures needed to achieve a fair presentation arising from matters that could be material (i.e., in general, misstatements are considered to be material if they could reasonably be expected to

influence decisions of intended users taken on the basis of the sustainability information), such as the effect of evolving requirements or the changing environment.

A450. Evaluating whether the sustainability information achieves fair presentation may include, for example, discussions with management and those charged with governance about their views on why a particular presentation was chosen, as well as alternatives that may have been considered. The discussions may include, for example:

- The degree to which the disclosures in the sustainability information are aggregated or disaggregated, and whether the presentation of disclosures obscures useful information, or results in misleading information.
- Consistency with appropriate industry practice, or whether any departures are relevant to the entity's circumstances and therefore warranted.

Scope Limitation (Ref: Para. 164)

A451. A scope limitation may arise from:

- (a) Circumstances beyond the control of the appropriate party(ies). For example, documentation the practitioner considers it necessary to inspect may have been accidentally destroyed;
- (b) Circumstances relating to the nature or timing of the practitioner's work. For example, a physical process the practitioner considers it necessary to observe may have occurred before the practitioner's engagement; or
- (c) Limitations imposed by management, those charged with governance, or the engaging party on the practitioner that, for example, may prevent the practitioner from performing a procedure the practitioner considers to be necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner's consideration of engagement risk and the acceptance and continuance of the client relationship and the assurance engagement.

A452. An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.

Taking Overall Responsibility for Managing and Achieving Quality (Ref: Para. 165)

A453. Relevant considerations in determining that the engagement leader's involvement has been sufficient and appropriate throughout the engagement to provide a basis for determining that the significant judgments made and conclusions reached are appropriate, given the nature and circumstances of the engagement, include, for example:

- (a) How consultation on difficult, contentious or other matters has been undertaken and conclusions agreed have been implemented;
- (b) How differences of opinion have been addressed and resolved; and
- (c) How the engagement documentation evidences the engagement leader's involvement throughout the engagement.

A454. Examples of indicators that the engagement leader may not have been sufficiently and appropriately involved:

- Lack of timely review by the engagement leader of the engagement planning, including reviewing the risk procedures performed.
- Evidence that those to whom tasks, actions or procedures have been assigned were not adequately informed about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and were not provided other necessary instructions and relevant information.
- A lack of evidence of the engagement leader's direction and supervision of the other members of the engagement team and the review of their work.

A455. If the engagement leader's involvement does not provide the basis for determining that the significant judgments made and the conclusions reached are appropriate, the engagement leader will not be able to reach the determination required by paragraph 165. In addition to taking account of firm policies or procedures that may set forth the required actions to be taken in such circumstances, appropriate actions that the engagement leader may take, include, for example:

- Updating and changing the engagement plan;
- Reevaluating the planned approach to the nature and extent of review and modifying the planned approach to increase the involvement of the engagement leader; or
- Consulting with personnel assigned operational responsibility for the relevant aspect of the firm's system of quality management.

Documentation (Ref: Para.166)

A456. The requirement to document how the practitioner addressed inconsistencies in information does not imply that the practitioner needs to retain engagement documentation that is incorrect or superseded.

A457. Engagement documentation evidencing the involvement of the engagement leader and the engagement leader's determination in accordance with paragraph 166(b) may be accomplished in different ways depending on the nature and circumstances of the engagement.

Examples:

- Direction of the engagement team can be documented through signoffs of the engagement plan and project management activities;
- Minutes from formal meetings of the engagement team may provide evidence of the clarity, consistency and effectiveness of the engagement leader's communications and other actions in respect of culture and expected behaviors that demonstrate the firm's commitment to quality;
- Agendas from discussions between the engagement leader and other members of the engagement team, and where applicable the engagement quality reviewer, and related signoffs and records of the time the engagement leader spent on the engagement, may

- provide evidence of the engagement leader's involvement throughout the engagement and supervision of other members of the engagement team; or
- Signoffs by the engagement leader and other members of the engagement team provide evidence that the working papers were reviewed.

Preparing the Assurance Report

Communicating Effectively in the Assurance Report (Ref: Para.167-168)

A458. The assurance report is the means by which the practitioner communicates the outcome of the assurance engagement to the intended users. Clear communication helps the intended users to understand the assurance conclusion. The practitioner does not report orally or by use of symbols without also providing a written assurance report that is readily available whenever the oral report is provided or the symbol is used, so that the practitioner's conclusion is not misunderstood. For example, a symbol indicating disclosures have been subject to an assurance engagement could be hyperlinked to a written assurance report.

A459. Appendix 2 contains illustrations of assurance reports on sustainability information, incorporating the basic elements in paragraph 169.

Assurance Report Content (Ref: Para. 169)

A460. This ISSA does not require a standardized format for reporting on all assurance engagements. Instead, it identifies the basic elements the assurance report is to include. Assurance reports are tailored to the specific engagement circumstances. The practitioner may use headings, in addition to those required by this ISSA, paragraph numbers, the bolding of text, and other mechanisms to enhance the clarity and readability of the assurance report.

Title of the Assurance Report (Ref: Para.169(a))

A461. To be independent an assurance report is prepared by a practitioner that meets the independence requirements of the IESBA Code applicable to sustainability assurance engagements or requirements that are at least as demanding.

Addressee (Ref: Para.169(b))

A462. The addressee is usually the engaging party or those charged with governance of the entity. As well as identifying the addressee of the assurance report, the practitioner may consider it appropriate to include wording in the body of the assurance report that specifies the purpose for which, or the intended users for whom, the report was prepared.

The Practitioner's Conclusion (Ref: Para. 169(c))

The Level of Assurance Obtained (Ref: Para. 169(c)(iii))

A463. When parts of the sustainability information are subject to limited assurance and other parts are subject to reasonable assurance, clear identification in the assurance report of the sustainability information subjected to each level of assurance may aid users' understanding of what has been subject to limited assurance and what has been subject to reasonable assurance. The conclusions

relating to each part of the sustainability information may also be distinguished to assist the intended users.]

Identification of the Sustainability Information (Ref: Para. 169(c)(iv))

A464. Identification and description of the sustainability information subject to the assurance engagement and, when appropriate, the sustainability matters, may include:

- The title or other identifying features of the sustainability information and, if applicable any broader report (such as an annual report or integrated report) within which the sustainability information is reported.
- If the sustainability information subject to the assurance engagement is not the entire sustainability information, identification of the part of the sustainability information subject to the assurance engagement, and if necessary to assist users' understanding, identification of the sustainability information not subject to the assurance engagement.
- Where applicable, the name of other entity(ies) (such as entities in the value chain), facility(ies), location/s, jurisdiction/s or other boundary to which the sustainability matters relates.
- An explanation of those characteristics of the sustainability matters or the sustainability information of which the intended users should be aware, and how such characteristics may influence the precision of the measurement or evaluation of the sustainability matters against the applicable criteria, or the persuasiveness of available evidence. For example:
 - The degree to which the sustainability information is qualitative versus quantitative, narrative versus numeric, objective versus judgmental, or historical versus forward-looking.
 - Changes in the sustainability matters, criteria or other engagement circumstances that affect the comparability of the sustainability information from one period to the next.

Expression of the Practitioner's Conclusion (Ref: Para. 169(c)(vi)-(vii), 176L and 176R)

A465L. Examples of conclusions expressed in a form appropriate for a limited assurance engagement:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: "Based on the procedures performed and 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 criteria."
 - (ii) Under a fair presentation framework: "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria."
- (b) When expressed in terms of a statement made by the appropriate party:
 - (i) Under a compliance framework: "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the

[appropriate party's] statement that [the entity] has complied, in all material respects, with XYZ requirements is not properly prepared."

- (ii) Under a fair presentation framework: "Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party's] statement that [sustainability information] is prepared in accordance with XYZ criteria is not, in all material respects, fairly stated."

A466R. Examples of conclusions expressed in a form appropriate for a reasonable assurance engagement:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: "In our opinion, the entity's sustainability information is prepared, in all material respects, in accordance with XYZ criteria;" or
 - (ii) Under a fair presentation framework: "In our opinion, the entity's sustainability information is fairly presented, in all material respects, in accordance with XYZ criteria;"
- (b) When expressed in terms of a statement made by the appropriate party:
 - (i) Under a compliance framework: "In our opinion, the [appropriate party's] statement that the entity has complied with XYZ requirement is, in all material respects, fairly stated" or
 - (ii) Under a fair presentation framework: "In our opinion, the [appropriate party's] statement that the [sustainability information] is prepared in accordance with XYZ criteria is fairly stated, in all material respects".

A467. Forms of expression that may be useful for sustainability matters include, for example, one, or a combination of, the following:

- For compliance frameworks—"in compliance with" or "in accordance with."
- For engagements when the applicable criteria describe a process or methodology for the preparation or presentation of the sustainability information—"properly prepared."
- For engagements when the principles of fair presentation are embodied in the applicable criteria—"fairly stated."

Sustainability Information Prepared or Fairly Presented in Accordance with the Applicable Criteria (Ref: Para. 169(c)(vi))

A468. In order for the practitioner to accept or continue the engagement, paragraph 74 requires the preconditions to be met, including that the criteria will be available to the intended users. Management or those charged with governance may make the applicable criteria available to users, either in the sustainability information or by reference, in order for the intended users to understand the basis of preparation of the sustainability information. The entity's disclosures in the sustainability information or the description of the criteria referenced, may include matters such as:

- Details of the sources of the applicable criteria, and whether or not the applicable criteria are framework criteria, embodied in law or regulation, or issued by authorized or recognized bodies of experts that follow a transparent due process, and if they are not, who developed the criteria, the basis for that development (such as how the intended user's needs were identified) and a description of why they are considered suitable.
- Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods.
- Any significant interpretations made in applying the applicable criteria.
- Whether there have been any changes in the measurement or evaluation methods used since the prior period.

A469. A statement that management has prepared the sustainability information in accordance with particular criteria is appropriate only if the sustainability information complies with all the requirements of those criteria that are effective during the period covered by the sustainability information.

A470. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, "the sustainability information is in substantial compliance with the requirements of XYZ") is not an adequate description as it may mislead users of the sustainability information.

A471. Sometimes management may report the sustainability information using more than one framework. In such a case, user understanding is likely to be enhanced if management or those charged with governance make available the criteria relating to each framework separately, rather than being summarized or combined.

Informing the Intended Users of the Context in which the Practitioner's Conclusion is to be Read (Ref: Para. 169(c)(viii))

A472. It may be appropriate to inform the intended users of the context in which the practitioner's conclusion is to be read when the assurance report includes an explanation of particular characteristics of the sustainability matter of which the intended users should be aware. The practitioner's conclusion may, for example, include wording such as: "This conclusion has been formed on the basis of the matters outlined elsewhere in this independent assurance report."

Basis for Conclusion Section (Ref: Para. 169(d))

Statements that the Engagement was Conducted in Accordance with this ISSA (Ref: Para. 169 (d)(i))

A473 Practitioner's statements that contain imprecise or limiting language (for example, "the engagement was performed by reference to (or based on) ISSA 5000") may mislead users of assurance reports. In these circumstances, users may understand that all of the requirements of this ISSA have all been complied with, even if they have not (see paragraph 18 and paragraph 179).

A474. [Not used]

Criteria Designed for a Specific Purpose (Ref: Para. 169(d)(vii))

A475. In some cases, the applicable criteria used to measure or evaluate the sustainability matter may be designed for a specific purpose. For example, a regulator may require certain entities to use particular applicable criteria designed for regulatory purposes. To avoid misunderstanding, the practitioner

alerts readers of the assurance report to this fact and that, therefore, the sustainability information may not be suitable for another purpose.

A476. In addition to the alert required by paragraph 169(d)(viii), the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.

Responsibilities for the Sustainability Information (Ref: Para. 169(f), 169(g))

A477. Identifying relative responsibilities informs the intended users that management, or those charged with governance, as appropriate, is responsible for the preparation of the sustainability information, and that the practitioner's role is to independently express a conclusion about the sustainability information.

A478. Those charged with governance instead of management may be responsible for the sustainability information depending on the engagement circumstances and the legal framework in the particular jurisdiction. In other jurisdictions, those charged with governance may be responsible for the oversight of the process to prepare the sustainability information, and management fulfills the responsibilities described in paragraph 169(f)(i).

Applicability of Responsibility for Fair Presentation of the Sustainability Information (Ref: Para. 169(f)(i)a.)

A479. Some criteria acknowledge explicitly or implicitly the concept of fair presentation. As noted in paragraph 16(h), fair presentation criteria not only require compliance with the criteria, but also acknowledges explicitly or implicitly that it may be necessary for management to provide disclosures beyond those specifically required by the criteria. Therefore, the responsibilities of management for preparing the sustainability information in accordance with a fair presentation framework, extend to whether fair presentation is achieved in the sustainability information presented.

Defining or Describing Materiality in the Assurance Report (Ref: Para. 169(g)(ii))

A480. When defining or describing materiality in the assurance report, the practitioner may include whether materiality is considered from the perspective of the impacts of the sustainability matters on the entity, the entity's impacts on the sustainability matters or both. In determining how to describe materiality in the assurance report and whether to use the generic wording in paragraph 169(g)(ii), the practitioner considers whether the applicable criteria provide a definition or description of materiality.

An Informative Summary of the Work Performed as the Basis for the Practitioner's Conclusion (Ref: Para. 169(h))

A481. For engagements that require the practitioner to obtain different levels of assurance on different topics, aspects of topics or disclosures, the practitioner may also delineate the procedures performed for each level of assurance so that it is clear to the users which procedures were performed in relation to the sustainability information.

A482R. The assurance report in a reasonable assurance engagement normally follows standard wording and only briefly describes procedures performed. This is because, in a reasonable assurance engagement, describing in any level of detail the specific procedures performed would not assist users to understand that, in all cases where an unmodified conclusion is issued, sufficient appropriate evidence has been obtained to enable the practitioner to form a reasonable assurance conclusion.

A483L. In a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential for the intended users to understand the conclusion expressed in the limited assurance report. The summary of work performed is therefore ordinarily more detailed than the procedures described in the Practitioner's Responsibilities section in a reasonable assurance report. It also may be appropriate to include a description of procedures that were not performed that would ordinarily be performed in a reasonable assurance engagement. However, a complete identification of all such procedures may not be possible because the procedures in a limited assurance engagement vary in nature and timing from, and are less than for, a reasonable assurance engagement. A484L. Factors to consider in determining the level of detail to be provided in the summary of work performed include:

- Circumstances specific to the entity (e.g., the differing nature of the entity's activities compared to those typical in the sector).
- Specific engagement circumstances affecting the nature and extent of the procedures performed.
- The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.

A485L. In describing the procedures performed in the limited assurance report, it is important that they are written in an objective way but are not summarized to the extent that they are ambiguous, nor written in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is also important that the description of the procedures not give the impression that an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan. The procedures for limited assurance may appear to a user to be more comprehensive than the procedures described for a reasonable assurance engagement so it may be helpful for the practitioner to explain why this is the case, by including in the assurance report an indication of the differences between limited assurance and reasonable assurance to aid user understanding, especially when both reasonable and limited assurance are in the same assurance report.

Date of the Assurance Report (Ref: Para 169(k))

A486. Including the assurance report date informs the intended users that the practitioner has considered the effect on the sustainability information and on the assurance report of events that occurred up to that date.

Deciding whether to include information in addition to the basic elements of the assurance report
(Ref: Para. 169)

A487. In addition to the basic elements described in paragraph 169, the practitioner may decide to include additional information in the assurance report. Such additional information may relate to matters that,

in the practitioner's professional judgment, may impact users' understanding of the sustainability information, including:

- (a) Sustainability information may be prepared for diverse groups of users, and may cover aspects of sustainability matters that are diverse in nature, ranging from a single aspect, such as greenhouse gases emitted by the entity during a period, through to an entity's strategy, business model and performance, which may comprise:
 - Historical information.
 - Forward-looking information.
 - Processes, systems and controls.
 - Performance against targets, goals or commitments
- (b) The sustainability matters may be complex to measure or evaluate, or be subject to measurement or evaluation uncertainties, which the intended users may not be aware of;
- (c) The criteria used to measure or evaluate them may be set out in an established framework, may be developed by the entity, or may be selected from various frameworks, with or without further development by the entity, making it difficult for a user to understand how the sustainability information has been prepared;
- (d) The sustainability information may be presented in the form of a traditional standalone report, or as part of a larger report or reports. It may also be presented partially in narrative and partially through the use of graphs, images, embedded videos or similar representations. The presentation could support the users' understanding of what is, and what is not, subject to the assurance engagement.

A488. An assurance conclusion expressed in a binary manner (e.g., concludes that the sustainability information either has, or has not, been prepared in accordance with the applicable criteria) may not be able to communicate sufficiently the complexities that may be present in a sustainability assurance engagement without additional contextual information to aid the intended users' understanding. The practitioner may choose a "short-form" or "long-form" style of reporting to facilitate effective communication to the intended users. "Short-form" reports ordinarily include only the basic elements, as required by paragraph 169. "Long-form" reports include other information and explanations that are not intended to affect the practitioner's conclusion, such as:

- (a) Detailed description of the terms of the engagement;
- (b) Findings relating to particular aspects of the engagement;
- (c) Details of the qualifications and experience of the practitioner and others involved with the engagement;
- (d) The practitioner's considerations of materiality, and whether those considerations are in respect of qualitative or quantitative sustainability information;
- (e) The intended users of the assurance report and the purpose for which it has been prepared;
- (f) The range of competencies that were needed to perform the engagement and how they have been deployed on the engagement;

- (g) Explanation of why, in an assurance engagement, the practitioner cannot become involved in the preparation of the sustainability information because such an engagement is designed to give a conclusion by an independent practitioner over the sustainability information;

The practitioner may find it helpful to consider the significance of providing such information to the information needs of the intended users. As required by paragraph 168, additional information is clearly separated from the practitioner's conclusion and phrased in such a manner so as to make it clear that it is not intended to detract from that conclusion.

A489. Including the practitioner's recommendations on matters, such as improvements to the entity's information system, in the assurance report may imply that those matters have not been appropriately dealt with in preparing the sustainability information. Such recommendations may be communicated, for example, in a management letter or in discussion with those charged with governance. Considerations relevant to deciding whether to include recommendations in the assurance report include whether their nature is relevant to the information needs of intended users, and whether they are worded appropriately to ensure they will not be misunderstood as a qualification of the practitioner's conclusion on the sustainability information.

Name of the Engagement Leader in the Assurance Report (Ref: Para. 170)

A490. The objective of the firm in ISQM 1 is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:

- The firm and its personnel fulfill their responsibilities in accordance with professional requirements and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement leaders are appropriate in the circumstances.

Notwithstanding the objective of ISQM 1, naming the engagement leader in the assurance report is intended to provide further transparency to the users of the assurance report on sustainability information of a listed entity.

A491. Law, regulation or national standards may require that the practitioner's report include the name of the engagement leader responsible for assurance reports other than those of sustainability information of listed entities. The practitioner may also be required by law, regulation or national standards, or may decide to include additional information beyond the engagement leader's name in the assurance report to further identify the engagement leader, for example, the engagement leader's professional license number that is relevant to the jurisdiction where the engagement leader practices.

A492. In rare circumstances, the practitioner may identify information or be subject to experiences that indicate the likelihood of a personal security threat that, if the identity of the engagement leader is made public, may result in physical harm to the engagement leader, other engagement team members or other closely related individuals. However, such a threat does not include, for example, threats of legal liability or legal, regulatory or professional sanctions. Discussions with those charged with governance about circumstances that may result in physical harm may provide additional information about the likelihood or severity of the significant personal security threat. Law, regulation

or national standards may establish further requirements that are relevant to determining whether the disclosure of the name of the engagement leader may be omitted.

Reference to a Practitioner's Expert in the Assurance Report (Ref: Para. 171)

A493. In some cases, law or regulation may require a reference to the work of a practitioner's expert in the assurance report, for example, for the purposes of transparency in the public sector. It may also be appropriate in other circumstances, for example, to explain the nature of a modification of the practitioner's conclusion, or when the work of an expert is integral to findings included in a long-form report.

A494. A generic reference in a long-form report to the engagement having been conducted by suitably qualified personnel, including subject matter experts and assurance specialists, is unlikely to be misunderstood as reduced responsibility. The potential for misunderstanding is higher, however, in the case of short-form reports, where minimum contextual information is able to be presented, or when the practitioner's expert is referred to by name. Therefore, additional wording may be needed in such cases to prevent the assurance report implying that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of the expert.

Other Reporting Responsibilities

Assurance Report Prescribed by Law or Regulation (Ref: Para 172-173)

A495. In some jurisdictions, the practitioner may have additional responsibilities to report on other matters that are additional to the practitioner's responsibilities under this ISSA. For example, the practitioner may be required to provide a conclusion on specific matters, such as compliance of the sustainability information with a digital taxonomy. Assurance standards in the specific jurisdiction often provide guidance on the practitioner's responsibilities with respect to specific additional reporting responsibilities in that jurisdiction.

A496. In some cases, the relevant law or regulation may require or permit the practitioner to report on these other responsibilities as part of their assurance report on the sustainability information. In other cases, the practitioner may be required or permitted to report on them in a separate report.

A497. Paragraphs 172-173 permit combined presentation of other reporting responsibilities and the practitioner's responsibilities under this ISSA only when they address the same topics, aspects of topics or disclosures and the wording of the assurance report clearly differentiates the other reporting responsibilities from those under this ISSA. Such clear differentiation may make it necessary for the assurance report to refer to the source of the other reporting responsibilities and to state that such responsibilities are beyond those required under ISSA 5000. Otherwise, other reporting responsibilities are required to be addressed in a separate section in the assurance report.

Unmodified Conclusion

The Difference between Inherent Limitations, Emphasis of Matter and Other Matter paragraphs (Ref: Para. 177)

A498. When significant inherent limitations are described in the assurance report in accordance with paragraph 169(f)A, the description of those inherent limitations is different from including an Emphasis of Matter paragraph in the assurance report. Inherent limitations are present in the

measurement or evaluation of the sustainability matters, irrespective of whether they have been disclosed by management. However, it may be useful for management to disclose such inherent limitations in greater detail within the sustainability information. In some cases, the inherent measurement or evaluation uncertainties may be fundamental to the users' understanding of the sustainability information and may be described within the sustainability information.

A499. An Emphasis of Matter can only draw attention to a matter which is presented or disclosed by the management in the sustainability information. The content of an Emphasis of Matter paragraph includes a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the sustainability information. It also indicates that the practitioner's conclusion is not modified in respect of the matter emphasized. An Emphasis of Matter paragraph may be appropriate when, for example:

- (a) Different criteria have been used or the criteria have been revised, updated or interpreted differently than in prior periods and this has had a fundamental effect on the sustainability information.
- (b) A system breakdown for part of the period impacted the operation of controls or recording of matters material to the engagement.

A500. The content of an Other Matter paragraph reflects clearly that such other matter is not required to be presented and disclosed in the sustainability information. An Other Matter paragraph does not include information that the practitioner is prohibited from providing by law, regulation or other professional requirements, for example, ethical standards relating to confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management. An Other Matter paragraph may be appropriate when, for example, the scope of the engagement has changed significantly from the prior period and this has not been stated in the sustainability information.

A501. A widespread use of Emphasis of Matter or Other Matter paragraphs may diminish the effectiveness of the practitioner's communication of such matters. Emphasis of Matter or Other Matter paragraphs are not a substitute for a modified assurance conclusion.

Modified Conclusion (Ref: Para. 180-183)

Qualified Conclusion Due to Limitation of Scope (Ref: Para. 180(a), 181, 182)

A502. When there is a limitation of scope with respect to a material item in the sustainability information, the practitioner will not have obtained sufficient appropriate evidence about that matter. In these circumstances, the practitioner may be unable to conclude whether or not the disclosures in the other information related to this matter result in a material misstatement of the other information. Accordingly, the practitioner may need to modify the statement required by paragraph 179(d) to refer to the practitioner's inability to consider management's description of the matter in the other information in respect of which the assurance conclusion on the sustainability information has been qualified as explained in the Basis for Qualified Conclusion paragraph. The practitioner is nevertheless required to report any other uncorrected material misstatements of the other information that have been identified.

Disclaimer of Conclusion (Ref: Para. 180(a))

A503. When the practitioner disclaims a conclusion on the sustainability information, providing further details about the engagement, including a section to address other information may overshadow the disclaimer of conclusion on the sustainability information as a whole. Accordingly, in those circumstances the assurance report does not include an “Other information” section.

Impact of Modified Conclusions on the Statement on Other Information (Ref: Para. 180(b))

A504. A qualified or adverse assurance conclusion on the sustainability information may not have an impact on the statement on other information required by paragraph 179(d) if the matter for which the assurance conclusion has been modified is not included or otherwise addressed in the other information and the matter does not affect any part of the other information. In other circumstances, there may be implications for such reporting as described in paragraphs A505-A506.

A505. When the assurance conclusion is qualified, consideration may be given as to whether the other information is also materially misstated for the same matter as, or a related matter to, the matter giving rise to the qualified conclusion on the sustainability information.

A506. An adverse conclusion on the sustainability information relating to a specific matter(s) described in the Basis for Adverse Conclusion paragraph does not justify the omission of reporting of material misstatements of the other information that the practitioner has identified in the assurance report in accordance with paragraph 179(d)(ii). When an adverse conclusion has been expressed on the sustainability information, the practitioner may need to appropriately modify the statement required by paragraph 179(d)(ii), for example, to indicate that the disclosures in the other information are materially misstated for the same matter as, or a related matter to, the matter giving rise to the adverse conclusion on the sustainability information.

Effects of the Matter are Pervasive (Ref: Para. 181)

A507. The term ‘pervasive’ describes the effects on the sustainability information of misstatements or the possible effects on the sustainability information of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the sustainability information are those that, in the practitioner’s professional judgment:

- (a) Are not confined to specific aspects of the sustainability information;
- (b) If so confined, represent or could represent a substantial proportion of the sustainability information; or
- (c) In relation to disclosures, are fundamental to the intended users’ understanding of the sustainability information.

A508. The nature of the matter, and the practitioner’s judgment about the pervasiveness of the effects or possible effects on the sustainability information, affects the type of conclusion to be expressed.

Examples of Modified Conclusions (Ref: Para. A180)

A509L. Examples of a qualified conclusion for a limited assurance engagement (with a material misstatement)

- Qualified conclusion (compliance framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, 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 criteria.”
- Qualified conclusion (fair presentation framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria.”

A510R. Examples of qualified conclusion for a reasonable assurance engagement (with a material misstatement):

- Qualified conclusion (compliance framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is prepared, in all material respects, in accordance with XYZ criteria.”
- Qualified conclusion (fair presentation framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is fairly presented, in all material respects, in accordance with XYZ criteria.”

A511. Examples of adverse conclusions and a disclaimer of conclusion for both limited and reasonable assurance engagements:

- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a compliance framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] is not prepared in accordance with “XYZ criteria.”
- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a fair presentation framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] does not present fairly the entity’s compliance with XYZ criteria.”
- Disclaimer of conclusion (an example for a material and pervasive limitation of scope) – “Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the [sustainability information]. Accordingly, we do not express a conclusion on that [sustainability information].”

Comparative Information (Ref: Para. 184-186)

A512. Law or regulation, the criteria or the terms of the engagement, may specify the requirements in respect of presentation, reporting and assurance of the comparative information in the sustainability information.

A513. If there are inconsistencies between the comparative information and the current-period sustainability information, the practitioner may consider the reasons for those differences to evaluate whether those inconsistencies are addressed in accordance with the criteria. When sustainability information includes comparisons of period-on-period information, such as references to percentage reductions or increases in measures or key performance indicators, it is important that the practitioner consider the appropriateness of the comparisons. These may be inappropriate due to:

- (a) Significant changes in operations from the prior period;
- (b) Significant changes in conversion factors;
- (c) Significant changes in assumptions, or
- (d) Inconsistency of sources or methods of measurement or evaluation.

A514. When comparative information is presented with the current sustainability information, but some or all of that comparative information is not covered by the practitioner's conclusion, it is important that the status of such information is clearly identified in both the sustainability information and the assurance report.

A515. Information reported in a prior period may need to be restated in accordance with law or regulation or the applicable criteria because of, for example, improved scientific knowledge, significant structural changes in the entity, the availability of more accurate quantification methods, or the discovery of a significant error.

A515A. The identification of information required under paragraph 185A to be included in an "Other Matter" paragraph with respect to an assurance engagement conducted on the comparative information in the prior period, may be complex and lengthy. In these circumstances, it may be appropriate to include this information by way of reference if it is included in the sustainability information, or as an attachment to the assurance report.

A516. If the practitioner becomes aware that there may be a material misstatement in the comparative information presented, the practitioner may be able to perform procedures that are sufficient to reach a conclusion on the comparative information.

A517. If the engagement does not include assurance on comparative information, the requirement to perform procedures in the circumstances addressed by paragraph 186 is to satisfy the practitioner's ethical obligation to not knowingly be associated with materially false or misleading information.

Documentation

Matters Arising After the Date of the Practitioner's Report (Ref: Para. 187)

A518. Examples of exceptional circumstances include facts that become known to the practitioner after the date of the assurance report but which existed at that date and which, if known at that date, might have caused the sustainability information to be amended or the practitioner to modify the conclusion in the assurance report, for example, the discovery of a significant uncorrected error. The resulting

changes to the engagement documentation are reviewed in accordance with the firm's policies or procedures with respect to the nature, timing and extent of the review of engagement team members' work as required by ISQM 1, with the engagement leader taking final responsibility for the changes.