

Please note: This Agenda Item includes the Proposed ISSA 5000<sup>1</sup> Explanation of Significant Changes Paper that will be discussed by the Board at the June 2023 IAASB quarterly meeting (Agenda Item 2-A). This paper is provided to the IAASB CAG Representatives in June 2023 for reference purposes.

### Proposed ISSA 5000 - Explanation of Significant Changes

This paper explains the significant changes and the rationale for the changes that have been made by the Sustainability Assurance Task Force (the Task Force) to proposed ISSA 5000,<sup>TM</sup> *General Requirements for Sustainability Assurance Engagements* since the March and April 2023 meetings, as reflected in the marked drafts of the requirements and application material in **Agenda Items 2-B** and **2-C**. This paper also refers to certain significant changes that are discussed in more detail in the relevant sections of **Agenda Item 2** (Issues Paper). Minor editorial changes from March are not addressed in this paper. Significant changes to the illustrative reports from the April meeting are discussed in the Issues Paper.

Paragraph references in this paper are to the renumbered paragraphs in **Agenda Items 2-B** and **2-C**, unless otherwise indicated (e.g., references to paragraphs in the March or April versions that have since been deleted are noted as “old” paragraphs).

Reference	Significant Changes and the Rationale for Those Changes
<b>Introduction</b>	
<b>Paragraph 2</b>	<ul style="list-style-type: none"> <li>The Task Force revised this paragraph as part of the collection of changes related to improving the clarity of the term “sustainability information.” See further discussion in section A1 of <b>Agenda Item 2</b>.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A18-A19: See the description below for the definition of disclosure(s).</li> <li>Paragraph A32A: See further discussion in section A1 of <b>Agenda Item 2</b>.</li> </ul>
<b>Paragraph 2A</b>	<ul style="list-style-type: none"> <li>In March, the Board suggested clarifying that the sustainability information within the scope of the assurance engagement may not be the entirety of the sustainability information expected to be reported by the entity. The</li> </ul>

<sup>1</sup> Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

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	<p>Task Force revised this paragraph to further clarify this point, and included an example. In addition, the Task Force added the last two sentences to indicate that references in proposed ISSA 5000 to “sustainability information” mean the information that is subject to the assurance engagement. Sustainability information reported by the entity that is not subject to the assurance engagement is “other information” as defined in paragraph 16(ff).</p>
<p><b>Paragraph 3</b></p>	<ul style="list-style-type: none"> <li>The Board asked the Task Force to further clarify that the premises in paragraph 3 are applicable to other assurance practitioners as well as professional accountants. The Task Force concluded that this paragraph is consistent with ISAE 3000, which is also capable of being applied by all assurance practitioners. The Explanatory Memorandum accompanying the exposure draft of proposed ISSA 5000 will make this clear. In addition, the Task Force was of the view that paragraph 4 is sufficiently clear that the premises are important for any practitioner performing a sustainability assurance engagement in accordance with the proposed standard.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A3: The Task Force added this paragraph in response to a Board member suggestion in April that law or regulation in a jurisdiction may specify what constitutes “at least as demanding” as the IESBA Code and ISQM 1.</li> <li>Paragraphs A4-A5: As explained below regarding the changes to the application material for paragraph 24(a), the Task Force reinstated relevant paragraphs from ISAE 3000 (Revised) to provide practitioners with a more robust understanding of the nature of matters addressed by the Code, which may better enable an assessment of whether alternative requirements are “at least as demanding.” The application material in the Introduction was revised to refer to the application material in paragraphs A45-A47.</li> <li>Paragraphs A7-A8: The Task Force revised these paragraphs to align with the wording in paragraphs A54-A55.</li> </ul>
<p><b>Paragraph 4</b></p>	<ul style="list-style-type: none"> <li>A Board member suggested deleting the first part of the second sentence (‘if the practitioner chooses to represent compliance’) as it could imply that compliance with this ISSA is optional. The Task Force revised the sentence to remove this implication.</li> </ul>

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<b>Scope of this ISSA</b>	
<b>Paragraph 5 (old)</b>	<ul style="list-style-type: none"> <li>The Board suggested further clarification of “fair presentation.” The Task Force therefore deleted previous paragraph 5 and added definitions in paragraph 16(h) for fair presentation criteria and compliance criteria. The related application material related to criteria designed for a specific purpose was moved to paragraph A29 as application material to the definition of intended users. This is consistent with the presentation in ISAE 3000 (Revised), paragraph A18.</li> </ul>
<b>Paragraph 7</b>	<ul style="list-style-type: none"> <li>A Board member suggested adding a definition of attestation engagement. The Task Force has done so (paragraph 16(f) – also see discussion below) and revised paragraph 7 accordingly. As paragraph 7 has the only reference to direct engagements, and ISSA 5000 only deals with attestation engagements, the Task Force concluded that it is unnecessary to add a definition of direct engagement.</li> <li>The Task Force added the last sentence in response to Board comments. The Task Force’s view is that this addition also helps to clarify that “engagement” and “assurance engagement,” as used in different contexts throughout the proposed standard, have the same meaning.</li> </ul>
<b>Paragraph 9 (old)</b>	<ul style="list-style-type: none"> <li>After further discussion, the Task Force concluded that previous paragraph 9 should be deleted (assurance engagements vs. consulting and advisory). The Task Force was of the view that the purpose of the paragraph may not be clear without significant explanation. In any event, the Task Force’s view was that it is not necessary to refer to other types of engagements in proposed ISSA 5000 as paragraph 1 clearly indicates that it deals with assurance engagements on sustainability information.</li> </ul>
<b>Paragraph 10 (old)</b>	<ul style="list-style-type: none"> <li>The Task Force also concluded that previous paragraph 10 should be deleted. After further discussion, the Task Force was of the view that the example provided in Agenda Item 1-A for the April meeting (a larger engagement that includes a readiness component as well as assurance on the sustainability information) may be problematic from an independence standpoint. The Task Force also noted that this situation is addressed to some extent in paragraph A189.</li> </ul>
<b>Paragraph 9</b>	<ul style="list-style-type: none"> <li>Board members asked the Task Force to consider providing additional clarification in paragraph 9(b) about a greenhouse gas (GHG) statement being “a relatively minor part” of the overall sustainability information. The Task Force was of the view that no change is needed as the concept is consistent with ISAE 3410 and is</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	being applied currently. Consistent with ISAE 3410, the application material in proposed ISSA 5000 (paragraph A14) also explains that “a relatively minor part” is a matter of professional judgment. Rather than adding more application material to try to explain the threshold and the different circumstances that may be encountered, the Task Force concluded that the best approach is to describe the matter in the Explanatory Memorandum and seek input from respondents to the exposure draft.
<b>Effective Date</b>	
<b>Paragraph 13</b>	<ul style="list-style-type: none"> <li>See the discussion in section C of <b>Agenda Item 2</b>.</li> </ul>
<b>Objectives</b>	
<b>Paragraphs 14-15</b>	<ul style="list-style-type: none"> <li>The Task Force changed “as appropriate” to “as applicable” in response to a Board member comment.</li> </ul>
<b>Definitions</b>	
<b>Paragraph 16(a)</b>	<p><i>Definition of Analytical Procedures</i></p> <ul style="list-style-type: none"> <li>The Task Force was of the view that it would be helpful to define “analytical procedures” and therefore added this definition, which is based on the current definition in the Glossary of Terms.</li> </ul>
<b>Paragraph 16(f)</b>	<p><i>Definition of Attestation Engagement</i></p> <ul style="list-style-type: none"> <li>See the explanation of the change to paragraph 7 above.</li> </ul>
<b>Paragraph 16(h)</b>	<p><i>Definition of Criteria</i></p> <ul style="list-style-type: none"> <li>See the explanation of the deletion of old paragraph 5 above. The definition of fair presentation criteria is consistent with the definition of fair presentation framework, which is included in the definition of applicable financial reporting framework in the Glossary of Terms. However, a few small revisions were made to the wording to reflect sustainability reporting frameworks.</li> </ul>
<b>Paragraph 16(i)</b>	<p><i>Definition of Disclosure(s)</i></p>

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	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A18-A19: See the discussion in section A.1 of <b>Agenda Item 2</b>.</li> </ul>
<b>Paragraphs 16(n)-(o)</b>	<p><i>Definitions of Engagement Quality Review and Engagement Quality Reviewer</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force consider adding a definition of engagement quality reviewer. The Task Force agreed that a definition is appropriate as the term is used in paragraph 56. The Task Force further noted that the term “engagement quality review” is used in paragraph 56, and that adding a definition would be appropriate and helpful to provide context for the definition of engagement quality reviewer. See also the explanation below for paragraph 56.</li> </ul>
<b>Paragraph 16(v)</b>	<p><i>Definition of Internal Control</i></p> <ul style="list-style-type: none"> <li>In March, the Board discussed the possible need for a definition of internal control. The Task Force was of the view that such a definition would be helpful. The definition is based on the current definition in the Glossary of Terms.</li> </ul>
<b>Paragraph 16(ff)</b>	<p><i>Definition of Other Information</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to clarify the definition of other information as it was deemed to be confusing as written. The Task Force has simplified the wording to make it clear that other information is sustainability information that is not subject to the assurance engagement included in a document or documents containing the sustainability information that is subject to the assurance engagement. In revising the definition, the Task Force concluded that it was not necessary to refer to “the assurance report thereon” as the assurance report itself would not be considered “other information.”</li> </ul>
<b>Paragraph 16(hh)</b>	<p><i>Definition of Performance Materiality</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to clarify the definition of performance materiality, particularly to make it more consistent with the definition in ISAE 3410 and the reference to “reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.” The Task Force notes that performance materiality relates only to quantitative disclosures (in paragraph 92) and not to the sustainability information as a whole.</li> </ul>

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<b>Paragraph 16(tt)</b>	<p><i>Definition of Substantive Analytical Procedures</i></p> <ul style="list-style-type: none"> <li>To complement the addition of the definition of analytical procedures (see paragraph 16(a) above), the Task Force also added a definition of substantive analytical procedures.</li> </ul>
<b>Paragraph 16(uu)</b>	<p><i>Definition of Substantive Procedures</i></p> <ul style="list-style-type: none"> <li>The Task Force noted that substantive procedures were, in essence, defined as part of the previous definition of further procedures (see paragraph 16(u)). Therefore, the Task Force added a definition of substantive procedures for clarity and revised the definition of further procedures accordingly.</li> </ul>
<b>Paragraph 16(ww)</b>	<p><i>Definition of Sustainability Information</i></p> <ul style="list-style-type: none"> <li>See the discussion in section A.1 of <b>Agenda Item 2</b>.</li> </ul>
<b>Paragraph 16(xx)</b>	<p><i>Definition of Sustainability Matters</i></p> <ul style="list-style-type: none"> <li>See the discussion in section A.1 of <b>Agenda Item 2</b>.</li> </ul>
<b>Requirements</b>	
<b>Conduct of an Assurance Engagement in Accordance with this ISSA</b>	
<b>Paragraph 17</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>A Board member questioned whether this paragraph was needed as it seemed redundant with paragraph 18. The Task Force concluded that both paragraphs are important, but revised paragraph 17 to align the wording more closely with ISAE 3000 (Revised), paragraph 14.</li> </ul>
<b>Acceptance and Continuance of the Assurance Engagement</b>	
<b>General</b>	<ul style="list-style-type: none"> <li>Board members asked the Task Force to reconsider the structure of this section of the proposed standard (old Part 2) to include all requirements together relating to the same topic (e.g., acceptance and continuance),</li> </ul>

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	rather than structuring by firm (practitioner) and engagement leader responsibilities. The Task Force agreed and the restructuring is shown in <b>Agenda Items 2-B and 2-C</b> .
<b>Paragraph 24(a)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A45-A47: Board members asked the Task Force to clarify expectations for what was meant by ethical requirements that are “at least as demanding” as the IESBA Code. The Task Force concluded that it was necessary to reinstate relevant paragraphs from ISAE 3000 (Revised) that provide a description of matters addressed by the IESBA Code to provide practitioners with a more robust understanding of the nature of matters that may be assessed in determining whether alternative requirements followed by the practitioner are at least as demanding. Therefore, paragraph A45 was moved from the application material to the Introduction and paragraphs A46 and A47 were added. These paragraphs are consistent with ISAE 3000 (Revised), paragraphs A31-A33.</li> <li>Paragraph A48: Based on feedback from Reference Group #1, the Task Force discussed that, while there is no intent to lower the “at least as demanding” obligation, the reference to addressing “<u>a</u>ll the matters” referred to in the IESBA Code may be unduly prescriptive and other ethical requirements may achieve the aims of the IESBA Code without necessarily needing to address every single matter referred to in the Code. It was acknowledged that similar wording presented in the conforming and consequential amendments<sup>2</sup> to ISAE 3000 (Revised) related to references to ISQM1 (i.e., to ‘address <u>a</u>ll the requirements’) was considered unduly prescriptive at that time, and as a result, an amendment was made to remove “all” in finalizing the conforming and consequential amendments in October 2021. Accordingly, the phraseology that describes the “at least as demanding” wording for both quality management and relevant ethical requirements has been aligned with the conforming and consequential amendments, as the nature of the respective requirements is the same.</li> </ul>
<b>Paragraph 28</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A55: See the explanation above for the application material to paragraph 24(a). The Task Force discussed the same issue with respect to “at least as demanding” for a system of quality management, as required by paragraph 28. As noted above, the phraseology that describes the “at least as demanding” wording for both quality management and relevant ethical requirements should be aligned with the conforming</li> </ul>

<sup>2</sup> [Conforming and Consequential Amendments to the IAASB’s Other Standards as a Result of the New and Revised Quality Management Standards](#)

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	and consequential amendments, as the nature of the respective requirements is the same. Accordingly, paragraph A55 has also been aligned with final conforming and consequential amendments to ISAE 3000 (Revised), paragraph A62a, as approved by the IAASB in October 2021.
<b>Paragraph 31(c)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The term “sustainability competence” is a defined term. Therefore, the requirement has been streamlined.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Previous paragraph A27: This paragraph was deleted as it was deemed duplicative with content addressed in the engagement resources section (see paragraphs 39-43).</li> </ul>
<b>Paragraph 37</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A75: The Task Force added the last bullet in response to a Board comment that the complexity of the engagement also may introduce impediments to the exercise of professional skepticism.</li> </ul>
<b>Paragraph 40</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A83: In March, the Task Force presented a diagram (Appendix 3 to the March issues paper – see Agenda Item 4 for the March meeting) to help explain the individuals involved in the engagement. The Board suggested that the thought process behind the diagram could be more fully explained in the application material. The Task Force streamlined and clarified the wording in paragraph A83 to emphasize the distinction between a practitioner’s internal expert (who is a member of the engagement team) and an external expert.</li> </ul>
<b>Paragraph 41</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The requirement was made conditional on the intent to obtain evidence from work performed by a practitioner’s external expert or another practitioner.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A86: The Task force streamlined and clarified the wording of this paragraph.</li> </ul>



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	<ul style="list-style-type: none"> <li>Paragraph A87: The Task Force streamlined the wording of the first two sentences to remove repetition with the application material to paragraph 31. The concept addressed in the third sentence has been moved to, and further explained, in paragraphs A88-A91.</li> <li>Paragraph A88: As noted above (see the explanation for paragraph 40), the Board requested that the application material more clearly reflect the concepts illustrated in the diagram in the March issues paper to better explain who is, and who is not, a member of the engagement team. Paragraph A88 indicates that a practitioner's external expert is not a member of the engagement team (consistent with the definition in paragraph 16(p)) and directs the practitioner to the applicable requirement (paragraph 48) when the practitioner intends to use work performed by an external expert.</li> <li>Paragraph A89: This paragraph explains circumstances that may give rise to planned use of the work of another practitioner.</li> <li>Paragraph A90: This paragraph was added to explain that, if the practitioner intends to use the work of another practitioner, 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. The guidance directs the practitioner to the requirements applicable to the engagement team, including those related to direction, supervision and review (paragraphs 44-47).</li> <li>Paragraph A91: This paragraph (previously paragraph A43) has been clarified to build on new paragraph A90, and to explain circumstances in which another practitioner would not be part of the engagement team. In these circumstances (i.e., when the practitioner is unable to direct and supervise another practitioner, or review their work), the guidance directs the practitioner to the applicable requirements (paragraphs 50-53) addressing using the work of that other practitioner in such circumstances.</li> </ul>
<b>Paragraph 42</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A93: The Task Force revised the wording to better address engagements that include information for entities that are part of a group or other entities in the entity's value chain.</li> </ul>

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<b>Paragraph 43</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force consider deleting this requirement. However, after further discussion, the Task Force determined that the requirement is consistent with ISA 220 (Revised), paragraph 28, and remains appropriate.</li> </ul>
<b>Paragraph 48(e)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force concluded that the evaluation of the adequacy of work performed by a practitioner's external expert was best co-located with the remainder of the requirement that applies when the practitioner plans to use such work. Therefore, this part of the requirement was moved from previous paragraph 24(c) in old Part 8 (evaluating the sufficiency and appropriateness of the evidence obtained).</li> </ul>
<b>Paragraph 49</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force added this requirement to specify the actions if the practitioner determines that the work of a practitioner's external expert is not adequate for the practitioner's purposes.</li> </ul>
<b>Paragraph 50</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force clarified the heading and lead-in wording to further emphasize that the requirement applies when planning to use the work of another practitioner that is not part of the engagement team.</li> <li>Parts (a)-(b): Based on discussions with IESBA Staff, it was acknowledged that the appropriate threshold for another practitioner is "independent" rather than "objective." The Task Force has therefore changed the requirements accordingly.</li> <li>Previous part (c): The Board asked the Task Force to clarify what was expected in determining whether the other practitioner applied a system of quality management. The Task Force determined that the extent to which another practitioner has applied a system of quality management is a relevant consideration when evaluating the adequacy of their work for the practitioner's purposes. This has therefore been added as a consideration in paragraph A123.</li> <li>Part (d): This was relocated from old Part 8, for the same reason as described above for paragraph 48(e).</li> </ul>

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	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A119: The Task Force clarified the wording to more clearly reflect the concepts illustrated in the diagram in the March issues paper, in this case to affirm that another practitioner is not a member of the engagement team when the practitioner is unable to direct and supervise the other practitioner and review their work.</li> <li>Paragraph A120: The Task Force added cross-references to minimize duplicative content. The same considerations apply when using work of another practitioner as for using the work of a practitioner's external expert.</li> <li>Paragraph A122: The Task Force added guidance on considerations for evaluating the competence and capabilities of another practitioner, which leverages guidance in ISA 220 (Revised) and ISQM 1 regarding the ability to depend on network requirements when another practitioner is from within the practitioner firm's network and is subject to common network requirements or uses common network services.</li> </ul>
<b>Paragraph 51</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Given the potentially wide range of circumstances and significance of the work of another practitioner that a practitioner may seek to use on an engagement, the Task Force believed that further requirements were appropriate to be able to determine whether the other practitioner's work is adequate for the practitioner's purposes in accordance with paragraph 50(d). Paragraph 51 was added as the first step, requiring the practitioner to consider whether, and the extent to which, it is necessary to communicate with the other practitioner about the findings from their work.</li> </ul>
<b>Paragraph 52</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force added this requirement to follow on from paragraph 51. This requirement was drawn from the equivalent requirement in ISA 600 (Revised) on evaluating the adequacy of communications with component auditors.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A125: The Task Force added new application material to indicate potential actions the practitioner may take when communications from another practitioner are inadequate for the practitioner's purposes.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 53</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Similar to paragraph 52, this requirement was also drawn from ISA 600 (Revised) and has been added as the final step in supporting the practitioner's determination in accordance with paragraph 50(d).</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A126: New application material to indicate potential actions the practitioner may take when determining whether or not to review engagement documentation.</li> </ul>
<b>Paragraph 54(e)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>This requirement was relocated from Part 8, for the same reason as described above for paragraph 48(e).</li> </ul>
<b>Paragraph 55</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to consider adding requirements for consultations and differences of professional opinion. The matters addressed in the requirement in paragraph 55 were previously included in the March draft as considerations for the engagement leader when forming the overall conclusion on the engagement. The Task Force noted that paragraph 67(d) (paragraph 38(d) in the March draft) contained a specific documentation requirement related to consultations. Therefore, the Task Force concluded that a requirement related to consultations is appropriate, and added the requirement in paragraph 55 from ISA 220 (Revised).</li> <li>The Task Force concluded not to add a requirement regarding differences of opinion as neither ISAE 3000 (Revised) nor ISAE 3410 have such a requirement.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 56</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>A Board member asked the Task Force to consider expanding the requirement to include responsibilities of the engagement quality reviewer in addition to the requirement for the engagement leader to discuss significant matters and significant judgments with the engagement quality reviewer. The Task Force is of the view that ISQM 2 sets the appropriate requirements for an engagement quality review and that it would not be appropriate to add detailed requirements in ISSA 5000 as an overarching standard. The Task Force noted that the more detailed requirement in paragraph 36(b) of ISAE 3000 (Revised) was also deleted as a result of the conforming amendments arising from the IAASB's quality management standards. Therefore, the requirement in paragraph 56 of proposed ISSA 5000 is consistent with the current requirement in ISAE 3000 (Revised), paragraph 36. However, the Task Force added a definition of engagement quality review (see paragraph 16(n)) to complement the definition of engagement quality reviewer.</li> </ul>
<b>Paragraph 57</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The requirement has been fully aligned with ISA 220 (Revised).</li> </ul>
<b>Paragraph 64</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The requirement has been streamlined. Part (b) is addressed in paragraph 107, and therefore has been deleted here. Parts (c)-(e) have been deleted as they were deemed duplicative of the same matters addressed in paragraph 67.</li> </ul>
<b>Paragraph 67(e)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force deleted this requirement as paragraph 165(e) requires the engagement leader to determine, prior to dating the assurance report, that the engagement quality review has been completed. The Task Force was of the view that a specific requirement for the engagement leader not to date the assurance report before the engagement quality review is completed is more robust than simply acknowledging in the engagement documentation that the review has been completed on or before the date of the practitioner's report.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Preconditions for an Assurance Engagement</b>	
<b>Overall</b>	<ul style="list-style-type: none"> <li>• The Board directed the Task Force to simplify the structure of requirements for determining whether the preconditions are present, particularly with respect to the evaluation of appropriateness of the scope of the sustainability information expected to be reported and the scope of the assurance engagement. The Board found the structure and flow of the requirements to be confusing as similar matters were addressed in different requirements. In particular, the Board expressed concerns that paragraphs 2 through 7B were confusing as certain paragraphs addressed similar matters (e.g., roles and responsibilities were addressed in previous paragraphs 2(a) and 3).</li> <li>• In response the Task Force: <ul style="list-style-type: none"> <li>○ Restructured the requirements so that each of the preconditions is addressed in a separate paragraph and the characteristics in previous paragraph 2(b) are presented under separate subheadings. The movement of paragraphs is shown in <b>Agenda Items 2-B and 2-C</b>. With this simplified structure, each characteristic is now addressed in one requirement, rather than two.</li> <li>○ Moved previous requirements in paragraphs 2(c) and 7B to paragraph 73(c). The Task Force was of the view that the scope of the assurance engagement could be addressed most effectively as part of evaluating whether the engagement exhibits a rational purpose, as the engagement may not have a rational purpose if, for example, the scope of the engagement includes only part of the sustainability information expected to be reported.</li> </ul> </li> <li>• The Board suggested that the Task Force consider including specific documentation requirements for acceptance and continuance. The Task Force noted that paragraph 67(c) requires documentation of the “conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements.” However, to respond to the Board’s suggestion, the Task Force expanded the requirement to include documentation with respect to the preconditions for an assurance engagement. The Task Force also noted that the terms of the assurance engagement are required to be specified in sufficient detail in an engagement letter or other suitable form of written agreement, written confirmation, or in law or regulation in accordance with paragraph 77.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 68</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force streamlined the requirement in response to Board comments that the previous wording suggested an extent of knowledge deeper than that needed for acceptance or continuance of the engagement. The relationship between topics, aspects of topics and disclosures is explained in application material paragraphs A18-1A19, A32A and Appendix 1.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A156: The Task Force added this paragraph to emphasize the importance of the entity's process to identify topics to be reported.</li> <li>Paragraph A159: The application material on reporting boundaries was simplified.</li> <li>Previous paragraph A6C: This paragraph was combined with paragraph A156 and duplication deleted.</li> <li>Previous paragraph A6D: This paragraph was deleted to remove duplication with application material in paragraphs A164 and A172 and to acknowledge that this application material is only relevant to specific preconditions, i.e., suitability of the criteria and appropriateness of the sustainability matters.</li> </ul>
<b>Paragraph 69</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As explained in the overall comments above, sub-paragraph 69(c) has been deleted in response to the Board direction for the Task Force to simplify the structure of requirements.</li> <li>The scope of the information expected to be reported is now only addressed in paragraph 68(a) as part of the preliminary knowledge of the engagement circumstances.</li> <li>The scope of the assurance engagement is addressed both in paragraph 68(b) as part of the preliminary knowledge of the engagement circumstances and in paragraph 73(c), as part of the determination of whether the engagement exhibits a rational purpose.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Previous paragraph A49A: This paragraph was deleted as it was based on the requirement in previous paragraph 7A relating to the scope of the sustainability information to be reported, which has now been deleted. The Task Force has instead added a new application material paragraph A156 (as noted above in the</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>explanation of the changes to paragraph 68) and made amendments to paragraph A157 to further explain the entity's process to identify topics for inclusion in the sustainability information.</p> <ul style="list-style-type: none"> <li>Paragraph A162: The Task Force deleted the second sentence as it was not deemed necessary to support the requirement.</li> <li>Previous paragraph A19: The Task Force deleted this paragraph as it was covered more succinctly in paragraph A162.</li> </ul>
<b>Paragraph 70</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As part of the restructuring of this section, the requirements in previous paragraphs 2(b)(i) and 4 have been combined.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A165: Based on Board comments, the examples in the paragraph were deleted as they were not solely related to the circumstances in the paragraph and were therefore deemed to be confusing.</li> </ul>
<b>Paragraph 71</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As part of the restructuring of this section, the requirements in previous paragraphs 2(b)(ii) and (iii) and paragraph 5 with respect to the suitability and availability of criteria have been combined.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A169: Board members noted that this paragraph was unclear, so the Task Force redrafted it to clarify the extent to which framework criteria that are embodied in law or regulation can be presumed to be suitable.</li> <li>Paragraph A170: In response to a Board comment, this paragraph was redrafted to focus on the entity identifying framework criteria or developing criteria, rather than the process to develop framework criteria. In doing so, the structure was simplified by combining previous paragraphs A26 and A27.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Paragraph A175: This paragraph was revised to provide more precise guidance on what the criteria may encompass if the sustainability information subject to the assurance engagement includes processes, systems and controls. The application material is aligned with ISAE 3402.</li> <li>Paragraph A176(b): This subparagraph was deleted, as the criteria themselves will not encompass the source of those criteria.</li> <li>Paragraph A178(f): The Board requested the Task Force to clarify further how the exclusion of information will result in better comparability of sustainability information between different reporting periods. Therefore, the Task Force deleted the sub-requirement (f)(iii) and clarified the meaning through revisions and adding subparagraphs (f)(i)-(iii).</li> <li>Paragraph A180: This paragraph was revised to incorporate management bias into the consideration for determining the completeness of the criteria.</li> <li>Paragraph A185: Based on Board feedback, this paragraph was simplified and clarified.</li> <li>Paragraph A186: Application material was moved into this paragraph from old Part 8 paragraph A26 that is relevant to the availability of criteria and the paragraph was restructured based on Board feedback to aid clarity and understandability.</li> <li>Paragraph A189: As a result of Board comments, an additional sentence was added to address independence threats that may arise if a non-assurance engagement is conducted.</li> </ul>
<b>Paragraph 72</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As part of the restructuring of this section, the requirement in previous paragraphs 2(b)(iv) and (v) were combined.</li> </ul>
<b>Paragraph 73</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As part of the restructuring of this section, the requirement in previous paragraph 2(b)(vi) was combined with previous paragraph 7. In addition, as described in the overall comments above, the previous requirements in paragraphs 2(c) and 7B were moved to paragraph 73(c).</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A197: Based on Board comments, the Task Force deleted the last sentence of this paragraph as the first part of the paragraph was deemed sufficient.</li> <li>Paragraph A200: Additional material was added to this paragraph to explain why the practitioner may decide to consider the criteria for sustainability information that is not within the scope of the assurance engagement.</li> </ul>
<b>Paragraph 75</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As part of the restructuring of this section, this requirement was moved from previous paragraph 4A, as it relates directly to the preconditions not being present after acceptance of the engagement.</li> </ul>
<b>Terms of the Assurance Engagement</b>	
<b>Paragraph 77</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In response to Board comments, the Task Force added paragraphs (a)(i), (a)(v) and (c)(ii), including that the assurance engagement will be conducted in accordance with ISSA 5000.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A203: A new paragraph was added to provide further guidance on addressing access to information or people in the terms of engagement.</li> </ul>
<b>Evidence</b>	
<b>Paragraph 81(a)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A209(f): The Board suggested that the Task Force consider a reference to authority bias, given the expected extent of use of experts in sustainability assurance engagements. The Task Force agreed and added a bullet to address the point.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 81(b)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A214 &amp; A215: In each paragraph, the final two sentences have been added in response to Board member's requests to help reiterate the difference between limited and reasonable assurance engagements as regards the extent of evidence to be obtained.</li> </ul>
<b>Paragraph 82</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force added words from extant ISA 500 to give additional emphasis to external sources of information, in light of the proposed new paragraph 83.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A236: An additional example was added based on Board comments.</li> <li>Paragraph A241: The example specific to reasonable assurance was deemed to be unnecessary and therefore was deleted.</li> <li>Paragraph A242(b): The Task Force deleted this part of the paragraph due to the new requirement in paragraph 83 and related application material.</li> </ul>
<b>Paragraph 83</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In response to Board feedback in December 2022, the Task Force debated how best to deal with the question of accuracy and completeness of information, including with respect to information from external sources. The Task Force continues to have concerns about the ability to obtain evidence about accuracy and completeness of information from external sources, given the potential scope of sustainability matters addressed in the engagement, and consistent with the Task Force's original rationale for excluding the ED-500 requirement addressing completeness and accuracy. After further discussion, the Task Force determined that until such time the Board's deliberations in respect to ED-500 are concluded, the most appropriate solution was to include the extant 500 requirement, which is focused on accuracy and completeness of information produced by the entity.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A243-A244: The Task Force added application material from extant ISA 500 to support the requirement in paragraph 83.</li> </ul>
<b>Paragraphs 8-14 (old)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to consider whether the general documentation requirements fit better earlier in the proposed standard (i.e., old Part 2). The Task Force agreed and has relocated these requirements to accordingly. In keeping with the Board's direction to place specific documentation requirements in the relevant sections of the proposed standard, previous paragraph 11 was relocated to old Part 1 and paragraph 12 relocated to old Part 9.</li> </ul>
<b>Planning</b>	
<b>Paragraph 88</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A263: A Board member noted in an offline comment that the bullets in this paragraph could better align to other terms used throughout the standard. The Task Force agreed and revised the paragraph accordingly.</li> </ul>
<b>Paragraph 89</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force added this requirement based on a Board member suggestion.</li> </ul>
<b>Paragraph 90</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board agreed to use a bifurcated structure for materiality by: <ul style="list-style-type: none"> <li>Using the term "determine" with respect to materiality and performance materiality for quantitative disclosures.</li> <li>Using the term "consider " with respect to materiality for qualitative disclosures.</li> </ul> </li> <li>The Task Force agreed and revised the requirement accordingly.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A268, A269 and A271: The Task Force added more detail to respond to the Board's request to add more explanation about the "double materiality" concept and to recognize there may be more than one materiality for the same assurance engagement.</li> <li>Paragraphs A272 and A276: The Task Force added more sustainability-specific examples.</li> </ul>
<b>Paragraph 92</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force revised this requirement to use the term "determine" to align with the changes described above for paragraph 90.</li> </ul>
<b>Paragraph 93</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested that specific documentation requirements may be useful in the planning section of the proposed standard. The Task Force agreed and added this requirement based on paragraph 14 in ISA 320.<sup>3</sup></li> </ul>
<b>General</b>	<ul style="list-style-type: none"> <li>The Board suggested that consideration be given to whether the application material on materiality is sufficient or if further explanation would aid practitioners' understanding of how to apply the requirements when planning and performing the assurance engagement, including when obtaining and evaluating evidence and evaluating identified misstatements. The Task Force discussed this and concluded that the application material was sufficient, considering the revisions and sustainability-related examples added since the March draft.</li> </ul>
<b>Risk of Material Misstatement</b>	
<b>General</b>	<ul style="list-style-type: none"> <li>Based on Board comments and further reflection by the Task Force about the flow of the application material, the Task Force reordered a number of paragraphs to improve the flow and clarity of the application material, and the linkage to the respective requirements. The movement of paragraphs as a result of the restructuring is shown in <b>Agenda Items 2-B and 2-C</b>.</li> </ul>

<sup>3</sup> ISA 320, *Materiality*

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 94L/94R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force added a reference to “whether due to fraud or error” in paragraph 94L to align with paragraph 94R.</li> </ul>
<b>Paragraph 96</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>A Board member suggested in an offline comment that this paragraph be moved to the planning section of the proposed standard. The Task Force decided that it should remain in the risk assessment section to be consistent with the location of the similar requirement in ISA 315 (Revised 2019).</li> </ul>
<b>Paragraph 97</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force streamlined this requirement to focus on the characteristics of the events or conditions that could give rise to material misstatement of the disclosures, consistent with the related application material.</li> </ul>
<b>Paragraph 98</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board requested that the Task Force clarify the difference between understanding the applicable criteria and evaluating the entity’s process to identify, evaluate and apply the criteria with respect to the reporting boundary. In particular, the relationship between previous paragraphs 6(b) and 7(b) were seen as confusing. In response, the Task Force combined previous paragraphs 6 and 7 to eliminate the perceived redundancy and to eliminate the reference to the reporting boundary. The requirement to understanding the reporting boundary and activities within the reporting boundary remains in paragraph 99(b).</li> </ul>
<b>Paragraph 6 (old)</b>	<ul style="list-style-type: none"> <li>This requirement was deleted as it is addressed in determining whether the preconditions are present as part of engagement acceptance and continuance.</li> </ul>
<b>Paragraph 99(c)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force revised the requirement to include understanding how management’s compensation may be based on goals, targets or strategic objectives related to sustainability information. This was done as part of a broader effort of the Task Force to include additional references to fraud throughout the proposed standard.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraphs 102L/102R</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>The Board noted that the components of internal control in these paragraphs were not presented in the same order as in ISA 315 (Revised 2019). The Task Force has changed the order and, as a consequence, also moved other paragraphs in the proposed standard as needed to mirror the order in paragraphs 102L and 102R.</li> <li>The Board requested further differentiation related to understanding the components of internal control for reasonable and limited assurance engagements. The Task Force was of the view that the differentiation between limited and reasonable assurance engagements is related to: <ul style="list-style-type: none"> <li>What the practitioner needs to understand, which is described in paragraphs 102L (three components) and 102R (five components); and</li> <li>The level of the understanding required and the nature and extent of procedures required to obtain it.</li> </ul> </li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A311L has been expanded to provide more guidance on the difference between limited and reasonable assurance with respect to the level of understanding required and the extent of procedures required to obtain it.</li> <li>A Board member suggested in an offline comment that the practitioner may need to withdraw from the engagement if the understanding of controls raises doubts about the ability to obtain sufficient appropriate evidence due to concerns about the competence of management. The Task Force added a reference to the competence of management in paragraph A313(b) to address this.</li> </ul>
<b>Paragraph 105R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to consider whether there should be a requirement similar to paragraph 105R for limited assurance engagements if the practitioner chooses to test the operating effectiveness of controls. The Task Force discussed the point and reaffirmed its previous position that such a requirement is not needed. The Task Force noted that ISAE 3410 did not include such a requirement for limited assurance to provide differentiation in the work effort between limited and reasonable assurance engagements.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraphs 107L/107R</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>The Board requested that the requirements to understand the control activities component be simplified, particularly with respect to limited assurance engagements. The Task Force streamlined the conditional requirement for limited assurance engagements to focus only on the controls the practitioner plans to test and related IT general controls.</li> <li>In both paragraph 107L and 107R, the Task Force eliminated the reference to “controls that address risks for which substantive procedures alone do not provide sufficient appropriate evidence” as the focus of the requirement is on the controls that the practitioner plans to test to obtain evidence about their operating effectiveness.</li> <li>In paragraph 107L, the Task Force eliminated the requirement for the practitioner to obtain an understanding of “other controls that the practitioner considers are appropriate.” The requirement to understand control activities for limited assurance is conditional on the practitioner’s decision to obtain evidence from the operating effectiveness of controls. Therefore, the requirement in paragraph 12L(a) includes the controls that the practitioner considers appropriate to test.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A335R: In response to Board comments, the Task Force clarified the examples of other controls for which it may be appropriate for the practitioner to obtain an understanding.</li> </ul>
<b>Paragraph 109L</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board requested the Task Force to clarify the requirement for when one or more control deficiencies are identified in a limited assurance engagement, and the practitioner’s response. The Task Force discussed this further and concluded that the requirement is consistent with paragraph 27 of ISA 315 (Revised 2019). The Task Force acknowledged that the requirement in ISA 315 (Revised 2019) is based on an evaluation of the components of internal control (as it is in paragraph 109R of for reasonable assurance engagement). However, the Task Force was of the view that a practitioner may identify deficiencies in controls in a limited assurance based on the understanding required by paragraphs 102L and 107L. The application material explains the actions the practitioner may take when control deficiencies are identified.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>See also the reference to identified control deficiencies in the requirement for the practitioner to design and implement overall responses (paragraphs 116L/116R and the related application material).</li> </ul>
<b>Paragraph 110R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A346R-A349L: In offline comments, Board members requested additional guidance on assessing the risk of material misstatement at the assertion level, and on the “spectrum of risk.” The Task Force revised the application material in these paragraphs to address the comments.</li> </ul>
<b>Paragraph 111L</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Board members questioned why there was not a paragraph for limited assurance corresponding with paragraph 111R for reasonable assurance. The Task Force agreed that a similar requirement is appropriate for limited assurance and added the requirement.</li> </ul>
<b>Paragraph 18R (old)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force deleted this requirement based on Board comments. The Board noted that old paragraph 18R was based on the requirement in paragraph 36 of ISA 315 (Revised 2019), but that requirement is linked to material classes of transactions, account balances and disclosures. As a result, the requirement seemed to apply to every disclosure, not just “material” disclosures. The Task Force is of the view that this “stand back” is covered by paragraph 111R.</li> </ul>
<b>Paragraph 113</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>The Board noted that, if the practitioner chooses to test controls for a limited assurance engagement, then documentation should be required regarding the design and implementation of the controls tested, similar to the requirement in previous paragraph 20R(c). The Task Force agreed and revised paragraph 113(c) accordingly, thus eliminating any differences between limited assurance and reasonable assurance engagements. Therefore, the limited and reasonable assurance documentation requirements have been combined into one paragraph.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Responding to Risks of Material Misstatement</b>	
<b>Paragraphs 115L/115R</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>The Board noted that the requirement in previous paragraph 1R for the practitioner, in designing and performing further procedures, to consider the reasons for the assessment given to the risks of material misstatement at the assertion level, also is relevant for limited assurance engagements. The Task Force agreed and moved the previous requirement to paragraph 115R. A new requirement, with revised wording as appropriate for a limited assurance engagement, was added in paragraph 115L.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>A360L: In adding paragraph 115L, the Task Force did not include a requirement corresponding to paragraph 115R(b). The Task Force noted that a requirement to obtain more persuasive evidence the “higher the practitioner’s assessment of risk” is not applicable for a limited assurance engagement because there is no requirement for a risk assessment. Therefore, the Task Force added a sentence in this application material for limited assurance engagements to indicate that the practitioner also may consider whether more persuasive evidence is needed to respond to identified disclosures where material misstatements are more likely to arise.</li> </ul>
<b>Paragraphs 116L/116R</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force provide further guidance on the overall responses and whether they relate only to the evaluation of the control environment or more broadly to the practitioner’s understanding of the components of internal control. The Task Force discussed this further and decided that it would be appropriate to expand the requirement to include additional matters that could result in the need to design and implement overall responses (e.g., fraud or suspected fraud, or non-compliance or suspected non-compliance with law or regulation).</li> <li>The Task Force also discussed whether overall responses relate only to the control environment or more broadly to other components of internal control. The Task Force noted that ISA 330, paragraph A2, indicates that the assessment of the risks of material misstatement at the financial statement level, and thereby the auditor’s overall responses, is affected by the auditor’s understanding of the control environment. Therefore, the Task Force was of the view that the linkage to the practitioner’s evaluation of the control environment (for reasonable</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>assurance) or the identification of control deficiencies in the control environment (for limited assurance) remains appropriate.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A365-A366: In response to the Board suggestion, the Task Force also revised and expanded the application material in previous paragraphs A19 and A20 to better describe that matters that may trigger overall responses, as well as examples of what overall responses may include.</li> </ul>
<b>Paragraph 117</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board asked the Task Force to consider different wording than “reliance on controls” for both limited and reasonable assurance. The Task Force revised the wording of the paragraph to focus on obtaining evidence about the operating effectiveness of controls, which applies equally to limited assurance (when the practitioner chooses to test controls) and limited assurance.</li> </ul>
<b>Paragraph 121</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested in offline comments that requirements be added similar to paragraphs 13 and 14 of ISA 330, which address the use of audit evidence about the operating effectiveness of controls obtained in previous audits. The Task Force agreed that such a requirement would be appropriate in proposed ISSA 5000 and therefore added paragraph 121.</li> </ul>
<b>Paragraph 124R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force consider whether there is a clear differentiation regarding substantive procedures for limited and reasonable assurance, as paragraphs 124R and 125R only address reasonable assurance. In response, the Task Force revised the wording of paragraph 124R to provide a better link to paragraph 114R, which is the baseline requirement for the practitioner to design and perform further procedures (which, as defined, include tests of controls and substantive procedures). Paragraph 124R is merely an extension of the baseline requirement to require that the further procedures include substantive procedures for risks that are assessed at close to the upper end of the spectrum of risk.</li> <li>Because a risk assessment is not required for limited assurance engagements, there is no corresponding requirement to paragraph 124R for limited assurance. However, paragraph 114L requires the practitioner to</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>design and perform further procedures whose nature, timing and extent are focused on the disclosures where material misstatements, whether due to fraud or error, are likely to arise. Those further procedures may include substantive procedures, which in turn may include external confirmation procedures.</p>
<b>Paragraph 131</b>	<p><i>Requirement and Application Material</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force clarify the procedures related to sampling, including calculating sample sizes. In offline comments, the Board also suggested that the requirements in old paragraphs 15-17 drew too much from ISA 530 and should be simplified. The Task Force noted that ISAE 3410 has only a single short requirement related to sampling that is supported by one paragraph of application material. After further discussion, the Task Force concluded that a simpler requirement for sampling is appropriate for an overarching standard. Therefore, the Task Force streamlined the requirements in paragraph 131 and moved relevant aspects to the application material (in particular, paragraph A380). The Task Force was of the view that the application material provides necessary and helpful guidance that is consistent with the approach in ISAE 3410.</li> </ul>
<b>Paragraphs 133L/133R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force provide more guidance about what the practitioner needs to do with respect to forward-looking information, including obtaining evidence about that information. The Board also suggested that the requirements should more closely align with the requirements in ISA 540 (Revised).</li> <li>In response to the Board's suggestions, the Task Force has: <ul style="list-style-type: none"> <li>Revised paragraph 133R to align more closely with the key requirements in ISA 540 (Revised) related to responding to assessed risks of material misstatement for estimates.</li> <li>Revised both paragraphs 133L and 133R to include references to forward-looking information.</li> <li>Added application material as explained below.</li> </ul> </li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A385A: The Task Force added this paragraph to better explain estimates and forward-looking information. The application material indicates that has been added to explain that, regardless of the source or degree of estimation uncertainty, it is necessary for management to appropriately apply the applicable criteria</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>when developing estimates and forward-looking information and the related disclosures, including selecting and using appropriate methods, assumptions and data.</p> <ul style="list-style-type: none"> <li>Paragraphs A386R-A390: These paragraphs were added to provide additional guidance for evaluating whether the methods, assumptions and data are appropriate, and circumstances in which a change from prior periods in a method, significant assumption, or the data is not based on new circumstances or new information.</li> </ul>
<b>Paragraph 135</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In response to offline Board comments, the Task Force added documentation requirements based on the requirements in paragraph 28 of ISA 330. Paragraph 135(c) was moved from old Part 2 paragraph 39.</li> </ul>
<b>Accumulation and Consideration of Identified Misstatements</b>	
<b>Paragraph 136</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A393-A394: The Task Force added this application material content to: <ul style="list-style-type: none"> <li>Connect the entity's process for identifying reporting topics (i.e., the entity's materiality assessment as described in paragraph A157) to the practitioner's consideration of identified misstatements and whether they are clearly trivial, and</li> <li>Include an example of where or how a misstatement in sustainability information may arise, through a misapplication of the entity's process to identify reporting topics.</li> </ul> </li> <li>Paragraph A395: The Task Force deleted the last two sentences of this paragraph given the revisions to the definition of misstatement. In addition, the reference to "misleading" relates to whether a misstatement of the sustainability information is a material misstatement, whereas this paragraph only addresses whether a misstatement exists.</li> <li>Paragraph A397: A Board member asked that this paragraph be simplified and connected to the requirement on other information. The Task Force agreed and made this change.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 137</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Board members asked the Task Force to consider whether this requirement would be better placed in other sections of the standard. The Task Force considered moving it, or whether it was duplicative of other requirements, but concluded it should remain here as it is specific to the consideration of identified misstatements. The Task Force revised the requirement to remove the reference to remaining alert throughout the engagement, as this requirement relates to the accumulation of identified misstatements.</li> </ul>
<b>Paragraph 142</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In response to a Board member offline comment, the Task Force revised the requirement to direct the practitioner to consider whether the results of procedures performed and evidence obtained indicates that materiality needs to be revised. The Task Force acknowledged that an active consideration by the practitioner is needed to confirm that materiality, as previously considered or determined in accordance with paragraph 90, remains appropriate for purposes of evaluating the effect of uncorrected misstatements.</li> </ul>
<b>Paragraph 143</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A411: The Task Force added a qualitative factor to indicate that a misstatement is more likely to be material if the entity's process for identifying reporting topics is misaligned with the scope or objective of reporting in accordance with the applicable criteria.</li> </ul>
<b>Other Information</b>	
<b>General</b>	<ul style="list-style-type: none"> <li>The Board asked the Task Force to clarify the definition of other information, which has been done in the revisions to the definition in paragraph 16(ff). The Board also asked the Task Force to consider whether examples or further guidance could be provided on circumstances where the other information is the audited financial statements and how connectivity between assurance practitioner and the auditor of the financial statements can be managed.</li> <li>The Task Force discussed this matter and noted that the manner by which such communication can occur will vary depending on a number of factors, and may be complex, such as if laws or regulations of the relevant jurisdictions restrict access. Due to the complexities and variety of the circumstances that may arise, the Task</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	Force agreed it would not be appropriate to include such guidance in an overarching standard. However, the Task Force was of the view that these circumstances could be addressed in non-authoritative guidance.
<b>Paragraph 153</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A428: In response to offline comments from the Board, the Task Force removed matters that are already contained in the requirements. The Task Force also removed the bullet list of examples as they focus on the sustainability information, whereas this paragraph is about other information so the examples are not relevant to illustrating the content of the paragraph.</li> </ul>
<b>Paragraph 154</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A432: The Task Force clarified the application material and removed the list of factors relevant to the selection of disclosures, as it implied a level of work effort that may be beyond the expectation of the proposed standard. Instead, the Task Force added a new sentence to clearly indicate that the extent of comparisons of the other information is a matter of professional judgment.</li> </ul>
<b>Paragraph 156</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A434: The Task Force added this application material for the practitioner's response when the practitioner concludes that a material misstatement exists in other information obtained prior to the date of the assurance report. This was done to address a gap on the application material.</li> </ul>
<b>Paragraph 157</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A436 and A437: The Task Force added this application material for the practitioner's response when management refuses to correct a material misstatement in other information</li> </ul>
<b>Forming the Assurance Conclusion</b>	
<b>Paragraph 160</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board requested more material to address fraud and "greenwashing." The Task Force added this paragraph to highlight that judgments and decisions made by management in the estimates made and</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	assumptions used in preparing the sustainability information, even if they are individually reasonable, may indicate possible management bias and, if such indicators are identified, the implications for the engagement, including the possibility of fraud.
<b>Paragraph 162-163</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Previous paragraph A60: This paragraph addressed fair presentation criteria. As this is now addressed in the definition of criteria in paragraph 16(h), the paragraph was redundant and therefore has been deleted.</li> </ul>
<b>Reporting</b>	
<b>Paragraph 169(c)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• The Task Force revised the requirements for the practitioner's conclusion section to accommodate headings for a variety of circumstances, including reports where both limited assurance conclusions are provided on different parts of the sustainability information.</li> </ul>
<b>Paragraph 169(c)(v)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• The Task Force concluded that it was unnecessary for the assurance conclusion to include identification of the criteria, as this would be included in the sustainability information itself. Therefore, this requirement was deleted.</li> </ul>
<b>Paragraph 169(d)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• The Task Force revised the requirements for the Basis for Conclusion to allow for alternative headings for this section.</li> </ul>
<b>Paragraph 169(d)(iii)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• The Task Force revised the requirement to align the wording of the statement about independence with ISA 700 (Revised).</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 169(d)(vii)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Paragraph A29 addresses circumstances in which the assurance engagement is performed on sustainability information that has been prepared using criteria that are designed for a specific purpose. As explained in paragraph A29, when engagements use criteria that are designed for a specific purpose, a statement is included in the assurance report alerting readers to this fact. The Task Force added this requirement for such an alert.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A475-A476: The Task Force added these paragraphs from the application material in ISAE 3000 (Revised) to support the requirement in paragraph 169(d)(vii).</li> </ul>
<b>Paragraph 169(f)A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force moved the paragraph on significant inherent limitations from the “Responsibilities for the Sustainability Information” section so that it would be a separate paragraph in the assurance report following that section, consistent with how it was presented in the illustrative reports for the April 2023 Board call.</li> </ul>
<b>Paragraph 169(f)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force changed the heading of this section to “Responsibilities for the Sustainability Information” to provide flexibility for circumstances in which the responsibilities lie with management, with those charged with governance, or management and those charged with governance.</li> <li>The Task Force also added a new requirement in paragraph 169(f)(ii) to identify those responsible for oversight of the process to prepare the sustainability information, if different from those responsible for preparing the information.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A478: The Task Force revised this paragraph to explain that, in some circumstances, those charged with governance may be responsible for the sustainability information instead of management. The paragraph also acknowledges that those charged with governance may be responsible for oversight of the</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	sustainability reporting process. This guidance assists the practitioner in choosing the appropriate wording for the assurance report in accordance with paragraph 169(f).
<b>Paragraph 169(f)(i)(a)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force revised the requirement to recognize the responsibility of management (or those charged with governance, as appropriate) for the fair presentation of the sustainability information, if prepared in accordance with fair presentation criteria.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A479: The Task Force added this paragraph to provide guidance related to fair presentation criteria.</li> </ul>
<b>Paragraph 169(g)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Sub-paragraph 169(g): The Task Force amended the practitioner's responsibilities to allow for both limited and reasonable assurance conclusions, aligned the description of the procedures with the requirements for conduct of the engagement and removed the requirement to evaluate the suitability of the criteria, as that is primarily conducted prior to acceptance of the engagement and to evaluate the reasonableness of estimates made and assumptions used, as that is encompassed by the procedures already included in the report.</li> </ul>
<b>Paragraph 179(a)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Task Force deleted this part of the requirement. This was done in response to Board comments that the other information may include audited financial statements and the auditor's report thereon, so stating that management is responsible for the other information implies that management also has responsibility for the auditor's report.</li> </ul>
<b>Paragraphs 184-185A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The Board suggested that the Task Force clarify the responsibilities of the practitioner if comparative information is included in the sustainability information. As noted to the Board in March, the Task Force considered the relevant requirements in ISA 710 and revised the requirements to align with the key elements</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>of those requirements, except with respect to information obtained after the date of the assurance report. In revising the requirements in the proposed standard, the Task Force:</p> <ul style="list-style-type: none"> <li>○ Added wording in paragraph 184 similar to paragraph 7 of ISA 710 for the practitioner determine whether the applicable criteria (or law or regulation) require comparative information to be included in the sustainability information.</li> <li>○ Split paragraph 184 into a new paragraph 184A that includes the requirements for the practitioner when comparative information is required and is within the scope of the assurance engagement and required to be covered by the practitioner's assurance conclusion.</li> <li>○ Added paragraphs 185 and 185A to address the requirements for the assurance report if comparative information is not included in the scope of the assurance engagement, or if the comparative information was subject to an assurance engagement in the prior period.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Paragraph A512: The Task Force deleted wording from this paragraph that was deemed to be confusing and may be limiting given the evolving nature of sustainability information.</li> <li>• Paragraph A513: The Task Force revised this application material to clarify the response to inconsistencies between the comparative information and the sustainability information.</li> <li>• Paragraph A515A: The Task Force was concerned that the information required to be included in an "Other Matter" paragraph with respect to an assurance engagement conducted on the comparative information in a prior period may become too long and complex for the assurance report. Therefore, an additional application material paragraph was added to suggest inclusion by reference to the location of this information in the sustainability information or elsewhere.</li> </ul>