

Sustainability Assurance – Engagement Team, Using the Work of Others, and “Group” Engagements

This Agenda Item includes an overview of principles and overarching concepts discussed by the SATF related to engagement resources, using the work of others, and “group” sustainability assurance engagements. This Agenda Item also includes the analysis of comments received on Questions 14, 15 and 18, and the related SATF views and recommendations.

A. Background**A.1 Engagement Team and Using the Work of Others**

1. If the practitioner intends to use the work of a practitioner’s external expert or a firm other than the practitioner’s firm, paragraph 42 of ED-5000 required the engagement leader to determine whether the practitioner will be able to be sufficiently and appropriately involved in such work (see also paragraph 30 of ED-5000).
2. Paragraph 87 in the Explanatory Memorandum to ED-5000 included a [diagram](#) that provided a visual illustration of the individuals that may be involved in a sustainability assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals.
3. ED-5000 stated that a practitioner needs to be able to be sufficiently and appropriately involved in the work of a practitioner’s external expert and paragraph 49 of ED-5000 specified other requirements and conditions that must be met to be able to use the work of that external expert.
4. When the practitioner considers that the work of a firm other than the practitioner’s firm is relevant to the practitioner’s engagement, and the practitioner is able to be sufficiently and appropriately involved in such work, the requirements in ED-5000 applicable to the engagement team apply. When the practitioner is unable to be sufficiently and appropriately involved, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to as “another practitioner” and the requirements in paragraphs 51-54 of ED-5000 apply.

A.2 Group Engagements

5. The IAASB considered the manner and extent to which ED-5000 should address “consolidated” sustainability information or sustainability assurance engagements for groups. As an overarching standard, the IAASB was of the view that it would be inappropriate for ED-5000 to include all the detailed requirements and guidance set out in ISA 600 (Revised) for group circumstances. The IAASB therefore concluded that, on balance, the principles-based requirements in the proposed standard are capable of being applied for all sustainability assurance engagements, including when other practitioners (whether from within the practitioner’s firm or network, or outside of the practitioner firm’s network) are needed to perform procedures and obtain evidence.

B. What We Asked

6. Question 14 asked respondents:

When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of

the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?

100 of 143 respondents provided a response to Question 14, including one Monitoring Group (MG) member. See **Agenda Item 3-I.12** for further details on the overall responses and of **Agenda Item 3-J.12** for comments received.

Question 15 asked respondents:

Are the requirements in ED-5000 for using the work of a practitioner’s external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

105 of 143 respondents provided a response to Question 15, including two MG members. See **Agenda Item 3-I.13** for further details on the overall responses and **Agenda Item 3-J.13** for comments received.

Question 18 asked respondents:

Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

111 of 143 respondents provided a response to Question 18, including three MG members. See **Agenda Item 3-I.14** for further details on the overall responses and **Agenda Item 3-J.14** for comments received.

C. What We Heard

Highlights

Engagement Team and Using the Work of Others:

- “Another practitioner” should be defined in the standard.
- Further clarity is needed on the concept of “sufficient involvement” in the work of firms or individuals that are not part of the engagement team.
- The diagram depicting different individuals involved in an engagement is very useful and should be included directly within the standard.
- Overall support for the requirements to evaluate the work of others.
- A range of concerns around the practical challenges in complying with the requirements for using the work of another practitioner, in particular in relation to value chain entities, and requests for clarifications on expected work effort.

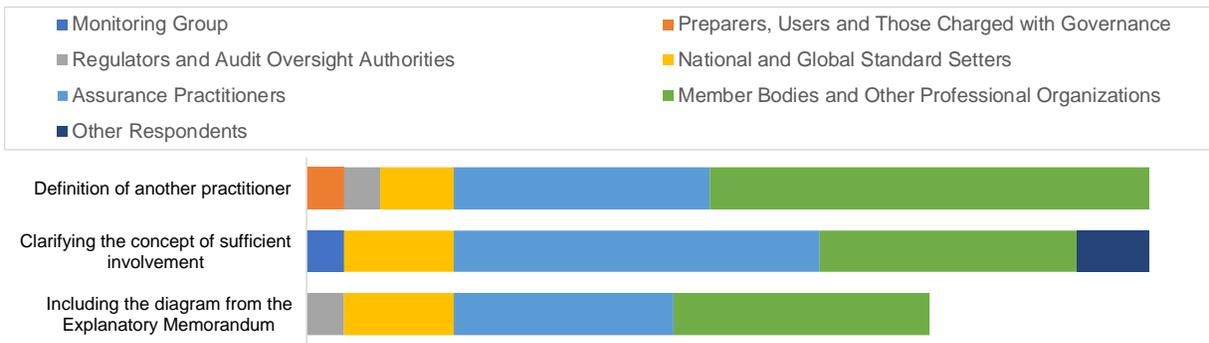
- Requests for further alignment with the requirements of ISA 620¹ regarding communications with, and evaluation of the work of, a practitioner’s expert.
- Need to clarify the expected work effort when an expert is a practitioner’s internal versus external expert.
- Need to clarify when the work of a practitioner’s expert may be referenced in the assurance report.

Group Engagements

- Mixed views about whether the principles-based requirements are sufficient for group sustainability assurance engagements without certain additional requirements and guidance in ISSA 5000.
- Additional guidance for groups is needed, in any event, on certain specific topics including materiality, scoping, communications among those involved in the engagement, the “consolidation” or aggregation process, and information from the value chain.
- Support for the development of a separate ISSA for group sustainability assurance engagements in the future.

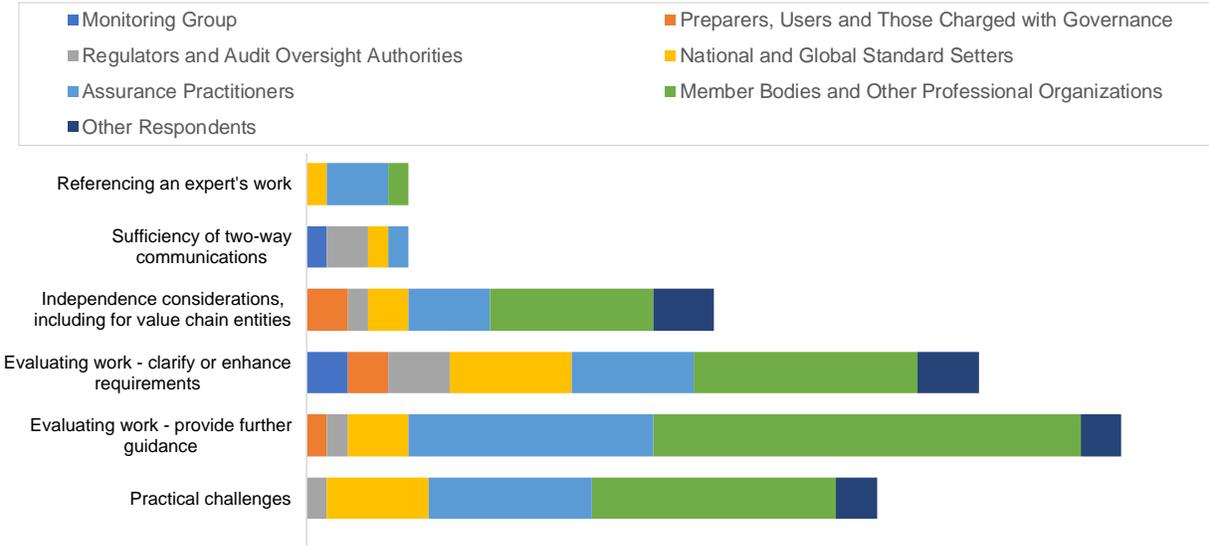
7. The charts below show a breakdown of comments on Questions 14, 15 & 18, by theme and stakeholder group.

Clarity About Engagement Team or “Another Practitioner”



¹ ISA 620, *Using the Work of An Auditor’s Expert*

Clarity of Requirements for Using Work of Expert or Another Practitioner



Groups and "Consolidated" Sustainability Information



C.1 Engagement Team and Using the Work of Others

Monitoring Group Comments

8. The MG member that responded to Question 14 supported the diagram in the EM but did not find the requirements and application material within ED-5000 to be as clear. This MG member recommended that ED-5000 paragraph 42 provide clearer signposting in the requirement. Essentially, this would involve elevating content from the application material and making it essential application material within the requirement.
9. One MG member that responded to Question 15 stated that the requirements for communication with a practitioner’s external expert were not sufficiently robust and called for elements of the application material to be elevated to requirements, for example, requiring written communications with practitioner’s external experts, consistent with ISA 620.
10. The other MG member that responded to Question 15 suggested that the requirements make clear

that the practitioner takes sole responsibility for the work (as stated in application material paragraph A108 in ED-5000).

11. With respect to using the work of another practitioner, one MG member called for a more explicit requirement for the practitioner to obtain evidence, when using the work of another practitioner, that is adequate for the practitioner’s purposes (i.e., so as not to imply that the practitioner can somehow be satisfied with a lower level of assurance when using the work of another practitioner).

Other Respondents’ Comments

12. A significant majority of respondents, across stakeholder groups, agreed that ED-5000 was clear about when firm(s) and the individuals from those firm(s) are members of the engagement team, or are “another practitioner.” The three overarching themes emerging from the comments received related to:
 - (a) A request for a definition of “another practitioner;”
 - (b) Clarifying the concept of “sufficient involvement;” and
 - (c) Including the diagram from the Explanatory Memorandum directly within the standard.

Definition of Another Practitioner

13. Many respondents called for the term “another practitioner” to be formally defined and some respondents requested examples to distinguish between when another firm may be acting as a practitioner’s external expert versus another practitioner, as well as highlighting that another practitioner may include a network or non-network firm.

Clarifying the Concept of Sufficient Involvement

14. A number of respondents sought clarification on the concept of the practitioner being “sufficiently involved” in the work of a practitioner’s expert or other individuals/firms. Comments and suggestions included the following:
 - (a) Embed the concepts of direction, supervision and review directly into the definitions of engagement team and the suggested new definition of “another practitioner.”
 - (b) Provide further guidance or examples of what “sufficient involvement” means and the potential spectrum of interaction that may be possible with other practitioners.
 - (c) Provide cross-references to the application material supporting paragraph 30 of ED-5000 (the engagement leader’s overall responsibility for managing and achieving quality).
 - (d) Clarify whether involvement in the work of an expert is different to that for other practitioners.
 - (e) Provide additional guidance about value chain considerations and how that may impact the requirements.
 - (f) The need for further implementation support material on this topic.

Including the Diagram from the Explanatory Memorandum

15. Many respondents supported the diagram in paragraph 87 of the Explanatory Memorandum (see paragraph 2 above) and suggested that it be included within the standard as application material or

an appendix.

Other Comments on the Concept of Sufficiency of Involvement and Distinction Between the Engagement Team and Another Practitioner

16. A minority of respondents were of the view that the guidance in ED-5000 about the engagement team and another practitioner was not clear and noted the following:
 - (a) The concept of another practitioner is not appropriate as it enables reliance on the work of others with limited oversight, supervision and review, and may weaken the evidence on which a conclusion may be formed.
 - (b) The definition of engagement team in ED-5000 needs to be clarified as it is unclear when “other” practitioners are included or excluded, based on whether the assurance practitioner is able to direct, supervise and review their work.
 - (c) The definition of engagement team and concept of another practitioner appear to conflict with the definition of engagement team in ISA 600 (Revised).
 - (d) The application material in paragraph A22 of ED-5000 is inconsistent with the definition of engagement team (as related to experts) by distinguishing between internal and external experts on the basis of the ability to direct, supervise and review those individuals).
17. Respondents also noted or suggested the following:
 - (a) Clarify the difference between management’s experts and practitioner’s experts.
 - (b) Check the consistency in language used when referring to other firms (for example, “firms” vs. “individuals” and “other” vs. “another” firm).
 - (c) Provide further guidance or definitions regarding the difference between practitioner’s internal and external experts.
 - (d) Clarify that individuals from an internal audit function used to provide direct assistance are not members of the engagement team.
 - (e) Providing further educational material and guidance on use of internal audit function, use of experts and other practitioners.
 - (f) The definitions of management’s and practitioner’s experts should focus more on their sustainability expertise.
 - (g) Close coordination with IESBA regarding the use of external experts.

Using the Work of Another Practitioner

18. The following additional themes emerged from respondents’ comments relating to the requirements applicable to using the work of another practitioner:
 - (a) Guidance on communications.
 - (b) Provide more clarity on expected work effort (consistent with the comment from the MG respondent), including any difference between limited and reasonable assurance engagements, and how to address information incorporated from the value chain (including when there may be legal or regulatory access restrictions).

- (c) Practical implementation challenges when working with another practitioner (in particular for value chain entities), and overall concerns related to the ability to comply with paragraphs 51-54:
- i. Ability or willingness of another practitioner to cooperate with the (multiple) practitioner(s), in particular for value chain entities, and the need for further guidance on the related implications for the engagement.
 - ii. It may be impractical or impossible to expect that the sustainability assurance practitioner for an entity can provide assurance over the entity’s entire value chain.
 - iii. Given the range of sustainability matters that might be addressed, how the practitioner can practically evaluate the competence and capabilities of another practitioner that are necessary to perform the work, and the professional standards used by the other practitioner to perform their work.
 - iv. Whether, and how, a practitioner can realistically obtain sufficient evidence to determine the nature, scope and objectives of that practitioner’s work and evaluate its adequacy and any gaps in such work.
- (d) Bifurcating requirements between when another practitioner is performing work on an entity within the “group” entity’s organizational boundary and a value chain entity that is outside the organizational boundary.
- (e) Treating the work of another practitioner as information intended to be used as evidence rather than as assurance work (following proposed ISA 500 (Revised)) or coming up with an entirely different approach for solutions to the value chain.
- (f) There is a need for consideration of an equivalent to a service organization reporting model (ISAE 3402)² to evolve across value chains as a source of evidence for upstream and downstream assurance practitioners, with requirements similar to those in ISA 402,³ which, in time, may facilitate a reduction in the extent of scope limitations.
- (g) Issues related to compliance with relevant ethical requirements and quality management principles:
- (i) Whether it is necessary or possible to evaluate compliance with requirements at least as demanding as the IESBA Code⁴ and ISQM 1,⁵ especially for practitioners assuring value chain entities, and, if it is necessary, how? (Also see the analysis for Question 4 in **Agenda Item 3-C.**)
 - (ii) Applicable independence requirements and implications for value chain entities – independence and assurance provisions need to be proportionate and likely differ between entities within the organizational boundary and wider reporting boundary.
 - (iii) Using the assurance report of another practitioner as evidence of compliance with

² ISAE 3402, *Assurance Reports on Controls at a Service Organization*

³ ISA 402, *Audit Considerations Relating to an Entity Using a Service Organization*

⁴ *International Code of Ethics for Professional Accountants, including International Independence Standards*

⁵ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

assurance and independence standards.

Using the Work of a Practitioner’s Expert

19. Additional themes emerging from respondents’ comments on the requirements applicable to using the work of a practitioner’s expert included the following:
- (a) The requirements should also apply to practitioner’s internal experts, consistent with ISAE 3000 (Revised)⁶ and ISA 620.
 - (b) More guidance on two-way communications (similar to the comments from the MG respondent).
 - (c) Include more requirements and guidance from ISA 620, to help promote consistency in application by professional accountant and non-accountant assurance practitioners.
 - (d) Clarify what is and is not permissible regarding references to practitioner’s experts in the assurance report, drawing on ISA 620.

Other Comments on Using the Work of a Practitioner’s Expert and Another Practitioner

20. Respondents also noted or suggested the following:
- (a) Use of the work of other practitioners and “groups” should be priority topics for further consideration by the IAASB.
 - (b) Developing a future separate ISSA for using the work of a practitioner’s expert.
 - (c) Consider, given the unique characteristics of sustainability reporting, whether the concept of divided responsibility should be introduced for value chain information.
 - (d) The need for close coordination with IESBA on their respective experts and sustainability exposure drafts, including issues with respect to value chain entities.

C.2 Group Engagements

Monitoring Group Comments

21. The MG members that responded to question 18 indicated that more specific requirements are needed in ED-5000 to address information gathered and consolidated from various external entities, including information derived from the entity’s value chain. Other comments from the MG members included:
- (a) The requirements in the “Using the Work of Another Practitioner” section of ED-5000 (specifically, paragraphs 51, 52 and 54) need to be more robust. For example, the practitioner should be required to communicate with the other practitioners about the extent of work performed, and should obtain a confirmation about their independence.
 - (b) The IAASB should consider the extent to which certain concepts from ISA 600 (Revised) should be added to the principles-based requirements in ED-5000, in particular to ensure more consistent application for group assurance engagements or when information is disclosed relating to entities in the value chain.

⁶ ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

Other Respondents’ Comments

22. The views of respondents on group or “consolidated” sustainability assurance engagements generally fell into three camps:
- (a) The principles-based approach in ED-5000 is appropriate and can be applied for group sustainability assurance engagements.
 - (b) The principles-based approach can be applied in theory, but additional requirements or guidance are needed to accompany the final standard when issued to address the practical challenges in performing group sustainability assurance engagements. It was noted that such guidance could be provided as application material in the standard, implementation guidance outside of the standard, or in a separate ISSA under the ISSA 5000 umbrella.
 - (c) Additional requirements and guidance specific to group engagements are needed in the final standard to address the complexities and challenges of group engagements.
23. Additional points raised by the respondents in the first two camps described in paragraph 22(a) and (b) above included the following:
- (a) The definition of the engagement team in ED-5000 (i.e., any individuals performing procedures on the engagement, excluding a practitioner’s external expert), along with the requirements for direction, supervision and review and using the work of others, means in principle that the standard can be applied for group sustainability assurance engagements.
 - (b) ED-5000 is intended to be an overarching standard and therefore should not include detailed requirements for groups. However, this does not diminish the need for additional guidance or a separate ISSA on groups in the future.
 - (c) The concept of “consolidation” or aggregation of sustainability information is not the same as consolidation of component financial information for purposes of group financial statements, in particular because sustainability information may be included from the entity’s value chain. Therefore, additional guidance may be needed in this regard.
24. Respondents in the camp described in paragraph 22(c) above represented different stakeholder groups, but a large number were member bodies and other professional organizations, national standard setters and firms. These respondents cited the following overall points:
- (a) As an overarching standard, ED-5000 should include all the requirements and guidance needed to perform a group sustainability assurance engagement. It is unclear how ED-5000 could be practically applied in a group context, particularly given the unique risks that arise from information aggregated from multiple entities, including the value chain.
 - (b) Absent specific requirements for groups in ED-5000, professional accountant assurance practitioners will likely refer to ISA 600 (Revised) in these circumstances. However, non-accountant practitioners may be less familiar with the group audit framework in ISA 600 (Revised), which could lead to a risk of inconsistent approaches by practitioners.
 - (c) In some jurisdictions (e.g., the EU), many of the first entities that will be in scope for the first wave of mandatory sustainability reporting and assurance are likely to be groups. Therefore, there is a greater need for ED-5000 to address group assurance engagements to avoid inconsistencies in approaches.

Additional Group-Specific Requirements and Guidance

25. Respondents that cited the need for additional requirements and guidance for group sustainability assurance engagements most often mentioned the following:
- (a) Overall strategy and approach, including:
 - (i). Understanding the group and the entities for which “consolidated” or aggregated sustainability information will be presented, and
 - (ii). Scoping judgments related to how and where evidence will be obtained, including for information outside of the entity’s organizational boundary, and the extent to which a practitioner’s expert(s) or another practitioner(s) will be involved.
 - (b) Materiality in a group context, including aggregation risk and materiality at a “component” level (i.e., component performance materiality).
 - (c) Understanding and performing procedures on the entity’s “consolidation” or aggregation process (for at least reasonable assurance engagements), with linkage to the entity’s “materiality process.”
 - (d) Timely and ongoing communications among those involved in the assurance engagement.
 - (e) Clarity about sole responsibility for the assurance conclusion in the assurance report (i.e., no reference in the assurance report to another practitioner or expert).
26. Respondents indicated that the matters described in paragraph 25 above could be addressed by incorporating relevant requirements (including conditional requirements) and application material from ISA 600 (Revised). These respondents also recognized, however, that a separate ISSA addressing group sustainability assurance engagements may be the optimal solution in the long term. It should also be noted that some respondents indicated that the challenges and complexities related to groups could be dealt with through detailed guidance.
27. Respondents (whether or not they supported the principles-based approach in ED-5000) urged the IAASB to clearly communicate with stakeholders about its intentions and plans regarding the development of a separate ISSA to address group sustainability assurance engagements.

Collaboration with IESBA

28. Respondents noted the importance of consistency between proposed ISSA 5000 and IESBA’s proposed revisions to the Code. Specific comments included the following:
- (a) The proposed revisions to the Code regarding groups include terminology and definitions that are not included in ED-5000. Respondents acknowledged the different timelines in the respective projects of the IAASB and IESBA but urged the two Boards to continue to collaborate on key terms and concepts to drive consistency and avoid confusion.
 - (b) The liaison and collaboration between the two Boards should also involve understanding the value chain and associated challenges experienced in practice.

D. SATF Views and Recommendations

D.1 SATF Principles

29. As a basis for considering and responding to comments received on Questions 14, 15 and 18, the SATF determined that it was necessary to establish a common understanding about the interaction of key concepts in the requirements relating to engagement resources, including using the work of others, and obtaining sufficient appropriate evidence with key concepts related to “group” sustainability assurance engagements and information from value chain entities. The SATF was of the view that this would be important as a basis for determining that the views and recommendations outlined in this Agenda Item were consistent and interoperable.
30. The SATF noted that the same foundational concepts and principles apply for engagement resources and obtaining evidence, regardless of the “source” of the information subject to the assurance engagement. These are the same foundational concepts and principles underlying the requirements for group audits in ISA 600 (Revised),⁷ as described in paragraph 64 below.
31. Consistent with the points noted above, the following matters were also discussed by the SATF and are presented here as relevant context for the Board in considering the analysis of respondents’ comments and SATF views and recommendations outlined in this Agenda Item:
- (a) Sufficient appropriate evidence needs to be obtained regarding material reported sustainability information irrespective of whether that information arises from an entity within the operational control of the reporting entity or from a value chain entity.
 - (b) The practitioner may be able to obtain evidence either by performing procedures themselves or by using the work of a firm other than the practitioner’s firm.⁸ The procedures may be performed centrally (e.g., at the “group” level using information available from management of the reporting entity) or may need to be performed at the “source” entity (e.g., at the “component” level).
 - (c) When the practitioner is able to be sufficiently involved in work performed by a firm other than the practitioner’s firm at an entity either within or outside of the organizational boundary, the individuals performing that work are members of the engagement team and considered a “component practitioner.” Ordinarily, the practitioner would expect to be able to be sufficiently and appropriately involved in such work when the entity is within the organizational boundary of the reporting entity.
 - (d) When the practitioner is not able to be sufficiently involved in work performed by a firm other than the practitioner’s firm, that firm is “another practitioner.” This might be expected to be more common when the entity is outside the organizational boundary of the reporting entity.
 - (e) What is considered to be sufficient appropriate evidence for information relating to an entity outside the organizational boundary of the reporting entity (e.g., a value chain entity), including information that may be incorporated by reference in the reported sustainability information, will be further explored by the SATF after the March meeting.

⁷ ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁸ References throughout this Agenda Item to “using the work of a firm other than the practitioner’s firm” include using the work of individuals in that other firm.

D.2 Engagement Team and Using the Work of Others

Relevant Paragraphs in Agenda Item 3-H		
Introduction and Requirements	Application Material	Related Definitions
41, 42, 51, 51A, 51BR, 53, 54A, 54B, 89A	A22, A83, A87-A91, A111A-A111C, A114A-A115C, A269B, A494A	17(a1), 17(p)

Definition of Another Practitioner

32. Based on the comments from respondents, the SATF has proposed a definition of another practitioner (see paragraph 17(a1) of **Agenda Item 3-H**).
33. The SATF has also proposed clarifications to the application material supporting the definition of engagement team (see paragraph A22 of **Agenda Item 3-H**) to clarify why another practitioner is not part of the engagement team (see also paragraphs 39-40 below). The SATF concluded this was a more appropriate place to include this guidance due to the logical connection to the concepts addressed in the engagement team definition.

Clarifying the Concept of Sufficient Involvement

34. The SATF agreed it was not appropriate to link external experts with the concept of direction, supervision and review, which only applies to the engagement team. The SATF has therefore deleted references to practitioner’s external experts from paragraph 42 of **Agenda Item 3-H** and its related application material. The SATF believes that this removes the confusion noted by respondents, as it is now clear that this requirement only addresses whether, in the circumstances, a firm other than the practitioner’s firm is part of the engagement team.
35. The SATF agreed with the views of the MG member that a clearer “roadmap” for practitioners would be helpful in providing clarity on which requirements are applicable in the circumstances. Therefore, taking into account this suggestion, together with views from other respondents about the clarity and purpose of this requirement, the SATF has proposed amendments to paragraph 42 to be explicit as to the requirements that apply based on the outcome of the determination of whether other firms or individuals are part of the engagement team. This involved elevating elements of the application material into the body of the requirement.
36. The SATF also corrected a reference in paragraph 42 that stated the ‘*practitioner’s*’ ability to be sufficiently involved to appropriately read ‘*engagement leader’s*’ ability to be sufficiently involved, consistent with paragraph 30 of ED-5000.
37. Lastly, the SATF has proposed amendments to the application material to seek to further clarify the concept of sufficiency of involvement, drawing on ISA 220 (Revised)⁹ (see paragraphs A87-A91 of **Agenda Item 3-H**).

⁹ ISA 220 (Revised), *Quality Management for An Audit of Financial Statements*

Including the Explanatory Memorandum Diagram

38. The SATF believes that the diagram may not be necessary within the standard based on the proposed clarification of paragraph 42 of **Agenda Item 3-H**, as described above. However, the SATF sees benefit in including the diagram within the implementation support material.

Definition of Engagement Team

39. In response to comments, the SATF revised the definition of engagement team (see paragraph 17(p) of **Agenda Item 3-H**) to include reference to internal auditors who provide direct assistance. This aligns the definition with ISA 220 (Revised). As there are no requirements in proposed ISSA 5000 on the concept of direct assistance, some brief additional application material (see paragraph A22 of **Agenda Item 3-H**) has been added to explain this concept. A reference was also added in paragraph 41 of **Agenda Item 3-H**.
40. Given the proposed definition of another practitioner, the SATF considered whether to also explain in the definition of engagement team that this excludes another practitioner. The SATF concluded that this is not necessary because the definition of another practitioner already states this. Furthermore, as noted above, a sentence has been added to paragraph A22 to provide the reason.

Using the Work of Practitioner’s Experts

Practitioner’s Internal Versus External Experts

41. The SATF agrees that paragraph 49 (now paragraph 54A in **Agenda Item 3-H**) should apply to both internal and external practitioner’s experts. References to “external” have been deleted, where appropriate, from the requirement and additional application material has been added, based on ISA 620, to explain how the practitioner’s evaluations in accordance with the requirement may differ with respect to using the work of an internal expert (see paragraphs A111A-A111C of **Agenda Item 3-H**).

Communications

42. To address the comment from the MG member and similar comments from other respondents, the SATF has proposed a limited amendment to the requirement in paragraph 54A(d) of **Agenda Item 3-H**. This elevates elements of the application material related to communicating in writing, when appropriate, and about respective roles and responsibilities back into the requirement, consistent with ISA 620.¹⁰ Consequential additions to the application material have also been included as a result of this change (see paragraphs A114A-A115B of **Agenda Item 3-H**).

Evaluating the Work of a Practitioner’s Expert

43. The SATF discussed whether there was sufficient focus on the evaluation of the adequacy of the expert’s work for the practitioner’s purposes. The SATF concluded that this should be addressed in a separate, more robust, requirement, consistent with ISA 620¹¹ (see paragraph 54B of **Agenda Item 3-H**). The application material has also been revised as a result of this change (see paragraph A115C of **Agenda Item 3-H**).

¹⁰ ISA 620, paragraph 11

¹¹ ISA 620, paragraph 12

Referencing an Expert’s Work

44. ED-5000 does not preclude reference to an expert in a report containing an unmodified conclusion, and permits, with suitable warning language, that reference to the work of an expert may be appropriate to help explain a modified conclusion/opinion. The SATF acknowledges that ED-5000 (and ISAE 3000 (Revised)) is more permissive than ISA 620.
45. Considering there are greater expectations for the use of experts in sustainability assurance engagements, the SATF remains comfortable with the position adopted in ED-5000 and proposes not to introduce a prohibition in the requirement as is the case in ISA 620.
46. However, to seek to address the confusion among respondents, the SATF has proposed a minor change to include application material from ISAE 3000 (Revised). This application material explains that, as the practitioner has sole responsibility for the assurance conclusion expressed, if the assurance report refers to a practitioner’s expert, it is important that the wording of that report does not imply that the practitioner’s responsibility for the conclusion expressed is reduced because of the involvement of that expert (see paragraph A494A of **Agenda Item 3-H**).
47. The SATF also considered the comment from the MG member suggesting that the practitioner’s sole responsibility for the conclusion to be expressed should be elevated to a requirement. The SATF is of the view that this is not necessary, as it is sufficiently clear from the other requirements and application material that this is the case.

Other Comments on Practitioner’s Experts

48. As described in paragraph 34 above, reference to a practitioner’s external expert has been removed from paragraph 42 of **Agenda Item 3-H**. In addition, to respond to the calls from respondents for greater distinction to be made in the application between internal and external experts (and the view of a respondent that paragraph 49 of ED-5000 was flawed by only applying to the work of a practitioner’s external expert), the SATF has proposed further changes to application material to paragraph 41, addressing engagement resources (see paragraph A83 of **Agenda Item 3-H**) to better explain the distinction between a practitioner’s internal expert and external expert.
49. The SATF has also proposed reverting the requirement in paragraph 54A of **Agenda Item 3-H** back to the ISAE 3000 (Revised) position of applying to both internal and external experts.

Using the Work of Another Practitioner

50. The SATF discussed the many practical challenges raised by respondents related to the requirements in ED-5000 for using the work of another practitioner and considered these in light of a broader discussion about the overall approach to group sustainability assurance engagements and how to address the concept of the value chain (see also the analysis of comments and SATF views and recommendations in relation to Question 18 in Sections C.2 above and D.3 below).

Engagement Strategy

51. The SATF discussed that, in determining an overall strategy for the nature, timing and extent of procedures to be performed on the engagement, prior to considering whether to use the work of another practitioner, the practitioner would first evaluate whether sufficient appropriate evidence could be obtained from records held by the reporting entity, e.g., group, management. This strategic thought process, which is further described in the SATF views and recommendations in the Group

Engagements section (see section D.3 below), has been set out in application material to paragraph 89A of **Agenda Item 3-H** (see paragraph A269B of **Agenda Item 3-H**).

52. To address other comments from respondents, the SATF has also included, within this new application material, guidance that describes the concept of an assurance report issued by another practitioner, on behalf of a source entity, that is designed for use by other entities and assurance practitioners across a value chain (a “one-to-many” report). This sets a foundation for the proposed changes to the requirements applicable to another practitioner in paragraphs 51 and 51A of **Agenda Item 3-H** (see also paragraphs 56-59 below).

Evaluating Another Practitioner’s Independence

53. Based on the proposals in the IESBA exposure draft of changes to the IESBA Code to address sustainability assurance engagements, the SATF has deleted part (b) of paragraph 51 in **Agenda Item 3-H** and added new application material explaining that relevant ethical requirements may specify actions a practitioner is required, or may be permitted, to take when evaluating the independence of another practitioner.

Evaluating the Adequacy of Another Practitioner’s Work

54. The SATF considered the MG member comment that a more explicit requirement should be added for the practitioner to, when applicable, obtain evidence from the work of another practitioner that is adequate for the practitioner’s purposes. The SATF is of the view that this is not necessary, as the overall requirement is clear that the purpose of using the work of another practitioner is to obtain evidence for the purposes of the practitioner’s engagement. However, the SATF has proposed an edit to paragraph 51(d) in **Agenda Item 3-H** to create a more explicit link to the concept of obtaining evidence, which also addresses questions from some respondents about the distinction between paragraphs 51(c) and (d).
55. However, based on the overall intent of the MG member feedback, together with further discussion by the SATF that the challenges related to obtaining sufficient appropriate evidence over information that is aggregated from a value chain entity may often give rise to scope limitations, the SATF has proposed an edit to paragraph 53 in **Agenda Item 3-H** to emphasize that, if a practitioner cannot obtain sufficient appropriate evidence, further procedures need to be planned and, subject to the outcome of any such further procedures, the practitioner considers the implications for the engagement, including whether a scope limitation exists.

“One-to-Many” Assurance Practitioner’s Reports

56. The SATF has developed a new conditional requirement (see paragraph 51A of **Agenda Item 3-H**) that has been based on a similar requirement in ISA 402.¹² This requirement seeks to acknowledge the premise that, due to the relationship between entities in a value chain, it is expected that assurance reports similar to service organization auditor’s reports may evolve as a necessary solution to address reporting entities’ information needs when complying with relevant sustainability reporting frameworks. The SATF is of the view that including this baseline requirement in ISSA 5000 may help to future-proof the standard and provide a way forward, with a possible future ISSA based on ISA 402 if the ecosystem does evolve as some stakeholders predict.

¹² ISA 402, paragraph 17

57. The key premise underpinning paragraph 51A is that while practitioners may face many challenges, including access restrictions, that impact their ability to evaluate the work of another practitioner, in particular in relation to a value chain entity, the availability of an assurance report designed for use in a manner similar to an ISAE 3402 report may be a means to support the evaluation of the adequacy of another practitioner’s work required under paragraph 51.
58. In discussing proposed paragraph 51A, the SATF discussed the scalability of the requirement and what level of work would be expected for both limited and reasonable assurance. The SATF was of the view that:
- (a) For a limited assurance engagement, the practitioner should be required to obtain an understanding about whether the reporting entity has designed and implemented any controls over the information obtained from the [source][value chain] entity, but not required to test their operating effectiveness.
 - (b) For a reasonable assurance engagement, the practitioner should be required to test the operating effectiveness of controls that the reporting entity has designed and implemented over the information obtained from the [source][value chain] entity. Paragraph 51BR has been added to reflect this incremental requirement.
59. The requirement and related application material is drafted in a manner that recognizes that the subject matter addressed in the report of another practitioner that is designed for use by user entities and their assurance practitioners may not be limited to only testing the operating effectiveness of controls and may extend in the future to describing the results of substantive procedures.

Other Comments

60. The SATF also notes the following:
- (a) Inconsistent language will be checked and updated as necessary as part of further drafting in response to comments and SATF discussion.
 - (b) Staff are involved in, and will continue to monitor, developments relating to the IESBA experts project and potential implications for ISSA 5000 of the proposed revisions to the Code.
 - (c) Staff will further consider whether there has been a sufficient level of comments on the definitions of management’s expert and practitioner’s expert to warrant revisions.
 - (d) No further changes are proposed with respect to using the work of internal audit, other than the change to the definition of engagement team described in paragraph 39 above.

D.3 Group Engagements

Relevant Paragraphs in Agenda Item 3-H		
Introduction and Requirements	Application Material	Related Definitions
55A, 88, 89, 89A, 135AL and 135AR	A128A-A128E and A269A-A269C	17(g1), 17(g2), 17(u1), 17(u2), 17(u3)

61. The SATF acknowledged the calls from respondents for additional requirements or guidance for group sustainability assurance engagements. Even those respondents that supported the principles-based approach in ED-5000 noted that additional guidance will likely be needed either in ISSA 5000 or in separate implementation materials issued concurrently with or shortly after the issuance of the final standard. The SATF also noted the overlap of the comments on groups with those on using the work of others, including for the value chain.

Specific Requirements for Groups vs. Guidance to Supplement the Existing Principles-Based Requirements

62. As noted in **Agenda Item 3**, given the principles-based nature of proposed ISSA 5000, the SATF discussed the importance of striking a balance between including requirements and application material in an overarching standard to address the complexities and challenges of a group sustainability assurance engagement, versus providing guidance outside of the final standard to supplement the principles-based requirements. Relevant considerations in this regard include in particular:
- (a) Including requirements for group engagements raises questions about whether definitions of group-specific terms will need to be added (e.g., group, group practitioner, component, component practitioner).
 - (b) The extent to which requirements can be included from ISA 600 (Revised) without further adaptation as some concepts and requirements in ISA 600 (Revised) may not be directly applicable or readily transferable to group sustainability assurance engagements.
63. The SATF considered whether matters such as those noted in paragraph 62 above may be an indicator that guidance on groups to supplement the existing principles in ED-5000 may be a better approach in the near term.
64. In considering possible requirements specific to group engagements, the SATF recalled the IAASB’s view that the principles-based requirements in ED-5000 are capable of being applied for all sustainability assurance engagements was based, at least in part, on the fact that these requirements encompass the key principles in ISA 600 (Revised), which focused on “what, where and by whom” (see also paragraph 30 above). For example, ED-5000 required the practitioner (or engagement leader, as applicable) to:
- (a) Understand the sustainability information to be reported, which may include information in multiple locations or from multiple sources, and from entities inside or outside the organizational boundary, including several steps up or down the value chain (i.e., the “what”). This is done in part through understanding the entity and its environment, including the system of internal control and, in particular, the information system relevant to the preparation of the sustainability information. The entity’s “materiality process” also may provide useful information in this regard.
 - (b) Determine the approach to the engagement, including where and how evidence needs to be obtained, and the necessary resources to perform the engagement. Resources could be the “main” engagement team, internal or external practitioner’s experts, or other practitioners (from network firms or non-network firms). That’s the “where and by whom.”
 - (c) Be sufficiently and appropriately involved throughout the engagement, including taking responsibility for the direction, supervision and review of the work of the engagement team.

65. The SATF discussed that these principles could be further highlighted in proposed ISSA 5000. Possible ways of doing so may be to:
- (a) Add an appendix to the standard that explains these key principles in more detail for a sustainability assurance engagement and “reconciles” to the same key concepts in ISA 600 (Revised).
 - (b) Add separate “Considerations for Group Assurance Engagements” to various sections in ED-5000, similar to the approach used in ISA 600 (Revised) for considerations when component auditors are involved.
 - (c) Provide additional application material to deal with the unique aspects of group engagements and clearly highlight this additional guidance as relating to groups in the final standard.
66. On balance, the SATF was of the view that the most appropriate way to address respondent comments is to add selected requirements to proposed ISSA 5000 for group engagements. This would help to reinforce the existing principles in ED-5000, including linkage to the requirements and guidance on using the work of others. Additional guidance could then be provided outside the standard on other matters related to group engagements.

Additional Requirements Specific to Group Engagements

67. Taking into account the matters suggested by respondents as described in paragraph 25 above, the SATF discussed possible requirements or guidance on the following:
- (a) Engagement strategy and approach, including factors for the practitioner to consider in making scoping decisions.
 - (b) Communications between the “main” engagement team and others involved in the engagement.
 - (c) Understanding the “consolidation” or aggregation process, and assessing and responding to risks of material misstatement in that process.
 - (d) Obtaining evidence about information from the value chain.

Terminology

68. To provide a foundation for the requirements and related application material specific to group sustainability assurance engagements, the SATF added the following definitions in paragraph 17 of **Agenda Item 3-H**:
- (a) Component – see paragraph 17(g1)
 - (b) Component practitioner – see paragraph 17(g2)
 - (c) Group – see paragraph 17(u1)
 - (d) Group sustainability assurance engagement – see paragraph 17(u2)
 - (e) Group sustainability information – see paragraph 17(u3)

The definitions are largely consistent with the definitions of these terms in the IESBA Exposure Draft and the IAASB will continue coordinating with IESBA in this regard. These are also similar terms for group audits in ISA 600 (Revised).

Overall Engagement Strategy and Approach

69. The SATF revised paragraph 89 in **Agenda Item 3-H** to require the practitioner to develop an overall strategy and engagement plan, which would be applicable for all sustainability assurance engagements. In doing so, the SATF essentially has subsumed paragraph 88 into paragraph 89, and paragraph 88 has therefore been deleted.
70. The SATF added a new conditional requirement in paragraph 89A of **Agenda Item 3-H**, based on paragraph 22 of ISA 600 (Revised), to address the overall strategy and engagement plan if the sustainability information is aggregated from multiple entities or business units. In these circumstances, the practitioner is required to determine the entities at which procedures will be performed and the resources needed to perform the procedures.
71. To support the new conditional requirement, the SATF added application material paragraphs A269A-A269C in **Agenda Item 3-H**, which were based on paragraphs A51-A54 of ISA 600 (Revised).

Communications

72. The SATF added paragraph 55A of **Agenda Item 3-H** to require the engagement leader to take responsibility for determining that communications take place at appropriate times throughout the engagement among the engagement team and, as applicable, practitioner’s external experts, component practitioners, and the internal audit function. The SATF did not include another practitioner(s) in this overarching requirement because communications may not always be possible when the practitioner is unable to direct, supervise and review the work of another practitioner. Paragraph 52 of **Agenda Item 3-H** requires the practitioner to communicate, to the extent necessary in the circumstances, about the findings from another practitioner’s work.
73. Paragraphs A128A-A128E of **Agenda Item 3-H** were added to provide guidance on the benefits of clear and timely communication, factors that contribute to effective two-way communication, and the form and timing of communications.

The Entity’s “Consolidation” or Aggregation Process

74. The SATF discussed suggestions from respondents for a requirement or guidance on the entity’s “consolidation” or aggregation process and decided to add conditional requirements in paragraphs 135AL and 135AR of **Agenda Item 3-H** to supplement the baseline requirements related to the process for assembling the sustainability information in paragraphs 135L/R. The SATF noted that sustainability reporting frameworks may require “consolidated” or aggregated sustainability information, but ordinarily do not provide detailed guidance for how the entity would aggregate information from multiple entities in preparing the disclosures.
75. The SATF will further consider whether the application material in proposed ISSA 5000 related to the practitioner’s understanding of the information system could be expanded to include considerations related to groups or “consolidated” information.

Obtaining Evidence about Information from the Value Chain

76. As explained in paragraph 31(e) above, what is considered to be sufficient appropriate evidence for information relating to an entity outside the organizational boundary of the reporting entity (e.g., a value chain entity), including information that may be incorporated by reference in the reported sustainability information, will be further explored by the SATF after the March meeting.

Other Areas

77. The SATF noted the calls from respondents for requirements and guidance about materiality in a group context, including the notion of “component” performance materiality. However, the SATF is of the view that additional guidance on materiality, including for groups, is best addressed in implementation guidance. See also **Agenda Item 3-D** regarding the analysis of comments on Question 12 and related SATF views and recommendations.
78. The SATF is of the view that implementation guidance should be developed for group sustainability assurance engagements to facilitate the consistent application of the requirements in proposed ISSA 5000. However, the SATF also concluded that a separate “special considerations” ISSA for group sustainability assurance engagements may be the optimal solution in the long term, and that the IAASB should clearly communicate with stakeholders about its intentions in this regard.

Matters for IAASB Consideration

1. The IAASB is asked for its views on the SATF’s recommendations and proposed revisions to ED-5000, as described above, and in particular the:
 - (a) Definition of another practitioner (see paragraphs 32-33 above), clarifications to the concept of sufficient involvement (see paragraphs 34-37 above), and revisions to the definition of engagement team (see paragraphs 39-40 above).
 - (b) Revisions related to using the work of practitioner's experts (see paragraphs 41-49 above).
 - (c) Revisions related to using the work of another practitioner (see paragraphs 50-59 above).
 - (d) Requirements and application material related to “group” engagements (see paragraphs 67-75 above).