

### Sustainability Assurance – Cover Note

#### Objective:

The objective of the IAASB discussion is to obtain the Board's input on:

- (a) The draft of proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*, presented in **Agenda Item 2-A.1**, containing the requirements, and **Agenda Item 2-A.2**, containing the application material and appendices, including:
  - (i) Significant changes for the matters that were discussed with the Board in March 2024 and to address off-line comments from the Board, as described in **Agenda Item 2-B**; and
  - (ii) Revisions to address respondents' comments on the questions described in (b) below.
- (b) Provide an overview of respondents' comments on 11 questions from the Explanatory Memorandum (EM) to Exposure Draft for ISSA-5000 and obtain the Board's input on the Sustainability Assurance Task Force's (SATF) views and recommendations for the approach to addressing the key themes identified from the responses as set out in **Agenda Items 2-C to 2-G**.

#### *Approach to the Board discussion*

The SATF Chair, along with other members of the Sustainability Assurance Team, will walk through **Agenda Items 2–A.1 and 2-A.2**, taking comments on the requirements and related application material paragraphs in the order outlined in **Appendix 3** to this paper. **Appendix 3** also includes references to the related agenda items for responses to the EM questions.

## Introduction

### Background

1. In March 2024, the SATF provided the Board with a high-level overview of the stakeholder feedback received to the public consultation on proposed ISSA 5000 (See [March 2024 Board papers](#) Agenda Item 3 paragraph 12), and based on the comment letters, survey responses, and feedback from the extensive global outreach, the SATF discussed with the Board 15 questions from the EM that generated the most significant comments from stakeholders and represented the main themes that emerged from the feedback. The themes arising from the EM questions discussed with the Board in March 2024 comprised:
  - Scope and Applicability of Proposed ISSA 5000 – EM Question 3
  - Sustainability Matters, Sustainability Information and Disclosures – EM Questions 5 and 6
  - Relevant Ethical Requirements and Quality Management Standards – EM Question 4
  - Materiality – EM Questions 9, 11 and 12
  - Engagement Team, Using the Work of Others, and “Group” Engagements – EM Questions 14, 15 and 18
  - Limited and Reasonable Assurance – EM Questions 7, 13 and 17

- Other Matters – EM Question 25
- 2. The Board noted overall support for the revisions that the SATF made to ED-5000<sup>1</sup> as presented in March 2024 meeting (Agenda Item 3-H).
- 3. The SATF met in April and May 2024 to deliberate and address the comments and directions raised by the Board during the March 2024 meeting. Furthermore, the SATF discussed the Staff's analysis of the respondents' comments related to 11 out of the 12 remaining questions from the EM (analysis of Question 27 "Effective Date" will be presented to the Board during the September 2024 meeting).
- 4. The table in paragraph 8 provides an overview of the themes arising from the responses to ED-5000, the related EM questions and the related separate Agenda papers that will be discussed in June 2024, during the walk through of proposed ISSA 5000.

#### **Coordination with International Ethics Standards Board for Accountants (IESBA)**

- 5. IESBA's two exposure drafts [Using the Work of an External Expert ED](#) and [International Ethics Standards for Sustainability Assurance ED closed for comment on April 30 and May 10 respectively](#). During the public consultation period for these exposure drafts, the IAASB and IESBA have continued their coordination efforts. Based on the feedback on ED-5000 and subject to feedback on the IESBA exposure drafts, topics of coordination in 2024 may include:
  - Terms and definitions, including sustainability information and sustainability matters.
  - The application of ethical requirements that are "at least as demanding" as the IESBA Code related to sustainability assurance engagements.
  - Engagement team and using the work of others, including another practitioner, external experts, information from the value chain and group engagements.
  - Communication between the practitioner and the financial statement auditor.

#### **Outreach**

- 6. Details of outreach activities since the March 2024 Board meeting are included in **Appendix 1**.

#### **Materials Presented**

- 7. This paper sets out the following:
  - **Part A:** A summary of the broad range of stakeholders that submitted written responses to ED-5000.
  - **Part B:** Approach to the Board discussion, including references to the other papers presented for this Agenda Item.
  - **Part C:** Approach to the analysis of responses and SATF views and recommendations.
  - **Part D:** Way forward.

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<sup>1</sup> Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements, and Proposed Conforming and Consequential Amendments to Other IAASB Standards*.

*Agenda Items for Board Discussion*

8. The SATF is presenting the requirements and application material in separate documents (**Agenda Items 2-A.1 and 2-A.2**, respectively) to facilitate the Board's preparation for the June meeting and assist in the walkthrough of the proposed standard during the meeting. The SATF Chair, along with Sustainability Assurance Team, will walk through **Agenda Items 2-A.1 and 2-A.2**, taking comments on the requirements and related application material paragraphs in the order outlined in **Appendix 3** to this paper. **Appendix 3** also references the related matters discussed in different agenda papers submitted to the Board. The table below provides an overview of the themes from the responses to ED-5000, the related EM questions and separate Agenda papers.

Agenda Item(s)	Themes	EM Question(s)
<b>Agenda Item 2-A.1</b>	Proposed ISSA 5000 – Requirements (marked from March Meeting/ED-5000)	
<b>Agenda Item 2-A.2</b>	Proposed ISSA 5000 – Application Material and Appendices (marked from March Meeting/ED-5000)	
<b>Agenda Item 2-B</b>	Explanation of Significant Changes	
<b>Agenda Item 2-C</b>	Preconditions	Question 8 Question 10
<b>Agenda Item 2-D</b>	Estimates and Forward-Looking Information	Question 16
<b>Agenda Item 2-E</b>	Fraud	Question 19
<b>Agenda Item 2-F</b>	Communication with Management, Those Charged with Governance and Others	Question 20
<b>Agenda Item 2-G</b>	Reporting	Question 21 Question 22 Question 23

*Appendices and Other Agenda Items Accompanying This Paper*

9. This Agenda Item includes the following appendices and other agenda items:

<b>Appendix 1</b>	Overview of the SATF members and activities since March 2024
<b>Appendix 2</b>	List of Respondents to ED-5000
<b>Appendix 3</b>	Approach for the Walkthrough of <b>Agenda Items 2-A.1 and 2-A.2</b>

<b>Appendix 4</b>	Approach to Analysis of Responses and SATF Recommendations
<b>Appendix 5</b>	Respondents' Comments for Selected EM Questions for ED-5000 and the Related Agenda Items Where the Summary and Detailed Comments are Presented
<b>Appendix 6</b>	Public Interest Responsiveness - Analysis of comments received on Question 2 in the Explanatory Memorandum to ED-5000
<b>Agenda Items 2-H.1 to 2-H.11 (Supplemental)</b>	Summary of Respondents' Comments on ED-5000 – EM questions 2, 8, 10, 16, 19, 20, 21, 22, 23, 24 and 26
<b>Agenda Items 2-I.1 to 2-I.11 (Supplemental)</b>	Respondents' Detailed Comments on ED-5000 – EM Questions 2, 8, 10, 16, 19, 20, 21, 22, 23, 24 and 26

## Part A: Overview of Responses to ED-5000

### Comment Letters

10. The comment period for ED-5000 closed on December 1, 2023. 143 responses were received from a broad range of stakeholders from all geographical regions as follows (also see **Appendix 2** for a list of respondents to ED-5000):

Stakeholder Type	No.	Stakeholder Type	No.
Monitoring Group (MG)	4	Other Respondents, <sup>1</sup> comprising:	
Preparers, Users and Those Charged with Governance, <sup>2</sup> comprising:		Public Sector Organizations	5
Preparers and Users of Sustainability Information	13	Academic or Academic Body	5
Those Charged with Governance	2	Individuals and Others	8
Regulators and Audit Oversight Authorities	11	<b>Total</b>	<b>143</b>
Standard Setters, <sup>1</sup> comprising:			
National Auditing Standard Setters	14		
		<b>Region</b>	<b>No.</b>

<sup>2</sup> These stakeholder groups were combined for the purposes of presenting a breakdown of the respondents' comments by theme in the charts in **Agenda Item 2 Appendix 5** and **Agenda Items 2-C to 3-G**.

Global Standard Setters	2	Global	37
Assurance Practitioners, <sup>1</sup> comprising:		Europe	40
Assurance Practitioner or Firm – Accounting Profession	21	Middle East and Africa	12
Assurance Practitioner or Firm – Other Profession	5	North America	17
Member Bodies and Other Professional Organizations	53	South America	6

### Survey Responses

11. 36 responses were received covering all geographical regions.

### Part B: Approach to the Board Discussion

12. During the June 2024 IAASB meeting, the SATF Chair and Sustainability Assurance Team will walk through **Agenda Items 2–A.1** and **2–A.2**, the proposed revisions made to the requirements and related application material paragraphs addressing either the comments raised by the Board during the March 2024 meeting or the analysis of the remaining 11 questions to the EM, where relevant (refer to paragraph 8). The SATF will follow the order outlined in **Appendix 3** to this paper.
13. After each section the Board will be asked for its views on the SATF's recommendations and proposed revisions to proposed ISSA 5000 and, where applicable, whether the Board agrees with the SATF summary of respondents' feedback presented and whether there are any other significant issues raised by respondents that should be discussed.
14. **Agenda Items 2–A.1** and **2–A.2** include the SATF's proposed revisions for certain paragraphs of proposed ISSA 5000, marked from:
- The IAASB March 2024 meeting (Agenda Item 3-H) for the paragraphs considered at that meeting, which are indicated by yellow highlighting of the relevant paragraph or sub-paragraph number or the first word of the bullet point, as applicable; and
  - ED-5000 for the remaining paragraphs.
15. The SATF is not seeking Board input on paragraphs that have been greyed out at this stage.
16. Consistent with the approach in ED-5000 (see paragraph 9 of the Explanatory Memorandum to ED-5000) and recognizing that changes may be needed to align with final changes to the IESBA Code, certain material that may require further revision before the standard is finalized to align with the Code has been shaded in light grey in **Agenda Items 2–A.1** and **2–A.2**.

## Part C: Approach to Analysis of Responses and SATF Recommendations

### Analysis of Comments and Approach to Developing the SATF Recommendations

17. The approach for the analysis of the comments and developing the SATF recommendations is consistent with the approach followed for the March 2024 Board meeting, included in **Appendix 4** to this paper (see March 2024 Board meeting Agenda Item 3).

### Public Sector Considerations

18. Question 24 of the EM to ED-5000 asked whether there are any public sector considerations that need to be addressed in ED-5000. 34 of the 143 respondents responded to Question 24. None of the MG members responded. (See **Agenda Item 2-H.10** for further details on the overall responses and **Agenda Item 2-I.10** for comments received).
19. Respondents raised the following points:
- Materiality may require additional considerations for public sector entities.
  - ED-5000 should remain principles-based and sector-agnostic, and there is no need to incorporate specific public sector considerations.
  - Additional guidance may be needed.
  - IAASB should coordinate with the International Public Sector Accounting Standards Board (IPSASB) on matters related to sustainability reporting and assurance in the public sector.
20. The SATF noted the comments raised by the respondents in support of a principles-based and sector-agnostic approach. Public sector considerations are already included in the application material in a number of places, including an example of public sector factors relevant to the practitioner's consideration of materiality for qualitative disclosures (see paragraph A278 of **Agenda Item 2-A.2**). However, in response to respondent's comments on the preconditions (see **Agenda Item 2-C**), the SATF has included a new application material paragraph that some of the preconditions for an assurance engagement may be assumed to be present in the public sector environment. The SATF is of the view that the public sector considerations included in proposed ISSA 5000 are appropriate. Additional guidance or examples specific to the public sector can be considered as part of the first-time implementation guidance and other non-authoritative guidance materials to be developed.

### Translation

21. Question 26 to the EM to ED-5000 asked whether respondents noted any potential translation issues in ED-5000. Only 15 of the 143 respondents commented on Question 26, primarily in relation to terms used such as: other practitioner and another practitioner, sustainability information and sustainability matters, reporting boundary and "at least as demanding." None of the MG members responded. See **Agenda Item 2-H.11** for further details on the overall responses and **Agenda Item 2-I.11** for comments received.
22. The SATF noted that no significant translation issues were identified and therefore no changes are needed to the standard. However, the SATF will remain alert for potential wording that may have different meanings or interpretations, or lead to understandability issues, when translated in different jurisdictions and will revise such wording as necessary.

## Part D: Way Forward

### Effective Date

23. The SATF will present the analysis of Question 27 in the EM regarding the effective date at the September 2024 IAASB meeting.

### Next Steps – Finalizing the Proposed Standard

24. Following the June 2024 IAASB meeting, and based on the Board's feedback, the SATF will further discuss key matters raised at the meeting with respect to the themes analyzed and make further revisions as needed to proposed ISSA 5000 to address the Board's comments.
25. In addition, the SATF will continue to engage in coordination activities with IESBA, as appropriate.
26. IAASB approval of the final standard is targeted for September 2024.

### Plan for Implementation Support Materials

27. The SATF has commenced work on implementation support materials to assist practitioners when applying proposed ISSA 5000. The table below contains an initial list of the planned implementation support materials and the planned timing for their publication.

Implementation Support Materials	Timing of Publication
Basis for Conclusions	To be issued with the final standard after PIOB certification of ISSA 5000
Fact Sheet	
First-Time Implementation Guide	
Non-authoritative guidance on the scope and applicability of ISSA 5000 (targeted at jurisdictions)	To be issued in due course after ISSA 5000 is published
Non-authoritative guidance on quality management relevant to sustainability assurance	
Updated ISSA 5000 FAQs	

## **SATF Members and Activities**

### **SATF Members**

1. Information about the SATF members and the project can be found [here](#).

### **SATF Activities since the March 2024 IAASB Meeting**

#### *Meetings*

2. The SATF met in person for four days in April and virtually for three days in May.

#### *Outreach Activities*

3. The IAASB Chair, Program and Technical Director, SATF Chair and IAASB Staff have engaged with representatives of the following stakeholders in person or at virtual meetings and presentations at stakeholder events:
  - International Financial Reporting Standards Foundation (IFRS Foundation)
  - International Organization for Standardization (ISO)
  - European Commission
  - National Standard Setters (NSS)
  - The Taskforce on Nature-Related Financial Disclosures (TNFD)
  - Government Sustainability Reporting Working Group
  - Good Governance Academy (GGA)
  - CPA Australia
  - Global Reporting Initiative (GRI) / International Sustainability Standards Board (ISSB)
  - Commission of European Auditing Oversight Bodies (CEAOB)
  - Institute of Chartered Accountants in England and Wales (ICAEW)



## Appendix 2

## List of Respondents to ED–5000

No.	Respondent	Region
<b>Monitoring Group</b>		<b>Total: 4</b>
1.	Basel Committee on Banking Supervision (BIS)	Global
2.	International Association of Insurance Supervisors (IAIS)	Global
3.	International Forum of Independent Audit Regulators (IFIAR)	Global
4.	International Organization of Securities Commissions (IOSCO)	Global
<b>Preparer and Users of Sustainability Information</b>		<b>Total: 13</b>
5.	American Bankers Association (ABA)	North America
6.	Ceres, Inc.	North America
7.	Climate Accounting & Audit Project (CAAP)	Global
8.	Corporate Reporting User's Forum (CRUF)	Global
9.	French Insurance Federation (France Assureurs)	Europe
10.	Keidanren (Japan Business Federation)	Asia Pacific
11.	Link Asset Management Limited	Asia Pacific
12.	MFIs' Internal Audit ESG Working Group	Global
13.	Norges Bank Investment Management	Europe
14.	Philip Morris International INC.	Global
15.	Singapore Exchange (SGX Group)	Asia Pacific
16.	The Investment Association	Europe
17.	World Business Council for Sustainable Development (WBCSD)	Global
<b>Those Charged with Governance</b>		<b>Total: 2</b>
18.	Eumedion	Europe
19.	International Corporate Governance Network (ICGN)	Global
<b>Regulators and Audit Oversight Authorities</b>		<b>Total: 11</b>
20.	Accounting and Auditing Board of Ethiopia	Middle East and Africa
21.	Accounting and Corporate Regulatory Authority (ACRA)	Asia Pacific
22.	Botswana Accountancy Oversight Authority	Middle East and Africa
23.	Canadian Public Accountability Board (CPAB)	North America
24.	Committee of European Auditing Oversight Bodies (CEAOB)	Europe

No.	Respondent	Region
25.	European Securities and Markets Authority (ESMA)	Europe
26.	Financial Reporting Council – UK (FRC)	Europe
27.	Independent Regulatory Board for Auditors (IRBA)	Middle East and Africa
28.	Irish Auditing and Accounting Supervisory Authority (IAASA)	Europe
29.	National Association of State Boards of Accountancy (NASBA)	North America
30.	Securities and Exchange Commission Philippines	Asia Pacific
<b>Jurisdictional/ National Standard Setter</b>		<b>Total: 14</b>
31.	American Institute of Certified Public Accountants (AICPA)	North America
32.	Auditing and Assurance Standards Board Canada (AASB)	North America
33.	Auditing and Assurance Standards Council (Philippines) (AASC)	Asia Pacific
34.	Australian Auditing and Assurance Standards Board (AUASB)	Asia Pacific
35.	Austrian Chamber of Tax Advisors and Public Accountants (KSW)	Europe
36.	Comite Brasileiro de Sustentabilidade (CBPS)??	South America
37.	Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)	Europe
38.	Hong Kong Institute of Certified Public Accountants (HKICPA)	Asia Pacific
39.	Institut der Wirtschaftspruefer in Deutschland e.V.(IDW)	Europe
40.	Japanese Institute of Certified Public Accountants (JICPA)	Asia Pacific
41.	Malaysian Institute of Accountants - Auditing and Assurance Standards Board (MIA)	Asia Pacific
42.	New Zealand Auditing and Assurance Standards Board	Asia Pacific
43.	Public Accountants and Auditors Board Zimbabwe (PAAB)	Middle East and Africa
44.	Royal Dutch Institute of Chartered Accountants (NBA)	Europe
<b>Global Standard Setter</b>		<b>Total: 2</b>
45.	Global Reporting Initiative (GRI)	Global
46.	Social Value International	Global
<b>Assurance Practitioner or Firm - Accounting Profession</b>		<b>Total: 21</b>
47.	Altaf Noor Ali Chartered Accountants	Asia Pacific
48.	BDO International	Global
49.	Baker Tilly International	Global
50.	Crowe Global	Global

No.	Respondent	Region
51.	Deloitte LLP	Global
52.	Ernst & Young Global Limited	Global
53.	ETY sas	Middle East and Africa
54.	European Contact Group (ECG)	Europe
55.	Grant Thornton International Ltd	Global
56.	HLB International	Global
57.	KPMG International	Global
58.	Mazars	Global
59.	MHA	Europe
60.	MNP LLP	North America
61.	Mo Chartered Accountants (Zimbabwe)	Middle East and Africa
62.	Nexia International	Global
63.	PKF International Limited	Global
64.	PricewaterhouseCoopers International Limited	Global
65.	RSM International Limited	Global
66.	UHY Calderón González	South America
67.	UHY International	Global
<b>Assurance Practitioner or Firm - Other Profession</b>		<b>Total: 5</b>
68.	Academy for Practical Training on Sustainability Assurance (APTISA)	Europe
69.	Mincore (Chile)	South America
70.	ERM Certification and Verification Services Limited	Global
71.	SGS	Global
72.	TIC Council	Global
<b>Public Sector Organizations</b>		<b>Total: 5</b>
73.	First Nations Financial Management Board	North America
74.	Government Accountability Office – United States	North America
75.	Office of the Auditor General of Alberta	North America
76.	Office of the Auditor General of Canada	North America
77.	Office of the Auditor General (New Zealand)	Asia Pacific

No.	Respondent	Region
<b>Member Bodies and Other Professional Organizations</b>		<b>Total: 51</b>
78.	Accountancy Europe	Europe
79.	ASEAN Federation of Accountants (AFA)	Asia Pacific
80.	ASSIREVI – Association of the Italian audit firms	Europe
81.	ACTEO AFEP MEDEF	Europe
82.	Belgian Institute of Registered Auditors	Europe
83.	Center for Audit Quality – United States	North America
84.	Chartered Accountants Ireland	Europe
85.	Chamber of Financial Auditors of Romania (CAFR)	Europe
86.	Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)	Global
87.	Chartered Professional Accountants of Canada (CPAC)	North America
88.	Colegio de Contadores Públicos de Costa Rica	South America
89.	Consejo General de Economistas de España	Europe
90.	Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC)	South America
91.	CPA Australia	Asia Pacific
92.	CPA Ireland	Europe
93.	European Commission Platform on Sustainable Finance (PSF)	Europe
94.	European Confederation of Institutes of Internal Auditing (ECIIA)	Europe
95.	European Group of International Accounting Networks and Associations (EGIAN)	Europe
96.	European Federation of Accountants and Auditors for SMEs (EFEAA)	Europe
97.	European Federation of Financial Analysts Societies (EFFAS)	Europe
98.	EXPERTsuisse	Europe
99.	Federation of Accounting Professions (TFAC)	Asia Pacific
100.	Global Accounting Alliance (GAA)	Global
101.	Institut Akuntan Publik Indonesia (IAPI)	Asia Pacific
102.	Instituto de Censores Jurados de Cuentas de España (ICJCE)	Europe
103.	Institute of Certified Public Accountants of Rwanda (ICPAR)	Middle East and Africa
104.	Institute of Chartered Accountants in England and Wales (ICAEW)	Europe
105.	Institute of Chartered Accountants of Ghana	Middle East and Africa

No.	Respondent	Region
106.	Institute of Chartered Accountants of Pakistan (ICAP)	Asia Pacific
107.	Institute of Chartered Accountants of Scotland (ICAS)	Europe
108.	Institute of Chartered Accountants of Sri Lanka	Asia Pacific
109.	Institute of Chartered Accountants of the Maldives	Asia Pacific
110.	Institute of Internal Auditors (IIA)	Global
111.	Institute of Singapore Chartered Accountants (ISCA)	Asia Pacific
112.	Instituto de Auditoria Independente do Brasil - Ibracon	South America
113.	Instituto Mexicano de Contadores Publicos (IMCP)	North America
114.	Instituto Nacional de Contadores Públicos de Colombia (INCP)	South America
115.	International Federation of Accountants (IFAC)	Global
116.	Korean Institute of Certified Public Accountants (KICPA)	Asia Pacific
117.	Malaysian Institute of Certified Public Accountants (MICPA)	Asia Pacific
118.	Malta Institute of Accountants (MIA)	Europe
119.	New York State Society of Certified Public Accountants (NYSSCPA)	North America
120.	Nordic Federation of Public Accountants (NRF)	Europe
121.	NOREA - Dutch Professional Association of Registered IT Auditors	Europe
122.	Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)	Middle East and Africa
123.	Pan-African Federation of Accountants (PAFA)	Middle East and Africa
124.	Pennsylvania Institute of Certified Public Accountants (PICPA)	North America
125.	Saudi Organization for Chartered and Professional Accountants (SOCPA)	Middle East and Africa
126.	Securities Analysts Association of Japan	Asia Pacific
127.	South African Institute of Chartered Accountants (SAICA)	Middle East and Africa
128.	Virginia Society of CPAs	North America
129.	Wirtschaftsprüferkammer (WPK)	Europe
130.	World Federation of Exchanges	Global
<b>Academic or Academic Body</b>		<b>Total: 5</b>
131.	Accounting and Finance Association of Australia and New Zealand (Auditing and Assurance Standards Committee) (AFAANZ)	Asia Pacific
132.	Deakin University	Asia Pacific
133.	Monash University	Asia Pacific

No.	Respondent	Region
134.	University of Bristol, UK	Europe
135.	University of Southampton	Europe
<b>Individuals and Others</b>		<b>Total: 8</b>
136.	CarbonPump Pty Ltd	Asia Pacific
137.	Capitals Coalition	Global
138.	Dr. Prachi Ugle Pimpalkhute	Asia Pacific
139.	Global Legal Entity Identifier Foundation (GLEIF)	Europe
140.	World Wide Fund for Nature	Europe
141.	International Accreditation Forum (IAF)	Global
142.	Japan Accreditation Board (JAB)	Asia Pacific
143.	We Mean Business Coalition	Global

## Appendix 3

### Approach for the Walkthrough of Agenda Items 2-A.1 and 2-A.2

Section of Proposed ISSA 5000	Paragraphs in Agenda Items 2-A.1 and 2-A.2	Agenda Item(s) for Analysis of EM question
Introduction and Scope	1-13; A1-A10	2-C
Objectives	15-16	-
Definitions	17; A13-A32B	2-E
	Appendix 1	-
Conduct of an Assurance Engagement in Accordance with the ISSAs	18-24; A33-A43	-
Acceptance and Continuance of the Assurance Engagement	25-28; A44-A52	-
Firm-level Quality Management	29; A53-A58C	-
Engagement-level Quality Management	30-58; A59-A130	-
Fraud and Non-Compliance with Law or Regulation	59-61; A131-A136	2-E
Communication with Management and Those Charged with Governance	62; A137-A140	2-F
Documentation	63-68; A141-A153	-
Preconditions for an Assurance Engagement	69-77; A154-A202	2-C
Terms of the Assurance Engagement	78-81; A203-A208	-
Evidence	82-87; A209-A258	-
Planning	89-93; A259-A285A	-
Risk Assessment Procedures	94L-113; A286-A356	2-C; 2-D; 2-E
Responding to Risks of Material Misstatement	114L-136; A358-A397AR	2-D; 2-E
Accumulation and Consideration of Identified Misstatements; Evaluating the Description of Applicable Criteria	137-145; A398-A426	-

Section of Proposed ISSA 5000	Paragraphs in Agenda Items 2-A.1 and 2-A.2	Agenda Item(s) for Analysis of EM question
Subsequent Events; Written Representations from Management and Those Charged with Governance	146-153; A427-A432	-
Other Information	154-159; A433-A443	2-F
Forming the Assurance Conclusion	160-167; A444-A462	2-E
Preparing the Assurance Report	168-192; A463-A521	2-C; 2-G
	Appendix 2	



**Appendix 4****Approach to Analysis of Responses and SATF Recommendations****Analysis of Comments**

1. The IAASB provided a [Response Template](#) for respondents to use in providing their comments on ED-5000 to facilitate the IAASB's collation and analysis of the responses. For each question in the EM, the respondents provided detailed comments, where applicable, and also indicated their overall response, for example:

- Agree (with no further comments).
- Agree, with comments below.
- Disagree, with comments below.
- Neither agree/disagree, but see comments below.
- No response.

For respondents to ED-5000 that did not use the response template, the SATF determined the overall response for each question based on the detailed feedback provided.

2. Staff and the SATF used NVivo to assist with the analysis of the responses to the questions. **Appendix 5** identifies the supplemental Agenda Items that provide a summary of the respondents' comments relevant for each question analyzed for the June meeting and the related Agenda Items where the detailed comments are presented.
3. When analyzing the comments, it was noted that the overall responses were not always reflective of the nature of the detailed comments. In particular, the SATF noted that in many cases the detailed comments were very similar whether the respondents "agreed with comments" or "disagreed with comments." Therefore, the SATF did not include a breakdown of the overall responses in **Agenda Items 2, and 2-C to 2-G**. Instead, the breakdowns of the overall responses are included in the respective Excel spreadsheets in **Agenda Items 2-H.1 to 2-H.11**.
4. The SATF also determined that the most effective way to analyze and present the comments received was by the themes that emerged from the analysis of the detailed comments. A chart showing the breakdown of the comments by theme and stakeholder group for each question is included in each of the respective Agenda Items. The stakeholder groups reflected in these charts are the seven main groups noted in the table in paragraph 10 in the Cover Note above.

**Approach to Developing the SATF Recommendations**

5. When analyzing the comments, the SATF recognized that there was a significant number of requests for more material in the standard, particularly educational material. The SATF discussed that the IAASB agreed that proposed ISSA 5000 is intended to be principles-based, supported with appropriate application material to drive consistent understanding and application of the requirements. This allows the assurance practitioner to apply professional judgment in planning and performing the assurance engagement. Proposed ISSA 5000 is an overarching standard and not intended to be a detailed methodology for performing sustainability assurance engagements.

6. In developing recommendations to address the comments received from the respondents, the SATF identified the following three possible options, taking into account the overarching nature of the proposed standard and the accelerated timeline of the project:

- Revise the requirements in proposed ISSA 5000. Before selecting this option, the SATF gave careful consideration as to whether a new or revised requirement would be the most appropriate solution to the comment(s) received.
- Update the application material (including appendices). The SATF was cognizant that adding additional application material should only be necessary to drive consistent understanding and application of the requirements, particularly given comments from some respondents about the overall length of the proposed standard.
- Provide additional guidance or examples as part of the first-time implementation guidance or other educational guidance to be developed in the future. The SATF agreed that given the significant number of requests for additional guidance, it would be appropriate to develop first-time implementation guidance and other non-authoritative materials in a timely fashion.

The SATF also noted that some comments would be addressed as part future standard-setting (e.g., separate standards within the ISSA suite of standards).

## Appendix 5

### Respondents' Comments for Selected EM Questions for ED-5000 and the Related Agenda Items Where the Summary and Detailed Comments are Presented

EM Questions	Agenda Item	Summary Comment Analysis (Supplemental)	Detailed Comment Analysis (Supplemental)
Question 2	<b>Agenda Item 2, Appendix 6 -</b> Public Interest Responsiveness	<b>Agenda Item 2-H.1</b>	<b>Agenda Item 2-I.1</b>
Question 8 Question 10	<b>Agenda Item 2-C –</b> Sustainability Assurance — Preconditions	<b>Agenda Item 2-H.2</b> <b>Agenda Item 2-H.3</b>	<b>Agenda Item 2-I.2</b> <b>Agenda Item 2-I.3</b>
Question 16	<b>Agenda Item 2-D –</b> Sustainability Assurance – Estimates and Forward-Looking Information	<b>Agenda Item 2-H.4</b>	<b>Agenda Item 2-I.4</b>
Question 19	<b>Agenda Item 2-E –</b> Sustainability Assurance – Fraud	<b>Agenda Item 2-H.5</b>	<b>Agenda Item 2-I.5</b>
Question 20	<b>Agenda Item 2-F –</b> Sustainability Assurance – Communication with Management, Those Charged with Governance and Others	<b>Agenda Item 2-H.6</b>	<b>Agenda Item 2-I.6</b>
Question 21 Question 22 Question 23	<b>Agenda Item 2-G –</b> Sustainability Assurance – Reporting	<b>Agenda Item 2-H.7</b> <b>Agenda Item 2-H.8</b> <b>Agenda Item 2-H.9</b>	<b>Agenda Item 2-I.7</b> <b>Agenda Item 2-I.8</b> <b>Agenda Item 2-I.9</b>
Question 24	<b>Agenda Item 2, paragraph 18-20</b> – Public Sector Considerations	<b>Agenda Item 2-H.10</b>	<b>Agenda Item 2-I.10</b>
Question 26	<b>Agenda Item 2, paragraph 21-22</b> – Translation	<b>Agenda Item 2-H.11</b>	<b>Agenda Item 2-I.11</b>

## Public Interest Responsiveness

This Appendix includes the analysis of comments received on Question 2 in the Explanatory Memorandum to ED-5000. The related SATF views and recommendations are covered in the analysis of the relevant questions referenced below.

### Background

1. In developing ED-5000, the IAASB considered the qualitative standard-setting characteristics set out in the Public Interest Framework (PIF) as criteria to assess the proposed standard's responsiveness to the public interest. The Project Proposal and the EM for ED-5000 highlighted the qualitative standard-setting characteristics that were at the forefront, or of most relevance, in developing ED-5000 (timeliness, relevance, comprehensiveness, implementability, enforceability and scalability).

### What We Asked

2. Question 2 asked respondents:

*Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?*

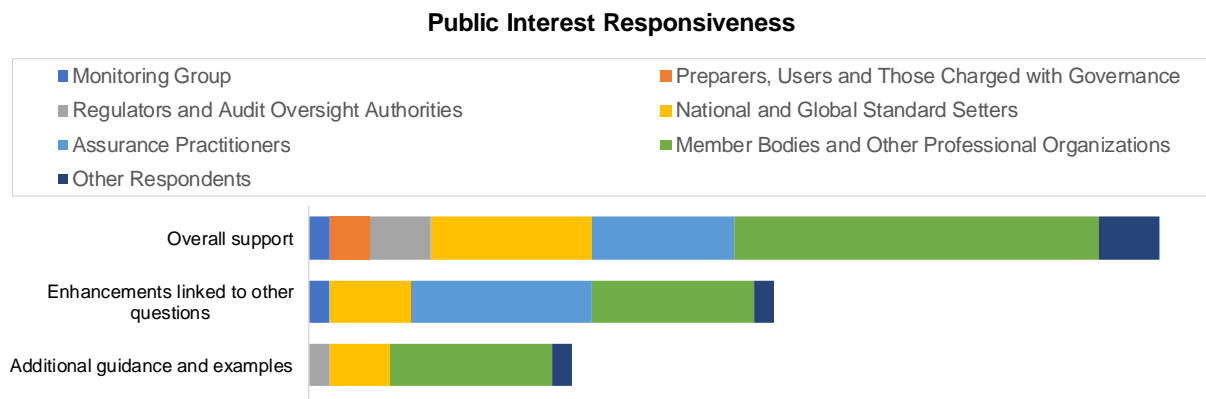
105 of 143 respondents provided a response to Question 2, including two Monitoring Group (MG) members. See **Agenda Item 2-H.1** for further details on the overall responses and **Agenda Item 2-I.1** for comments received on Question 2.

### What We Heard

#### Highlights

- Strong agreement that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal.
- Support for the IAASB to provide additional guidance and examples to clarify certain issues.

3. The chart below shows a breakdown of the responses to Question 2 by theme and stakeholder group.



### *Monitoring Group Responses*

4. One MG member supported the general approach taken in ED-5000, including the consideration of the standard-setting characteristics set out in the Public Interest Framework (PIF) as criteria to assess the proposed standard's responsiveness to the public interest.
5. One MG member recommended that the IAASB include guidance and encourage communication between the sustainability assurance practitioner and the auditor of the entity's financial statements unless prohibited by laws and regulations.

### *Other Respondents' Comments*

6. The great majority of the respondents that answered Question 2 agreed that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal.
7. Some respondents provided recommendations for clarification of certain matters that will help further strengthen the public interest consideration in ISSA 5000, particularly concerning the characteristics of implementability, enforceability, and scalability. These respondents linked their comments to the responses they provided to other questions.
8. The major matters or themes arising from respondents' comments, and the related EM questions where those matters have been addressed, included calls for additional:
  - Guidance and educational materials (Questions 1 and 25)
  - Clarity about the interaction between ISSA 5000 and ISAE 3410<sup>3</sup> (Question 3)
  - Clarity on the meaning of the term "at least as demanding" with respect to relevant ethical requirements and quality management (Question 4)
  - Clarity about the differentiation in the work effort between limited and reasonable assurance (Questions 7, 13, and 17)
  - Clarity about materiality, including the concept of double materiality (Questions 9, 11, and 12)
  - Clarity about the practitioner's use of the work of others (Questions 14 and 15)
  - Clarity to differentiate the procedures to be performed for estimates and forward-looking information (Question 16)
  - Specificity on the requirements to perform assurance over groups (including value chains) and consolidated sustainability information (Question 18)
9. One respondent noted that the intention of the IAASB to issue the standard by December 2024 creates pressure to conclude that re-exposure is unnecessary, regardless of the feedback received on ED-5000, and noted that it is not in the public interest to rush due process.
10. A small number of respondents did not agree that ED-5000 is responsive to the public interest. One respondent noted that the standard would not serve as a global baseline for assurance on sustainability reporting for use by all practitioners, and should be limited to licensed public

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<sup>3</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

accountants. Another respondent noted that the characteristics in the project proposal are generic because they did not start with a definition of sustainability.

#### **SATF Views and Recommendations**

11. The SATF noted the overall agreement of the respondents that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal.
12. The SATF also noted the recommendations provided by some respondents to enhance the public interest responsiveness of ED-5000. Given that these recommendations were linked to other questions and revisions were made to address them, the SATF is of the view that no further revisions to the standard are required as a result of the analysis of Question 2.

#### **Matters for IAASB Consideration**

1. The IAASB is asked for its views on the SATF's recommendations as described above.