

## **Sustainability Assurance – Respondents’ Detailed Comments to EM Question 27**

As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?

### **27.2 Agree with comments**

#### **4. Regulators and Audit Oversight Authorities**

##### **Botswana Accountancy Oversight Authority**

Yes, we agree, because we believe the proposed timeliness are reasonable. The proposals also encourage early adoption and strikes a balance between the urgency to enhance sustainability reporting and the need for adequate preparation by assurance providers.

##### **Independent Regulatory Board for Auditors (IRBA)**

The IRBA agrees that given the need for a national due process, an effective date for assurance engagements on sustainability information reported for periods beginning on or as at a specific date, about 18 months after the approval of the final standard, will provide sufficient time to support the practical implementation of the ISSA.

##### **Irish Auditing and Accounting Supervisory Authority (IAASA)**

While in general 18 months is an appropriate effective date, the IAASB should make clear that national standard setters may choose to use an alternative date that is less than 18 months from approval of the final standard, for example in the EU where limited assurance engagements will be mandated from 2024 onwards. Without such a provision, European assurance providers would not be obliged to apply proposed ISSA 5000 until periods beginning on or after April 2026 based on the IAASB’s current intention to finalize the standard in September 2024.

#### **5. National Auditing Standard Setters**

##### **Australian Auditing and Assurance Standards Board (AUASB)**

The AUASB may amend the final Effective Date to a date earlier than being proposed by the IAASB should mandatory assurance be in place in Australia for earlier reporting periods or for the purposes of voluntary assurance.

##### **Hong Kong Institute of Certified Public Accountants**

We suggest that IAASB clarify in the transitional arrangement in ED-5000 whether ISAE 3000 (Revised) can continue to be used for sustainability assurance report until ISSA 5000 is adopted by a jurisdiction.

##### **New Zealand Auditing and Assurance Standards Board**

The NZAuASB agrees with the proposed effective date. However, we encourage the IAASB to build in a transitional provision for those assurance practitioners who are not familiar with the IAASB and the IESBA

standards and need to familiarize themselves with the requirements and adjust their processes accordingly. See our comments on question 4 for further details.

#### **Public Accountants and Auditors Board Zimbabwe (PAAB)**

This will give ample time for understanding, training, and implementation.

#### **Royal Dutch Institute of Chartered Accountants**

We urge IAASB to ensure that the effective date for this standard aligns with the effective date of the sustainability provisions for the Code of Ethics, leaving after finalization of these two standards appropriate time for translation and implementation.

### **7. Accounting Firms**

#### **Baker Tilly International**

It is critical that earlier application is permitted.

#### **BDO International Limited**

We would support an Effective Date which has a minimum of 18 months from the point at which the final ISSA is published. Although many firms may choose to adopt the new standard earlier, this timeframe would allow sufficient time for many audit firms' methodologies, tools, guidance, and training materials to be implemented. However, we note that there are some reporting frameworks (e.g., IFRS S1 and IFRS S2) and regulations enacted by certain jurisdictions (e.g., CSRD) that have earlier effective dates than from when ISSA 5000 is expected to be effective. We suggest adding to the standard how to address the earlier effective dates of these other reporting frameworks and regulations.

#### **Deloitte LLP**

We agree with this effective date and recommend clarifying in paragraph 14 that early adoption is permitted.

#### **Ernst & Young Global Limited**

We are supportive of an 18-month period for the implementation of ED-5000 considering earlier application would be permitted and encouraged. This will allow jurisdictions where limited/reasonable assurance on sustainability information is newly being mandated to be able to use ED-5000 from the first period of application of the new requirements instead of developing local sustainability assurance standards.

We believe that because there is so much focus by investors on sustainability information, it is in the public interest to avoid fragmentation of sustainability assurance standards globally.

#### **European Contact Group (ECG)**

We support earlier application of the standard being permitted and encouraged.

#### **MHA**

We have identified significant market interest in the development and application of ISSA 5000, and believe the effective date proposed is appropriate; indeed, we expect many sustainability assurance engagements to early adopt ISSA 5000.

### **Mo Chartered Accountants (Zimbabwe)**

Yes, we agree that such a period will permit and strike the balance between the need for urgency and allowing sufficient time to implement the standard.

### **PricewaterhouseCoopers International Limited**

Given mandatory assurance requirements being imposed in jurisdictions applicable to December 2024 period-ends for certain entities, for example in Europe, we agree that there is a clear and pressing need for a final standard.

Notwithstanding the fact that ED-5000 is grounded in existing ISAE and ISA requirements, this is a significant new standard. The IAASB needs to balance the perceived urgency for a standard with a sufficient implementation period, recognising the scale of proposed ISSA 5000 and expectations that it will be used by non-professional accounting assurance practitioners, who may have a much greater implementation burden, including with respect to consideration of relevant ethical requirements and a system of quality management at least as demanding as, respectively, the IESBA Code and ISQM 1.

In accordance with its due process, based on an expected finalisation of the standard in Q3 or Q4 2024, the earliest feasible effective date the IAASB could consider would be June 2026 (information reported as at 15 June 2026 or periods beginning on or after 15 June 2026).

In recognition of demand in Europe and other jurisdictions where mandatory assurance will be required earlier than the effective date, we recommend the IAASB, as part of its package of materials published with the final standard, provide clear guidance that the standard may be early adopted, when firms are in a position to do so, and re-emphasising that ISAE 3000 (Revised), supported by the IAASB's EER guidance, remains an appropriate standard for conducting sustainability assurance engagements until firms are in a position to adopt ISSA 5000.

### **RSM International**

We support earlier application to be permitted and encouraged. We would also like to encourage the IAASB to continue to be mindful of other reporting and regulatory guidelines upon the release date and provide options if the practitioner is unable to implement ISSA 5000 to comply with the sustainability assurance requirements for their respective jurisdiction. We also encourage the IAASB to continue to work with regulators to provide for consistent implementation dates with related assurance requirements in regulations (e.g., the European Union's Corporate Sustainability Reporting Directive (CSRD)).

## **8. Assurance Practitioner or Firm - Other Profession**

### **SGS**

It doesn't matter to propose a specific date or not, since ISSA 5000 will be adopted on a voluntary basis. Unless the use of ISSA 5000 is requested by regulations, then effective date will be decided by the regulator.

### **TIC Council**

It is not clear why to propose an 18-months delay. It should be possible to use ISSA 5000 once it is published on a voluntary basis. If the use of ISSA 5000 is requested by regulations, then effective date will be decided by the same regulation.

## 9. Public Sector Organizations

### Office of the Auditor General (New Zealand)

However, as some of the concepts in ED-5000 may not be familiar to non-accountant assurance practitioners there may be a need to extend the application date beyond the 18-month period.

## 10. Member Bodies and Other Professional Organizations

### ASSIREVI – Association of the Italian audit firms

We agree with the IAASB's approach as set out in ED-5000. Considering the current situation of European legislation on sustainability reporting and the related assurance obligations, the timely issue of the proposed standard and its possible early application is essential.

### Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)

We support the effective date. It is possible that NPAPs may require transitional periods for first-time adoption.

Our bigger concern is that there is likely to be an issue with entities not being able to initially meet the preconditions required for assurance engagements or not having fully fledged internal control systems in place. Education may be required for preparers and users to understand that initially, assurance practitioners may be issuing modified opinions.

National standard setters and regulators will be able to consider these matters for their jurisdiction, but we encourage the board to consider the need for education and communication about these matters.

### Chartered Accountants Ireland

While we believe that the proposed timetable is challenging, we understand the pressure on the profession to have standards issued as soon as possible. This is critical from the perspective of the European Union, in particular to ensure no fragmentation of sustainability standards.

### Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC)

We agree that an approximate 18-month period is generally sufficient to support the effective implementation of the ISSA for assurance engagements on sustainability information. However, it's crucial to emphasize the importance of not only permitting but strongly encouraging early adoption during this transition period. In certain jurisdictions like the European Union, the CSR Directive may necessitate assurance before the standard's effective date. Consequently, we must be mindful of the potential situation where one year, such as 2024, may be subject to different assurance requirements than those imposed from 2025 onwards. Clarity and guidance on managing this transition period would be invaluable to ensure a smooth and consistent adoption of the standard across jurisdictions.

### CPA Australia

We fully support permitting earlier application of ISSA 5000. In jurisdictions such as Australia where mandatory climate reporting and assurance are being considered for earlier implementation, permitting earlier application of the standard would be helpful.

### **European Federation of Financial Analysts Societies (EFFAS)**

As users, we would like to have the effective date aligned with the effective date of the sustainability standards. We understand that for entities it might be in certain cases more complicated. We would suggest that the practitioner works closely with entities to try to align both effective dates.

### **EXPERTsuisse**

We would support an effective date which has a minimum of 18 months from the point at which the final standard is published. Although many firms may choose to adopt the new standard earlier, this timeframe would allow sufficient time for many professional bodies and audit firms' methodologies, tools, guidance, and training materials to be implemented.

### **Institute of Chartered Accountants in England and Wales (ICAEW)**

We agree with the proposed effective date, given the critical need for an overarching standard and global baseline for sustainability assurance. We encourage the IAASB to provide clarity around early adoption.

### **Institute of Chartered Accountants of Ghana**

The speed and extent of demand for sustainability assurance should not make the IAASB overlook the fact that this is a seismic change to assurance and needs a more granular approach to ensure applicability and acceptance for effective implementation, especially as other practitioners who have not been subjected to the rigour of the accounting profession and International financial reporting and assurance standards.

### **Institute of Chartered Accountants of Sri Lanka**

We encourage to carefully consider the responses from preparers regarding the time they need to prepare for implementation of the standard.

### **Institute of Chartered Accountants of the Maldives**

We do believe that this will provide sufficient time, assuming that the standard will be issued in the first quarter of 2024.

### **Instituto Mexicano de Contadores Publicos (IMCP)**

We, in general, agree that 18 months after approval would be a suitable timing for many jurisdictions around the world considering the urgency of the standard. Nevertheless, for our jurisdiction we would need to assess whether this period fits the process for "an official adoption" of the proposed standard as we only have pre-adopted the ISAs and attestation standards are locally developed in alignment with the international ones in effect.

### **Malta Institute of Accountants (MIA)**

Our only comment here would be that, naturally, this needs to be finalised in a timely manner, considering that the first companies will start reporting on their sustainability information as from January 2024.

### **Nordic Federation of Public Accountants (NRF)**

We agree with this effective date and recommend clarifying in paragraph 14 that early adoption is permitted.

### **Saudi Organization for Chartered and Professional Accountants (SOCPA)**

SOCPA agrees with the approach that IAASB is proposing with regard to the determination of the appropriate effective date for the proposed standard. Saudi Arabia is currently in the process of regulating

sustainability related information disclosures. Thus, the appropriate effective date for ISSA 5000 in Saudi Arabia will also be considered as part of this process.

### **World Federation of Exchanges**

This seems fairly reasonable and in line with (or longer) than other recent sustainability related frameworks; for example, ISSB S1 &

## **11. Academics**

### **Accounting and Finance Association of Australia and New Zealand**

We support early adoption as the effective date is a long time in the future.

#### **Monash University**

We advocate for a gradual adoption of the standard. Our research study on climate change and sustainability disclosures by Australian listed companies suggests that large companies could be required to implement the ISSA earlier than small companies. This is due to large companies having more activities that will need to be evaluated during the assurance engagement. Small entities will then have more time to prepare and ensure their effective adoption. Proposed requirements for the phased introduction of independent assurance requirements are considered appropriate in light of the need to upskill and build capacity for disclosures of credible information and independent audit of climate disclosures. In light of the high cost of audit and shortage of appropriate skills, the findings of our research study suggest that auditors may only be able to provide limited assurance considering increased qualifications if reporting entities are pushed too hard and too early.

## **12. Individuals and Others**

### **International Accreditation Forum (IAF)**

It is not clear why to propose an 18-months delay. It should be possible to use ISSA 5000 once it is published on a voluntary basis. If the use of ISSA 5000 is requested by regulations, then effective date will be decided by the same regulation.

### **Japan Accreditation Board (JAB)**

JAB recommend 24 months after approval of the final standard. As to cross check the ISSA 5000 and related document, for example IESBA code Part 5, it would be necessary to have six more months for the transition.

## **27.3 Neither agree or disagree**

### **7. Accounting Firms**

#### **ETY sas**

In our view a 24 months period with earlier application permitted and encouraged will be more suitable to allow preparation and implementation as in some jurisdictions, resources are lacking. More educational material is to be prepared and stakeholders trained for effective implementation.

## **MNP LLP**

The availability of a standard will enable clear development of sustainability reporting infrastructure. However, adoption should accommodate the timelines required by small and medium sized entities to develop robust sustainability reporting infrastructure.

### **10. Member Bodies and Other Professional Organizations**

#### **Belgian Institute of Registered Auditors**

It is important that all necessary elements for assurance engagements are available for all (i.e. criteria defined and stable) and that high-quality information is available, which will potentially be a challenge for entities to prepare for this additional reporting and the audit requirements accordingly).

#### **New York State Society of Certified Public Accountants (NYSSCPA)**

We are concerned that not enough assurance practitioners have received training in relevant sustainability reporting frameworks and emerging governmental standards to bring sufficient professional competence to these engagements, with just 18 months lead time. Please consider extending this to 24 months and providing information on available training courses and practice aids.

#### **Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA-BF)**

It is ONECCA-BF view a 24 months period with earlier application permitted and encouraged will be more suitable to allow preparation and implementation as in some jurisdictions, resources are lacking. More educational material is to be prepared and stakeholders trained for effective implementation.

## **27.4 Disagree with comments**

### **2. Preparer and Users of sustainability information**

#### **American Bankers Association**

Further, given the well-known industry-wide manpower shortage, reconsideration may be required of the effective dates of both the final standard and those of new sustainability reporting regimes.

### **5. National Auditing Standard Setters**

#### **Auditing and Assurance Standards Board Canada (AASB)**

We agree that the implementation period for ED-5000 should be at least 18 months after the approval of the final standard. This will ensure sufficient time for local jurisdictions to complete their due process and translation of the final standard. However, we do not agree with the proposed effective date convention.

We have the following concerns:

Inconsistent implementation timeline for practitioners. If the date in paragraph 14(a) and 14(b) is the same (ex. December 15, 2026), the implementation date for assurance engagements following 14(a) could be significantly different than those following 14(b). For example:

Applying 14(a) for periods beginning on or after December 15, 2026 - ISSA 5000 would first be applicable for assurance engagements on sustainability information with a reporting end date near the end of 2027.

Applying 14(b) as at a specific date on or after December 15, 2026 - Assurance engagements on sustainability information reported as at December 31, 2026 would fall within the scope of ISSA 5000.

Alternatively, if different dates are used in 14(a) and 14(b), this may partially address our concern. However, it will create unnecessary complexity and risk confusion in the marketplace as to when the standard is effective.

Inconsistent assurance reports received by users. Tying the effective date to the sustainability information report date means there will not be a specific date in which all assurance reports would transition from ISAE 3000 to ISSA 5000. This will result in inconsistency in the assurance reports received by users. This issue would be exasperated in the scenario contemplated in the previous bullet.

For some sustainability information subject to assurance, determining the effective date may be difficult. Often the performance metric being assured is disclosed as a net change in the indicator from a base period. This base period could be from several years in the past. If the base period is considered sustainability information subject to assurance, the effective date of the standard could be confusing to ascertain.

Suggest:

Align the effective date of the standard with paragraph 9 of ISAE 3000, as follows:

“This ISSA is effective for assurance engagements on sustainability information reported: where the assurance report is dated on or after [Month] 15, [Year]

For periods beginning on or after [Month] 15, [Year]; or

As at a specific date on or after [Month] 15, [Year].”

In light of an 18-month implementation period, and considering that this standard includes the planning stage, we would expect the standard to be effective for assurance reports dated on or after December 15, 2027.

### **Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)**

Given the length and complexity of the standard, the need for jurisdictions to translate adopt and potentially adapt the standards, the need to provide implementation guidance and training to practitioners and regulators, and the fact that early application of standards that have been issue is permitted, we believe that a (mandatory) effective date should be at least two years from the date the standard is issued.

## **7. Accounting Firms**

### **Nexia International**

We believe an implementation date of 24 – 36 months after approval of the final standard will be necessary. Such will be necessary for the needs of users to be more well understood and for accountants, other professionals, and third-party providers supporting firms, to develop beginning-to-end content that will allow high-quality engagements. Early implementation should be permitted.

## **10. Member Bodies and Other Professional Organizations**

### **Instituto Nacional de Contadores Públicos de Colombia (INCP)**

We consider that all the information should be clearly defined by the effective date so that practitioners can appropriately perform the engagement in accordance with the requirements of the standard, and that management and users of this type of reports have extensive knowledge on it.

### **Virginia Society of CPAs**

No. Given the unprecedented expansion of audit authority that this standard creates, we would expect that a 3-year adoption window would be sufficient to allow practitioners and managers to understand the changes in time for adoption.

## **12. Individuals and Others**

### **We Mean Business Coalition**

An earlier deadline is needed since assurance is requested for the CSRD and EU-Taxonomy reporting already from reporting year 2024.