

RESPONSE TEMPLATE FOR EXPOSURE DRAFT OF PROPOSED ISSA 5000, *GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS*

Guide for Respondents

Comments are requested by **December 1, 2023**. *Note that requests for extensions of time cannot be accommodated due to the accelerated timeline for finalization of this proposed standard.*

This template is for providing comments on the Exposure Draft of proposed International Standard on Sustainability Assurance Engagements™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000), in response to the questions set out in the Explanatory Memorandum to ED-5000. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in ED-5000, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Identify the specific aspects of ED-5000 that your response relates to, for example, by reference to sections, headings or specific paragraphs in ED-5000.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the [ED-5000 webpage](#) to upload the completed template.

Responses to IAASB’s Request for Comments in the Explanatory Memorandum for ED-5000, General Requirements for Sustainability Assurance Engagements

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	The Malaysian Institute of Certified Public Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Chiam Pei Pei
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	peipei@micpa.com.my
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Asia Pacific
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB’s preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to ED-5000).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Questions in in the Explanatory Memorandum for ED-5000

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Overall Questions

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

(See Explanatory Memorandum Section 1-A, paragraph 14)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We applaud the effort of the IAASB for producing ISSA 5000 on a timely basis. In view of ISSA 5000 applicable to both accountants and non-accountant practitioners, it can pose challenges to non-accountant practitioners, such as understanding and implementation of IESBA Code and ISQM 1. Hence, extra effort to address this issue will be needed. We suggest the IAASB to provide guidance including illustrative examples to ensure consistent application of ISSA 5000 by practitioners.

Public Interest Responsiveness

2. 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?

(See Explanatory Memorandum Sections 1-B, and Appendix)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

Please see our responses in Q4.

Specific Questions

Applicability of ED-5000 and the Relationship with ISAE 3410

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

(See Explanatory Memorandum Section 1-C)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

We understand that ISSA 5000 allows two assurance opinions i.e. opinion pursuant to ISSA 5000 and opinion pursuant to ISAE 3410, to be included in an assurance report. We believe that this may cause confusing to users or stakeholders, as some assurance reports may contain one opinion and some assurance reports may contain two assurance opinions. In view of these unintended consequences, we suggest ISAE 3410 to be merged as part of ISSA 5000 to avoid confusion and duplication of certain procedures.

In the event that the IAASB proceeds with two separate assurance standards i.e. ISSA 5000 and ISAE 3410 in the interim. We suggest the IAASB to explicitly explain this point (that 2 assurance standards are required in a single engagement) and provide illustrative example of an assurance report that contains two assurance opinions.

Relevant Ethical Requirements and Quality Management Standards

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

(See Explanatory Memorandum Section 1-D)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

Please see our responses in Q1. The understanding and implementation of IESBA Code and ISQM 1 can be a challenge to non-accountant practitioners. In fact, compliance with IESBA Code and ISQM 1 is a costly exercise. It would be helpful if the IAASB can collaborate with the local authorities or bodies to provide upskilling training programmes for practitioners, especially non-accountant practitioners, in order to ensure consistent application of IESBA Code and ISQM 1.

We appreciate that ISSA 5000 requires practitioners to comply with IESBA Code and ISQM 1. However, in certain jurisdictions, the enforcement of IESBA Code and ISQM 1 to non-accountant practitioners can be a challenge as they may not be subject to oversight by any regulations or bodies. This may dilute the work quality of the assurance engagement which has an ultimate impact to public interest. An extra effort to work with local regulators or bodies should be considered by the IAASB to address this issue.

In addition, we suggest the IAASB to define ‘as least as demanding’. It would be helpful for non-accountant practitioners to know the ‘at least demanding’.

Definitions of Sustainability Information and Sustainability Matters

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

(See Explanatory Memorandum Section 1-E, paras. 27-32)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?
(See Explanatory Memorandum Section 1-E, paras. 35-36)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?
(See Explanatory Memorandum Section 1-F, paras. 45-48)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?
(See Explanatory Memorandum Section 1-F, para. 51)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

9. Does ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?
(See Explanatory Memorandum Section 1-F, paras. 52-55)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

Suitability and Availability of Criteria

10. Does ED-5000 appropriately address the practitioner's evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

11. Does ED-5000 appropriately address the notion of "double materiality" in a framework-neutral way, including how this differs from the practitioner's consideration or determination of materiality? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

The double materiality is currently applied by preparers for the preparation of sustainability information. In view of the introduction of double materiality for practitioners, it would be helpful if the IAASB can explicitly explain this in the ISSA 5000 or via frequently asked questions that both practitioners and preparers will have their own materiality.

It would also be helpful if the IAASB can provide the basis of conclusion for the two new assertions i.e. responsibility and consistency, as it would help practitioners to design and implement the relevant procedures to achieve the intended objectives.

Materiality

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

The application of qualitative materiality can be difficult to practitioners. Hence, we suggest the IAASB to provide guidance, such as educational material, frequently asked questions and etc, in this area.

Understanding the Entity's System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):

Using the Work of Practitioner's Experts or Other Practitioners

14. 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?

(See Explanatory Memorandum Section 1-G, paras. 82-87)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

We would also like to seek clarification as to whether the IAASB will issue the equivalent standard of ISA 620.

15. 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?

(See Explanatory Memorandum Section 1-G, paras. 88-93)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

There are situations where the engagement team cannot be sufficiently involved in the work of a different practitioner. The nature, timing and extent of procedures undertaken to evaluate the work of "another practitioner" may potentially give rise to inconsistency of evaluation. Hence, this may be an area where application guidance is required.

Estimates and Forward-Looking Information

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

With regard to the subsequent event, we suggest the IAASB to provide guidance on work to be performed for forward-looking statement up to date of assurance report.

Risk Procedures for a Limited Assurance Engagement

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

(See Explanatory Memorandum Section 1-G, paras. 98-101)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

Groups and “Consolidated” Sustainability Information

18. 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?

(See Explanatory Memorandum Section 1-G, paras. 102-107)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We noticed that some of the requirements in ISA 600 (Revised), such as common materiality, component materiality and etc were not embedded in ISSA 5000. We suggest to include specific requirements similar to those included in ISA 600 (Revised) that results in sufficient and effective engagement planning and execution

In addition, for joint ventures and associates, practitioners do not have the access to the information of joint ventures and associates. It would be great if the IAASB can provide clarification as to whether this will be regarded as work of another practitioners or within the scope of practitioners.

We would also like to seek clarification as to whether the IAASB will issue the equivalent standard of ISA 600 (Revised) for performing an assurance engagement.

Fraud

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We suggest the IAASB to provide a non-exhaustive list of greenwashing indicators in ISSA 5000. This would help practitioners carry out the relevant procedures if greenwashing indicators exist.

In addition, alignment of ISSA 5000 with ISA 240 including incorporating risk of management override of controls, significant risk concept, overall conclusion concept and the latest amendments to ISA 240, is important.

Furthermore, we are of the view that the primary responsibility for the prevention and detection of greenwashing rests with both those charged with governance of the entity and management. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the reporting process. The role of practitioners is to perform an assurance engagement in accordance with ISSA 5000 for obtaining limited or reasonable assurance that the reporting taken as a whole are free from material misstatement, whether caused by greenwashing or error.

We would also like to seek clarification as to whether the IAASB will issue the equivalent standard of ISA 240 to address these issues.

Communication with Those Charged with Governance

20. Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 111-112)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

We would like to seek clarification as to whether the IAASB will produce the similar standard of ISA 260 (Revised).

Reporting Requirements and the Assurance Report

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 121-123)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We would like to seek clarification as to whether the IAASB will produce the similar standard of ISA 701.

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, para. 131)

Overall response: [Yes \(with no further comments\)](#)

Detailed comments (if any):

Other Matters

24. Are there any public sector considerations that need to be addressed in ED-5000?

(See Explanatory Memorandum Section 1-I, para. 135)

Overall response: [No response](#)

Detailed comments (if any):

25. Are there any other matters you would like to raise in relation to ED-5000?

Overall response: [Yes, as further explained below](#)

Detailed comments (if any):

With regard to the use of work of service provider i.e., collection of data and forward-looking information, we suggest the IAASB to provide guidance on this area.

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

Overall response: [No response](#)

Detailed comments (if any):

27. Effective Date—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?

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):