

## 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)	EFAA for SMEs
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Paul Thompson
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	<a href="mailto:Paul.thompson@efaa.com">Paul.thompson@efaa.com</a>
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.	<a href="#">Europe</a>
	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.	<a href="#">Member body and other professional organization</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Please see <a href="https://efaa.com/about-us/">https://efaa.com/about-us/</a>

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:**

EFAA for SMEs would like to thank the IAASB for the opportunity to comment on ED-5000. We congratulate the IAASB on developing a high-quality draft standard in such a short time. We believe the ED-5000 provides an appropriate global and European baseline for sustainability assurance engagements.

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**Given our constituency is small- and medium-sized accountancy practices (SMPs) in Europe we have three main considerations. First, to ensure that the standard will be sufficiently scalable to be used by SMPs and SME sustainability assurance engagements, including those where the report and the assurance are voluntary. Second, to ensure that there is sufficient guidance for assurance providers that have little expertise in sustainability assurance. SMPs face a huge challenge building the capacity and capability to perform high quality sustainability assurance services. And third, to ensure that the standard serves the European public interest.**

**In general, EFAA believes that ED-5000 adequately addresses these three considerations. That said, we do have suggestions for improving the draft standard as detailed in our response below.**

## 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):**

EFAA for SMEs believes ED-5000 can be applied to each of the items described in paragraph 14 of the Explanatory Memorandum and provides a high-quality global baseline for sustainability assurance engagements. However, some small- and medium- sized accounting practices (SMPs) may be unfamiliar with some of the fundamental terminology that existing users of ISAE 3000 may be more familiar with. EFAA, therefore, recommends the IAASB develops non-authoritative guidance so that this does not become a barrier to adoption and implementation.

We believe, and have received assurances, that the standard can be used for assurance engagements on sustainability reports prepared in accordance with the SME sustainability reporting standard for voluntary use by non-listed SMEs (VSME) under development by EFRAG (for the European Commission).

We wonder whether the standard is applicable for assurance engagements on sustainability information prepared to satisfy requests for value chain reporting for example, where a large company that is within scope of the CSRD, and as such applying Set 1 ESRS, sends a sustainability questionnaire to non-listed companies in its value chain and requests that the completed questionnaire be accompanied by assurance. We assume that in this scenario an agreed upon procedure engagement might be a suitable alternative.

We are concerned that there are no explicit provisions for groups, including component assurance practitioners, nor for value chain reporting. In the EU from 2025 onwards we can expect to see the publication of thousands of sustainability reports (for the financial year 2024) with limited assurance. Most of these reports will be for groups. We accept that the standard is an overarching one, where the principles can be applied to group assurance engagements, and that eventually we might have an ISSA for group engagements, in the same way we have ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*. However, we suspect that many practitioners, especially those with limited or no experience of performing group audits in accordance with ISA 600, will struggle to apply the principles in ISSA 5000 to group engagements. Therefore, we urge the IAASB to consider *either* including a few high-level requirements for group assurance engagements – these could be conditional, conditional on the report being a group one – *or* separate guidance on how to apply the principles to group assurance engagements that could remain ‘in force’ until an ISSA for group engagements is developed.

We note that the standard has the general ‘look and feel’ of an ISA. This is not surprising given the IAASB has developed it. ‘Borrowing’ best practice from the ISAs makes sense. Over the years the ISAs have been developed and finessed to create high quality standards that enjoy broad acceptance. Furthermore, there is much in common between sustainability assurance and financial statement audit. Hence, financial statement auditors will feel ‘at home’ using ISSA 5000. However, as we state above, SMPs that are not auditors but permitted to perform sustainability assurance, may need some non-authoritative guidance .

While we think ED-5000 appropriately addresses the notion of “double materiality”, and the recently issued FAQs *Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner* (which helps clarify the difference between materiality from the perspective of the entity (report preparer) and assurance practitioner) makes some additional mention of double materiality, we urge the IAASB to consider *either* including a few high-level requirements *or* developing separate guidance that might one day be replaced by an ISSA. Any requirements might be conditional, conditional on the reporting framework being based on double materiality. The IAASB might wish to emulate EFRAG which is developing guidance for value chain reporting.

*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):**

Given our constituency is SMPs in Europe one of our main concerns is to ensure that the standard will be sufficiently scalable to be used by SMPs and SME sustainability assurance engagements, including those where the report and the assurance are voluntary.

Overall, we believe the ED-5000 meets this test. There is evidence, such as illustrative examples of smaller assurance engagements, that considerable effort has been expended to ensure scalability. That said, we suggest more can be done. We urge the Board to provide additional clarity within the application material and non-authoritative guidance to flag where scalability challenges may arise and how these can be resolved. We also believe that the requirements and application material on scalability (paragraph 13) can be improved by including additional guidance on the areas in which applying the scalability concept is possible.

We understand, and support, the IAASB’s strategy to get a general ISSA (ISSA 5000) in place as soon as possible and then to start work on developing a suite of ISSAs. This approach of focusing on a global baseline first is also being pursued by the ISSB, the IAASB’s sister reporting board at global level. The ISSA 5000 is intended to be an overarching standard written in a principles-based manner. This has largely been achieved and a by-product has been to make the standard scalable.

As the IAASB goes about developing a suite of ISSA’s we urge it to “Think Small First” or “Think Less Complex First”. This should minimize the risk of the ISSAs proving insufficiently scalable for SME assurance engagements and promoting demands for an ISSA for Less Complex Entities. We think it better that ISSAs be scalable from the bottom-up and that more complex matters be tackled via specific ISSAs that practitioners can ignore if they are not relevant to the engagement. Until

such time as the full suite of ISSAs is produced the IAASB can develop guidance as an interim measure. This guidance can be quickly developed by staff to meet any emerging demand.

### 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):**

**While the scope is clear we wonder whether one day ISAE 3410 might be absorbed into the suite of ISSAs.**

#### *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):**

**We think that the concept of “at least as demanding” is sufficiently clear. The concept is widely understood in the context of financial audit and assurance. It is vital that a level playing field is established. This means all sustainability assurance practitioners having to comply with the same or similar high ethical and quality management standards. If additional explanatory guidance is necessary, this might be included in separate non-authoritative guidance.**

**We believe that as sustainability assurance becomes a mandatory requirement in the EU, local regulators must introduce robust oversight and enforcement mechanisms—to protect the interests of users of published sustainability information - applicable to all sustainability practitioners.**

#### *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 comments below](#)

**Detailed comments (if any):**

**While we generally agree with the proposed definitions we have two concerns.**

First, ideally sustainability information and matters are best determined by the IESBA in the first instance. After all their Code is the capstone of the professional standards' architecture, sitting above the IAASB's suite of professional standards. If the IAASB determines it must define them first, then we suggest it subsequently adjusts these definitions to align with how the IESBA eventually decides to define them.

Second, we question the need to differentiate the two terms. We recognize that the proposed construct is the same as that used in ISAE 3000 and is analogous to the ISAs, with their terms 'underlying subject matter' and 'subject matter information'. Nevertheless, in the interests of simplicity we wonder whether the terms should be merged.

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 comments below](#)

**Detailed comments (if any):**

Please see our response to Q5 above.

We do not completely agree with the IAASB's view "that governance is related to the actions taken by the entity to address sustainability matters, and therefore is an aspect of a topic" We see governance is more about business conduct and as such may warrant treatment as a topic alongside environment and society.

We also question the way in which 'sustainability disclosures' are differentiated from 'sustainability information'. 'Disclosure' is often defined as making new or secret information known, that is information that has been published.

*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 comments below](#)

**Detailed comments (if any):**

We agree with the IAASB that addressing limited and reasonable assurance in a single overarching standard is appropriate for the reasons given. The standard provides 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.

The proposed structure of the standard - with the side-by-side presentation – usefully stresses the differential work effort between limited and reasonable assurance for relevant elements of the assurance engagement.

While the structure is sound, we believe that there is insufficient differentiation between limited and reasonable assurance. For example, the standard makes no distinction for the analysis of the entity’s materiality process. We welcome further clarity on what elementary procedures are required for limited assurance and how these would differ from those required for reasonable assurance.

The CSRD empowers the EC to adopt limited assurance standards before 1 October 2026 and shall adopt assurance standards for reasonable assurance, following an assessment to determine if it is feasible for the auditors and for the undertakings, by 1 October 2028. The EC should then specify when reasonable assurance will be required. In the case of non-listed SMEs that voluntarily publish sustainability reports we believe that limited assurance will be sufficient for such reports.

*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 comments below](#)

**Detailed comments (if any):**

We note that ED-5000 does not explicitly state what the ‘preconditions’ should be. We accept that there are some examples in the application guidance that help determine whether such preconditions are absent, but the standard does not explicitly state what they are.

The standard also seems to imply that the entity has knowledge of what happens throughout its value chain. If so, we believe it may prove difficult for the reporting entity to obtain this knowledge.

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 comments below](#)

**Detailed comments (if any):**

We believe ED-5000 appropriately addresses the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported.

When the ED was first issued, we had concerns that there might be confusion between the materiality assessment by the entity and the consideration of materiality by the assurance practitioner. These concerns have largely been alleviated by the IAASB issuing the FAQs *Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner*. Notwithstanding this, the terminology used in this area may still pose scalability challenges for those working with SME clients. SMEs may not have a formal “materiality process” and their management have limited or no understanding of the concept.

We note that the IAASB considered whether understanding the materiality process would form part of the practitioner’s preliminary knowledge of the engagement circumstances and concluded that the entity’s process could be addressed in the application material (see paragraphs A156-A157). The FAQs stress that there is no single evaluation of the “materiality process”. Rather, the practitioner obtains evidence about the entity’s “materiality process” at various times throughout the assurance engagement. We support the approach in the ED-5000 and welcome this guidance.

*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 comments below](#)

**Detailed comments (if any):**

We welcome the standard being framework neutral. In the EU EFRAG is developing a sustainability reporting standard for voluntary use by non-listed SMEs (VSME). We assume that the VSME would be classified as a recognized framework and so ISSA 5000 can be used for assurance engagements on reports prepared using this standard.

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):**

While we think ED-5000 appropriately addresses the notion of “double materiality”, and the recently issued FAQs *Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner* makes some additional mention of double materiality, we urge the IAASB to consider *either* including a few high-level requirements *or* developing separate guidance that might one day be replaced by an ISSA. Any requirements might be conditional, conditional on the reporting framework being based on double materiality. The IAASB might wish to emulate EFRAG which is developing guidance for value chain reporting.

*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):**

We agree with the general approach.

We are, however, concerned that multiple materiality thresholds may create confusion and increase the difficulty of performing the assurance engagement. We believe that the requirements and application material may be insufficient and that there is a need for further application material and guidance in the standard. This is especially the case with the quantitative materiality considerations given the large number of different units of measure used in sustainability reporting.

*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 comments below](#)

**Detailed comments (if any):**

We generally agree with the differentiation.

We agree it is important to the sustainability practitioner understand the risk environment, including an understanding of the system of internal control, when using a risk-based assurance approach. That said, we suspect there will be some reluctance to obtaining this understanding where the intention is only to perform substantive testing for example, SMPs working on SMEs where the system of internal control may be less formally structured.

*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 believe ED-5000 is generally clear. We wonder, however, whether the standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. We are unclear as to whether these practitioners would fall under 'Using the Work of Another Practitioner' for which ED-5000, paragraphs 42 and 51-54 apply. The relationship with other firms is quite like that of component auditors so a similar process to that used in ISA 600 could be used.

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):**

Please see our response to Q14 above.

We believe that using the work of a practitioner's external expert or another practitioner is parallel to using the work of experts in ISA 620, *Using the Work of an Auditor's Expert*, and so should be treated in a similar fashion.

We believe it would be useful if the standard provides more clarity on how information from work performed by other assurance providers in the value chain can be used in the engagement. This would help address the concern around an expectation that the sustainability assurance provider must provide assurance over the whole value chain of the entity, which may be impractical or impossible. As entities within the value chain may have also obtained assurance over their sustainability disclosures, there could be certain work that can be relied upon, if there was some clarity on the approach.

*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):**

While we agree with the approach, we believe the guidance for estimates and forward-looking information could be improved by being more clearly described—considering separately what would be relevant for estimates and forward-looking information as we believe there may be different considerations relevant for each.

*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 comments below](#)

**Detailed comments (if any):**

We support in principle this approach.

We believe it vital that there be a clear distinction between the work effort for limited assurance and reasonable assurance and that the former be significantly less burdensome than the latter. In the short to medium term regulation, such as the CSRD in the EU, will tend to require limited assurance. Limited assurance will be the entry or starting point for most companies on their sustainability assurance journey. It will be an interim level of assurance, pending stepping up to reasonable

assurance, for many companies. Hence, it is vital the work effort be significantly less than for reasonable assurance. While we welcome the attempt to limit the work effort for limited assurance by way of having a less onerous approach to risk procedures, we wonder whether the work effort might still be too high and, accordingly, urge the IAASB to consider how the approach could be modified.

*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:** [Neither agree/disagree, but see comments below](#)

**Detailed comments (if any):**

Please see our response to Q14 above.

We are concerned that there are no explicit provisions for groups, including component assurance practitioners, nor for value chain reporting.

In the EU from 2025 onwards we can expect to see the publication of thousands of sustainability reports (for the financial year 2024) with limited assurance. Most of these reports will be for groups. We accept that the standard is an overarching one, where the principles can be applied to group assurance engagements, and that eventually we might have an ISSA for group engagements, in the same way we have ISA 600 for group audits. However, we suspect that many practitioners, especially SMPs with limited or no experience of performing group audits in accordance with ISA 600, will struggle to apply the principles in ISSA 5000 to group engagements. Guidance on identifying components and materiality in the context of a group could be particularly useful.

Therefore, we urge the IAASB to consider *either* including a few high-level requirements for group assurance engagements – these could be conditional, conditional on the report being a group one – *or* separate guidance on how to apply the principles to group assurance engagements that could remain ‘in force’ until an ISSA for group engagements is developed. The IAASB might wish to emulate EFRAG which is developing guidance for value chain reporting.

*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 generally agree with the proposed approach.

As the practice of mandatory assurance over sustainability reporting is in its infancy, and yet the gains from greenwashing are significant, there is an acute risk that companies will engage in greenwashing. We welcome, therefore, ED-5000 focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error. The requirement to maintain professional skepticism throughout the engagement, recognizing the possibility that a material misstatement due to fraud could exist, is especially important.

Given the acute risk of greenwashing we suggest that the IAASB consider how the standard might have an even greater focus on fraud. Fraud might need to be defined and addressed in a broader sense than how it is in the context of financial reporting, to scope in any instance where misleading sustainability information to improve public perception of the entity.

*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 support the high-level requirement regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate.

We believe, however, that communication between the sustainability assurance practitioner and auditor, subject to ensuring client confidentiality, should be required. Given some jurisdictions, including the EU, want to “open up” the sustainability reporting assurance market to practitioners other than auditors, we suspect that in many cases the sustainability assurance practitioner and auditor for a reporting entity will differ. Furthermore, connectivity between financial and sustainability reporting is considered key to enhancing the value of reporting. This connectivity is enabled through communication between the respective reporting teams. We expect similar connectivity, facilitated by close communication between the sustainability assurance practitioner and auditor, to enhance the robustness of the assurance. Hence, some general requirements in the standard may be appropriate.

*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 comments below](#)

**Detailed comments (if any):**

We believe the requirements will ensure the assurance report meets the needs of users.

Given sustainability reporting and assurance are in their infancy relative to financial reporting and assurance we anticipate many preparers and assurance providers will be on a steep learning curve. Accordingly, if quality is to be a static and high target rather than a changing one, we expect any companies, especially first-time reporters, to have modified assurance reports or reports with emphasis of matter. We suggest the IAASB consider how best to communicate this expectation.

As indicated above we are keen to ensure the standard is scalable and so welcome the inclusion of illustrative reports (specifically 2, 3 and 4) for assurance of entities other than listed entities. As we anticipate many companies having modified assurance reports or reports with emphasis of matter we suggest the IAASB consider developing guidance that includes some examples.

Finally, we are keen to ensure that the illustrative assurance reports include one for a non-listed entity has voluntarily produced a sustainability report in accordance with a recognized sustainability reporting framework (such as EFRAG's VSME).

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):**

While we recognise it would be challenging to address the concept in ISSA 5000 at this stage, we encourage the IAASB to prioritize “key sustainability assurance matters” in its future sustainability-related work.

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 comments below](#)

**Detailed comments (if any):**

We agree that for limited assurance engagements the assurance report explanation that the scope and nature of work performed is substantially less than for a reasonable assurance engagement is sufficiently prominent.

We wonder whether analogous text explaining that the scope and nature of work performed is substantially more than for a limited assurance engagement might be appropriate for inclusion in the assurance report for reasonable assurance engagements. This will help stress the benefits of reasonable over limited assurance.

*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):**

**We strongly encourage the Board to urge regulators to provide high-quality, robust oversight that supports high-quality assurance outcomes from all practitioners.**

### **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):**