



Tom Seidenstein
IAASB Chair

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Subject: Proposed International Standard on Sustainability Assurance (ISSA) 5000

Dear Tom Seidenstein, dear IAASB representatives

WWF is pleased to provide you with feedback on the proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements. We have also submitted detailed responses to specific consultation questions using the IAASB's proposed template.

We would like to build on certain critical points raised throughout our template response to the consultation by the means of this letter. Indeed, we would like to highlight 5 key issues that we perceive to be central to the development of a sustainability assurance standard that could bring transparency and credibility to the sustainable transition efforts engaged by European undertakings.

Putting sustainability assurance in the proper EU context

- (1) Building on the Paris climate Agreement, the European Union has announced a strong sustainability ambition, with a mandatory objective to decarbonize its economy by 55% by 2030, and achieve net-zero emissions by 2050. In addition, building on the Global Biodiversity Framework and notably its Target 15, the EU has adopted mandatory biodiversity objectives. Finally, it has set as well objectives for circular economy, pollution prevention and more. They are part of the overarching European Green Deal, encompassing a large number of environmental regulations mandating a fast and just transition. Complementarily, the EU Corporate Sustainability Reporting Directive (CSRD) and its implementing European Sustainability Reporting Standards (ESRS) are requiring unprecedented corporate sustainability reporting at granular level in the EU, and are mandating sustainability assurance. Sustainability assurance activities must therefore be considered in this EU context, and are particularly important : the certification of the corporate sustainability information by a third party needs to help users, including regulators and supervisors, to rely on reliable and credible information to monitor the planification and implementation of sustainability transitions in



the private sector in order to reach the EU environmental and sustainability objectives by 2030.

- (2) For WWF, corporate reporting is a means to an end, and the end is the achievement of the above-mentioned EU 2030 environmental and sustainability objectives - which requires the rapid alignment of corporate business models (and financial portfolios for financial institutions) with these objectives. In this regard, it is important to consider reporting and assurance practices in the broader objective of what these activities are meant to facilitate. Indeed, given that the underlying intention of EU sustainability reporting regulation is to provide information that helps users assess the proper consideration, planification and implementation of sustainability processes in their activities and the related risks, assurance practices should evolve to provide increased confidence and credibility to the reported information.

From conformity and sincerity to credibility

- (3) ISSA 5000 builds on existing assurance standards issued by the IAASB to provide guidelines specific to sustainability matters. In direct lineage of previous assurance practices, the guidelines are mainly focused on ensuring that information published in sustainability disclosures is both conform to a particular framework, and that the published information is sincere. This entails verifying that the proper processes and control mechanisms exist within entities, in order to substantiate sustainability claims published in related disclosures. While this provides a first layer of security on the published information, WWF believes that assurance practices need to evolve to provide a higher level of security as to the relevance and credibility of published information.
- (4) An evolution towards the certification of relevant and credible information would entail a more qualitative assessment of sustainability information published in associated disclosures. Assurance providers would therefore need to pronounce themselves on the compliance aspect of disclosures to certain frameworks, but also to evaluate the exhaustivity, reliability, relevance and credibility of claims issued in sustainability publications. This would require a strong capacity to critically evaluate the claims put forward by companies, and evaluate whether current and planned actions plausibly show a capacity for entities to attain their sustainability objectives.
- (5) This is particularly important in a context where sustainability is becoming a growing concern for investors, who may not always possess in-depth comprehension of sustainability matters. In this sense, assurance providers are often perceived as a “line of defense” against misleading information and, in turn, greenwashing practices. If assurance practices do not evolve to allow for better consideration of relevance and credibility of the published information, there is a risk that information users will be misled into thinking that a third party assurance provides greater security than it is meant to. Indeed, research shows that assurance already improves perceived reliability of sustainability information¹. It is therefore important to bolster assurance practices to mirror this perception.

¹ Hodge et. Al. (2009), *Assurance of Sustainability Reports: Impact on Report Users' Confidence and Perceptions of Information Credibility*.



- (6) WWF believes that the IAASB has a key role to play in the production of an ambitious assurance standard enabling the activity of sustainability auditors to evolve toward the overarching objective of certifying the credibility of the sustainability information published by entities. A standard that normalizes assurance practices in this way would provide a benchmark for the evaluation of sustainability assurance credibility, fostering greater security for practitioners and increased public trust in this industry.
- (7) We encourage the IAASB to continue engaging with European stakeholders and monitor relevant developments on sustainability reporting and assurance, so that ISSA 5000 can be applied and form a robust basis for adoption of a sustainability assurance standard in the EU and broader Europe. This would also allow the IAASB to better account for the broader context and objectives in which sustainability reporting inscribes itself within EU green transition ambitions by 2030, as mentioned above. Would the ISSA 5000 standard not properly integrate this broader objectives, WWF would have to forcefully engage with the European Commission - mandated to adopt sustainability assurance guidance by 2026 - to set up a specific EU sustainability assurance standard.

Inclusion of double materiality

- (8) WWF strongly supports the requirement of double materiality in the CSRD. The current inclusion of the concept within ISSA 5000 highlights the difference and the need for both financial and impact materiality. WWF supports the continued inclusion of this concept in the guidance for assurance providers issued by the IAASB.
- (9) However, the guidance should provide clearer guidelines on the way in which the double materiality evaluation process put in place by entities should be assessed by practitioners. It would also be useful to provide a clear indication of the way in which the entity's assessment of double materiality should impact materiality considerations for practitioners when selecting sustainability information for verification (planning and performance of the engagement).

Addressing greenwashing risk

- (10) An important greenwashing risk exists in the publication of sustainability information, notably as this topic gains importance for investors and other stakeholders. While some legal guardrails exist in certain regions around greenwashing practices, assurance practitioners are also expected to address the risk of greenwashing adequately, considering the risk factors (i.e. pressures, opportunities) and the fact that internal control over sustainability reporting will still needs to mature and improve in many companies. WWF believes that ISSA 5000 should require the practitioner to:
 - pronounce themselves on the relevance and credibility of the claims issued in sustainability reporting based on the information provided by entities
 - review the sustainability information subject to assurance taking into account its format and form of presentation, overall tone, granularity
 - assess if the materiality assessment process and its results may reveal management bias or intentional omission of material sustainability information.



Holistic review of sustainability information

- (11) In a traditional assurance engagement, practitioners conduct a materiality evaluation of sustainability information to conduct their audit work on elements that are most susceptible to material misstatements. However, due to the interconnections that exist between different elements of a given sustainability matter, between sustainability matters themselves, and more broadly between sustainability matters and other financial or operational information, assurance providers should seek to assess sustainability disclosures holistically so as to evaluate the relevance and credibility of sustainability information.
- (12) In the WWF view, this would require proper comprehension by practitioners of the dependencies that exist between sustainability (and other) information, and a capacity to provide qualitative and critical evaluation of the way in which interaction of quantitative and qualitative elements feed the sustainability narrative put forward by an entity or a group.
- (13) This element seems critical in assessing global risk around sustainability transitions. As sustainability matters gain increased importance for investors and other users of information, notably due to the systemic risks created by both physical and transition risks linked to climate and other environmental crises, it is important that sustainability information be assessed holistically so as not to omit key elements in the assessment of an entity's degree of preparation regarding sustainability issues.

Internal coherence of sustainability information and interactions with external factors

- (14) In particular, regarding the holistic assessment of sustainability information, attention should be given to both the internal coherence of sustainability policies and actions (which, together, can be thought as constitutive of an entity's transition plan), and the dependencies and interactions with external factors that exist in sustainability matters.
- (15) Internal coherence should be evaluated by verifying that different topics in sustainability disclosures interact with one another in a way that ensures the overall reliability and credibility of claims issued by a given entity. For example, any claims made toward net-zero emissions should be tested against historical capacity to decarbonize operations, projected decarbonation levers, and associated investments by the entity - in order to assess the plausibility and credibility of these claims. Moreover, solutions provided by entities should be verified against recognized, up to date and independent science-based scenarios or research to ensure that any solutions implemented by entities are consistent with the most recent scientific sustainability recommendations around this topic.
- (16) Dependency and interaction to external factors should also be evaluated in order to assess the degree to which different proposed solutions to sustainability matters are plausible and credible. For example, continued reliance on unproven technologies or insufficiently developed resources for sustainability solutions constitutes a serious risk factor for the achievement of sustainability objectives. Similarly, competing uses around sustainability solutions on which certain sectoral transitions heavily rely could impair certain actors' capacity to reach their individual sustainability objectives. This should be comprehensively assessed when evaluating entities' sustainability information in order to inform users on the credibility of claims made by information publishers. For example, decarbonization claims



or objectives heavily relying on large-scale Carbon Capture and Storage (CCS), massive use of biomass / bioenergy or massive use of green hydrogen have already been strongly criticised for being unlikely to extremely unlikely to be met; separately, decarbonization claims or objectives heavily relying on carbon offsetting have been strongly criticized as well for simply 'passing the hot potato' to other entities, failing to decarbonize the activities of the given entity itself.

- (17) Finally, the interaction between different sustainability topics should be assessed when providing sustainability assurance on related disclosures. This is particularly important in the case of the climate-nature nexus : multiple interactions exist between climate and nature impacts and financial dependencies, and these should be clearly considered when establishing sustainability policies at the level of entities or groups. To be sure, solutions implemented to mitigate climate change or to adapt to physical climate impacts can heavily impact ecosystems. The interaction of such topics should be considered when assessing the overall coherence of sustainability issues, in particular in the case of transition plans mandated by the CSRD and ESRS.

Training requirements for sustainability auditors

- (18) IAASB has a role to play in ensuring the proper training and upskilling of assurance providers regarding sustainability issues. Due to the many interactions that exist between different elements of sustainability policies, between different sustainability matters, and between sustainability and financial matters, it is important that auditors be properly trained on these topics if they are to provide claims on credibility of sustainability information.
- (19) In this regard, the IAASB could require a minimum amount of training and of experience for sustainability auditors, or provide an assessment against which auditor competencies in sustainability matters would be evaluated.

We thank you for the opportunity to provide comments. For further information on this letter, please contact Antoine Pugliese (apugliese@wwf.fr) or Guillaume Bône (gbone@wwf.fr).

Sincerely,

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