

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)	Accountancy Europe
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Olivier Boutellis-Taft Hilde Blomme
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Vita Ramanauskaite Harun Saki
E-mail address(es) of contact(s)	vita@accountancyeurope.eu harun@accountancyeurope.eu
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.	Europe
	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).	Accountancy Europe unites 50 professional organisations from 35 countries that represent 1 million qualified accountants, auditors and advisors.

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:

Accountancy Europe is pleased to provide you with its overall comments on the proposed *International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements*. We also submitted detailed responses to consultation questions using the IAASB's proposed template.

Organisations of all sizes need to rapidly transform their business models to contribute to a sustainable economy. Accountancy Europe is committed to support Europe's ambitious sustainability objectives and considers companies' reporting and assurance thereon as important means to this end.

We trust that a collective effort by all stakeholders, including the IAASB, is necessary to achieve comparable, high-quality reporting and assurance. In this regard, we would like to congratulate the IAASB for responding to stakeholders' demands and emerging needs by taking the necessary steps to deliver an assurance standard in a timely manner. We commend the quality and speed of the progress made in this project.

ISSA 5000 as a global baseline

Global assurance and ethics, including independence, standards on sustainability will support the consistency, comparability and reliability of information to meet users' needs.

We believe that ISSA 5000, as a stand-alone, profession-agnostic and principles-based standard, can and should become a global baseline for sustainability assurance engagements.

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 basis for adoption of a sustainability assurance standard in the EU and broader Europe.

Connectivity with financial statements' audit

There is an inherent connectivity between the information provided in financial statements and sustainability information. Sustainability reporting frameworks recognise this and require companies to demonstrate these links where necessary for users to have a full view of the company. This connectivity in reporting has certain implications for sustainability assurance engagements.

In the EU, companies under the Corporate Sustainability Reporting Directive (CSRD) scope will be presenting their sustainability statements within their management report which is published along with audited financial statements. In addition, European Sustainability Reporting Standards (ESRS) has specific reporting requirements for the current and expected financial impact of sustainability-related risks and opportunities.

Therefore, ISSA 5000 should be clearer on the need for communication between the assurance providers on financial and sustainability reporting, taking into account applicable laws and regulations about professional secrecy and confidentiality.

Addressing greenwashing risk

The risks associated with fraudulent sustainability reporting (i.e., intentional greenwashing) are equally substantial for all stakeholders in the corporate reporting ecosystem as they may undermine confidence in the market. Assurance practitioners are therefore expected to address fraud risks adequately, considering the risk factors (i.e. pressure, opportunities and rationalisation) and the fact that internal control over sustainability reporting still needs to evolve and mature in many companies. More specifically, ISSA 5000 should require the practitioner to:

- review the sustainability information subject to assurance taking into account its overall tone, form of presentation and granularity
- consider whether the company's materiality assessment process and its results may indicate management bias or intentional omission of material sustainability information

The importance of materiality assessment for sustainability assurance

Company's materiality assessment plays a pivotal role in sustainability reporting and the assurance practitioner should pay particular attention to this process. Therefore, ISSA 5000 should include relevant requirements on how the practitioner considers companies' materiality assessment process in planning and performing the engagement.

Difference in work effort between limited and reasonable assurance

ISSA 5000 should set the minimum requirements for a practitioner conducting a limited assurance engagement in order to achieve consistency in engagement-level quality. The practitioner may decide to perform further procedures based on their professional judgement and the engagement circumstances. We believe that this is one of the areas where the IAASB should both monitor implementation and provide guidance once the ISSA 5000 is finalised.

Implementation Support

The IAASB should also play its role in the ecosystem's capacity building given the significance of this "new land" for many stakeholders. This includes working with other parties in the ecosystem to provide support and guidance as appropriate. Accountancy Europe is committed to collaborate with the IAASB in its efforts for responding to public interest issues related to sustainability assurance.

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):

Yes, we believe that ISSA 5000 can and should serve as a global baseline for sustainability assurance engagements. To achieve this, the final standard should be framework-neutral, profession-agnostic and stand-alone.

In this regard, development of any future ISSAs on assurance-related aspects (such as evidence, forward-looking information, group engagements, reporting, etc.) should be envisaged only after the ISSA 5000 has been applied in practice for a certain period of time (e.g. 3 years). This would allow IAASB to better assess the adoption and implementation of the standard and to identify focus areas in potential new standard-setting projects. During this period, the IAASB, in cooperation with relevant stakeholders, may develop case studies and real-life examples to support the standard's implementation.

The IAASB, however, could consider working on topical standards within the suite of ISSAs at a later point in time. These may include specific assurance standards for GHG statements (a revised version of ISAE 3410), climate change, selected social and governance matters, and internal control over sustainability 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):

Yes, we agree that the development of the ED ISSA 5000 is an important response to the growing market demand to enhance the reliability of sustainability reporting. ISSA 5000, as a robust professional standard applicable to all providers of sustainability assurance, will foster high-quality engagements and consistent practices.

Users of sustainability reporting need confidence that assurance engagements are conducted to an equivalent high quality in accordance with professional standards and within an ethical framework including independence requirements.

It is important to note that the ISSA 5000 will serve as a global baseline. Accordingly, policymakers and standard setters in relevant jurisdictions could adopt the standard and supplement it by additional guidance addressing local needs and circumstances.

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 believe that the scope and applicability of ED ISSA 5000 is clear, and there is no need to emphasise (as done in paragraph 10 of the ED) that the practitioner would not be required to apply ISAE 3000 (Revised) when performing an engagement in accordance with ISSA 5000.

We also agree that ISSA 5000 can be applied when the GHG-statement is included in sustainability information subject to assurance whereas ISAE 3410 would be applicable for assurance on stand-alone GHG-statements. In connection with the IAASB's future work plan, ISAE 3410 should be revised and integrated into the suite of ISSAs as a topical assurance standard.

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):

It is essential that assurance service providers abide by strong ethical principles and rules, including independence, and sustainability assurance is provided within the framework of a dedicated quality management system. This is a public interest imperative for ensuring consistent high quality assurance engagements irrespective of whether they are carried out by a professional accountant or other independent assurance service provider.

The European accounting and auditing profession abide by either the IESBA Code of Ethics and ISQM1 directly, or local rules on ethics and quality management that are largely based on the Code and ISQM1.

Therefore, European auditors and firms already comply with relevant requirements proposed in ED ISSA 5000¹.

However, for the ISSA 5000 to be stand-alone and profession-agnostic, the essential elements of the IESBA Code and a quality management system as prescribed in ISQM1, along with minimum requirements (i.e. quality objectives), should be included in ISSA 5000.

In addition, we believe that engagement leaders should have sufficient competence in assurance skills and techniques to accept responsibility for the conclusions reached. Paragraph 32 (a) should be revised accordingly.

Ultimately, it is the role and responsibility of local authorities (audit oversight bodies, standard setters, etc) to ensure that their local framework is at least as demanding as the Code and the IAASB's quality management suite.

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):

Yes, we broadly support the definitions of sustainability information and matters as prescribed in paragraphs 3 and 17 of the ED. The examples of topics and aspects of topics provided in paragraph A32 are also very helpful.

The definition of sustainability matters should, however, refer to environmental, social and governance matters rather than economic and cultural matters, so that it is clearer and more aligned with generally accepted reporting frameworks.

In addition, we believe that references to other IAASB standards in the definitions 17 (uu) and 17 (vv) should be removed to support the stand-alone nature of the ISSA 5000.

Finally, some of the defined terms are either not used in the requirements section of the standard (such as historical financial information and attestation engagement) or aim to define terms that are not strictly technical (such as partner, personnel, staff, professional standards and uncorrected misstatements). We suggest reconsidering the necessity of including these definitions in the ISSA 5000.

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](#)

¹ IESBA has an ongoing project and plans to add Part 5 to the Code which will be about independence standards for sustainability assurance. Our response to this question has been written under the assumption that the requirements in this new Part will be as robust as Part 4A and Part 4B of the Code.

Detailed comments (if any):

Yes, it is clear. These terms are often defined and explained in sustainability reporting frameworks such as European Sustainability Reporting Standards (ESRS) and IFRS Sustainability Standards. Therefore, practitioners will most likely be referring to the applicable reporting framework, as necessary.

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):

The concepts of limited assurance and reasonable assurance create challenges in terms of understanding the difference between these two by users and designing the most appropriate procedures by the practitioner. The standard provides useful guidance on this distinction and we commend that effort.

However, the procedures suggested for limited assurance should be further reviewed to assess whether they sufficiently distinguish from reasonable assurance. Such an assessment is needed particularly with regards to the ED proposals on control testing, forward-looking information, subsequent events and evidence. In principle, ISSA 5000 should set the minimum requirements expected of the practitioner in a limited assurance engagement to promote consistent engagement-level quality.

In addition, conditions for applying reasonable assurance procedures in a limited assurance engagement should be further clarified. We acknowledge that the engagement circumstances and application of professional judgment will be the driver for the practitioner when deciding to perform further procedures in a limited assurance engagement. However, current requirements and application material in the ED are mainly based on ISAs which are meant to address audits of financial statements (i.e., reasonable assurance) and thus may lead to misinterpretations.

Finally, the terms and concepts below warrant further explanation as they are fundamental to understanding the differences between limited and reasonable assurance engagements:

- meaningful level of assurance
- implied work effort and documentation associated with the verbs 'consider', 'evaluate' and 'determine' (i.e., work effort spectrum)
- spectrum of risk

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 agree that the practitioner should obtain a preliminary knowledge of the engagement circumstances as a basis for determining whether the preconditions for an assurance engagement are present. The work effort for this would be considerably less in extent in cases where laws and regulations (or local authorities) determine:

- the sustainability information to be reported
- the set of criteria (which is made publicly available)
- the scope of the assurance engagement
- the roles and responsibilities of management and those charged with governance

This is the case in the EU and therefore, practitioners in EU Member States would not need to perform detailed procedures to evaluate whether:

- the sustainability matters within the scope of the engagement are appropriate
- the criteria (except entity-developed criteria) are suitable for the engagement circumstances
- the engagement exhibits a rational purpose

The ISSA 5000 should recognise such cases (i.e. the presence of an established reporting framework) in order to ensure that the practitioner, the engagement leader in particular, when obtaining a preliminary knowledge, focusses on the engagement circumstances that require more judgment and attention. This knowledge should include considering entity's materiality assessment process which determines the scope of sustainability reporting (please see our response to Question 9).

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: [No, with comments below](#)

Detailed comments (if any):

We agree that materiality process for the reporting entity in identifying topics and aspects of topics to be reported is not exactly the same as the practitioner's consideration of materiality. However, an entity's materiality assessment process is the starting point to determine the material information to be disclosed, and as such, reviewing the process and relevant documentation would provide useful information for the practitioner's risk identification and assessment. For example, it may give the practitioner a better view on

entity's engagement with its stakeholders and broader due diligence practices. This would support the practitioner's identification of risks of material misstatement.

Hence, the practitioner should obtain an understanding of the entity's materiality assessment process as part of planning for both limited and reasonable assurance engagements. The practitioner also needs to evaluate if the process is conducted in accordance with the sustainability reporting framework. Such understanding and evaluation could support the practitioner's conclusion on the faithful representation of reported sustainability information and whether the omitted information may indicate management bias.

Therefore, we believe that the standard should further clarify the nature and extent of the procedures to be performed on the materiality assessment process.

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):

Yes, the ED ISSA 5000 appropriately addresses the practitioner's evaluation of the suitability and availability of the criteria.

As noted in our response to Question 8, it should further clarify that in cases where the criteria have been established and made publicly available by regulations or authorities (i.e. framework criteria), the practitioner's work effort should focus on entity-developed criteria, if applicable. To reinforce this, the application material in paragraph A170 could be elevated to the requirements section of the 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):

We believe that ISSA 5000 should have conditional requirements for cases where the reporting framework requires application of double materiality. This will have an impact on the practitioner's materiality considerations especially when evaluating the completeness of the material sustainability information reported in accordance with the applicable reporting framework and determining whether uncorrected misstatements are material, individually or in the aggregate.

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):

Yes, we agree that the practitioner should consider, and not need to determine, materiality for qualitative disclosures. The application material should further clarify the difference between the work effort for considering and determining materiality, using the 'Work Effort Spectrum' from the IAASB's CUSP (Complexity, Understandability, Scalability and Proportionality) Drafting Principles and Guidelines.

Paragraph 92 of the ED suggests that for quantitative disclosures, the practitioner is required to determine performance materiality *as applicable* in the circumstances. This implies that in some cases this may not be applicable, and we agree with this.

In determining materiality, the practitioner will need to consider relevant qualitative factors and paragraph A278 of the ED ISSA 5000 provides useful examples in this regard. Similarly, materiality of uncorrected misstatements should be considered in the context of qualitative factors such as the ones listed in paragraph A417.

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):

Overall, we agree with the differentiation for obtaining an understanding of the entity's system of internal control between limited and reasonable assurance engagements. As noted in paragraph A41 of the ED, certain reasonable assurance procedures may be appropriate in a limited assurance engagement. As clarified in A315L, the extent of procedures would depend on the engagement circumstances and be based on the practitioner's professional judgment.

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 suggest that the IAASB adds a definition for the term "another practitioner" to paragraph 17 of ED-5000. The definition could be based on the descriptions included in paragraphs A22 and A91.

Furthermore, we suggest that the diagram in the page 87 of the Explanatory Memorandum, which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals, be added as an appendix to ISSA 5000.

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: [No, with comments below](#)

Detailed comments (if any):

Sustainability assurance engagements are to be performed on a wide range of technical matters and thus may necessitate using the work of experts with specialized skills and knowledge. In addition to management's experts, entities may use service organisations for sustainability related testing, certification and verification. Such services and their results may also be relevant for the assurance practitioner.

Therefore, it is crucial that ISSA 5000 addresses using the work of others in a comprehensive manner considering potential differences in terms of work effort between limited and reasonable assurance. Matters to be clarified include:

- the nature of agreement between the practitioner and the expert or another practitioner before deciding to use their work
- considerations for the practitioner when placing reliance on others' work
- principles-based requirements with regards to addressing inherent limitations of sustainability reporting and assurance (e.g., information from value chain, unavailability of certain types of data, use of proxies such as industry averages, etc.)
- how to address issues when the practitioner is not able to communicate effectively and timely with another practitioner/firm

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: [Disagree, with comments below](#)

Detailed comments (if any):

No, we believe that forward-looking information and estimates deserve different treatment. Although certain forward-looking information may involve estimates, it tends to be more narrative in nature, while estimates tend to be more quantitative. The requirements and application material derived from ISA 540 can be used for the estimates. The practitioner will need to design and perform different type of procedures for qualitative forward-looking information. This need is recognised in different parts of the application material (e.g., A228) and the requirements should also reflect this distinction more clearly.

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: [No, with comments below](#)

Detailed comments (if any):

The suggested approach to identify disclosures 'where material misstatements are likely to arise' will not be sufficiently clear to be actionable for assurance providers.

The practitioner should therefore identify the risk of material misstatement for disclosures in a limited assurance engagement, considering inherent risks related to the topics and aspects of topics, such as the disclosures for which:

- related performance or compensation incentives exist, or
- there is pressure on management to achieve an expected target or outcome, or
- a potential misstatement could affect compliance with law or regulation.

The practitioner may identify other topics and aspects of topics which have an elevated risk of material misstatement based on their understanding of the components of the entity's system of internal control, including the policies and procedures on how data and information are captured, recorded and presented.

This way, the practitioner will focus their effort on the disclosures with a higher risk and perform procedures, that are less in extent compared to a reasonable assurance engagement, on these disclosures. Accordingly, the practitioner should obtain more persuasive evidence the higher the practitioner's assessment of the risk of material misstatement.

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 agree that ISSA 5000 should include principles-based requirements on how to apply it for assurance on consolidated (group) sustainability information. Otherwise, the applicability of the standard in practice and thus, the level of adoption by local authorities and standard setters, will be limited.

The engagement team definition of the ED ISSA 5000 includes any other individuals who perform procedures on the engagement (except a practitioner’s external expert) which means in principle that the standard can be applied to group engagements.

However, there is no specific requirement related to group circumstances in the ED and although relevant application material is helpful, it does not cover all significant aspects of group engagements. Therefore, we believe that the ISSA 5000, rather than a separate ISSA, should address the issues below:

- the matters that the group engagement team may consider in determining whether, and the extent to which, component practitioners are to be involved in identifying, assessing and responding to the risks of material misstatement
- specific considerations (such as materiality) when the component’s sustainability information is also subject to assurance
- two-way communication between the group and component engagement teams
- documentation needed to evidence the nature, timing and extent of the group engagement team’s direction and supervision of the component practitioners, and the review of their work
- procedures that the practitioner should perform on the aggregation/consolidation process of sustainability information for groups
- practitioner’s responsibility when using the work of “another practitioner”, clarifying that the assurance report shall not refer to the “another practitioner”

Finally, the new concept of reporting boundary, which may not be the same as the group/consolidated entities, should be better explained to ensure consistency in understanding and application.

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):

The requirements and application material of the ED ISSA 5000 regarding fraud are based on ISA 240 and they appropriately address the risk of fraudulent sustainability reporting. Considering the heightened expectations of stakeholders with regards to greenwashing risk, we believe that ISSA 5000 should first explain the relationship between fraudulent sustainability reporting and greenwashing for the purposes of ISSA 5000. Greenwashing is a broad term which lacks a globally accepted definition, and therefore it is key to manage user expectations by clarifying the assurance practitioner’s role in addressing greenwashing risk. Practitioners should in any case consider relevant risk factors (i.e. pressure, opportunities and rationalisation) and the fact that internal control over sustainability reporting still needs to evolve and mature in many entities.

ISSA 5000 should also include a specific stand-back requirement. Accordingly, the practitioner shall review the sustainability information within the scope of the assurance engagement in terms of the overall tone, form of presentation and the level of detail given or omitted. Such a review should be performed as near as practicable to the date of the assurance report and consider the engagement team’s collective knowledge obtained throughout the assurance engagement.

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):

Yes, we support the high-level requirement as formulated in paragraph 62 of the ED ISSA 5000 and examples of significant matters given in paragraph A137.

However, the approach taken by the IAASB with regards to uncorrected misstatements in other information is not aligned with this high-level requirement. According to paragraph 157(b) of the ED, if management refuses to correct a misstatement in other information upon practitioner’s request, the practitioner shall communicate the matter to those charged with governance and request that the correction be made. This gives the wrong impression that identified misstatements in other information are more significant than the ones in sustainability information subject to assurance. Hence, we believe that paragraph 157(b) should be

moved to paragraph A137 as another example of significant matters that may be appropriate to communicate with those charged with governance.

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):

The most important consideration for the assurance report is to specify which part of sustainability information has been subject to assurance. Users should be able to identify the information covered by reasonable assurance, the information that was subject to limited assurance and the information outside the scope of the assurance engagement.

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 \(with no further comments\)](#)

Detailed comments (if any):

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 believe that the users will be more interested in engagement specific information which is to be provided under the “Summary of the work performed” section. The practitioner should strike the right balance between this specificity and comparability of the information provided to the users. To ensure this, the ISSA 5000 should include high-level principles on what to (and not to) include in this section of limited assurance reports.

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 \(with no further comments\)](#)

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):

Connectivity between financial and sustainability reporting

There is an inherent connectivity between the information provided in financial statements and sustainability information reported. Sustainability reporting frameworks recognise this and require entities to demonstrate these links where necessary for users to have a full view of the entity. This connectivity in reporting has certain implications for sustainability assurance engagements.

In the EU, for instance, entities under the CSRD scope will be presenting their sustainability statements within their management report which is published along with audited financial statements. In addition, ESRS has specific reporting requirements for the current and expected financial impact of sustainability-related risks and opportunities.

Therefore, ISSA 5000 should be clearer on the expected communication between the assurance providers on financial and sustainability reporting, taking into account applicable laws and regulations about professional secrecy and confidentiality.

Initial assurance engagements

Planning and performing an initial (first year) sustainability assurance engagement necessitate specific procedures that would most likely be different in nature and extent compared to subsequent engagements. This is not recognised in the ED ISSA 5000.

As an example, the engagement team will need to spend more time to obtain an understanding of the entity and its operating environment, and to identify and assess risks of material misstatement. In addition, in cases where there is comparative information that had not been subject to assurance in sustainability statements, the practitioner will need to use professional judgment in considering the implications for the engagement and the assurance report.

Accordingly, ISSA 5000 should have specific requirements addressing the particularities of initial engagements. This is very important as sustainability reporting frameworks usually have certain reliefs and transitional provisions which means that even in subsequent engagements there may be unassured comparative information reported by the entity for the first time.

Use of Application Material

The application material of ISSA 5000 should clarify the objectives of a requirement and what a requirement means or is intended to cover. It should not include general background information or appear to create additional obligations for the practitioner.

In our view, there is scope to reduce the length of the application material without compromising the quality of the standard. We believe that following (non-exhaustive) list of application material paragraphs should be removed from the ED ISSA 5000:

- Paragraphs A6, A7 and A8 refers to matters that are already explained in paragraphs A53, A54 and A56, respectively
- A34 notes that the ISAs and ISREs may provide guidance in relation to a sustainability assurance engagement
- A83 includes examples of cases where a practitioner’s expert may be needed. However, these examples are too generic covering all key phases of an assurance engagement process
- A189 states that an agreed-upon procedures engagement or a consulting engagement may be more appropriate when the entity has little experience with the preparation of sustainability information (we do not believe that a practitioner will make such a conclusion upon obtaining preliminary knowledge for the purposes of an assurance engagement)
- A191 basically repeats the requirement established by paragraph 70(b)
- A221 does not explain anything else than what is already included in paragraphs A72 and A77
- A259 explains benefits of adequate planning which are quite evident

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: [See comments on translation below](#)

Detailed comments (if any):

We believe the similarities in wording between “other practitioner” and “another practitioner” may be difficult to translate. Some sentences are also difficult to read due to the number of times the terms “another practitioner”, “other practitioner” and “practitioner” are mentioned. For example, paragraph A119 uses “another practitioner” five times, “other practitioner” twice and “practitioner” twice. We suggest that the IAASB review ED-5000 and use the defined term “another practitioner” consistently throughout the standard.

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):