

International Auditing and
Assurance Standards Board

Contact Theresa Schweiger
Email schweiger@ksw.or.at

Submitted via [Website](#)

Date 29.11.2023

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

Dear Sir or Madam,

We, the Austrian Chamber of Tax Advisors and Public Accountants (Kammer der Steuerberater:innen und Wirtschaftsprüfer:innen, KSW) are pleased to provide you with our comments on the proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements.

General Comments

Austria has set out ambitious sustainability objectives. Organisations of all sizes need to rapidly transform their business models to contribute to a sustainable economy. KSW assumes its responsibility to support their transition and considers companies' reporting and assurance thereon as important means to this end.

We believe that ISSA 5000 can and should serve as a global baseline for sustainability assurance engagements. In our opinion, the final standard should be framework-neutral, profession-agnostic and stand-alone. Policymakers and standard setters in relevant jurisdictions (e.g. European Union) could adopt the standard and supplement it by additional guidance addressing local legal requirements and other circumstances.

It is essential that all assurance service providers in this arena adhere to strong ethical principles and rules, including independence, and that sustainability assurance is provided within the framework of a dedicated quality management system, irrespective of whether the assurance practitioner is a professional accountant or another independent assurance service provider.

It is our understanding that in Austria as well as in all other member states of the European Union the auditing profession adhere to 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 5000.

We trust that IAASB's work aims to comparable, high-quality reporting and assurance. Yet, we have some concerns on the proposed standard.

- 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.
- 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.

ISSA 5000 should also be clearer on the communication between the assurance providers on financial and sustainability reporting, taking into account applicable laws and regulations about professional secrecy and confidentiality. In our view, ISSA 5000 should have specific requirements addressing the particularities of initial engagements and there is also scope to reduce the length of the application material without compromising the quality of the standard.

We thank you for the opportunity to comment. Our detailed responses to the consultation questions using the IAASB's template is enclosed. For further information on this letter, please contact our Technical Advisor: Mag. Gerhard Prachner (gerhard@prachner.at).

Sincerely,

Dr. Aslan Milla
(Chairman of the Professional Expert
Committee for Auditing & Assurance Services)

Mag. Gregor Benesch
(Deputy Secretary General)

digitally signed

Austrian Chamber of Tax Advisors and Public Accountants

The Austrian Chamber of Tax Advisors and Public Accountants, KSW is the statutory and regulatory authority of tax advisors and public accountants in Austria. KSW represents more than 10,000 members, making tax advisors and public accountants the second-largest group within the liberal professions. For 70 years now, KSW has been a reliable partner for its members and an important point of contact for the business sector and politics in Austria in all matters relating to tax advising and auditing. KSW works with the Austrian legislative bodies on bills of law and provides expert advice to its members.

The Austrian Chamber of Tax Advisors and Public Accountants is in the EU Transparency Register (No 533887237765-96).

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)	Kammer der Steuerberater:innen und Wirtschaftsprüfer:innen, KSW
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Gerhard Prachner
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	gerhard@prachner.at internationales@ksw.or.at
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).	

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

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

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

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

Overall Questions

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

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

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

Detailed comments (if any):

Yes, we believe that ISSA 5000 can and should serve as a global baseline for sustainability assurance engagements. In our opinion, 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 addressed only after the ISSA 5000 has been applied in practice for a certain period of time (e.g. 3 years). We believe, 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.

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 public interest. We believe that ISSA 5000 as a robust professional standard applicable to all providers of sustainability assurance, will foster high-quality engagements and consistent practices.

It is our understanding that the ISSA 5000 will serve as a global baseline. Accordingly, policymakers and standard setters in relevant jurisdictions (e.g. European Union) could adopt the standard and supplement it by additional guidance addressing local legal requirements and other 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 suggest that the ISAE 3410 once revised becomes part of the ISSA suite with the relevant conforming amendments to ISSA 5000 (i.e. reference).

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 all assurance service providers in this arena adhere to strong ethical principles and rules, including independence, and that sustainability assurance is provided within the framework of a dedicated quality management system, irrespective of whether the assurance practitioner is a professional accountant or an other independent assurance service provider.

It is our understanding that in Austria as well as in all other member states of the European Union the auditing profession adhere to 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 5000.

We recommend more material should be added to highlight what the ISQM requirements are, for example, EU’s Accounting Directive (Art 34) gives a clear description of main features of such systems.

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 definition of sustainability matters should refer to environmental, social and governance matters to be more aligned with generally accepted reporting frameworks.

In addition, as a general comment we recommend that references to other IAASB standards e.g. in the definitions 17 (uu) and 17 (vv) should be removed to support the stand-alone nature of 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](#)

Detailed comments (if any):

Yes, it is clear. These terms are often defined and explained in sustainability reporting frameworks such as ESRS and IFRS Sustainability Standards (S1 and S2). Therefore, practitioners will most likely be referring to the applicable 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):

We concur with the comments of Accountancy Europe. For the convenience of the reader, we have included the comments of Accountancy Europe in our letter as follows:

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 generally 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, we believe that the work effort for this would be considerably less in cases where laws and regulations (or local authorities) determine the sustainability information to be reported, the set of criteria, the scope of the assurance engagement and the roles and responsibilities of management and those charged with governance.

In other words, 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

While we understand the need to obtain some understanding about the company's materiality process in order to ensure that the reporting will likely include all material matters as a precondition for an assurance engagement during the acceptance process, we recognise that obtaining this information in practice may be very complex especially with regard to the (full) value chain.

Therefore, we recommend clarifying that the preconditions should be met before starting the risk assessment and planning process and not at the level of the acceptance process.

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):

Regarding the evaluation of the company's materiality process, the standard does not include specific instructions how to assess the company's materiality process in order to ensure that the reporting will

likely include all material matters. Furthermore, the standard does not address the different work effort to be performed for evaluating the company's materiality process in connection with limited vs reasonable assurance. Therefore, we recommend to publish FAQs/guidance on the work effort and the specific procedures required for obtaining limited versus reasonable assurance.

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, the practitioner may have a better view on entity's engagement with its stakeholders and broader due diligence practices. This would support the practitioner's identification of disclosures where material misstatements are likely to arise (limited assurance) or the risks of material misstatement at the assertion level for the disclosures (reasonable assurance).

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 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 depth of the procedures to be conducted 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):

We ask for further clarification 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. Therefore, if the reporting framework requires application of double materiality, the practitioner should also consider impact materiality when

- a. evaluating the completeness of the sustainability information reported, and

- b. determining whether uncorrected misstatements are material.

To reinforce this, the application material in paragraph A170 could be elevated to the requirements section of the standard.

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 that the practitioner should consider, and not need to determine, materiality for qualitative disclosures. We suggest that 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 \(with no further comments\)](#)

Detailed comments (if any):

Using the Work of Practitioner’s Experts or Other Practitioners

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?

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

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

Detailed comments (if any):

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):

We concur with the overall response and the detailed comments of Accountancy Europe. For the convenience of the reader, we have included the comments of Accountancy Europe in our letter as follows:

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 this issue in a comprehensive manner considering potential differences in terms of work effort between limited and reasonable assurance. Matters to be clarified include:

- a. the nature of agreement between the practitioner and the expert or another practitioner before deciding to use their work
- b. considerations for the practitioner when placing reliance on others’ work
- c. 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.)
- d. 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):

We concur with the overall response and the detailed comments of Accountancy Europe. For the convenience of the reader, we have included the comments of Accountancy Europe in our letter as follows:

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: [Yes, with comments below](#)

Detailed comments (if any):

We agree with the suggested approach we recommend to further assess if the procedures are sufficiently clear to be actionable for practitioners.

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):

While we agree that ISSA 5000 should include principles-based requirements on how to apply it for assurance on consolidated (group) sustainability information we would like to point out that currently, 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, practitioners as part of the engagement team are to be involved in identifying, assessing and responding to the risks of material misstatement at the component level
- 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 practitioners at the component level, and the review of their work
- procedures that the practitioner should perform on the aggregation/consolidation process of sustainability information for groups

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 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 (i.e. intentional greenwashing). 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.

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):

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

Detailed comments (if any):

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

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

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

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

Detailed comments (if any):

Other Matters

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

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

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

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 company. 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 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 unassured comparative information 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.

Clarification of other information

In our opinion the definition of other information and the respective requirements of the practitioner do not consider the scenario that parts of the other information are assured by the same practitioner (e.g. financial statements and management reports audited by the same auditor/practitioner). In this case the requirements for other information should not apply for those parts.

Use of Application Material

We concur with the comments of Accountancy Europe. For the convenience of the reader, we have included the comments of Accountancy Europe in our letter as follows:

The application material of the 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
- A33 and A35-40 mentions other ISSAs that do not exist yet
- 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: [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):

