

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 EngagementsTM (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)	Chamber of Financial Auditors of Romania (CAFR)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	
Name(s) of contact(s) for this submission (or leave blank if the same as above)	cafr@cafr.ro
E-mail address(es) of contact(s)	
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).	CAFR is the professional body that regulates and monitors the conduct of financial audit activities in Romania, other than the statutory audit.

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):

It is very important that the new standard on sustainability assurance offers clarity regarding its objectives and the scope of sustainability assurance engagements.

Based on the content of paragraph 14 in the Explanatory Memorandum, we believe that ED-5000 has been designed with a comprehensive approach to accommodate the diversity and evolving nature of sustainability reporting practices and requirements globally. The standard intends broad applicability across different reporting mechanisms, criteria, users, and assurance engagement types and this is welcomed approach as it might represent an integrated tool for policy makers and regulators who are considering the following steps in order to make assurance over sustainability disclosures become mandatory.

We appreciate the fact that with time, by creating a standardized framework for sustainability assurance, it will become easier to assess sustainability information regardless of the reporting mechanism used by companies. While the standard aims to accommodate various reporting practices, ensuring consistent and effective application across diverse reporting formats could pose challenges.

We also appreciate the clarification that when sustainability information is required within financial statements and subject to audit, the International Standards on Auditing (ISA) would apply, as this ensures coherence between financial reporting and sustainability assurance processes, a positive step for ensuring accuracy and reliability in reporting.

While acknowledging the framework-neutral approach, we express our concerns about the practical application and feasibility of ED-5000 across a wide array of criteria. Ensuring that the standard is adaptable without compromising rigor and consistency in assurance processes could be a significant challenge, therefore we would welcome developments by IAASB in terms of non-authoritative guidance to assist practitioners in navigating the complexities of different reporting criteria. Providing practical guidance on how to apply the standard effectively across diverse frameworks will be crucial for its successful implementation.

Differentiating requirements and application guidance for each type of assurance engagement, limited and reasonable assurance, ensures that the procedures are proportionate to the level of assurance sought. This tailored approach allows for a more efficient use of resources. The potential shift in assurance requirements from limited to reasonable over time, will help financial auditors, as well as the other professionals providing sustainability assurance, prepare for an anticipated increase in demand for

reasonable assurance as sustainability reporting matures and becomes more standardized. However, it is important to prepare the transition between the two levels of assurance without compromising quality.

Regarding the fact the ED-5000 is intended to be used by all assurance practitioners, there are opportunities and challenges in this area. Considering the fact that ED-5000 has some similarities with the ISAs, financial auditors and professional accountants will find it easier to apply and therefore they will probably be the leading practitioners who will be required to issue sustainability assurance reports. However, some SMPs as well as professional service organizations that are not accountancy firms may be unfamiliar with some of the fundamental terminology that existing users of ISAs may be more familiar with.

We recommend that IAASB should promote clarity and a unitary terminology in regulatory requirements for practitioners conducting sustainability assurance engagements. While some jurisdictions have established regulations, others might still be evolving in terms of setting requirements for these practitioners, therefore clear and uniform regulatory frameworks could help ensure a standardized level of competence and ethical conduct across all practitioners.

Ensuring that all practitioners, whether financial auditors or other professionals, follow rigorous quality control measures and adhere to ethical standards is also critical to maintain consistency and reliability in the assurance process and therefore should be made clear within the requirements of the standard.

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):

We agree that the consideration of qualitative standard-setting characteristics outlined in the Public Interest Framework (PIF) during the development of ED-5000 demonstrates responsiveness to the public interest. Acknowledging these characteristics as criteria for assessment indicates a commitment to aligning the standard with public interest considerations. The openness that IAASB has proved in the development process, including exposing drafts for public comment and robust stakeholder involvement in the consultation stage contributes to public trust and confidence in the resulting standard.

It is important that the proposed standard creates an appropriate balance between the interests of various stakeholders, ensuring that it meets the needs of investors, businesses, regulators, and the wider public without unduly burdening reporting entities. We consider that ED-5000 demonstrates responsiveness to scalability by being adaptable for use by entities of various sizes, industries, and complexities. A scalable standard should be applicable and feasible for both large multinational corporations and smaller entities with fewer resources.

For serving the public interest, it might be necessary for IAASB to provide additional information and examples in the application materials and non-authoritative guidance to address scalability challenges that may arise and possible ways on how these could be resolved. We also believe that the

requirements and application material on scalability in paragraph 13 can be improved by including additional guidance on the areas in which applying the scalability concept is possible.

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):

The scope and applicability of ED-5000 seem largely clear in terms of its coverage of assurance engagements on sustainability information and we believe that the standard's emphasis on attestation engagements for sustainability information and its overarching nature in addressing these engagements is rather comprehensive.

We appreciate the effort to provide clarity on when to apply ISAE 3410 versus ED-5000, specifically regarding engagements related to greenhouse gas (GHG) statements. The differentiation outlined in ED-5000, where ED-5000 applies except when a separate conclusion is provided on a GHG statement (where ISAE 3410 applies), provides guidance on the appropriate standard to use based on the engagement's specifics. It might be important for IAAS to clarify the future status of ISAE 3410 once ISSA 5000 is finalized.

We also emphasize the necessity for ongoing communication and guidance from the IAASB regarding the transition from ISAE 3410 to ISSA 5000, ensuring practitioners are informed and prepared for any changes or adaptations in standards related to GHG statements and sustainability assurance.

Relevant Ethical Requirements and Quality Management Standards

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

(See Explanatory Memorandum Section 1-D)

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

Detailed comments (if any):

We acknowledge that ED-5000 appears to aim for alignment with the "at least as demanding" principle outlined in the IESBA Code. However, we consider there is a need for additional application material or guidance within ED-5000 to explicitly outline how this principle applies in the context of sustainability assurance engagements. Clear examples or case studies demonstrating the application of this principle in different scenarios could enhance understanding for practitioners.

ED-5000 incorporates aspects of ISQM 1 regarding a firm's responsibility for its system of quality management. However, more specific guidance within ED-5000 on how to align or integrate the requirements of ISQM 1 into the context of sustainability assurance engagements is considered necessary. This could include practical guidance on implementing quality management procedures specific to sustainability reporting. Real-world examples could help practitioners understand how to navigate complex ethical considerations and implement effective quality management practices in this context.

It is crucial that a level playing field is established and this means all sustainability assurance practitioners having to comply with the same or similar high ethical and quality management standards.

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):

We support the IAASB's decision to broaden the definition of sustainability matters beyond the conventional ESG (environmental, social, governance) framework. Recognizing environmental, social, economic, and cultural matters, along with the impacts of an entity's activities, products, and services on various domains, could align with the evolving landscape of sustainability considerations.

We suggest further clarification or refinement in the definitions to ensure coherence with other IAASB assurance standards. The term sustainability matters and its definition are similar and consistent with the term underlying subject matters as used in ISAE 3000 (Revised), and the term sustainability information and its definition are similar and consistent with the term subject matter information as used in ISAE 3000 (Revised). Clearer delineation of sustainability matters being measured against applicable criteria and the resulting sustainability information and aligning these concepts with terminology in assurance standards will be considered useful.

It's crucial to align with the International Ethics Standards Board for Accountants (IESBA) on defining sustainability information. Establishing standardized terminology and ensuring consistency with commonly used terms will promote widespread adoption and facilitate a harmonized approach across the globe. This alignment aids in creating a unified understanding and encourages broader acceptance of these definitions within the economy.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

(See Explanatory Memorandum Section 1-E, paras. 35-36)

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 45-48)

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

Detailed comments (if any):

We agree with the IAASB's decision to encompass both limited and reasonable assurance within a single overarching standard. Recognizing the relative nature of limited assurance in contrast to reasonable assurance could aid in a better understanding of the differential work effort within the context of reasonable assurance. The emphasis placed on clearly distinguishing between the work efforts required for limited and reasonable assurance engagements is extremely important, especially when considering a potential shift from limited to reasonable assurance, mandated by law or regulation in the future.

The "signposting" approach used in ED-5000 to differentiate between requirements specific to limited and reasonable assurance engagements and the use of a column format and labeling with "L" or "R" after paragraph numbers could aid practitioners in easily identifying relevant material for each type of engagement. However, further guidance on what elementary procedures are required for limited assurance and how these would differ from those required for reasonable assurance would be considered helpful.

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):

ED-5000, similar to ISAE 3000 (Revised), outlines the practitioner's responsibility to gather preliminary knowledge of the engagement circumstances. This understanding is crucial for determining the presence of preconditions essential for accepting or continuing an assurance engagement related to sustainability information.

It's apparent that ED-5000 lacks explicit articulation of the specific 'preconditions' required for the assurance engagement. While it offers some examples in the application guidance to help identify their absence, the standard itself doesn't explicitly detail what these preconditions involve.

It is important to connect this preliminary knowledge-gathering phase with subsequent stages, such as planning the engagement and performing risk procedures. Clear guidance on integrating this preliminary knowledge into subsequent stages ensures coherence and efficiency in the assurance 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: [Yes, with comments below](#)

Detailed comments (if any):

We appreciate IAASB's effort to strike a balance, avoiding imposing overly burdensome requirements on practitioners prior to the acceptance or continuation of an engagement. Limiting the preliminary knowledge to what's necessary for engagement acceptance aligns with efficiency in the engagement process.

Differentiation between terms like "materiality process" and "materiality considered by the practitioner" avoids confusion and ensures a clear understanding of each concept's role within the assurance engagement.

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 appreciate ED-5000's emphasis on practitioners identifying the sources of criteria used for sustainability information. This identification aids in understanding the credibility and transparency of the criteria and their suitability for the assurance engagement. We support the presumption within ED-5000 that framework criteria embodied in law, regulation, or issued by recognized bodies following due process are presumed suitable unless evidence suggests otherwise, as this presumption ensures a level of credibility for commonly accepted criteria.

The acknowledgment in ED-5000 that reporting frameworks are likely to evolve and become more comprehensive over time, potentially becoming more widely accepted due to increased regulatory requirements aligns with the evolving nature of sustainability reporting.

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 ED-5000 adequately covers the concept of "double materiality," and the recent FAQs provided further insight into this concept. However, we recommend that the IAASB contemplate the inclusion of a few overarching requirements or the development of distinct guidance, which could eventually be integrated into an ISSA. These requirements or guidance should be contingent upon the reporting framework being founded on the principles of double materiality.

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):

Emphasizing the complexities in determining materiality for the entirety of sustainability information, especially due to the diverse nature of qualitative and quantitative disclosures across various topics, the "bifurcated" approach proposed by the IAASB, where the practitioner is required to "consider" materiality for qualitative disclosures and "determine" materiality for quantitative disclosures seems to be a good approach, but we express the need for further application material and guidance. Different units of measure used in sustainability reporting might generate a different approach from professionals regarding the quantitative materiality.

Considering the information needs of intended users and the relevance of applicable criteria we consider professional judgment essential in assessing materiality, therefore the standard should stress the significance of documenting the factors influencing the practitioner's consideration or determination of materiality, as outlined in paragraphs 93 and A278-A281 of ED-5000.

It is important to include a requirement in ED-5000 for determining performance materiality for quantitative disclosures, aligning with the concept of aggregation risk to reduce the probability of material misstatement. We appreciate IAASB's decision to base the definition of performance materiality on ISAE 3410 and to stress the importance of documenting the basis for determining performance materiality when applicable.

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):

Certainly, understanding the risk environment and the internal control system holds great importance for sustainability practitioners employing a risk-based assurance approach. Nevertheless, there might be a reluctance among practitioners, especially those working with SMEs, where the emphasis lies solely on conducting substantive testing. In such cases, the less structured nature of the internal control system might lead to hesitancy in seeking a comprehensive understanding.

We agree with the differentiation for different levels of assurance engagements. This approach addresses the varying risks of material misstatements in disclosures. We support IAASB's efforts to ensure clarity, appropriate scope, and scalability in understanding the system of internal control and we consider it important to find a balance between building on existing standards like ISAE 3000 (Revised) and ISAE 3410 while integrating updated concepts from ISA 315 (Revised 2019) for a more comprehensive understanding of the entity and its internal control system.

Although we generally agree with the differentiation, we suggest enhancing the standard's clarity by providing additional illustrative examples or practical guidance to better exemplify how practitioners should differentiate their approach in obtaining an understanding of the internal control system between limited and reasonable assurance engagements.

Using the Work of Practitioner's Experts or Other Practitioners

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

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

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

Detailed comments (if any):

We believe it is important to express requirements for high-quality and independence from the experts whose work will be used throughout the engagement. The standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. Due to the complexity inherent in sustainability assurance engagements, especially those involving a wide range of sustainability matters or information from various entities within the organizational boundary or across the value chain, we believe such complexity demands leveraging the expertise of external firms or practitioners.

To support assurance providers, integrating Figure 2 from the Explanatory Memorandum into the accompanying guidance of ISSA 5000 would significantly aid in clarifying this aspect. Further visual aids or detailed explanations that explicitly outline the roles and responsibilities of external practitioners versus engagement team members will facilitate better understanding and application of the guidelines.

We firmly believe that such an inclusion will greatly benefit practitioners by rendering the differentiation between members of the engagement team and external parties more accessible and clearly defined.

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

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

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

Detailed comments (if any):

Enhancing the standard with clearer directives on incorporating information obtained from other assurance providers within the value chain would be immensely beneficial. This clarification is essential to address concerns regarding the expectation that the sustainability assurance provider should cover the entire entity's value chain which is an impractical task.

Despite the comprehensive guidelines, we suggest potential improvements such as providing additional illustrative examples or case studies to further clarify scenarios where practitioners may or may not be rely on the work of external experts or other practitioners.

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

We agree with the decision to integrate the treatment of estimates and forward-looking information within the "Responding to Risks of Material Misstatement" section (paragraphs 134L-135R) of ED-5000. It is necessary for management to appropriately apply applicable criteria when developing such information, including selecting suitable methods, assumptions, and data.

We suggest that separate considerations for estimates and forward-looking information might be more relevant, given the potential differences in the considerations applicable to each category and therefore, we believe more guidance material is needed in these areas.

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 generally support the approach outlined in ED-5000 concerning risk procedures in limited assurance engagements. The differentiation between limited and reasonable assurance engagements in terms of risk assessment aligns with established standards like ISAE 3000 (Revised). It's recognized that ISAE 3410 necessitates risk identification and assessment at the GHG statement level, which differs from the approach in limited assurance.

ED-5000's emphasis on risk procedures sufficient to identify potential material misstatements in disclosures is appropriate for sustainability assurance engagements. Considering the broad spectrum of sustainability disclosures, focusing on likely areas of material misstatement allows for a targeted approach to further procedures.

We appreciate the approach of IAASB to streamline the work involved in limited assurance engagements by adopting a less demanding stance on risk procedures. However, we raise a concern regarding the potentially excessive workload that might persist despite this approach. Therefore, we encourage the IAASB to explore potential modifications to further refine this approach in order to mitigate the perceived workload issues.

In the risk assessment section for both limited and reasonable assurance, it would be beneficial to have greater focus on how to deal with management bias and estimation uncertainty. It would also be useful to have some specific sustainability related examples within the application guidance.

Groups and "Consolidated" Sustainability Information

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when "consolidated" sustainability information is presented by the entity? If not, what do you propose and why?

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

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

Detailed comments (if any):

Additional information concerning the treatment of groups and dealing with consolidated information would be beneficial, especially for non-professional accountant service providers who may be unfamiliar with the requirements of ISA 600. Guidance on identifying components and materiality in the context of a group as well as requirements for a unitary approach at group level are some areas where additional direction could be particularly useful.

The challenges involved in handling 'consolidated' sustainability information for groups often involve complexities beyond the scope of standard assurance engagements. Despite the guidance provided in ED-5000, the nature of information spread across multiple entities within a group or value chain presents unique challenges. Although the standard touches upon considerations for these circumstances, the practical execution might demand specific tailored guidance or additional standards to effectively address the nuances associated with these engagements.

Given the complex landscape of group reporting, it's apparent that practitioners could benefit greatly from a specialized set of standards or comprehensive guidelines. Such resources would effectively help them to navigate the complex details inherent in these types of engagements.

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):

While ED-5000 indeed addresses the issue of fraud, acknowledging its significance in the context of sustainability information, there could be further exploration into the focus on fraud prevention and detection within this framework. Issuing specific guidelines or provisions dedicated to fraud considerations might improve the practitioner's ability to mitigate risks related to misstatements, aligning more closely with evolving sustainability reporting dynamics.

The requirement to maintain professional skepticism throughout the engagement, recognizing the possibility that a material misstatement due to fraud could exist, is especially important.

Given the high risk of greenwashing we suggest that the IAASB consider further how the standard might have an even greater focus on fraud.

Communication with Those Charged with Governance

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

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

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

Detailed comments (if any):

We support the high-level requirement for communication as outlined in ED-5000, recognizing its alignment with ISAE 3000 (Revised). However, we must take into consideration the evolving landscape of sustainability assurance engagements, which might require refining communication aspects. It might be beneficial to offer additional guidance or examples tailored to sustainability-specific matters that practitioners should 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):

We support the IAASB's approach of basing the report requirements in ED-5000 sustainability assurance engagements on the report requirements of ISAE 3000 (Revised). The requirements SHOULD ensure the assurance report meets the needs of users.

While the framework based on ISAE standards and drawing from relevant ISAs is a positive step, there are areas that might benefit from further consideration to better meet user information needs. Specifically, the assurance report could be augmented to provide enhanced clarity on the level of assurance obtained, expanding details on the scope of the engagement, and ensuring consistency for comparability purposes across reports. It would be helpful for the IAASB to provide more examples of modified reports so that best practice can be identified.

While ED-5000 lays a foundation for robust assurance reporting, refining certain aspects to offer clearer information about assurance obtained, the scope, and ensuring alignment with global best practices, particularly regarding engagement leader disclosures, could further enhance its efficacy in meeting user information needs.

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

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

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

Detailed comments (if any):

We recommend that IAASB prioritize “key sustainability assurance matters” in its future sustainability-related work, especially as this issue is linked to the communication that takes place between the assurance provider and those charged with governance

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: [Click to select from dropdown menu](#)

Detailed comments (if any):

The IAASB's intention to differentiate and highlight the variance in the scope and nature of work between limited and reasonable assurance engagements in the assurance report is a crucial step toward ensuring transparency and understanding for users. Placing these statements within the Basis for Conclusion section of a limited assurance report, as decided, offers prominence to the explanation.

Other Matters

24. Are there any public sector considerations that need to be addressed in ED-5000?
(See *Explanatory Memorandum Section 1-I, para. 135*)

Overall response: [No response](#)

Detailed comments (if any):

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

Overall response: [No other matters to raise](#)

Detailed comments (if any):

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):