

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)	PricewaterhouseCoopers International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	James Chalmers
Name(s) of contact(s) for this submission (or leave blank if the same as above)	James Chalmers and Gilly Lord
E-mail address(es) of contact(s)	james.chalmers@pwc.com gillian.lord@pwc.com
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.	Global
	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.	Assurance practitioner or firm - accounting profession
	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:

N/A

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):

Overarching standard

We agree, in principle, that the draft of ISSA 5000 (ED-5000) can be applied to all sustainability topics and aspects of topics; all mechanisms for reporting; any suitable criteria; both limited and reasonable assurance engagements; and is generally suitable for use by all assurance practitioners and intended users of sustainability information.

We are fully supportive of the IAASB's goals in developing ED-5000, and broadly support much of the proposed content, which has been helpfully enhanced from ISAE 3000 (Revised) to reflect the challenges identified in relation to performing a sustainability assurance engagement. However, there are characteristics largely unique to sustainability reporting that will have significant implementation consequences for planning and performing a sustainability assurance engagement. While we have provided specific recommendations for a number of areas of the standard, we believe certain pervasive issues require further holistic consideration by the Board to enable the final standard to be both operable and capable of being consistently interpreted and applied by both professional accounting assurance practitioners and assurance practitioners with other backgrounds/qualifications (hereafter "non-professional accounting assurance practitioners"). These areas, and where these concerns are described in this response document, are:

- Obtaining evidence regarding information from outside the entity's organisational boundary – see below.
- Using the work of another practitioner – see response to question 15.
- Understanding the entity's process to identify material reporting topics ("entity's materiality process") – see below ("intended users") and response to questions 9 and 11.
- The concept of a meaningful level of assurance and the related nature and extent of work performed for limited assurance engagements – see response to question 7.
- Requirements and guidance on aggregated sustainability information – see below and response to question 18.
- Forward-looking information – see response to questions 10 and 16.
- Other information – see below ("Other information and interrelationship with audited financial statements") and response to question 25.

Information from outside the entity's organisational boundary

One overarching fundamental observation, which impacts several of the areas noted above, is the practical implications that result from necessarily having to deal with information within the entity's reporting boundary that is generated from outside of the entity's organisational boundary, for example from the entity's value chain. This is a characteristic largely unique to sustainability reporting that has significant implementation consequences for planning and performing a sustainability assurance engagement. There are inherent challenges associated with access to information from outside the entity's organisational boundary, which in the first instance may affect management's ability to report on a complete and accurate basis, and the ability of an assurance practitioner to obtain evidence for such information, including to evaluate its relevance and reliability. Existing audit/assurance concepts associated with obtaining sufficient appropriate evidence over consolidated or aggregated (hereafter "aggregated") information i.e., group audit principles, are not, in our view, fully transposable to sustainability assurance engagements and will need to be adapted. A key question that we think needs to be addressed is: what is an appropriate work effort over information management has reported, based on different types of information originating from outside the entity's organisational boundary, to enable an assurance practitioner to express an assurance conclusion on aggregated sustainability information as a whole? For example, it would be useful to specifically address considerations for the relevance and reliability of third-party information (and appropriateness of evidence) when management incorporates third-party information from outside of their organisational boundary where reported information:

- is based on assured information (see response to question 15 on using work of another practitioner);
- is derived from a counterparty in the entity's value chain e.g., emissions data that has not been subject to any form of assurance; or
- simply involves use of proxy information (with or without accompanying 'quality scoring') i.e., where a third-party may or may not have independently evaluated the perceived 'quality' of the data).

Consequently, we believe this is an area for which the IAASB needs to give further consideration on a holistic basis. In addition to providing additional application material for those requirements where consideration of such matters would be relevant, this is likely also to be an area for which separate non-authoritative guidance would be useful, to summarise the practical challenges associated with addressing information from outside the entity's organisational boundary in complying with various requirements within the standard. For example, this would include implications for whether engagement preconditions can be met, availability of, and sufficiency and appropriateness of, evidence, considerations related to using work of another practitioner, and any limitations on scope that impact the practitioner's conclusion. Such guidance would provide helpful educational material for preparers, assurance practitioners and regulators alike. While it is outside of the remit of the IAASB, there is a potential lack of guidance for preparers addressing how they evaluate the quality of information from outside their organisational boundary and whether they have a sufficient basis for their reporting.

Other Information and interrelationship with audited financial statements

We also note, as a further overarching observation, that the mechanisms used by entities to report sustainability information are evolving and will likely continue to do so at a rapid pace. The interrelationship between the audit of financial statements and assurance of sustainability information likely needs to be further addressed, specifically with respect to:

- Evaluating the consistency of financial information included as part of sustainability disclosures with corresponding information included in audited financial statements, including the consistency in assumptions used, when relevant; and

- Resolving questions about other information and respective expectations of auditors and assurance practitioners with respect to “other” financial and non-financial information included in documents containing the audited/assured information.

This gives rise to several implications regarding the expectations and consistency of work across practitioners, which we further discuss in our response to question 25.

Aggregated information

We acknowledge the IAASB’s rationale for not seeking to include detailed requirements based on ISA 600 (Revised) for assurance engagements over aggregated sustainability information. Subject to our comments above regarding information from outside the entity’s organisational boundary, while we agree that the principles in ED-5000 can be applied to aggregated sustainability information, we strongly urge the IAASB to plan for the timely development of a further ISSA to address specific requirements and guidance in this area. This would allow the Board to further address issues associated with using the work of other practitioners and may also provide a useful mechanism for addressing some of the challenges associated with information from outside the entity’s organisational boundary. See also our response to question 18.

Intended users

With respect to the assertion that the standard is suitable for use in relation to “all intended users”, the concept is sufficiently clear in purely technical terms. However, the breadth and nature of sustainability information and the core concepts underpinning many reporting frameworks means the identification of all intended users of reported information, often more broadly characterised as “affected stakeholders”, is extremely challenging. The further along an entity’s value chain, the less clear it becomes as to whether stakeholders might be considered intended users. This is first and foremost a question that preparers need to address as part of their overall reporting materiality process. However, it has implications for the assurance practitioner.

The notion of “common needs” of intended users may not apply as universally as is the case for users of financial statements. For example, how should a practitioner evaluate whether the scope of the engagement or identified misstatements are likely to mislead intended users, when the population of such users and their varied interests is not clear. These are two examples, but there are many requirements grounded in the concept of the “effect” on intended users. These are challenges the IAASB should consider in determining whether established principles from ISAE 3000 (Revised) that have been incorporated into ISSA 5000 remain practicable. Additional guidance on factors a practitioner may take into account when seeking to identify intended users and their common needs when there are varied affected stakeholders would be beneficial. This may include, for example:

- Recognising that current disclosure standards – ESRS and ISSB – explicitly state that the financial materiality perspective is based on the information needs of the primary users of general-purpose financial reporting.
- Considering who the entity’s stakeholders are. A stakeholder in the entity may be an individual or group of individuals that has a relationship with, or interest in the entity.
- Considering officially recognised or widely acknowledged impacts, for example, established concerns noted by expert communities (e.g., environmental scientists), or that have been identified using established tools such as impact assessment methodologies or life cycle assessments.
- Considering impacts that are considered important enough to require active management or engagement by the entity.

The practitioner is not able to assess and respond to all users’ potential needs or even those for which there may be some commonality but that represent a minority. Establishing principles for how to evaluate common needs of a majority of users is therefore important to drive consistency. We comment further on how

intended users' needs are considered in our responses to questions 9, 11 and, in particular, 12 (practitioner's materiality).

Assurance practitioners and fundamental premises

We support the objective of the IAASB in seeking to make the standard suitable for use by both professional accounting assurance practitioners and non-professional accounting assurance practitioners.

We agree with the principle that an assurance practitioner complying with ISSA 5000 should be knowledgeable and competent in core assurance concepts.

We also agree with the fundamental premises on which the standard is based relating to compliance with relevant ethical requirements, including independence requirements, and application of a system of quality management that is sufficiently robust (see further our response to question 4).

We agree with the IAASB's rationale for basing ED-5000 on the requirements of ISAE 3000 (Revised) and ISAE 3410. This provided an acknowledged and accepted baseline on which to build. In doing so, however, ED-5000 has inherited many, often complex, assurance terms that professional accounting assurance practitioners are likely to be more familiar with than non-professional accounting assurance practitioners. For ED-5000 to be consistently understood, interpreted and applied in a manner that supports high quality engagements by all assurance practitioners, it is critical that there is sufficient application guidance around these more complex areas. Ensuring the standard is clearly understandable will also serve to encourage adoption among assurance practitioners that are not professional accounting practitioners. In our responses to the remaining questions below, we have highlighted, where relevant, areas where we believe further clarification or additional guidance to achieve these goals is warranted.

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):

The proposed standard is timely, relevant and provides a useful foundation for planning and performing a sustainability assurance engagement to support the IAASB's public interest goals of supporting high-quality investment grade sustainability reporting and avoiding fragmentation in global assurance standards. It will be equally important for the IAASB to remain agile to respond to emerging practice issues as experience in performing sustainability assurance engagements evolves.

Comments on specific areas related to responsiveness of the standard-setting actions set out in the project proposal are included in our comments on specific questions below, for example, engagement scope (question 3), double materiality (question 11), practitioner's materiality (question 12) and internal control (question 13).

We have also provided comments in response to specific questions below with regard to implementability and scalability, where relevant.

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: [No, with comments below](#)

Detailed comments (if any):

We agree, in principle, that the scope and applicability of ED-5000 is clear insofar as it applies to all sustainability assurance engagements. However, we believe there remains confusion over the specific application of ISAE 3410 in certain circumstances. While the statement in paragraph 2 of ED-5000 indicates that ISAE 3410 applies when the practitioner issues a separate conclusion on a greenhouse gas statement, it remains unclear about which standards apply when a greenhouse gas statement forms part of a broader sustainability report and a separate conclusion on the greenhouse gas statement is provided alongside several other conclusions on other elements of the sustainability report.

There is a logical argument that the more specific requirements in ISAE 3410 should necessarily apply to assurance work performed on a greenhouse gas statement – the standard was developed for that purpose. However, we foresee a complex scenario where, in the circumstances described above, a practitioner would be forced to apply:

- ISAE 3000 (Revised) and ISAE 3410 with respect to the assurance conclusion to be provided on the greenhouse gas statement; and
- ISSA 5000 with respect to all other sustainability information subject to assurance.

This will lead to complications related to actual or perceived differential requirements between ISAE 3000 (Revised) and ISSA 5000.

We believe the IAASB could pursue two possible solutions:

1. In finalising ISSA 5000, propose conforming amendments to ISAE 3410 to replace references to ISAE 3000 with appropriate references to requirements in ISSA 5000, such that a practitioner complies with the baseline requirements of ISSA 5000 but still applies the greenhouse gas specific requirements of ISAE 3410; or
2. Reclassify ISAE 3410 to become a separate ISSA standard by proposing more extensive conforming and consequential amendments to align the standard with the structure and baseline requirements of ISSA 5000.

Option 1 may be considered as a potential quicker “interim” solution, with option 2 viewed as the logical longer-term goal.

It would also be useful for the IAASB to provide an illustrative report that demonstrates how to address a combined assurance report that refers to both ISSA 5000 and ISAE 3410. This will not be an uncommon scenario.

The IAASB should also consider providing application material to explain that when the sustainability information includes greenhouse gas related disclosures, but not a separate greenhouse gas statement, ISAE 3410 may be useful in assisting the practitioner in designing and performing assurance procedures over that greenhouse gas related sustainability information.

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):

As a matter of public interest, it is essential that the IAASB successfully achieves its stated goal of making ISSA 5000 practitioner agnostic. Therefore, we make a number of recommendations below.

The concept of “at least as demanding” as the IESBA Code, regarding relevant ethical requirements, and ISQM 1, as regards quality management principles, for assurance engagements is consistent with ISAE 3000 (Revised). However, based on our outreach we question how well this concept is understood and applied in practice.

While the application material to the requirements explains in a reasonable level of detail the matters addressed by the IESBA Code and, at a much higher level, for ISQM 1, the standard cannot set out how a practitioner assesses equivalence. Similarly, consistent with ISAE 3000 (Revised), the IAASB cannot enforce compliance with this fundamental premise, which is a critical matter that needs to be addressed by jurisdictional regulators.

It is, therefore, important that the IAASB engages with global organisations (such as IOSCO and IFIAR) and jurisdictional regulators to further explain the role of jurisdictional standard-setters and regulators in establishing, when applicable, the equivalency of national ethical or quality management requirements, or other recognised quality management standards e.g., ISO, with those of, respectively, the IESBA Code and ISQM 1. Furthermore, such engagement should convey the critical importance of appropriate regulation and enforcement mechanisms to avoid inappropriate or inconsistent statements of compliance with ISSA 5000, which could have an adverse effect on perceptions of the standard.

With respect to expectations that all practitioners apply a system of quality management at least as demanding as ISQM 1, paragraph A8 of ED-5000 states that other requirements are at least as demanding “when they address the requirements of ISQM 1”. Given the specificity of the requirements in ISQM 1, we believe it may be unlikely that non-professional accounting assurance practitioners may apply a system that achieves direct equivalence with all the requirements set out in that standard. As noted above, we believe it will ultimately be necessary for the regulators who permit non-professional accounting assurance practitioners to use the standard to set appropriate expectations of what quality management principles are deemed sufficient to be considered aligned with the overall objectives of ISQM 1. In providing guidance for jurisdictional authorities to clarify expectations in this area, we suggest the IAASB could, for example, provide direction on “minimum”, i.e., critical, requirements that would need to be satisfied for a judgement of equivalence to be deemed reasonable.

When a practitioner has applied requirements other than the IESBA Code and/or ISQM 1 that are deemed to be equivalent, we believe it is important that the standard requires a clear description within the assurance report of what those other requirements are (including their source) to be fully transparent to users of the assurance report.

Given that oversight and transparency also are important parts of assurance quality, the IAASB should consider requiring the practitioner to make a statement in the assurance report about any compliance or regulatory program they are subject to in their application of the relevant ethical standards or system of

quality management standards (e.g., by accounting oversight bodies or national standard setters). While we recognize this is not a requirement elsewhere in the IAASB standards, we believe that given the larger number of practitioners performing this work who are not professional accountants, and consequently whose oversight regime may not be well known, it is an important piece of information for users of the report and complements required disclosures about which relevant ethical requirements and quality management requirements have been applied.

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: [No, with comments below](#)

Detailed comments (if any):

Sustainability information, criteria and applicable criteria

We consider the definition of sustainability matters to be sufficiently clear and understandable. However, with respect to the definition of sustainability information, we believe the interaction of the statement made in paragraph 4, the definition, and how that term is subsequently used in certain requirements appears flawed. At a minimum, we have encountered significant confusion resulting from how different individuals interpret the definition and how it is then applied in the context of certain requirements. We acknowledge the challenges in seeking to adopt a definition that is not in conflict with the definition of sustainability information being developed by the IESBA, however, we believe the IAASB needs to reconsider the construct that has been adopted in ED-5000.

Paragraph 4 states: *“When the assurance engagement does not cover the entirety of the sustainability information, the term “sustainability information” is to be read as the information that is subject to the assurance engagement. Sustainability information not subject to the assurance engagement that is included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon is “other information” as defined in paragraph 17(ee).”*

For purposes of the definition in paragraph 17(uu), this needs to be read in two ways – referring to both sustainability information reported by an entity as a whole (some or all of which may be subject to the assurance engagement) and, as per paragraph 4, the sustainability information that is subject to the assurance engagement. With respect to the former, any sustainability information not subject to the assurance engagement is then further redefined as “other information”, which adds an additional layer of complexity.

Similar confusion also arises from the definition of criteria. Criteria relates to sustainability information reported as a whole by an entity. “Applicable criteria” is linked to the assurance engagement scope and is therefore a subset of the overall criteria that the entity may be required to apply. ISAE 3000 (Revised) clearly states that underlying subject matter is measured or evaluated by applying criteria and that the subject matter information is the outcome of the measurement or evaluation of the underlying subject matter against the criteria i.e., the term “applicable criteria” is not used when referring to the information reported as a whole. We believe there is a flaw in the definition of criteria in ED-5000 as it defines “applicable criteria” as comprising either framework criteria, entity-developed criteria or both. While this will logically be a true statement, the fact is more appropriately applied to the criteria as a whole (see proposed recommendation below).

We believe that there may also be a common extant understanding, arising from the application of ISAE 3000 (Revised) and reinforced by the IAASB's EER guidance, that "subject matter information" always equates to the information that is subject to assurance, even though the ISAE 3000 (Revised) definitions do not explicitly state this.

Within the context explained above, applying the current proposed definitions to the requirements, we note the following challenges:

- Paragraph 69(a) is confusing. If a practitioner already has a preliminary knowledge that the engagement scope is a subset of the entity's overall reporting, this requirement could be read by the practitioner using the lens applied by paragraph 4 i.e., they focus only on information subject to assurance, which is not the intent of this requirement. Paragraph 69(b) becomes somewhat redundant in that light.
- Paragraph 70(a) – it is unclear whether this is to be read in the context of the information as a whole or the scope determined in accordance with paragraph 69(b) (it would not be unreasonable to expect that management should have a reasonable basis for all information they plan to report).
- Paragraph 72 (lead-in) – by referring to "criteria" rather than "applicable criteria" this requirement implies that "sustainability information" should be read as referring to the totality of information reported by the entity rather than the information subject to the assurance engagement. We believe this requirement should be referring to "applicable criteria" throughout, based on the definition.

There are several other requirements that could be cited; however the above examples illustrate the risk of confusion.

While we understand the IAASB was mindful of the overall length of the standard in seeking to minimise elongated terms, we believe that the need for clarity and understandability takes precedence over length. We therefore recommend the following:

- **Paragraph 4** – delete the third sentence.
- **Definition of sustainability information and sustainability matters** – Clarifying the potential existing misconception between sustainability information as a whole and sustainability information subject to assurance, and related references to criteria (aligned with ISAE 3000 (Revised)), to more appropriately and clearly stratify the population of information being referred to, as follows:
 - *"Sustainability information – Information about sustainability matters. Sustainability information results from measuring or evaluating sustainability matters against the ~~applicable~~ criteria. For purposes of the ISSAs, sustainability information is the equivalent of "subject matter information" in other IAASB assurance standards. Sustainability information, reported in accordance with the applicable criteria, that is the subject of the assurance engagement is referred to in the ISSAs as "sustainability information subject to assurance"."*
 - *"Sustainability matters – Environmental, social, economic and cultural matters, including:
 - (i) The impacts of an entity's activities, products and services on the environment, society, economy or culture, or the impacts on the entity, and
 - (ii) The entity's policies, performance, plans, goals and governance relating to such matters.*

For purposes of the ISSAs, sustainability matters being measured or evaluated in accordance with the ~~applicable~~ criteria are the equivalent of "underlying subject matter" in other IAASB assurance standards."

- **Definition of criteria** – Based on the flaw we describe above and given the importance of providing a clear understanding of the distinction between reported information and information subject to assurance, and the key relationship to each of these concepts with the terms “criteria” and “applicable criteria”, we recommend splitting the definition of criteria into two distinct definitions:
 - *“Criteria – The benchmarks used to measure or evaluate the sustainability matters. ~~The “applicable criteria” are the criteria used for the particular engagement and~~ Criteria comprise either framework criteria, entity-developed criteria or both. Framework criteria are either fair presentation criteria or compliance criteria.*

The term “fair presentation criteria” is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework and: (Ref: A454-A455)

(i) Acknowledges explicitly or implicitly that, to achieve fair presentation of the sustainability information, it may be necessary for management to provide information beyond that specifically required by the framework; or

(ii) Acknowledges explicitly that it may be necessary for management to depart from a requirement of the framework to achieve fair presentation of the sustainability information. Such departures are expected to be necessary only in extremely rare circumstances.

The term “compliance criteria” is used to refer to a sustainability reporting framework that requires compliance with the requirements of the framework but does not contain the acknowledgments in (h)(i) or (h)(ii) above.”
 - *“Applicable criteria – the criteria used for the particular assurance engagement.”*
- **All subsequent requirements and application material** – Use “sustainability information” when referring to the totality of information reported by an entity and, when specific clarity is warranted, use “sustainability information subject to assurance” when explicitly referring to the information within the scope of the engagement for purposes of the practitioner’s required work effort.

We note that such clarity is already achieved in paragraphs 74 and 78 and encourage the IAASB to adopt changes, either those described above or equivalent, that would bring this necessary clarity.

We also believe the above approach would more directly complement the definitions being considered by the IESBA. Stating that sustainability information is to be read as referring to the information within the scope of the engagement likely does not align well with the IESBA broader definition, or risks confusion.

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: [No, with comments below](#)

Detailed comments (if any):

Disclosures

With respect to the use of the term “disclosures”, we consider there to be a potential risk for misunderstanding by practitioners and users because of the specific meaning of this term in the context of an audit of financial statements, in the EU Corporate Sustainability Reporting Directive (“CSRD”), and the common English meaning attached to it.

In light of the fact that there are already defined terms of “sustainability matters” and “sustainability information”, we think there is a good case for grouping these related definitions together in the definitions section to reinforce their integrated relationship. We therefore recommend that the defined term “sustainability disclosures” be adopted and used throughout the standard. While this change may not eliminate all such risk, we believe the realignment within the definitions section will help with overall understanding of how these three terms are related and are to be interpreted.

Please also see our response to question 5 regarding the relevant definitions of sustainability matters and sustainability information.

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: [No, with comments below](#)

Detailed comments (if any):

The distinction between the requirements and application material that apply for limited and reasonable assurance engagements within the standard is clear.

However, we believe there is a significant expectations gap amongst users of assurance reports as to what limited assurance means, as well as inconsistency in practice as to the nature, and primarily extent, of work performed by assurance practitioners when undertaking a limited assurance engagement. This is true both across professional accounting assurance practitioners as well as between professional and non-professional accounting assurance practitioners.

With respect to addressing the expectations gap, we encourage the IAASB to develop educational material for stakeholders that can accompany the release of the final standard, to seek to promote a wider understanding of the difference between a limited and reasonable assurance engagement. Such material could then be used as a basis for further outreach with investors, regulators, and other users of sustainability information to raise awareness.

With respect to addressing inconsistencies in practice regarding the nature and extent of work in limited assurance engagements, we agree with the concept that limited assurance exists along a spectrum and that it is therefore challenging to define a level of work effort, in explicit terms, necessary to conclude that sufficient evidence has been obtained to support the assurance conclusion, in particular recognising the broad range of sustainability matters that may be the subject of the engagement.

Paragraphs A193L-A194L refer to the concept of a meaningful level of assurance:

“In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users’ confidence about the sustainability information to a degree that is clearly more than inconsequential.....What is meaningful in a particular engagement represents a judgment within a range from more than inconsequential but less than reasonable assurance that depends on the engagement circumstances, including the

information needs of intended users as a group, the criteria, and the sustainability matters of the engagement.”

These are highly conceptual matters and may not be readily understandable to non-professional accounting assurance practitioners that are not familiar with the IAASB's existing standards. As noted, even across professional accounting assurance practitioners, we see quite diverging practices. To the extent practicable, providing additional guidance in the form of relevant factors for consideration, or examples, that may help inform a practitioner's determination of what may constitute a meaningful level of assurance (on the spectrum of limited assurance), in the engagement circumstances, would be helpful.

Appendix 3 of the IAASB's EER Guidance provides useful analysis and explanation of the differences between limited and reasonable assurance engagements, including seeking to illustrate the spectrum of limited assurance. Given this is a fundamental issue to achieving consistent understanding and application of the standard, we strongly encourage the IAASB to consider leveraging Appendix 3 by creating a similar appendix for inclusion in ED-5000, updated to reflect the revised requirements of ED-5000. If not included directly as an appendix, we would encourage an equivalent document to be developed as supporting explanatory material to be issued alongside the final standard. In undertaking this exercise, there may be opportunities to further enhance such material in the areas of controls testing and sampling, to address areas where there may be misconceptions or inconsistencies around expectations for the extent of work to be performed.

The potential scope of sustainability matters and sustainability disclosures included in an engagement can vary significantly. In addition to an engagement potentially comprising both limited and reasonable assurance elements, and multiple conclusions, when a limited assurance engagement includes multiple conclusions on different disclosures, the nature and extent of work performed to obtain a meaningful level of assurance may vary based on the underlying sustainability matter and nature of the disclosure. The need for the practitioner to carefully scope and plan the nature, timing, and extent of procedures to obtain a level of assurance that is meaningful in the context of the specific conclusion to be expressed should be emphasised, i.e., in a broad-scope engagement there may be one or more sustainability disclosures for which it may be appropriate to perform procedures that are closer to a reasonable level of assurance. We recommend the Board includes additional guidance to address these considerations.

We also recommend that sufficient emphasis be given in the IAASB's published materials to the principle addressed in paragraph 133L that when the practitioner becomes aware of a matter(s) that causes the practitioner to believe the sustainability information may be materially misstated, the practitioner's further procedures to obtain evidence may need to extend to a level equivalent to reasonable assurance, to be able to conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated or determine that the matter(s) causes the sustainability information to be materially misstated. Further application guidance would be useful to emphasise expectations here, as paragraph A388L is fairly conceptual. An example may be beneficial.

With respect to the factors described in paragraph A195L, the intent of the final bullet is unclear. Is this intended to be a warning to practitioners that the scope proposed for the engagement may not result in a meaningful level of assurance? We suggest clarifying this point and potentially addressing it as a separate paragraph.

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 needs to obtain a sufficient level of information to determine whether the scope of the assurance engagement is appropriate (including that there is a rational purpose).

While paragraph 69 itself is clear as to the need for a preliminary understanding, the extent of that understanding and, specifically, the extent to which the practitioner is expected to obtain a detailed understanding of the entity's reporting/materiality process is not clear. In particular, the lack of clarity becomes especially pronounced when framework criteria need to be supplemented (potentially quite extensively) by entity-developed criteria, which is not uncommon. In such cases it is important to describe the level of detail expected of the practitioner's understanding of how the entity has developed those criteria.

The explanatory memorandum states: *"As ED-5000 is an overarching standard that will be applicable to all sustainability assurance engagements, and because the work effort to understand the entity's process to select sustainability matters to be reported may be straightforward (e.g., when the reporting topics are specified by the criteria, such as under law or regulation), the IAASB concluded that the entity's process could be addressed in the application material (see paragraphs A156-A157 of ED-5000)."*

While this statement may be true in relation to simple or "straightforward" engagements, there is insufficient clarity of what would be expected of the practitioner when the engagement is not straightforward. For example, as noted in our response to question 1, it is unclear what level of understanding may be needed of information from outside the entity's organisational boundary, how management has, or intends, to obtain the information required by the applicable criteria, how they have determined what does or does not need to be reported from their value chain, and the practitioner's expectations of their ability to obtain evidence. It may be unlikely, at pre-acceptance, for the practitioner to obtain detailed information about the entity's reporting process and reporting boundary. Paragraphs A156-A157 imply a level of understanding that may more commonly be associated with the detailed understanding of the entity and its environment obtained as part of risk procedures after having accepted the engagement.

Furthermore, paragraph 70(a) requires the practitioner to determine whether management, or those charged with governance, when appropriate, have a reasonable basis for the sustainability information, with the supporting application material referring to the practitioner considering whether management has a formal process with robust controls to enable the preparation of the sustainability information that is free from material misstatement. It also refers to the practitioner becoming aware that there are deficiencies in management's process to prepare the sustainability information that is not within the proposed scope of the assurance engagement. This implies a detailed understanding of the entity's reporting and materiality processes and system of internal control that is not commensurate, in our view, with a preliminary understanding.

Paragraph A192, attached to the requirement to evaluate whether the engagement exhibits a rational purpose, states (emphasis added): *"Other matters the practitioner may consider in evaluating whether the engagement has a rational purpose, include whether...a robust process to identify reporting topics in accordance with the applicable criteria has been conducted and, if so, how the information needs of the*

intended users have been identified and addressed.” This again implies a level of detailed understanding that is unlikely to be commensurate with what is reasonable as part of a preliminary understanding.

The explanatory memorandum further states: “*The extent of the preliminary knowledge needed in paragraph 69 of ED-5000 would be limited to what is sufficient for acceptance or continuance of the engagement.*” While we agree with the sentiment that the standard should not impose requirements on the practitioner that may be unnecessarily onerous prior to acceptance or continuance of the engagement, we believe the requirements and guidance need to be clarified as to what may constitute a sufficient knowledge of management’s materiality process, rather than leaving this to the practitioner’s judgement. This would be a key scalability matter. Further guidance addressing considerations for larger and more complex engagements seems warranted. An illustrative example, using a disclosure for an aspect of a topic, may be useful to bring to life the extent of the understanding that the practitioner may typically be expected to obtain.

We also note that the first bullet of paragraph A155 may be misleading. This can be read as suggesting that an assurance engagement that has disclosures that are more qualitative than quantitative may not meet the preconditions. We do not believe that is the intent and suggest this guidance be clarified. In Europe, extensive narrative disclosures will be required under the CSRD.

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):

Further to our comments with regard to obtaining a preliminary knowledge of the engagement, we believe that the exposure draft does not sufficiently address the practitioner’s consideration of the entity’s ‘materiality process’ in identifying topics and aspects of topics to be reported. While we support the overarching premise that the ISSA needs to be framework neutral, there may be several frameworks, including the CSRD, that will require assurance practitioners to express an assurance conclusion on the entity’s process to identify the information to be included in its sustainability reporting. While it may not be possible to go as far as addressing the specific work effort and form of conclusion when such conclusions are required, the practitioner’s consideration of the entity’s process forms such a critical element to the acceptance, planning and performance of an assurance engagement that we believe further attention is needed on this topic within the standard.

It is unclear, where in the standard, the practitioner’s more detailed understanding of the entity’s materiality process, beyond the initial preliminary understanding, is obtained. It may be implicit in the requirements in paragraphs 94-99, together with the required understanding of the components of the system of internal control, but it is not sufficiently clear. For example, while we agree with the IAASB’s guidance that distinguishes between the entity’s materiality process and the practitioner’s determination/consideration of materiality we find it unhelpful that the primary application material referring to the entity’s materiality process (paragraphs A273-274) is attached to the requirement addressing the practitioner’s determination of materiality.

We suggest paragraph 97 and/or 98 could be expanded to create a more logical follow on from the preliminary understanding requirement and more directly address expectations for the level of the practitioner’s further understanding of the entity’s process to identify reporting topics, with appropriate supporting application material. For example, procedures to understand management’s assessment of

material topics may need to be as detailed as procedures performed over estimates, as this is essentially management's judgement of their material topics. This includes testing inputs, assumptions, external evidence, and considering previous reporting, stakeholder or market expectations, as well as the requirements of the applicable criteria. In our view, the practitioner's procedures to obtain an understanding of the entity's process may commonly include making inquiries about:

- How the entity has identified its reporting purpose and the related intended users of the sustainability information.
- Whether the entity has documented its process, as well as the decisions and judgements it has made.
- How the entity has identified reporting topics that are relevant to users' decision-making and the entity's basis for its judgements in doing so.

Additionally, in understanding the entity's process, the practitioner may consider:

- Whether the users or groups of users identified by the entity are consistent with those that the practitioner would consider to be intended users of the assurance report.
- The significance of the potential reporting topics in the context of their impact on the entity and its performance in achieving its strategic objectives or their impact on external parties.

We also believe that a stronger connection could be made between the entity's 'information system and communication' component of the system of internal control and the critical importance that plays in supporting the effective application of the entity's materiality process. Application material should also emphasise the important principle that if management's process to identify reporting topics is deficient, the practitioner cannot overcome or compensate for these deficiencies. We suggest the standard explicitly addresses the implications of such circumstances.

We would be happy to share further insight and to support the development of further guidance on understanding the entity's materiality 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):

The requirements are largely consistent with ISAE 3000 (Revised) and the enhanced focus on rational purpose is important given the nature, and potentially varied scope, of sustainability assurance engagements that may be sought by entities, in particular when the scope of such engagements is not specified by applicable law or regulation.

We support the new requirement to evaluate whether there are criteria for all of the sustainability information expected to be subject to the assurance engagement and the additional emphasis given to the fact that framework criteria may need to be supplemented by additional framework or entity-developed criteria as this will be especially relevant in sustainability assurance engagements in many jurisdictions, including Europe.

Forward-looking disclosures

We believe that the application material addressing suitable available criteria (paragraph 72) and related application material on availability of evidence needs to provide clear guidance on the topic of whether forward-looking disclosures satisfy the conditions for assurance when determining the scope of the engagement. In respect of certain forward-looking disclosures there may not always be a common basis of measurement, statements made may be hypothetical or aspirational (such as those related to an entity's strategy or resilience) and ultimately they may not be capable of being subject to assurance. Without clear guidance, we believe there is a significant risk that, for engagements to report on sustainability information as a whole, practitioners may overlook these matters when considering the acceptable scope of disclosures that can be encompassed within the assurance engagement.

Furthermore, we believe there is a potential risk of both regulatory and user expectation gaps arising if there is no clear and consistent understanding of the basis on which any assurance work on forward-looking disclosures has been performed. There is a need for education and transparency that an assurance practitioner cannot assure the outcome of such disclosures. At best, the practitioner may be able to express an assurance conclusion on the process to compile the forward-looking disclosures that has been applied by management in accordance with the applicable criteria. Such disclosures would need to be clearly identified and the assurance report fully transparent about the nature of the conclusion being expressed. We believe these are issues that need to be addressed in the standard. Our response to question 16 further addresses the potential nature and extent of work on forward-looking disclosures that have been deemed suitable for some level of assurance.

Sustainability information definition

Further to our comments in response to question 5, we highlight paragraph 72 as a further example where reference to sustainability information is confusing. Based on paragraph 4, the lead-in language to paragraph 72 may rightfully be interpreted as referring to only the sustainability information subject to the assurance engagement. Consequently, there may be perceived redundancy in part (a) which states "*whether there are criteria for all of the sustainability information expected to be subject to the assurance engagement*". While most practitioners could interpret the intent of this particular requirement, it further emphasises the need to find distinct terminology for referring to applicable criteria and sustainability information that are the subject of the assurance engagement, and the criteria and sustainability information as a whole that is reported by the entity.

See also our comments in response to question 9 related to the entity's process to identify reporting topics (application of the criteria).

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):

In principle, yes, we agree that the exposure draft has approached the concept of "double materiality" in a framework-neutral manner. The application material is clear in explaining the distinction between "double materiality" and the practitioner's materiality considerations, however, please see our responses to

questions 8 and 9 regarding the sufficiency and location of guidance. As explained in our response to question 9, we believe further guidance is needed on the entity's process to identify reporting topics, which will likely necessitate further discussion of the concept of double materiality. This is also an area where collaboration with other stakeholders, such as professional bodies in Europe, would be useful to enable the development of additional non-authoritative guidance on this topic given the requirements of certain reporting frameworks, including the CSRD.

Materiality

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

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

Detailed comments (if any):

We agree with the IAASB decision to bifurcate the requirement by requiring the practitioner to consider materiality for qualitative disclosures and to determine materiality for quantitative disclosures. The focus on factors that may be relevant to the practitioner's consideration of materiality for qualitative disclosures is appropriate. We also support the IAASB's additional emphasis on the importance of evaluating the evidence obtained and standing back when concluding on the engagement to determine whether such qualitative information is misstated, including due to bias.

While we support the overall requirement, we believe that further clarification is required for the following aspects:

Intended users

Paragraph A272 of the application material states that (emphasis added) "*materiality is a matter of professional judgement and is affected by the practitioner's perception of the common information needs of intended users as a group*".

As explained in our response to question 1, we recommend that the IAASB considers whether a clearer differentiation is warranted between the "intended users as a group" and other interested "stakeholders", who may be interested in certain impacts of an entity but whose decision-making needs are narrower and may not ordinarily be considered when determining materiality. Such guidance may assist practitioners in assessing tolerance for misstatement.

Materiality on individual disclosures

Although application material in paragraph A277 includes guidance for practitioners when the same intended users may have different information needs, a different tolerance for misstatement, or when the disclosures may be expressed using different units of measure, we believe it would be useful to leverage the guidance included in paragraphs A268-A269, regarding the grouping/aggregation of disclosures for purposes of planning and performing the engagement, to further emphasise how such considerations may affect the practitioner's determination/consideration of materiality. Paragraph A268 makes reference to the practitioner's materiality judgements, however this application material is not directly linked to the materiality requirement.

Materiality considerations in aggregated sustainability engagements

Please see our response to question 18.

Communication with Those Charged with Governance

We believe that the requirement from paragraph 62 of ED-5000 relating to communication with those charged with governance should be further enhanced with an additional requirement on communicating to those charged with governance about the materiality(ies) determined for the engagement, together with significant factors considered in relation to materiality for qualitative information. See also our response to question 20.

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):

The balance of the requirements for understanding the components of the system of internal control between limited assurance and reasonable assurance is reasonable.

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):

The concept of the practitioner being "sufficiently and appropriately involved" in the work of others is grounded in ISA 220 (Revised). While the words can be interpreted based on their literal common meaning, we believe further application material is necessary to explain what sufficient and appropriate involvement means (in the context of direction, supervision and review) such that non-professional accounting assurance practitioners, who may not be familiar with ISA 220 (Revised), interpret this requirement in a consistent manner. This may also be an area where implementation support material that provides illustrative examples, including leveraging Figure 2 from the explanatory memorandum, would be useful for non-professional accounting assurance practitioners.

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):

The requirements are clear and conceptually reasonable. However, there are significant practical barriers to a practitioner's ability to comply with the requirements.

With respect to practitioner's experts, we recommend that the application material acknowledge the common challenge of restriction of access to proprietary information, which can often limit the practitioner's ability to evaluate the method, assumptions and data used by an expert. Relevant guidance on how this may affect the practitioner's ability to use the work of an expert and when a limitation on evidence available may give rise to a scope limitation would be useful. The application material in paragraphs A235-A236 could be leveraged or cross-referred for this purpose.

With respect to using the work of another practitioner, due to the challenges we describe in our response to question 1 with respect to obtaining evidence for information reported by the entity that originated outside of the entity's organisational boundary, when assurance work has been performed at an entity further along the entity's value chain, it is unrealistic to expect the assurance practitioner from that value chain entity to be able to interact with multiple assurance practitioners across the entire value chain.

Building on our comment in response to question 1 that existing audit/assurance concepts associated with obtaining sufficient appropriate evidence over aggregated information i.e., group audit principles, are not, in our view, fully transposable to sustainability assurance engagements and will need to be adapted, we believe the IAASB needs to give further consideration to the following challenges:

- It is unclear how the assurance practitioner can reasonably evaluate the independence of another practitioner that has performed work in relation to an entity outside of the entity's organisational boundary, for example, one significantly down the value chain, other than relying on a statement in any assurance report issued by that downstream practitioner. Furthermore, when the assurance practitioner is also from a non-professional accounting firm, the challenges of evaluating whether that practitioner has complied with requirements that are at least as demanding as the IESBA Code also apply (see question 4).
- What level of information and access can reasonably be expected to be obtained to determine the nature, scope and objectives of that practitioner's work and evaluate its adequacy? Similar challenges to those for evaluating relevant ethical requirements apply in respect of evaluating whether a non-professional accounting firm has complied with quality management principles. Paragraph A117 acknowledges access restrictions, and we expect this to be fairly prevalent.

Therefore, while appearing conceptually reasonable on paper, we believe it is unlikely in practice that, for larger and more complex sustainability assurance engagements, practitioners will be able to comply with the requirements in paragraphs 51-54. In our view, a service auditors' reporting model, addressing the information needs of entities and assurance practitioners up and down sustainability value chains, will need to evolve. Otherwise, assurance practitioners along the value chain are likely to face an inability to obtain sufficient appropriate evidence (scope limitation) in many circumstances. More radical thinking may prove necessary around what level of evidence, and consequently assurance, can be obtained over reported information generated from outside the entity's organisational boundary.

Estimates and Forward-Looking Information

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

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

Detailed comments (if any):

We agree that estimates and forward-looking disclosures (that have been assessed as capable of assurance such that the preconditions for assurance have been met – see our response to question 10) share some similar characteristics. Both will involve an approach (method) adopted by management in their measurement/preparation, a range of assumptions, and, to varying degrees, underlying data.

The establishment of estimates may be subject to more established criteria and/or measurement methods e.g., the applicable reporting framework may establish how such estimates are to be measured or evaluated. Forward-looking disclosures, by contrast, may be more subject to entity-developed criteria or approaches. Assumptions for forward-looking disclosures may be best-estimate or hypothetical, as noted in the explanatory memorandum, and often may involve using assumptions from third-party information that are beyond the control of the reporting entity.

Consequently, while we do not disagree conceptually with the proposed approach that combines the requirements for estimates and forward-looking information, we believe further application guidance is needed to explain relevant considerations for the practitioner as to the nature and extent of evidence that may be typical/appropriate for forward-looking disclosures. We also believe that the standard needs to address what the nature of assurance over such disclosures is in practice. For example, the evidence obtained may support assurance that the disclosure has been developed using a “reasonable” process in accordance with the applicable criteria. A practitioner is not able to assure that the outcome described in such hypothetical or aspirational disclosures will be achieved.

Related, we note that under certain current reporting standards and frameworks (e.g., TCFD), scenario analysis needs to be only ‘plausible’, rather than ‘reasonable’. Plausible appears to be a lower bar. It is unclear how an assurance practitioner should address plausibility when addressing the threshold of “appropriateness” as used in paragraphs 134L and 134R when designing and performing further audit procedures on forward-looking disclosures.

Given the matters described in the preceding paragraphs, we believe the application material with respect to measurement or evaluation uncertainty in paragraphs A421-A422, could be enhanced to include further guidance with respect to the adequacy of management’s disclosures about significant judgements, assumptions and other information relevant to the basis on which forward-looking disclosures (and estimates) have been made. For example, paragraph A110 of ISA 540 (Revised) includes helpful guidance relating to whether related disclosures appropriately describe the amount as an estimate and explain the nature and limitations of the estimation process, including the variability of the reasonably possible measurement outcomes. Paragraph A112 also includes helpful considerations. Similar guidance could be provided in the context of forward-looking disclosures.

For highly complex estimates and forward-looking disclosures that involve third-party data provided by external management’s experts, we also note that the challenges described in our response to question 15 on access to proprietary models is likely to result in limitations on scope on the practitioner’s ability to evaluate the appropriateness of the method, assumptions and data used.

Furthermore, the omission of any application material supporting requirement 134R(b) is problematic. Development of a point estimate or range for forward-looking disclosures is theoretically complex.

Practitioners will need guidance on how this might be approached, relevant factors to consider for when this might be an acceptable approach, and how to evaluate a range. We recommend the Board consider what guidance from ISA 540 (Revised) may be repurposed to provide direction. In addition, the Board may consider the development of more detailed implementation support material around common types of estimates and forward-looking disclosures and how a practitioner might approach obtaining sufficient appropriate evidence.

With respect to paragraph 134L, we recommend the option to “obtain evidence from events occurring up to the date of the practitioner’s report” (as included in paragraph 134R(c)), be included. Excluding this option, even if not used widely, is an unnecessary omission.

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):

In our view, a single harmonised approach to the identification and assessment of risks of material misstatement at the assertion level would be a more optimal solution. We have formed this conclusion based on the following reasons:

- Our understanding that this is already considered best practice among many accounting firms.
- The existing concept for limited assurance of identifying “disclosures where material misstatements are likely to arise” may not result in consistent interpretation and work effort by different practitioners.
- A unified approach would likely result in greater consistency in identifying the nature of risks (the relevant assertions) and may therefore lead to more consistent planned responses to such risks.

While we recognise that individual firms may choose to go beyond the baseline requirements of the standard and therefore adopt an approach to identification and assessment of risks that is consistent with the approach described in the standard for reasonable assurance engagements, we believe the likely benefits of a single approach, as described above, create a sufficiently compelling basis for alignment.

The identification of “characteristics of events or conditions that could give rise to material misstatements of disclosures” when applied to sustainability matters may be significantly more challenging than in an audit of financial statements given the breadth and scope of sustainability matters. The engagement team’s understanding of the reporting boundary and legal/regulatory framework are also likely to be complex and challenging. This is an area where further implementation support material will likely be useful.

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):

In many, if not a majority, of engagements, due to the requirements of the applicable reporting framework, entities will need to include sustainability information from across their wider organisation as well as their value chain.

As explained in our response to question 1, while we agree that the principles in ED-5000 can be applied to aggregated sustainability information, we strongly urge the IAASB to plan for the timely development of a further ISSA to address specific requirements and guidance in this area. Principles such as direction, supervision and review, including the use of other practitioners who are considered members of the engagement team, will be more straightforward to apply within the confines of the entity’s organisational boundary as this will be more consistent with existing group ISA 600 (Revised) concepts. However, when extending beyond the organisational boundary significant challenges arise, as also described in our response to question 1.

In the meantime, we consider there to be certain areas of the standard where further guidance is warranted to address special considerations relevant to performing an assurance engagement on aggregated sustainability information.

Materiality

We believe further application material should be provided to address aggregation risk when engaged to assure aggregated sustainability information. For example, we suggest drawing on the application material from paragraph A118 of ISA 600 (Revised), which addresses factors the group auditor may take into account in setting “component performance materiality”. Paragraphs A119 and A123 also provide useful guidance.

Engagement strategy

There is very limited guidance to assist practitioners in thinking about engagement strategy in an assurance engagement over aggregated sustainability information. Linked to our comments in response to question 1, there are many considerations and challenges in determining where, and to what extent, to perform work across a potentially wide reporting boundary. We recommend that additional application material be developed to assist practitioners in developing an assurance strategy by setting out relevant factors that may influence the practitioners’ scoping judgements. For example, we suggest that paragraph A51 of ISA 600 (Revised) could be leveraged and expanded upon to develop relevant considerations for sustainability assurance, acknowledging specific challenges when dealing with information from outside the entity’s organisational boundary, including how various entities up and down the value chain contribute to relevant sustainability disclosures, their relative significance across different disclosures, whether evidence may be available from work performed by other practitioners, and how to address non-significant “components”, of which there are likely to be many when there is a relative extensive reporting boundary. Consideration should also be given to guidance on how these factors and decisions taken by the practitioner may vary for limited assurance versus reasonable assurance engagements. For example, to what extent might a group assurance practitioner need to involve component practitioners in performing risk procedures.

Fraud

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

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

Detailed comments (if any):

We agree with the Board’s decision not to directly refer to “greenwashing”. Sustainability is broader than just climate related disclosures, and we are already seeing references to greenwashing being combined or replaced by other terms, which themselves will likely be transitory.

Without referring specifically to such terms, we suggest the application material to paragraph 59 could do more to explain that applying a positive outlook is almost inherent in human behaviour. The practitioner, in exercising professional scepticism, needs to have an awareness of both intentional and unintentional bias by management, with the former being an indicator of fraud.

A key factor in appropriately addressing fraud is an informed and effective engagement team discussion of relevant fraud risk factors, based on a sufficient understanding of the sustainability matters within the scope of the engagement, and of the entity and its environment, to respond to identified areas of likely misstatement or assessed risks of misstatement due to fraud. This could be emphasised in the application material to paragraphs 59 and 96 by linking back to the requirements and application material on the competence of the engagement team. We also recommend that the guidance from (draft) proposed ISA 240 (Revised) on the need to consider whether specialised skills or knowledge are needed to identify and assess, or to respond to, risks of material misstatement due to fraud be added.

Paragraph 161, addressing management bias, has no application material. Given the likely range of sustainability matters that may be addressed in an entity’s sustainability information, including presenting only selected metrics when management has flexibility to do so based on the requirements of the criteria, and considering the maturity of an entity’s reporting, this is an even more complex judgement for the practitioner than in an audit of financial statements. For example, when does a cumulative positive leaning approach by management rise to the level of intentional bias such that the information may be considered misstated (by being misleading)? In addition, addressing the consistency of management’s judgements on matters reported in consecutive periods is also important. We recommend the IAASB develop supporting application material to provide relevant considerations for practitioners in making this complex judgement, which could leverage ISA 540 (Revised) paragraphs A133-A136.

We also recommend that the IAASB considers what other changes from approved ED-ISA 240 may be appropriate for inclusion in ISSA 5000 as part of the finalisation process.

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):

In principle, we agree with the IAASB's proposed approach of including high-level requirements regarding communication with management, those charged with governance and others, which is consistent with ISAE 3000 (Revised). However, in light of seeking to increase all stakeholders' understanding of sustainability assurance engagements, we believe including a limited number of more specific communication requirements with respect to matters to be communicated to those charged with governance is warranted.

The following key matters to be communicated to those charged with governance could be addressed in the requirements:

- Materiality – please see our response to question 12 regarding the proposal to communicate materiality matters.
- Relevant ethical, including independence, requirements and quality management requirements and whether there is any risk regarding the fulfilment of such requirements. Furthermore, when such requirements do not comprise the IESBA Code or ISQM 1, an explanation of why the alternatives applied are deemed to be at least as demanding.
- Identified and assessed risks of material misstatement.
- Uncorrected material misstatements.
- Management bias in the preparation of the sustainability information.
- Identified or suspected fraud or non-compliance with law or regulation and responses thereon.
- Deficiencies in internal controls.

Many of the above matters, and others, would also be communicated to management and this can continue to be reflected in supporting application material.

Application material could also address explaining to those charged with governance the nature and extent of work performed in a limited assurance engagement to address any potential misunderstanding or expectations gap in this area i.e., the extent of work performed with respect to the entity's internal control.

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):

General reporting requirements

We broadly support the proposed reporting requirements. However, we believe that further differentiation is needed between the content of a limited assurance report and that of a reasonable assurance report. In our view, and as stated above, many users do not sufficiently understand the nature of a limited assurance engagement and therefore such reports need to do more to make the nature and extent of procedures performed and evidence obtained more distinct. See also our response to question 23.

Limitations of scope

Due to the fact that many reporting frameworks, as well as entities' reporting and internal control systems regarding sustainability information, are still maturing, a consistent understanding of what management is expected to report and what evidence may be available with respect to such information is also evolving.

We have noted in practice a potential trend of "qualifying language" in assurance conclusions, that are not qualifications of the conclusion due to disagreement or management-imposed limitation on scope. For example, statements that information has been reported based on current interpretations of applicable requirements. These might be generally interpreted as "caveats" to the assurance conclusion, or other perceived limitations on scope. While such statements share characteristics of "inherent limitations in preparing the sustainability information", we recommend the IAASB considers developing application material to explain that qualifying language within the body of the assurance conclusion that detracts from or undermines that conclusion is inappropriate. In that regard, although drawn from ISAE 3000 (Revised), we note there may be confusion about the intent of paragraph A477 regarding the "context" in which the practitioner's conclusion is to be read. As this concept has been elevated into a new conditional requirement, we recommend the IAASB clarifies its expectations for what appropriate context means, in particular in light of our comments above regarding qualifying language.

Drafting recommendations

We have identified a number of drafting recommendations with respect to the reporting requirements and the related illustrative reports contained in ED-5000.

- Paragraph 170 (c)(iii) refers to "identify or describe" whereas (iv) refers to "identify and describe". We recommend aligning those requirements (using "or").
- Paragraph 170 (d)(v) can be clarified in respect of what "at least as demanding" applies to, i.e., both "other professional requirements" and "requirements in law or regulation". To achieve this, we suggest the following amendment:

170. (d)(v) "States that the firm of which the practitioner is a member applies ISQM 1, or other professional requirements, or requirements in law or regulation. If other ~~professional~~ requirements are applied, the statement shall identify those professional requirements, or requirements in law or regulation, applied that are at least as demanding as ISQM 1."

- We consider the heading "Responsibilities for the Sustainability Information" in paragraph 170 (f) to be unduly restrictive in light of different reporting frameworks that may require different terminology. We recommend the standard provides flexibility to allow "Sustainability Information" to be replaced with other suitable terminology (in line with the similar requirement in ISA 700 (Revised) paragraph 32) depending on the engagement circumstances. Application material could be used to provide examples, such as "the Sustainability Report".

The above comment also applies to paragraph 170 (g) which refers to using a heading of "Inherent Limitations in Preparing the Sustainability Information".

- Similarly, we also consider the heading “Practitioner’s Responsibilities” in paragraph 170 (h) to be unduly restrictive as there may be preferred terminology in a jurisdiction for how to describe the practitioner e.g., independent professional accountant.
- We note a difference within paragraph 170 (f)(i) where a. refers to the “preparation and, if applicable, fair presentation” whereas b. only refers to the “preparation”. We suggest aligning b. with a.

Furthermore, we note that the description in the illustrative reports of management’s responsibility to design, implement and maintain internal controls that they determine is necessary to enable the preparation of sustainability information in accordance with the applicable criteria does not appear consistent or fully compliant with the requirement in paragraph 170 (f)(i)b. For example, none of the reports include reference to “...determines is necessary” and the combined report makes no reference to “in accordance with [the applicable criteria]”.

- To enhance the flow of the requirements in paragraph 170, we recommend splitting part (h) into two parts, which would better align with the illustrative examples, and with the equivalent requirements in paragraphs 38 and 39 of ISA 700 (Revised). We suggest part (h) comprises sub-paragraphs (i) and (ii) as shown in the ED, and then inserting a new part (letter i) to precede what is currently sub-paragraphs (iii)-(vi), as each of what is shown as (i)-(iv) below are part of an engagement conducted in accordance with ISSA 5000:

170. (i) “The Practitioner’s Responsibilities section shall further state that as part of a reasonable or limited assurance engagement in accordance ISSA 5000:

(i) The practitioner exercises professional judgment and maintains professional skepticism throughout the engagement.

(ii) The practitioner performs risk procedures

(iii) The practitioner designs and performs

(iv) The risk of not detecting

- In the illustrations for a reasonable assurance report and a combined report (reasonable assurance description (part (a))), we recommend adding the following text to the second bullet point of the practitioner’s responsibility section to align with existing language used in the ISAE 3410 illustrative reasonable assurance report:

“Design and perform procedures responsive to the assessed risks of material misstatement of the disclosures in the [Sustainability Information]/[Information RA]. The nature, timing and extent of procedures selected depend on the practitioner’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. The risk of not... ..”

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):

There are pros and cons to including such reporting, in particular in the context of a limited assurance engagement, where their inclusion may convey a greater level of assurance than intended based on the engagement circumstances.

Consistent with ISAE 3000 (Revised), we therefore support the position in ED-5000 that neither requires nor precludes the inclusion of the equivalent of key audit matters in the assurance report. This is a judgement that an individual firm will make based on firm policy or to align with acknowledged practice in a jurisdiction. This is an area that may need to be reconsidered as part of future sustainability assurance standard setting, taking into account evolution in practice and/or regulatory requirements.

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: [No, with comments below](#)

Detailed comments (if any):

We welcome the elevation, to the basis for conclusion section, of the statement explaining that the scope and nature of work performed in a limited assurance engagement is substantially less than for a reasonable assurance engagement. It is important to users' understanding of the nature of the assurance engagement performed that this statement is sufficiently prominent.

In that context, we believe the statement should be elevated further, to immediately follow the assurance conclusion, i.e., precede the basis for conclusion section.

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):

No specific comments.

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):

Other information

With respect to circumstances when an integrated form of annual report is presented, we note the following two significant factors that we believe will give rise to inconsistencies in how practitioners are likely to satisfy the proposed other information work effort requirements of the standard:

- The firm appointed as the sustainability assurance provider may or may not have undertaken other engagements for the entity, for example the financial statement audit or other assurance engagement.

- Sustainability reporting is still evolving, and what may or may not be reported alongside the sustainability information subject to assurance is also likely to vary depending on the industry, jurisdictional established practice, how mature an entity’s reporting process is, and the entity’s appetite for integrated reporting. The IAASB has undertaken a post-implementation review of ISA 720 (Revised) and identified several challenges with practical implementation of that standard, including confusion over the definition of annual report and scope of information that does and does not fall within that definition. We believe these issues are likely to be the same, potentially on an even larger scale, in the context of sustainability reporting.

In our view, there is a risk of an expectations gap arising by requiring explicit disclosure in the assurance report identifying the other information and describing the practitioner’s responsibilities in relation to such other information, as users are likely to infer a consistent level of work across all practitioners with respect to any other information reported alongside the sustainability information subject to assurance. Due to the potential consequences of the factors described above, we recommend that until:

- reporting has matured to a point where there is greater clarity as to the nature and extent of other information that is being reported by entities;
- the IAASB has completed a limited scope project to address the findings arising from the auditor reporting post-implementation review related to issues with ISA 720 (Revised); and
- the IAASB has given further consideration to the inter-relationship between the financial statements and reported sustainability information when included in the same document,

it is premature to require explicit disclosures with respect to other information in the assurance report. We recommend the IAASB limit the procedures on other information to the extant ISAE 3000 (Revised) requirement at this time and give due consideration to addressing other information on a more holistic basis as a future ISSA once the above matters have been addressed.

Other Drafting Observations

- Paragraph 15 (b) includes the objective of expressing “a conclusion” whereas the remainder of ED-5000 explicitly acknowledges that more than one conclusion may be provided. We therefore suggest replacing “conclusion” with “conclusion(s)” in this paragraph. This also applies to Paragraph 17 (d). In addition, within paragraph 17 (d), we further recommend clarifying the introductory paragraph to reflect the fact that an engagement may comprise both reasonable and limited assurance elements:

17 (d) “Assurance engagement – An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion(s) designed to enhance the degree of confidence of the intended users about the sustainability information. Each assurance engagement is ~~either a~~ may comprise one or both of the following elements:

(i) Reasonable assurance engagement –

- In the context of misstatements, we have noted a degree of inconsistency as to whether misstatements are referred to in the context of the “sustainability information” or “disclosures”. While neither term is incorrect, we believe one should be used consistently. Examples:
 - Paragraph 15(a)
 - Paragraph 17 (l)
 - Paragraph 17 (aa)
 - Paragraph 17 (qq)
 - Paragraph 17 (pp)

We also note that paragraphs 134R (b)(ii)(b.) and 170 (h)(v) use the phrase “disclosures in the sustainability information” which in light of the definition of disclosures, creates a degree of repetition/circularity. There are multiple other instances of this phrase across the application material that, together with these requirements, we recommend be updated.

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):

No specific comments.

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 comments below](#)

Detailed comments (if any):

Given mandatory assurance requirements being imposed in jurisdictions applicable to December 2024 period-ends for certain entities, for example in Europe, we agree that there is a clear and pressing need for a final standard.

Notwithstanding the fact that ED-5000 is grounded in existing ISAE and ISA requirements, this is a significant new standard. The IAASB needs to balance the perceived urgency for a standard with a sufficient implementation period, recognising the scale of proposed ISSA 5000 and expectations that it will be used by non-professional accounting assurance practitioners, who may have a much greater implementation burden, including with respect to consideration of relevant ethical requirements and a system of quality management at least as demanding as, respectively, the IESBA Code and ISQM 1.

In accordance with its due process, based on an expected finalisation of the standard in Q3 or Q4 2024, the earliest feasible effective date the IAASB could consider would be June 2026 (information reported as at 15 June 2026 or periods beginning on or after 15 June 2026).

In recognition of demand in Europe and other jurisdictions where mandatory assurance will be required earlier than the effective date, we recommend the IAASB, as part of its package of materials published with the final standard, provide clear guidance that the standard may be early adopted, when firms are in a position to do so, and re-emphasising that ISAE 3000 (Revised), supported by the IAASB's EER guidance, remains an appropriate standard for conducting sustainability assurance engagements until firms are in a position to adopt ISSA 5000.