

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) | FRC |
| Name(s) of person(s) responsible for this submission (or leave blank if the same as above) | James Ferris  |
| Name(s) of contact(s) for this submission (or leave blank if the same as above) | |
| E-mail address(es) of contact(s) | j.ferris@frc.org.uk |
| Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option. | Europe |
| | If “Other”, please clarify |
| The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option. | Jurisdictional/ National standard setter |
| | If “Other”, please specify |
| Should you choose to do so, you may include information about your organization (or yourself, as applicable). | |

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

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

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

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

Overall Questions

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

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

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

Detailed comments (if any):

Use by all assurance practitioners

We believe assurance practitioners that are not professional accountants may struggle to comply with the quality management requirements in ED-5000 as currently drafted, due to insufficient conforming amendments to the ISQM standards.

Paragraph 5 states that the “ISSA is premised on the basis that:...The practitioner who is performing the engagement is a member of a firm that is subject to ISQM 1, or other professional requirements, or requirements in law or regulation, regarding the firm’s responsibility for its system of quality management, that are at least as demanding as ISQM 1.”

However, ISQM 1 is not being amended to be clearly applicable for practitioners who are not professional accountants. For example, paragraph 16(i) of ISQM 1 defines a firm as “a sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent”. References in the ISQM standards to relevant ethical requirements are also made in the context of application by professional accountants.

Arguably, practitioners who are not professional accountants cannot simply apply a set of requirements that mirror ISQM 1 in all ways except for a broadened definition of a firm, as such a set of requirements would not meet the criteria of the premise in paragraph 5 of ED-5000 that they be “professional requirements, or requirements in law or regulation”, as they would not actually be promulgated by any professional, legal or regulatory authority.

We suggest a conforming amendment to the definition of firm in ISQM 1, to align with the definition of a firm in ED-5000, and a thorough review of terminology in ISQM 1 to ensure the ISQM standards are capable of application by practitioners who are not professional accountants.

Other comments

Our comments on other aspects of the proposed standard are set out in our responses to other questions below.

Public Interest Responsiveness

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

(See *Explanatory Memorandum Sections 1-B, and Appendix*)

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

Detailed comments (if any):

We agree, notwithstanding our comments elsewhere in this response.

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 believe the criteria for when ISAE 3410 should be applied instead of ED-5000, and the implications for reporting, are not clear enough. We believe it is the IAASB's intent that, if a greenhouse gas statement forms part of the sustainability information that the entity seeks assurance over, a separate conclusion on the greenhouse gas statement must be provided, in accordance with ISAE 3410, as well as an ISSA 5000-conclusion on the rest of the sustainability information. However, as currently drafted, paragraph 2 arguably leaves it up to the assurance practitioner to choose whether or not to provide a separate conclusion on the greenhouse gas statement. This potentially gives rise to the possibility of assurance reporting on greenhouse gas statements by different entities being assured and reported on under different standards. This may result in inconsistent practice which may be confusing for users.

Therefore, we suggest that, if the current approach is retained, it is more clearly stated that a separate conclusion must be provided if a greenhouse gas statement forms part of the sustainability information that is to be assured. However, we believe a more significant revision is merited, to allow ISSA 5000 to be applicable for the entirety of the sustainability information, whether or not this includes a greenhouse gas statement. For this to be possible, ISSA 5000 would have to take the risk-based approach to limited assurance that is seen in ISAE 3410. This would mean the work effort is not lessened in scenarios where ISSA 5000 is used rather than ISAE 3410.

If the current approach is retained, hopefully more clearly stated, it would be helpful to include example reports to cover scenarios where a greenhouse gas statement forms part of the sustainability information, and ISAE 3410 is applied for the greenhouse gas conclusion or opinion. Users might also benefit from an explanation as to why the greenhouse gas statement is covered by ISAE 3410 but all other types of sustainability information are covered by a different standard, ISSA 5000, and whether there are any substantive differences in the assurance work they should be aware of.

Further, if two separate reports are given, it should be made clear whether that in effect scopes out the greenhouse gas statement from the other sustainability information and how it should be addressed overall in the sustainability reporting. In relation to this more clarity is needed as to the implications when the greenhouse gas statement is reported on by the same or a different firm to the one reporting on the other

sustainability information. Paragraph A89 gives as an example of work performed by a firm other than the practitioner's firm "a separate assurance engagement on the entity's greenhouse gas emissions, removals and storage and that information is included in the sustainability information subject to the assurance engagement." If not scoped out, that could require greenhouse gas information being addressed under ISAE 3410 by the other firm but the same information needing to be covered under ISSA 5000 by the firm reporting on the sustainability information as a whole.

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: [No, with comments below](#)

Detailed comments (if any):

Evaluating what is "at least as demanding" could be difficult for assurance practitioners with no experience of the IESBA Code or the ISQM standards. A3 says "Law, regulation or professional requirements in a jurisdiction may specify relevant ethical requirements or requirements relating to quality management to be applied in the conduct of assurance engagements, and may provide guidance about what constitutes "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." We acknowledge that those with the recognised authority to promulgate other ethical Codes or quality standards might indicate whether they believe them to be at least as demanding as the IESBA Code or ISQM standards. However, it is less likely that guidance will be issued about what constitutes "at least as demanding" where requirements are different.

Accordingly, recognising the importance of these fundamental premises to the performance of high quality sustainability assurance engagements, we believe the IAASB should consider issuing educational material to support consistent understanding of the related requirements of ISQM 1 by non-accountant assurance practitioners. For example, the IAASB could re-issue the ISQM 1 First-Time Implementation Guide with a focus on sustainability assurance engagements.

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):

ED-5000 defines "sustainability information" as "information about sustainability matters".

Paragraph 4 of ED-5000 explains that references to "sustainability information" in ISSA 5000 are only intended to refer to sustainability information that is subject to the assurance engagement. In situations

where the entity has not sought assurance over the entirety of its reported sustainability information, this will be a substantial limitation of the scope of the term, which has the potential to confuse anyone unfamiliar with this approach of limiting the term to a subset of the sustainability information presented by the entity.

We suggest the IAASB include an illustrative report for scenarios where the sustainability assurance report is not on the entirety of the entity's reported sustainability information. This should show the assurance practitioner clearly describing the scope of the information they are opining on.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?
(See *Explanatory Memorandum Section 1-E, paras. 35-36*)

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?
(See *Explanatory Memorandum Section 1-F, paras. 45-48*)

Overall response: [No, with comments below](#)

Detailed comments (if any):

Our comments here focus on the definition of limited assurance, but our answer to Q17 includes further rationale for why we believe the characterization of limited assurance requires enhancement.

The definition of a limited assurance engagement could be split into multiple sentences to improve readability. For example, as follows

An assurance engagement in which the practitioner reduces engagement risk to a level that is acceptable in the circumstances of the engagement but where that risk is greater than for a reasonable assurance engagement as the basis for the practitioner's conclusion. The practitioner's conclusion is expressed in a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the sustainability information is materially misstated. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the practitioner's professional judgment, 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.

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

Detailed comments (if any):

9. Does ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

(See Explanatory Memorandum Section 1-F, paras. 52-55)

Overall response: [No, with comments below](#)

Detailed comments (if any):

We believe that the contents of A156 of ED-5000 should be a requirement, rather than something the assurance practitioner "may" consider. This would require the assurance practitioner to ascertain what the "materiality process" at the entity is, and consider if it is appropriate.

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

Detailed comments (if any):

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

Detailed comments (if any):

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: [Disagree, with comments below](#)

Detailed comments (if any):

We agree with the basic concepts relating to materiality set out in ED ISSA 5000, but are concerned that there is a lack of clarity as to how materiality and performance materiality are addressed in practice in the context of sustainability information.

The wide variety of different types of sustainability information and related metrics mean that there will often be different quantitative materiality measures for the different types of information presented in a single report by an entity, but the wording of the standard is often presented as though there is only one quantitative materiality.

In light of materiality being set for each disclosure, rather than for the sustainability report as a whole, it could be inferred that the assurance practitioner is required to consider a different group of intended users for each disclosure. Accordingly, we suggest that the IAASB clarify in the application material section on *Intended Users* that the assurance practitioner's judgements about materiality take into account the information needs of intended users as a group.

Paragraph 144 requires the practitioner to "determine whether uncorrected misstatements are material, individually or in the aggregate" and paragraph 163 requires the practitioner to "form a conclusion about whether the sustainability information is free from material misstatement". This section, together with the supporting application material, is quite light on guidance on how assurance practitioners should address practical difficulties, such as when different metrics cannot be aggregated. We suggest that educational material may be beneficial here.

We believe that the requirements and application material on performance materiality are not sufficient for practitioners unfamiliar with the concept. For example, neither the definition nor the application material offers any guidance on *how* the assurance practitioner uses performance materiality in practice to reduce aggregation risk to an acceptably low level. This might not be an issue for practitioners that have prior experience with applying the concept but for new practitioners it could be a challenge. In this regard the standard does not appear to be professionally agnostic as it is using a concept and terminology that are derived from standards written for professional accountants, without sufficient explanation to help others. We suggest that the IAASB develop worked examples on the application of performance materiality with further explanation of aggregation risk.

Continuing with the topic of performance materiality, but as a separate point to our prior comments, we believe paragraph 92 may be enhanced by a slight rework, to "For quantitative disclosures, where appropriate, the practitioner shall determine performance materiality". This better reflects that it is a matter of judgement as to whether the assurance practitioner determines performance materiality for a quantitative disclosure.

Understanding the Entity's System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

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

Detailed comments (if any):

Using the Work of Practitioner's Experts or Other Practitioners

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

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

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

Detailed comments (if any):

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

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

Overall response: [No, with comments below](#)

Detailed comments (if any):

We have several comments around the use of the work of another practitioner.

- We believe more explicit consideration should be given to group sustainability reporting and the implications for addressing information that comes from entities within the organizational boundary and entities in the value chain outside that but within the reporting boundary. A117 identifies that the extent of the practitioner's procedures to evaluate the work of another practitioner in accordance with paragraph 51 is influenced by, inter alia: "The ability of the practitioner to obtain access to another practitioner and their work, for example, when the work of another practitioner relates to information outside of the entity's organizational boundary, the further down the entity's value chain that information resides the less likely it is that the entity's management or the practitioner will be able to influence access to the work of another practitioner. Paragraph A125 explains circumstances in which a limitation on scope may arise in relation to using the work of another practitioner." We believe this should have greater attention generally in the standard including, in part, to manage expectations of users.

When the practitioner's 'client' is an entity producing group sustainability information and another practitioner has been used to perform assurance work on an entity within the organizational boundary it will be in the interests of the client to ensure the practitioner for the group sustainability information as whole is allowed access to the work of the other practitioner, unless not permitted by law. Further, in cases where access to the other practitioner's work cannot be facilitated it is more likely that the group practitioner will be able to perform alternative procedures in relation to relevant sustainability information. However, for entities in the value chain outside the organizational boundary we expect that in most cases the client will not be able to ensure access and, notwithstanding the guidance in A122-A124 (see below), the ability to perform alternative procedures that generate useable "evidence" may be very limited. In consequence we believe there may be many limitations in scope where material sustainability information relates to an entity in the value chain outside the organizational boundary.

We believe users would have a better understanding if it was clear to them where scope limitations relate to entities in the value chain outside the organization boundary compared to entities within the organizational boundary.

- In the context of audits, obtaining reasonable assurance for a group by instructing component auditors and then using their work is common and conceptually clearly understood. Here, a group assurance practitioner may conditionally use the work of another assurance practitioner without instruction or oversight, to support what may be a reasonable assurance opinion. We believe it is important to emphasise that, when the group assurance practitioner determines whether the other practitioner's work is adequate for their purposes, they must identify any limitations that arise from the lack of instruction and oversight, and determine whether they can address them where appropriate. This would alleviate the risk that reasonable assurance comes to mean different things in audit and sustainability assurance. However, we have a concern that the impression is being given that it may be possible to use the work of another practitioner more often than will in fact be the case, especially for entities outside the organizational boundary, which risks considerations being exercised less rigorously than appropriate.

The application material in A122 is focused on exchanges of communication and, in effect, obtaining representations from the other practitioner. The further guidance in A123 and A124, to address situations where the practitioner has determined the communications to not be adequate, include review of additional documentation of the other practitioner and consideration of whether there are concerns about the competence and capabilities of the other practitioner. The competency consideration is already covered in the requirement in paragraph 51(a). Obtaining access to review working papers may often be a problem, especially where entities are outside the organizational boundary.

- Paragraph 51 of ED-5000 should clarify that it concerns the assurance work of another practitioner. This would help clarify why the requirement is to evaluate independence, rather than objectivity as for an expert.
- It is not currently clear if the "other" assurance practitioner is required to be independent to the same level as would be required of someone on the engagement team, or if some leeway is acceptable. We understand this is a matter IAASB has deferred to IESBA to address but we would have expected IAASB to have a position from the perspective of the ability to rely on the work of another practitioner.

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

Detailed comments (if any):

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):

We have identified several concerns with this section:

- The term “likely” in paragraph 94L of ED-5000 is ambiguous. It may be understood as “more likely than not”, which may result in a work effort that may be far too low in many cases. If it is meant to imply only that the assurance practitioner must take a judgement as to the relative likelihood that a disclosure contains a material misstatement, and prioritise their work on riskier areas, then this merits clarification.
- A key differentiation between limited and reasonable assurance is the attention to “at the assertion level” for the latter – we have no concern with this in itself, but believe it could be more clearly signposted, either in the requirement or application material.
- We believe the use of “focus on those disclosures” in 94L is not precise enough. Indeed, the equivalent requirement, 48L, in ISAE 3000 is stronger, as it specifies that the objective is to “obtain limited assurance to support the practitioner’s conclusion”.

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: [Disagree, with comments below](#)

Detailed comments (if any):

We believe that the requirements in ED-5000 can be applied for assurance engagements on a group/consolidated basis. However, we are concerned that the proposals give insufficient attention to the distinction between the practicalities of addressing information that relates to entities within the organizational boundary and entities in the value chain outside that boundary but within the reporting boundary (see our response to Q15 in relation to using the assurance work of another practitioner). As much sustainability reporting will be at the group level, this ISSA, even as an ‘overarching standard’ would benefit from greater focus on assurance in a group context which could help address our concerns described in Q15.

That the practitioner has sole responsibility for the assurance conclusion expressed is stated in A108 in the context of using the work of a practitioner’s external expert. However, this sole responsibility needs more prominence and it is important to state also that the use of the work of another assurance practitioner in no way lessens the responsibility of the engagement leader for the assurance conclusion.

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: [Disagree, with comments below](#)

Detailed comments (if any):

While recognizing this is an overarching standard, we believe concerns about fraudulent sustainability reporting, particularly as new reporting practices develop, merit more attention being given to identifying and addressing the risks. In particular, more emphasis could be given in the material relating to the engagement team discussion (paragraphs 96 and A293-A294). We recommend IAASB has regard to the work it is doing on the revision of ISA 240 and consider how the expanded material on the team discussion could be incorporated in ISSA 5000 in the context of sustainability reporting.

See also our response to Q21 regarding the statement in the assurance report on the practitioner’s responsibilities.

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

Detailed comments (if any):

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: [No, with comments below](#)

Detailed comments (if any):

We believe the inclusion of a statement that “the risk of not detecting a material misstatement due to fraud is higher than one due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control”, in the section for Practitioner’s Responsibilities is unhelpful absent a clarification that it should not be seen to weaken the statement that the assurance practitioner’s objective is to obtain limited or reasonable assurance about whether the sustainability information is free from material misstatement. As presented it looks like a caveat and could be seen as risk management by the practitioner.

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

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

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

Detailed comments (if any):

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, para. 131)

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

Detailed comments (if any):

The inclusion of “substantially” is inconsistent with how the difference between limited and reasonable assurance is described elsewhere in ED-5000. For example, paragraph 7 says the work for limited assurance is “less”, but there is no inclusion here of “substantially”. Similarly, the definition of a limited assurance engagement refers to “greater” risk and to the procedures being more “limited” in terms of nature, timing and extent, but again “substantially” is absent.

This approach doesn’t help a user assess what level of assurance they could take, or to what extent the level of assurance could be seen as “meaningful” to them for decision making purposes.

Other Matters

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

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

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

Detailed comments (if any):

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

Overall response: [Yes, as further explained below](#)

Detailed comments (if any):

Definitions

- Assertions – we suggest these are representations by management, not the entity, which is consistent with the definition in the ISAs.
- Entity – if the sustainability information were to relate to the value chain, those value chain entities would then be brought within the “entity” definition – if this is the intent of the IAASB, we believe it should be stated more clearly, as it may confuse readers.
- Further procedures – for the limited assurance limb, we suggest the procedures are not “in response to” the disclosures, but rather “in relation to” them.
- Relevant ethical requirements – this appears to suggest that practitioners who are not professional accountants would ordinarily not use the provisions of the IESBA Code. In light of the ongoing efforts to include material in the IESBA Code for assurance practitioners who may not be professional accountants, we believe this may mislead.
- Reporting boundary – we believe a definition of “organisational boundary” would be beneficial.
- Substantive procedures – we fail to see why the “analytical procedures” need not be “substantive” here, as for the equivalent definition in audit.

Characteristics of the Engagement Leader

- In part (a) of paragraph 32, the term “extensive” training is not very precise. It would be clearer to say “sufficient and appropriate”.

Rational Purpose

- It may be helpful to include application material for 74(b), to offer examples of when users might be misled by the engagement. For example, if the assurance practitioner believes the intended users may not understand the different levels of assurance that a combined limited and reasonable assurance engagement offers.
- In the final bullet point of A195L, “The expectation” could be seen to imply that all intended users have such an expectation. It may be better to say “An expectation”.

Work Performed by a Management’s Expert

- We believe requirement in paragraph 85 as it stands is too weak. It is based on the requirement in proposed revised ISA 500 but the material in A253 has been downgraded from the requirement. We believe the material in A253 should be included in the requirement, consistent with the proposed revised ISA.
- We believe the clause “to the extent necessary” further weakens this requirement and note that it is not included in the proposed revised ISA.

Designing and Performing Risk Procedures

- The final sentence of A287 is too general. There may be areas where the assurance practitioner knows more than management, for example from experience of where misstatements have arisen in similar entities.

Compliance with Laws and Regulations

- Why is there is no requirement to obtain sufficient appropriate evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the material amounts and disclosures in the sustainability information? The requirements in paragraphs 60 and 61 are substantially weaker than the requirements in ISA 250.

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

Overall response: [No response](#)

Detailed comments (if any):

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISSA. If not, what do you propose and why?

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

Detailed comments (if any):