

## 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)	Instituto Mexicano de Contadores Públicos, AC (IMCP)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Instituto Mexicano de Contadores Públicos, AC (IMCP)
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Instituto Mexicano de Contadores Públicos, AC (IMCP)
E-mail address(es) of contact(s)	
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">North America</a>
	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.	<a href="#">Member body and other professional organization</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	N/A

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:**

None in addition.

## 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):**

We agree that the proposed standard can be applied to the items mentioned in the EM in a holistic way. In addition, we also considered that some first-time implementation material and maybe an “educational package” may need to be developed and made available to the practitioners, so the consistency of the understanding and applicability of the proposed standard is ensured. On the basis of having the proposed ISSA 5000 as an overarching standard, we also are in favor the IAASB explores the need to approve additional projects to elaborate sustainability specific standards that supplement the overarching one. We also noted that this proposed ISSA 5000, even though specific to sustainability, it is very useful to be considered as a revised/improved ISAE 3000 since it could easily be applied with other underlying subject matters.

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

**Detailed comments (if any):**

N/A

## Specific Questions

### *Applicability of ED-5000 and the Relationship with ISAE 3410*

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

*(See Explanatory Memorandum Section 1-C)*

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

### Detailed comments (if any):

As a starting point we agree that the cut-off concept of a separate conclusion drives the applicability of the standard and does not seem to be a complex judgement when practitioners face these situations; however, we consider that for a next step of the project, proposed ISSA should be the standard dealing with all sustainability items regards of the subject matter. Therefore, we suggest the ISAE 3410 could be relocated as a specific standard within the umbrella of the 5000 series in a more simplified way including the incremental work that should be executed once the proposed ISSA 5000 requirements are met.

### *Relevant Ethical Requirements and Quality Management Standards*

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

*(See Explanatory Memorandum Section 1-D)*

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

### Detailed comments (if any):

We have answered this question from the point of view that our Institute has a background of auditing, assurance and accounting membership which understands the concepts of Ethics and Quality Management; however, we recognize that practitioners from other backgrounds would not be familiarized with these two concepts and they may experience complication to comply with such requirements or have a clear understanding of the term “at least as demanding”.

### *Definitions of Sustainability Information and Sustainability Matters*

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

*(See Explanatory Memorandum Section 1-E, paras. 27-32)*

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

### Detailed comments (if any):

Please note that our response is also based on the background of having enough knowledge on the concepts of underlying subject matter and subject matter information as stated per ISAE 3000 and recognizing that the terminology used in proposed ISSA 5000 has been aligned between both standards.

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):**

Even though we recognize that the terms sustainability information and disclosures have been defined in the proposed ISSA 500, we still consider that there is some confusion on when to use each one or how the different terms affect the planning, assessment and responses to the risks. They could also be misunderstood and create inconsistencies in the application of the proposed standard. We suggest that the proposed standard includes additional application material or examples to assist practitioners.

*Differentiation of Limited Assurance and Reasonable Assurance*

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

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

**Detailed comments (if any):**

We support the differentiation in the requirements between reasonable and limited assurance as presented in the proposed ISSA 5000. We also appreciate the presentation in boxes and the inclusion of "L" and "R" to identify from a practical point of view what is applicable in the circumstances. In addition, we still have seen different approaches in practice to gather sufficient appropriate evidence depending on the level of assurance, especially for the limited one which takes a lot of judgment from the practitioners to conclude that they have the necessary evidence to support the conclusion. We consider that this fact would not change from the application of the proposed ISSA 5000.

*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 and support the content of proposed ISSA 5000 regarding this topic. Scoping the engagement requires a sufficient understanding of the nature of the work and a solid preliminary knowledge of the circumstances. In practice we consider that in some cases this assessment is not robust enough and the need for first time implementation material to assist practitioners would be very well received.

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

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

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

**Detailed comments (if any):**

We agree and support the content of proposed ISSA 500 regarding this topic. The understanding of the reporting framework should be emphasized in the proposed standard to assist practitioners with these considerations and make the linkage to the concept of rational purpose.

*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):**

N/A

11. Does ED-5000 appropriately address the notion of "double materiality" in a framework-neutral way, including how this differs from the practitioner's consideration or determination of materiality? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)*

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

**Detailed comments (if any):**

We concur with the way that double materiality has been explained in the EM and included in the AM of the proposed standard. We also understand that for the assurance team, it would be important and relevant to gain an understanding of such process because it could influence and assist how the practitioner's materiality is considered and/or determined, as applicable. More details about double materiality may be considered as part of implementation and educational materials.

*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):**

Recognizing that materiality is one of the most challenging concepts in the execution of this type of work we support the approach taken by the proposed ISSA 5000 for splitting the requirement and the applicability to qualitative and quantitative information. Identification of the users and stakeholders that could be influenced by the sustainability reports still would represent a challenge for the practitioner in considering materiality for the assurance purposes.

*Understanding the Entity's System of Internal Control*

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

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

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

**Detailed comments (if any):**

We support the differentiation in the requirements between reasonable and limited assurance as presented in the proposed ISSA 5000. We also appreciate the presentation in boxes and the inclusion of "L" and "R" to identify from a practical point of view what is applicable in the circumstances. For practitioners with an audit background, we may consider that performing a risk assessment process for reasonable assurance in a similar way as describe in ISA 315 (separate) would drive more benefits to the assurance engagement. However, we also recognize that many systems of internal control at the entity level still may not be mature enough and are evolving overtime; therefore, we consider that the proposed standard provides the flexibility to comply with the requirement and does not impose a burden in practice.

*Using the Work of Practitioner’s Experts or Other Practitioners*

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

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

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

**Detailed comments (if any):**

We support the approach included in the proposed ISSA 5000 on how to organize the assurance team and the work of experts. However, other professions outside the ones with an audit background may struggle more with these concepts and how to apply them in practice. For example, there may be cases when another practitioner executes a great part of the assurance work and the proposed standard may not provide enough materials on what and how the engagement leader should deal with this situation.

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

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

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

**Detailed comments (if any):**

We agree that for using the work of practitioner’s external expert, the proposed standard includes requirements and application material that should not be confusing or that would lead to an inconsistent implementation considering that the assurance practitioner is knowledgeable in the application of ISAs or ISAE 3000. However, for the use of another practitioner’s work, execution may not be easy to apply as the concept is relatively new and may not be understood in a consistent manner. There may be a need that first year implementation material deal in more detail with this situation and have more practical examples.

*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):**

Having practitioners with an audit background in our Institution, we agree with the approach taken to respond to the estimates and forward-looking information. We also have used EER guidance as reference to this topic because of the variety of information included in such document; therefore, we consider that the Board could take a second look and revisit those material to decide if any additional application material

could be added into the proposed standard or either as an appendix, taking into account that forward looking information is one of the most judgmental topics within a sustainability report. This could also be an item that may need to be developed as a separate standard within the 5000 series.

*Risk Procedures for a Limited Assurance Engagement*

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

*(See Explanatory Memorandum Section 1-G, paras. 98-101)*

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

**Detailed comments (if any):**

We fully support the requirements applicable to this item. We can differentiate the work effort in this regard when compared to reasonable assurance. Use of assertions may not be a common approach taken by practitioners when executing a limited assurance engagement; therefore, we do not see the need to impose a more onerous requirement. However, we still consider that the proposed standard provides the flexibility to do it should the practitioner decide that this is the necessary approach based on the facts and circumstances of the topics or aspect of the topics.

*Groups and “Consolidated” Sustainability Information*

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

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

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

**Detailed comments (if any):**

This is a complex conclusion to reach as the audit world has a specific standard dealing with group situations that provide requirements and guidance. However, for sustainability assurance work, we recognize that practitioners that lack such knowledge/background may struggle more with the scoping, execution and evaluation of the evidence obtained to form a conclusion and therefore, inconsistencies may be perceived in practice. This could also be an item that may need to be developed as a separate standard within the 5000 series.

*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):**

Sustainability is relatively a young topic for the assurance practice and we recognize that in many cases the entity’s processes are less mature than the ones implemented for financial information; but taking into account that for audit work there is a specific standard that covers this topic of fraud, we could not conclude on whether the proposed ISSA 5000 addresses in a robust way such fraud topic. Greenwashing is becoming a critical topic as the sustainability assurance grows and there may be a need to also have, in the suite of the 5000 series, a separate standard that deals with more details in fraud related to accepting/continuing, planning, executing and evaluating the evidence.

*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):**

We fully support the requirements on communication since this is one of the most critical milestones during the execution of the assurance work. Open and transparent communication contributes to the quality of the engagement and to set expectations about scoping, risk, responses and deliverables.

*Reporting Requirements and the Assurance Report*

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

*(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)*

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

**Detailed comments (if any):**

We support the proposed elements to be included in the assurance report, as applicable, and the flexibility to present them as adequate in the circumstances and the requirement for the position of the

opinion/conclusion. We recognize the alignment with ISAE 3000, ISAE 3410 and EER guidance and the one additional consideration available to practitioners by including a hybrid option, which accommodates the needs of users, stakeholders and others interested. In addition, we consider that the materials related to fair presentation or compliance is quite limited to allow a practitioner to have a better understanding of the differences and the implication for the assurance opinion or conclusion. ISAs contain more details that may be useful to include in the overarching proposed ISSA 5000 standard to facilitate the application and consistencies. Examples may also assist practitioners.

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):**

We support this approach based on the post implementation review of the ISA 701 recognizing that sustainability is an evolving topic and users may be engaging with practitioners requesting in the near future more reasonable assurance opinions including the inclusion of KAM.

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

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

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

**Detailed comments (if any):**

We support that this explanation has been brought upfront in the report as it benefits the readers and users to have a better understanding of the level of assurance applied in the execution of the work; however, we consider that having a short sentence, such as... *the section “Basis for Limited Assurance Conclusion” of this report describes the level of assurance that is provided by a Limited Assurance report...* as the last paragraph of the “Limited assurance conclusion section” will enhance even more such understanding. We recognize that there is no ideal place to include such explanation but the most prominent it is presented in the conclusion report the more benefits for the users and readers.

*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):**

N/A

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

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

**Detailed comments (if any):**

N/A

### Part C: Request for General Comments

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

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

**Overall response:** [See comments on translation below](#)

**Detailed comments (if any):**

After having reviewed the content of the proposed standard, we have not identified any potential issues that could result in misunderstanding or confusion in terms and terminology when translating the document.

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):**

We, in general, agree that 18 months after approval would be a suitable timing for many jurisdictions around the world considering the urgency of the standard. Nevertheless, for our jurisdiction we would need to assess whether this period fits the process for “an official adoption” of the proposed standard as we only have pre-adopted the ISAs and attestation standards are locally developed in alignment with the international ones in effect.