

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)	KICPA (The Korean Institute of Certified Public Accountants)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Hong Jong-Hyeok
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	hyeok07@kicpa.kr
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.	Asia Pacific
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

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

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

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

Overall Questions

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

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

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

Detailed comments (if any):

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):

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):

There is a need to clarify followings regarding the situation where the practitioner provides a separate opinion on greenhouse gas information.

- The extant ISAE 3410 should be applied 'in conjunction with' ISAE 3000. With the introduction of ISSA 5000, there is a need to clarify whether ISAE 3410 still should be applied in conjunction with ISAE 3000 or not.

- It is not clear whether the practitioner can use other assurance standards (e.g., ISO 14064-3), instead of ISAE 3410, in expressing a conclusion on greenhouse gas emission in a report where the practitioner also provides assurance on non-greenhouse gas information according to ISSA 5000. Guidance is required to allow application of other assurance standards.

In addition, there is a possibility that the entities applying disclosure standards requiring assurance only on greenhouse gas emission (e.g.: SEC exposure draft) are excluded from the scope of ISSA 5000. Therefore, it is necessary to consider incorporating ISAE 3410 into ISSA 5000 series at the earliest possible date.

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):

ED -5000 describes (in paragraphs A48 and A56) that, similar to the extant ISAE 3000 and others, “other requirements are at least as demanding as the provisions of the IESBA Code or ISQM 1 when they address the matters referred to in the relevant sections of the IESBA Code or the relevant requirements of ISQM 1 and impose obligations that achieve the aims of the requirements set out in the IESBA Code or the objective of ISQM 1. However, the concept of “at least as demanding” is not sufficiently clear. In particular, the intended meaning of ‘addressing the requirements’ is not clear, specifically whether it means addressing the matters or requirements of every single paragraph in relevant sections of the IESBA Code or ISQM 1, or whether it means covering the requirements enough to achieve the objective of the IESBA Code or ISQM 1. Assurance engagement is premised on compliance with relevant ethical requirements and quality management (ED-5000 Paragraph 5). In this light, clear and specific guideline is required to be provided to ensure the concept of “at least as demanding’ is not overly broad.

The KICPA suggests that the application material should include a guidance clarifying what constitutes ‘addressing the requirements’ (i.e., the extent to which individual requirements of the IESBA Code or ISQM 1 should be reflected) to be “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):

The KICPA agrees that the scope of sustainability matters should be broadened beyond ESG. However, we believe that clear guidelines should be provided as outlined below to prevent confusion.

- There is a need to review it for any potential issue that may arise from the broader scope of sustainability matters and provide guidelines if required. For instance, the information relevant to economic matters is likely to overlap with information contained in the financial data to a large extent. If more specific explanation is provided as to how to distinguish between the two, this will help the practitioner to decide which standard to apply, i.e., ISSA 5000 or ISA.
- Examples would be helpful in determining sustainability matters, including the examples of topics that are not sustainability matters, hence subject to ISAE 3000, instead of ISSA 5000.
- Unlike environmental and social matters, economic and cultural matters are unfamiliar sustainability matters. Thus, providing some background on how economic and cultural matters became part of sustainability matters would be helpful in understanding the definition.

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

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

Detailed comments (if any):

ED-5000 clearly describes the relationship between sustainability matters, sustainability information and disclosures.

However, the term, disclosure, has different meanings in other standards such as ISA, which may cause confusion to the standard users. In this regard, we propose the use of other term (e.g.: Metric which is used SASB standard), instead of disclosure.

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

Detailed comments (if any):

Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-F, para. 51)

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

Detailed comments (if any):

ED-5000 is 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.

But, if an entity attempts to change the scope of assurance arbitrarily after engagement acceptance, it may have a purpose of selecting the aspects favorable for the entity only. Thus, it is necessary to consider whether such attempt indicates a risk of material misstatement in the disclosure due to fraud.

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

Detailed comments (if any):

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: [No, with comments below](#)

Detailed comments (if any):

The KICPA believes that it is appropriate to consider ‘double materiality’ from the ‘relevance’ perspective of the applicable criteria. However, it is challenging to understand from this ED the impact of the materiality applied by the entity (including, the materiality principles of the applicable criteria), including double materiality, on the practitioner’s materiality and how the practitioner should consider the materiality applied by the entity.

This challenge doesn’t seem to be addressed by FAQ. Rather it is compounded by the answer in FAQ which said the practitioner should apply a double materiality “lens” to determine materiality but consider or determine a ‘single’ materiality for purposes of performing assurance engagements and assessing misstatements. In particular, it said that the lesser of financial or impact materiality would be used for quantitative disclosure.

In considering or determining the materiality, the practitioner should consider the entity’s perspective used in performing the materiality process, even when the entity’s ‘materiality process’ and the practitioner’s materiality serve different purposes. Guidance should be provided (in the standard, instead of FAQ) to describe specifically how it should be done. If an entity applies the double materiality, the practitioner also should consider and determine materiality from those two perspectives. We suggest that specific and diverse examples should be provided to enhance the practitioner’s understanding, along with such guidance.

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):

The KICPA agrees with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures.

However, it is not clear what are the differences between ‘considering’ materiality and ‘determining’ materiality and which procedures should be performed to consider materiality. In particular, materiality applies to not only assessing misstatements but also planning and performing procedures. In this respect, it is hard to understand how to apply the concept of materiality in planning and performing procedures in case the practitioner ‘considers’ materiality.

Guidance is required to clarify ‘the procedure to consider materiality’ from two aspects, including planning/performing an assurance procedure and assessment of misstatement. We suggest that specific and diverse examples should be provided to enhance the practitioner’s understanding.

In addition, ED-5000 overlooks the need to apply the factors relevant to consideration of qualitative materiality to quantitative disclosure as well. For example, the factors relevant to consideration of qualitative

materiality outlined in paragraph A278 of ED-5000 should be applied to quantitative disclosure as well. But it explains that they can be relevant to the consideration of materiality for 'qualitative disclosure'. The factors relevant to consideration of 'qualitative' materiality are different from the materiality for 'qualitative disclosure'. Therefore, ED-5000 should clearly distinguish the two and should require the practitioner to consider the factors relevant to consideration of 'qualitative' materiality when determining materiality for quantitative disclosure as well.

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 agree with the approach in ED-5000. However, it will be helpful to clarify using example, etc., about the situations where the practitioner plans to test the operating effectiveness of controls for limited assurance engagement (paragraph 107L, ED-5000).

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):

Subsequent procedures significantly vary depending on whether the practitioner uses the work of the practitioner's external expert or another practitioner. Thus, determining whether it is the practitioner's external expert or another practitioner can have a significant impact on assurance engagement.

However, in certain situations, it may be hard to determine. For example, ED-5000 paragraph A89 describes that if another firm is engaged to perform a separate assurance engagement on the entity's greenhouse gas emission included in the scope of assurance engagement, such firm is regarded as another practitioner. However, the same firm may be seen as the practitioner's expert from a different perspective.

Specific guidelines are required to clearly distinguish the practitioner's external expert from another practitioner.

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

Detailed comments (if any):

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

Detailed comments (if any):

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

Detailed comments (if any):

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):

Although fraud risk and relevant responses are addressed throughout ISSA 5000, the proposed requirements and guidelines are largely same as the existing ones developed focusing on financial reporting fraud.

Greenwashing exhibits a different pattern from the existing fraud committed in financial reporting. Therefore, it requires a different approach for risk identification and response. However, ED-5000 lacks requirements or guidelines tailored to greenwashing. For example, greenwashing may show a pattern of presenting information favorable for the entity in an unbalanced and biased manner at the report level, even when there is no misstatement at the individual disclosure information level. ED-5000 appears to lack specific procedures to address such situations. (ED-5000 paragraph A401 (i), among others, only describes the presentation of information in an unbalanced manner as one example of misstatement)

Requirements or guidelines focusing on greenwashing should be added. For example, we suggest a couple of options to consider, including adding a requirement to evaluate whether the entire report is presented in a balanced manner, as part of evaluation of fair presentation in accordance with ED-5000 paragraph 164, or outlining signs of greenwashing and specific procedures to perform when such a sign is identified, in the application material.

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

Detailed comments (if any):

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

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

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

Detailed comments (if any):

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

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

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

Detailed comments (if any):

Other Matters

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

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

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

Detailed comments (if any):

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

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

Detailed comments (if any):

1. Stronger link between financial statements, etc., and sustainability information

Financial statements and information used to prepare them are an important source of sustainability information. Thus, financial statements and their audits should be considered in assurance of sustainability information. In particular, major applicable criteria including the ISSB, ESRS and SEC climate disclosure rules all require disclosure on the link between financial statements and sustainability information. In this regard, ED-5000 should provide sufficient requirements and related guidelines, considering the link between sustainability information and financial statements.

If the procedures / results of financial statement audit are required to be considered including the use of evidence obtained in the course of audit on financial statements, the assurance on sustainability information can have a stronger effect and efficiency. The results of financial statement audit have a strong relevance when the sustainability assurance practitioner performs 'other information'-related procedures as well.

It is necessary to ensure that the practitioner, even if not the financial statement auditor, considers the financial statement audit opinion and communicates with the financial statement auditor to the extent necessary. Closer communication is required between the financial statement auditor and the sustainability assurance practitioner, particularly when the financial statement audit report and the sustainability assurance report are required to be issued simultaneously.

2. Accuracy & completeness assessment for the information intended to be used as evidence

ED-5000 requires to assess the accuracy and completeness only for the information produced by the entity. However, it is also necessary to assess the accuracy and completeness for the information obtained from sources external to the entity in case of reasonable assurance engagements, consistent with the proposed amendments to ISA 500.

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):