

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)	Mo Chartered Accountants (Zimbabwe)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Muhammad Umar
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Muhammad Umar
E-mail address(es) of contact(s)	muhammad Umarkb16@gmail.com
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Africa and Middle East
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Assurance practitioner or firm - accounting profession
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

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

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): It appears from paragraph 2 in the ED which states that *“This ISSA applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies”* ISAE 3410 is thus follows is separate from ISSA5000 and is only relevant to conclusions on GHG. We agree that the ISSA 5000 should be comprehensive and incorporate all related matters.

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): The intent and purport behind the phrase of “at least as demanding” is fairly clear, possibly not phrased appropriately. It appears to relate to meeting as a minimum requirement the threshold of, for example the IESBA code and if there is another regime in place like regulatory requirements which require a higher bar or standards then to follow such regulatory requirement and where the regulatory bar is not as high then follow the higher bar, which is the IESBA code.

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

Detailed comments (if any):

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

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

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

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

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

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

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

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: [Yes, with comments below](#)

Detailed comments (if any): Materiality is inherently more challenging to determine as opposed to financial information. The practitioner will have to summon appropriate judgment, evaluate risks, avoid subjective bias and obtain a thorough understanding of the scope and nature of the engagement. A framework may be proposed by the IAASB as a guideline to ensure uniformity and understandability (since this is a topic in its relative infancy). The standalone explanatory document on materiality is helpful but additional practical examples and considerations will provide a clearer basis of understanding and ease of application.

Suitability and Availability of Criteria

10. Does ED-5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

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

Detailed comments (if any): These are areas of novelty, complexity, subjective or wrong interpretation and judgment, which if not properly applied can lead to ultimately the wrong opinion being proffered. More guidance with practical simulated examples may help practitioners.

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: [Neither yes/no, but see comments below](#)

Detailed comments (if any): The notion of double materiality is explained well in the frequently asked questions document titled “Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner”. Notwithstanding, application may be challenging particularly in situations where if the notion of double materiality is relevant to the engagement, the practitioner applies a double materiality “lens” (i.e., “looks both ways” at financial materiality and impact materiality) but considers or determines a single materiality for purposes of planning and performing procedures at the disclosure level and evaluating whether identified misstatements are material. The degree of subjectivity in respect of impact materiality remains and is as yet not clear cut in spite of the principles set forth. It will heavily rely on judgment and may lead to disagreements with management.

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): Yes, this is a necessity and key focus to ensure that materiality is not biased or skewed and is cognisant of all factors. The explanation and guidance regarding qualitative factors in respect of disclosures being accurate and complete (i.e., do

not omit information that may affect the users' decisions), and do not include information that obscures the presentation of the disclosures is a good aide.

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): For both limited and reasonable assurance engagements, the extent, nature and coverage of obtaining an understanding and testing of internal controls needs to be determined on a case by case basis to the extent that it will assist in obtaining all the necessary and relevant information to form an opinion.

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: [Neither yes/no, but see comments below](#)

Detailed comments (if any): The distinction provided in paragraph A22 of the ED is clear as to who is referred to as "another practitioner".

What requires further explanation relates to a situation where a practitioner issues an opinion based on the work of another practitioner yet is unable to direct, supervise and review that work

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 comments below](#)

Detailed comments (if any): Challenge of management and experts, together with a rigorous understanding of the subject matter/s will have to be bought to the fore in all engagements. Also audit techniques like corroboration, confirmation, inspection, observation may have to be strenuously applied since it is inherently more challenging to provide assurance on estimates and forward-looking matters.

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 comments below](#)

Detailed comments (if any): We concur, since ED-5000 is primarily written in terms of principles or outcomes rather than procedures or steps which allow the practitioner to apply professional judgment in planning and performing the assurance engagement.

Fraud

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

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

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

Detailed comments (if any): Consideration of the fraud triangle and its significance and nature to the topic of fraud requires further consideration particularly opportunities. Pressure and rationalisation has been covered to some extent. Working with these categories to determine what fraud may take place in reporting on sustainability will expand the fraud scope and be clearer to practitioners and preparers. Examples given of fraudulent situations in A296 are welcome, although it is difficult to determine if fraud occurred as per the last point in A296 which is “Immature systems of internal control over sustainability reporting”. Considering the potential for fraud when considering the risks to achieving the entity’s objectives is critical as per A325R (c). Further examples may be necessary over time based on post-implementation reviews and other interactions between stakeholders. Practitioners and preparers need to alive to emerging trends and sophistication in fraud mechanisms.

We believe further guidance and material may be provided for matters relating to greenwashing, since that’s the primary fraud in sustainability reporting. Further, detecting financial fraud can be challenging since certain criteria have to be proved and in respect of greenwashing proving such is significantly more challenging and will require a certain level of expertise in this area to determine the occurrence, existence and perpetuation of such fraud.

Communication with Those Charged with Governance

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

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

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

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 comments below](#)

Detailed comments (if any): In so far as the standards on sustainability are tailored to speak to the needs of users of such information will the information needs of the users be met. This will be a continuous cycle of improvements, modifications, alterations and amendments to ensure it is fit for the purposes of user requirements.

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

Detailed comments (if any): This should be addressed in this standard although as a point of contrast and differentiate with a traditional audit possibly the name may be changed to “key sustainability matters/risks”.

In spite of the matters raised in paragraph 121 of the explanatory memorandum, we believe the purpose of disclosing these (at least for PIE’s, those entities which are not PIEs but their activities greatly impact ESG matters and where the practitioner deems it necessary and relevant) will be similar to the purpose such matters are disclosed in the financial statement audit reports.

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: [Yes, with comments below](#)

Detailed comments (if any):

There is substantive overlap between public sector and non-public sector entities when reporting both on financial statements and or sustainability. Additional guidance or examples provided by public sector stakeholders may be considered if are considered relevant and will provide users of financial statements with more reliable, relevant and faithful presentation.

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

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

Detailed comments (if any):

Part C: Request for General Comments

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

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

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

Detailed comments (if any): No translation issues are foreseen since this will be the first-time adoption of new standard so the starting base will be that of ISSA 5000.

Sustainability reporting and assurance is a new sphere of reporting and assurance. It will be expected that it may take time to fully grasp and the IAASB should provide periodic and regular guidance, examples, best practice and implementation methodology for all types of sector specific matters.

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 comments below](#)

Detailed comments (if any): Yes, we agree that such a period will permit and strike the balance between the need for urgency and allowing sufficient time to implement the standard.