

## 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)	RSM International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Marion Hannon, Global Leader, Quality & Risk, RSM International
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Marion Hannon Richard Hall, RSM UK, Head of Sustainability
E-mail address(es) of contact(s)	<a href="mailto:Marion.Hannon@rsm.global">Marion.Hannon@rsm.global</a> <a href="mailto:Richard.Hall@rsmuk.com">Richard.Hall@rsmuk.com</a>
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="#">Global</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="#">Assurance practitioner or firm - accounting profession</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	RSM International Limited, a worldwide network of independent firms, is the leading provider of audit, tax and consulting services focused to the middle market.

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:

We appreciate the opportunity to comment on the IAASB’s exposure draft, Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*. We support the IAASB’s objective to create an overarching standard that is framework neutral and profession agnostic for sustainability assurance engagements that includes providing reasonable and limited assurance.

## 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):

The items described in the explanatory memorandum to provide a global baseline for sustainability engagements include all sustainability topics and aspects of topics, all mechanisms for reporting, any suitable criteria, all intended users, limited and reasonable assurance engagements and use by all assurance practitioners. We agree that ED-5000 can be applied as an overarching standard for each of these items.

However, without further refinement, we have concerns that the application and interpretation of the standard may significantly vary when engagements are performed by different type of practitioners. Any such variations could lead to significant inconsistencies that may undermine the aim of being responsive to the public interest. Please see further commentary in question #2.

We also have concerns regarding the practical application by all practitioners of ethical and quality management standards, which are 'at least as demanding' as the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards* (IESBA Code) and International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements or Other Assurance or Related Services Engagements* (ISQM 1). Our comments in relation to this are set out in our response to question #4.

### 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 believe ED-5000 will provide a more robust standard over the ever-increasing demand for assurance on sustainability reporting and disclosures and will support the increasing reliance placed on these by multiple stakeholders. ED 5000 is a much-needed step forward that is responsive to the public interest. With that in mind, we would suggest that some refinement is advisable to minimize the potential

for interpretation differences that may cause significant inconsistencies that may undermine the aim of being responsive to the public interest.

With ED-5000 being a stand-alone standard, we have concerns in relation to its implementability and consistent application by both accountant and non-accountant practitioners. As currently drafted, there may be differences in interpretation by different types of practitioners given their relative skills, knowledge and experience. Accountant practitioners may refer to or rely upon knowledge of other assurance standards issued by the IAASB for additional guidance whereas non-accountant practitioners may refer to other guidance or rely on other knowledge from their field of practice for the same guidance. This may result in significant quality and interpretation differences to arrive at the same level assurance between engagements. Additional guidance to facilitate consistency and harmonization of approach in certain areas would be helpful (e.g., relevant ethical requirements, quality management, materiality, estimates and forward-looking information, use of another practitioner, groups and 'consolidated' information and sampling).

We acknowledge this is intended to be an overarching standard and focused on the six identified priority areas as listed in Section 1-F of the Explanatory Memorandum and is not intended to cover all situations. However, we believe a future suite of ISSAs would facilitate more consistent applications among engagements performed by both accountants and non-accountant practitioners. In addition, we would encourage the IAASB to perform a post-implementation review to identify issues that may need to be addressed.

As detailed in our response to question #3, we believe the base standards used in applying International Standard for Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, should be the same (i.e., ISSA 5000), whether or not the practitioner is engaged to provide a separate conclusion greenhouse gas (GHG) statement.

As detailed in our response to question #4, we also have concerns relating to the practical application of the 'at least as demanding' requirements pertaining to the ethical and quality management standards.

### 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):**

We believe the scope of ED-5000 is clear, including when ISAE 3410 should be applied rather than ED-5000. However, we have the following comments and concerns regarding the use of ISAE 3410 when a separate conclusion on a GHG statement is provided:

- We suggest that a description as to what constitutes a 'separate conclusion' is included as application material to paragraph 2 of ED-5000.
- We believe that more clarity may be needed as to whether a separate engagement would be required when applying ISAE 3410 in an engagement where the practitioner is providing a separate conclusion on a GHG statement.
- We believe that paragraph 2 of ED-5000 needs greater clarity in those cases where a separate conclusion on a GHG is *not required* under law, regulation or other contract in determining when

a separate conclusion on a GHG statement is acceptable and when it is not acceptable. Without this additional clarity, we believe there may be a risk that the engagement is structured to have a separate conclusion on a GHG statement under ISAE 3410 when it is not required. Thus, when providing assurance on the GHG statement, the practitioner would avoid complying with the extra requirements included in ED-5000 that were derived from various other sources, such as the International Standards on Auditing (ISAs), and are not included in ISAE 3410 (and ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, incorporated by reference in ISAE 3410). We do not believe this is the intention of ED-5000.

- We are also concerned that the practitioner’s report may convey that different levels of assurance were achieved when an entity has a separate conclusion on the GHG statement with assurance provided under ISAE 3410, and the assurance on sustainability information other than the GHG statement included in the report is provided under ISSA 5000. Similarly, the practitioner’s report may convey that different levels of assurance were achieved when one entity has a separate conclusion on the GHG statement with assurance provided under ISAE 3410, and it is compared to another entity where the GHG statement does not have a separate conclusion and, therefore, assurance is provided under ISSA 5000.
- Because ISAE 3410 (and ISAE 3000 (Revised), by reference) was written primarily for accountants with a background knowledge in assurance (see response to question #2), we are concerned whether non-accountant practitioners would interpret the requirements of ISAE 3410 in a manner similar to accountant practitioners.
- We recommend including an appendix in ED-5000 listing which requirements are included in ISAE 3410, but not in ED-5000, and vice versa, when a separate conclusion on a GHG statement is provided. We believe this would contribute to more consistency in the application of the requirements when providing a separate conclusion on a GHG statement.

While we agree that using ISAE 3410 is a good temporary solution when a separate conclusion is provided on a GHG statement, we recommend that the IAASB move ISAE 3410 to a subject-specific standard within the ISSA suite of standards and revise it to be consistent and more incremental to ED-5000 as soon as it is feasible due the concerns listed above. As such, we recommend, at a minimum, that the IAASB change the base standard underlying ISAE 3410 from ISAE 3000 (Revised) to ISSA 5000. This will help facilitate consistency in requirements and application when providing assurance on GHG information, regardless of whether a separate conclusion is made on a GHG statement in a sustainability assurance engagement.

*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):**

Whilst we believe that ED-5000 is sufficiently clear in describing the concept of ‘at least as demanding’, and as such we have responded yes, we have concerns that without further refinement, the application of the concept will be challenging and is open to interpretation.

Determining whether ethical requirements and systems of quality management are, in fact, 'at least as demanding' can be subjective and may be inconsistently applied absent further guidance or clarification. 'Law, regulation or professional requirements in a jurisdiction' (paragraph A3 of ED-5000) may provide guidance on 'at least as demanding' in accordance with paragraphs A4-A9 of ED-5000. When 'law, regulation or professional requirements in a jurisdiction' does not provide guidance as to what is 'at least as demanding', a concern is raised about firms not appropriately applying these requirements in jurisdictions or practice areas that do not currently follow the IESBA Code and ISQM 1. We also recognise that the requirement/concept of 'at least as demanding' currently exists in ISAE 3000 (Revised). However, in certain jurisdictions, the 'at least as demanding' ethical requirements and systems of quality management may only be applicable to accountant practitioners; thus, our concern is primarily regarding ethical requirements and systems of quality management of non-accountant practitioners within these jurisdictions.

The proposed definition of 'relevant ethical requirements' in paragraph 17(nn) of ED-5000 contains different requirements for accountant and non-accountant practitioners. We do not believe it is appropriate to have two different definitions depending on the type of practitioner. We are aware that IESBA currently has a project to create a new section of the IESBA Code specifically for sustainability assurance engagements, which is intended to include all practitioners. Accordingly, we recommend the definition of 'relevant ethical requirements' per paragraph 17(nn) be revised as follows (bold, struck text indicates the removed language; bold, underlined text indicates the added language):

- (nn) Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. ~~For professional accountants, r~~**Relevant ethical requirements** ordinarily comprise the provisions of the IESBA Code related to **[sustainability] [applicable]**<sup>1</sup> assurance engagements, together with **relevant national jurisdictional** requirements that are more restrictive. ~~For other practitioners who are not professional accountants, relevant ethical requirements comprise the ethical requirements in relevant law, regulation or professional requirements related to assurance engagements that are at least as demanding as the IESBA Code.~~

We recommend that all practitioners performing an engagement under ED-5000 be required to follow the IESBA Code together with relevant jurisdictional ethical requirements that are more restrictive (i.e., relevant ethical requirements per revised definition above). In addition, we recommend IAASB consider either of the following regarding requirements for a system of quality management:

- All practitioners performing an engagement under ED-5000 are *required* to follow ISQM 1 unless there are quality management requirements prescribed by law, regulation or standard setters that the assurance practitioner is required to comply with that are at least as demanding as ISQM 1
- All practitioners performing an engagement under ED-5000 are required to follow the ISQM 1 and relevant jurisdictional quality management requirements that are more restrictive.

In order to assist jurisdictions in determining whether ethical requirements or systems of quality management are 'at least as demanding', we recommend that the IAASB work together with IESBA and relevant stakeholders on compiling a list of ethical requirements included in the IESBA Code and requirements for a system of quality management included in ISQM 1 that must be met in order for standards to be considered 'at least as demanding' as the IESBA Code and ISQM 1, respectively. This list could then be used by regulators, standard setters and other stakeholders in each applicable

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<sup>1</sup> Since IESBA has not officially issued the separate section of the IESBA Code specifically applicable to sustainability assurance engagements, 'applicable' may be used.

jurisdiction to establish clear guidelines and mandates to avoid any misinterpretation or misrepresentation.

*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 definition of sustainability matters in paragraph 17(vv) of ED-5000 refers to environmental, social, economic and cultural matters, including the impacts of an entity's activities, products and services on the environment, economy or culture, or the impacts on the entity, and the entity's policies, performance, plans, goals and governance relating to such matters. The term 'cultural matters' is open for interpretation across both individuals and respective jurisdictions, and we believe there should be additional clarity added in the application material.

We believe it would be beneficial to categorise the example topics listed in paragraph A32 of ED-5000 into the categories of sustainability matters listed in paragraph 17(vv), which may also help clarify what is meant by and included within 'cultural matters'.

In addition, we suggest adding governance as a category of matters to the definition of sustainability matters. It is important that all aspects of governance topics are included, such as composition of the board, shareholder rights, corporate performance metrics, integration of sustainability in the governance structure, sustainability performance in variable remuneration (in particular of the top management), management structure, company policies and values, information disclosure, corporate compliance and assurance and data security and cyber risk.

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):**

Appendix 1, in particular the diagram, was helpful in understanding the relationship between sustainability matters, sustainability information and disclosures.

*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):

Whilst we believe ED-5000 provides a reasonable basis for performing both limited assurance and reasonable assurance engagements, we note that the requirements for limited assurance engagements included in ED-5000 are different and more expansive than the requirements for limited assurance engagements in ISAE 3000 and ISAE 3410. We are concerned that practitioners performing attest engagements under multiple sets of standards may need further guidance to appropriately apply the differences. We are also concerned that users of the reports may not fully understand the difference between what procedures are performed and, thus, what assurance is provided between limited and reasonable assurance engagements. We encourage the IAASB to perform outreach to users and continue post-implementation review on the performance and user understanding of limited assurance engagements.

#### *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 suggest that the IAASB include the following from paragraph 53 of the Explanatory Memorandum to clarify the intent and effort required in obtaining the preliminary knowledge into paragraph A156 of ED-5000: 'The extent of the preliminary knowledge needed in paragraph 69 would be limited to what is sufficient for acceptance or continuance of the engagement.' The revised paragraph A156 would read as follows (bold, underlined text indicates the added language):

In obtaining a preliminary knowledge of the sustainability information expected to be reported, the practitioner may consider whether the topics and aspects of topics to be reported, and the reporting boundaries, have been or will be determined by management through an appropriate process. **The extent of the preliminary knowledge needed would be limited to what is sufficient for acceptance or continuance of the engagement.**

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 suggest that the IAASB include the following from paragraph 52 of the Explanatory Memorandum to clarify the intent and effort required in obtaining the understanding in paragraph A157 of ED-5000: 'understanding the entity's process to identify topics and aspects of topics to be reported, and the reporting boundaries, is critical to determining whether the reporting complies with certain frameworks or entity-developed criteria.'

We also suggest that the IAASB clarify the extent of understanding obtained as a precondition and the extent the practitioner builds on the preliminary knowledge during the engagement by adding the following from paragraph 53 of the Explanatory Memorandum to paragraph A157 of ED-5000: ‘the extent of the preliminary knowledge needed in paragraph 69 of ED-5000 would be limited to what is sufficient for acceptance for continuance of the engagement. The practitioner builds on the preliminary knowledge throughout the engagement.’

The revised paragraph A157 of ED-5000 would read as follows (bold, underlined text indicates the added language):

**Understanding the entity’s process to identify topics and aspects of topics to be reported and the reporting boundaries is critical to determining whether the reporting complies with certain frameworks or entity-developed criteria.** The entity’s process to identify and select topics and aspects of topics to be reported may be established by management or applied pursuant to the requirements of a sustainability reporting framework. Such a process may often be referred to as the “process to identify reporting topics,” “materiality assessment,” or “materiality process”, among other terms. However, the concept of materiality in this regard is not the same as the practitioner’s materiality. For the purposes of this ISSA, materiality refers only to a threshold of significance to user decision-making considered by the practitioner in relation to potential and identified misstatements, in the circumstances of the engagement (see paragraph 91). **The extent of the preliminary knowledge needed in paragraph 69 would be limited to what is sufficient for acceptance for continuance of the engagement. The practitioner builds on the preliminary knowledge throughout the engagement.**

We believe it would be useful to clarify that certain jurisdictions may require the practitioner to challenge the materiality process applied by the entity, so procedures performed may go beyond just understanding the process.

#### *Suitability and Availability of Criteria*

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

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

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

**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 comments below](#)

**Detailed comments (if any):**

We suggest that the IAASB clarify paragraph A180(c) of ED-5000 as follows to make it expressly clear to which 'both impacts' are being referred (bold, struck text indicates the removed language; bold, underlined text indicates the added language):

- (c) Both **impacts (a) and (b)**, which may be described by the applicable criteria as “double materiality” in the context of identifying topics or aspects of topics to be included in the sustainability information (see paragraph A157).

*Materiality*

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

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

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

**Detailed comments (if any):**

We believe the following aspects of 'considering materiality' for qualitative disclosures should be clarified:

- The extent to which materiality should be considered at the planning stage for each qualitative disclosure.
- If there is a misstatement of a qualitative disclosure, the practitioner should determine if the misstatement is material, and the factors considered in the determination should be documented (ref: paragraphs A417-A419 of ED-5000).
- Paragraph 137 of ED-5000 requires the practitioner to “accumulate misstatements identified during the engagement, other than those that are clearly trivial.” It is unclear when misstatements in qualitative disclosures may be considered immaterial and required to be accumulated versus when the misstatements in qualitative disclosures may be clearly trivial and not required to be accumulated. Paragraph A400 of ED-5000 states that ‘clearly trivial may be considered in the context of the impact of the misstatement on the intended users’ decision.’ We recommend that the IAASB include additional application material of factors to consider in assessing and examples of the differences between immaterial misstatements of qualitative disclosures to be accumulated and clearly trivial misstatements of qualitative disclosures not required to be accumulated.

In providing additional guidance on materiality for qualitative disclosures, the IAASB may benefit from the guidance provided in the Australian National Greenhouse Energy and Reporting Act 2007 (NGER Act) to consider materiality for qualitative disclosures. In considering materiality for qualitative disclosures, a practitioner needs to consider the misstatement in the context of information that is relevant to users. An assessment of materiality for qualitative disclosures should include an assessment of whether the misstatement is significant to the reporting entity if it is pervasive and the effect it has on the GHG information. Ultimately, it may depend on the internal controls around preparing and reporting the qualitative information.

*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 comments below](#)

**Detailed comments (if any):**

The description in paragraph A22 of ED-5000 makes the distinction clear and is consistent with the definition of engagement team in ISQM 1. However, we believe it may be helpful to include the description of 'another practitioner' from paragraph A22 as an official definition in paragraph 17 of ED-5000 as follows (bold, underlined text indicates the proposed language):

**(aa)Another practitioner -- Another firm, and the individuals from that firm, who perform assurance work that the practitioner is unable to direct, supervise and review. Such firms and the individuals from those firms who performed that assurance work are not members of the engagement team.**

We believe the determination of whether firm(s) other than the practitioner's firm and the individuals from that firm(s) are members of the engagement team or are 'another practitioner' and not members of the engagement team is an important distinction with potentially significant ramifications on the engagement; thus, we believe this distinction should be re-emphasised and repeated at each applicable section, such as the following:

- Included in the definition of engagement team in paragraph 17(p) of ED-5000 as part of the listed exclusions with the practitioner's external expert,
- In the requirements of the *Using the Work of Another Practitioner* section (paragraph 51 of ED-5000) and related application material (i.e., as part of the introduction sentence in paragraph A117 of ED-5000), and
- In paragraph A91 of ED-5000 that another practitioner is not part of the engagement team.

We believe it would be helpful to include *Figure 2: Individuals Involved in the Engagement* from Section 1-G – *Other Significant Areas Addressed in ED-5000: Using the Work of Practitioner's Experts or Other Practitioner*, paragraph 87 of the Explanatory Memorandum either in the application material to paragraph 42 of ED-5000 or as an appendix to ED-5000. Within Figure 2, it may be helpful to include '(Not Engagement Team Member)' with the bold text in the green boxes. In addition, we believe a key

showing 'yellow = engagement team member' and 'green = not member of engagement team' would clarify the table and the associated responsibilities of the 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:** [Neither yes/no, but see comments below](#)

**Detailed comments (if any):**

We have several concerns regarding the requirements for using the work of another practitioner (as described in paragraph A22):

- Clarification is needed when using the work of another practitioner as evidence for information from the value chain outside of the reporting boundary versus when using the work of another practitioner performed on an entity within the reporting boundary (generally as a part of a group or consolidation). We recommend addressing these two categories in separate sections as different requirements may apply to each category. Also see our response to question #18.
- As explained in our response to question #18, we recommend addressing different reporting frameworks used by the other entities where sustainability information used was assured by another practitioner.
- As explained in our response to question #18, we recommend addressing when entities within the reporting boundary where sustainability information used was assured by another practitioner use different policies and methodologies to calculate estimates for similar data (i.e., for information prepared on a different basis).
- As explained in our response to question #18, we recommend addressing circumstances when different assurance standards are used between the practitioner and another practitioner, including any differences in approach when an entity with sustainability information assured by another practitioner is consolidated and included in the reporting boundary or when an entity with sustainability assured by another practitioner is used as evidence for part of the value chain outside of the reporting boundary.
- It would be helpful to clarify that the practitioner's responsibilities include evaluating whether the entities in the value chain from which information was included was appropriate in accordance with the relevant sustainability reporting framework. This would help in clarifying the sufficiency of evidence needed from 'another practitioners' who performed work on entities within the value chain outside of the reporting boundary.
- As explained in our response to question #18, consider allowing the practitioner to make reference to another practitioner in the practitioner's report.

*Estimates and Forward-Looking Information*

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

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

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

**Detailed comments (if any):**

We encourage the IAASB to address estimates and forward-looking information further in a separate topic-specific ISSA to clarify the procedures to be performed and align it more closely with ISA 540 (Revised), *Auditing Accounting Estimates and Related Disclosures*, and provide further clarification and possible examples regarding auditing forward-looking information. For example, the nature and availability of evidence for forward-looking sustainability information may vary for various topics and disclosures. Accordingly, the practitioner would exercise professional judgment in what may constitute sufficient appropriate evidence for the various disclosures, and we believe it would be helpful to clarify what may constitute sufficient appropriate evidence in these circumstances.

We believe there could be a varied approach in relation to the expected timeframe taken into account in terms of the assumptions and data used in determining the forward-looking information. We suggest that the IAASB add application material to paragraphs 134R(a) and 134L(a) to include directing the practitioner to evaluate whether the timeframe used by the entity in calculating the forward-looking information is appropriate and in accordance with the sustainability reporting framework.

Paragraph A391 states, 'A future event, occurrence or action relating to the sustainability matters may be subject to greater uncertainty, and therefore ordinarily able to be evaluated with less precision than historical underlying subject matter(s).' We believe it would be helpful to clarify what was meant by 'precision' and to provide related examples to promote more consistent application.

*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 believe these principles-based requirements may not be applied consistently by different type of practitioners. Non-accountant practitioners may not be familiar with ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, or the updated ISA 600 (Revised) (i.e., group audits) and, as such, may not perform the nature, timing or extent of procedures at the levels expected to obtain sufficient appropriate evidence related to groups or ‘consolidated’ sustainability information. Accordingly, we encourage the IAASB to consider the approach of addressing groups or ‘consolidated’ sustainability information in a separate ISSA.

We recommend the following:

- Adding a conditional requirement to understand the consolidation process if the assurance engagement is for a group or ‘consolidated’ sustainability information. In lieu of a conditional requirement, we also believe it would be acceptable to add application material on understanding the consolidation process (for at least reasonable assurance engagements) as part of understanding control activities when the engagement is for a group or ‘consolidated’ sustainability information.
- Addressing different reporting frameworks used by the other entities within the reporting boundary and whether the reporting framework used is a fair presentation or compliance frameworks.
- Addressing when entities within the reporting boundary use different policies in determining similar data or different methodologies to calculate estimates for similar data.
- Addressing circumstances when different assurance standards are used between the practitioner and another practitioner.
- Consider allowing the practitioner to refer to another practitioner in the practitioner’s report when the practitioner is unable to direct, supervise and review the work of a firm other than the practitioner’s firm. We believe this may lead to more efficient audits without impeding quality.
- Consider if the practitioner is performing sufficient procedures to take responsibility for the engagement in accordance with paragraph 30 of ED-5000 if a significant portion of the assurance engagement is performed by another practitioner.

### *Fraud*

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

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

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

**Detailed comments (if any):**

We believe the guidance proposed is useful and detailed.

If ‘greenwashing’ is a specific concern, we recommend that the IAASB consider adding a definition or description of greenwashing. Paragraph A406 of ED-5000 includes a bullet, ‘intentionally reporting topics for which the entity has positive impacts and omitting topics for which the entity has negative impacts.’ We believe adding, ‘(referred to as greenwashing)’ after the bullet would add this clarity.

We believe the IAASB should consider adding examples of fraud considerations or elements of the fraud triangle (i.e., opportunity, incentive/pressure and attitude/rationalisation) in how to identify or what to consider in order to identify fraud as application material to paragraphs 94L and 94R of ED-5000.

We suggest adding a reference to paragraph 94L and 94R of ED-5000 to application paragraphs A296 of ED-5000 for examples of material misstatements due to fraud in sustainability reporting and A406 for examples of misstatement due to fraud in sustainability information.

We recommend that the IAASB consider moving the last sentence of paragraph A131 of ED-5000 (‘Paragraphs 116L, 116R and 117-118 address the practitioner’s required responses to identified or suspected fraud.’) from paragraph A131 to paragraph 59 of ED-5000, so that a reader doesn’t miss where they can find responses to 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 comments below](#)

**Detailed comments (if any):**

We recommend the IAASB consider adding the following to paragraph A137 of ED-5000 as a significant matter that may be appropriate to communicate:

- Matters that may be significant to the sustainability information. Examples include data completeness and how far in an entity’s value chain data has been aggregated and how that aligns to the entity’s set policies and sustainability reporting frameworks.
- Other matters that the practitioner deems appropriate.

We believe it would be helpful to clarify what is meant by ‘others’ in the context of ‘management, those charged with governance or others’ in paragraphs 62 and A137 and the related section title in ED-5000, possibly in the form of an explanation and/or example(s).

We believe the IAASB should consider defining 'significant matters' to be communicated to management, those charged with governance or others to promote consistent application as to what a 'significant matter' is, since judgement would need to be applied by the practitioners. We are appreciative of the examples in paragraphs A137 to A139 of ED-5000 and believe they are helpful.

We believe an illustrative example of a communication with management, those charged with governance or others would be helpful, either in an appendix to ED-5000 or in the *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements* (the EER guidance).

*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):**

We have the following suggestions to clarify in the requirements to the report:

- If the proposed definition of 'relevant ethical requirements' per paragraph 17(nn) of ED-5000 is not revised (as suggested in our response to question #4), we believe the IAASB should include example language when using relevant ethical requirements that are 'at least as demanding' as the IESBA Code, such as the following:

We are independent of the Company in accordance with [name of relevant ethical standards used] issued by [issuing body] relevant to our assurance engagement of the sustainability information in [jurisdiction], and we have fulfilled our other responsibilities in accordance with these requirements and the [name of relevant ethical standards used].

- We believe the IAASB should include example language when using relevant quality management standards that are 'at least as demanding' as ISQM 1, such as the following:

Our firm applies [name of relevant quality management standards] issued by [issuing body] and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Alternatively, if the IAASB revises the requirements to require all practitioners performing an engagement under ED-5000 to follow ISQM 1 and relevant jurisdictional quality management requirements that are more restrictive, as suggested in our response to question #4, we believe the IAASB should include example language, such as the following:

Our firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, together with the quality management requirements that are relevant to our assurance engagement in [jurisdiction], and accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance

with ethical requirements, professional standards, and applicable legal and regulatory requirements.

- Regarding the report title, paragraph 170(a) of ED-5000 requires the title to identify if the report is for limited or reasonable assurance. This is not a requirement in either ISAE 3000 or 3410. Also, ED-5000 is unclear how to title the report when the report contains both limited and reasonable assurance. We recommend removing the requirement to include 'limited' or 'reasonable' in the report title. Alternatively, if including 'limited' or 'reasonable' in the report title is preferred and in the public interest, we believe the IAASB should consider a conforming amendment to ISAE 3000 and 3410 to add this requirement to the relevant paragraphs. In addition, we recommend revising paragraph 170(a) of ED-5000 to include the scenario for 'limited and reasonable' assurance when the report contains both limited and reasonable assurance conclusions.

22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?  
*(See Explanatory Memorandum Section 1-G, paras. 121-123)*

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

**Detailed comments (if any):**

We encourage the IAASB to consider addressing ‘key audit matters’ (KAMs) in the future suite of ISSAs consistent with ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*. We believe it is of particular importance if the sustainability information is presented in an entity’s annual report or a document accompanying an entity’s annual report for entities where this requirement is applicable under the ISAs.

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 suggest adding ‘substantially’ to ‘less in extent’ to emphasize the significance of the difference in the extent of procedures between a limited and reasonable assurance engagement in paragraph 170(d)(ii)(a) of ED-5000. The revised paragraph 170(d)(ii)(a) would read as follows (bold, underlined text indicates the added language):

The procedures in a limited assurance engagement vary in nature and timing from, and are **substantially** less in extent than for, a reasonable assurance engagement.

## 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):

Sustainability reporting for certain jurisdictions may include impact reporting metrics, such as complex social value calculations. We recommend that the IAASB consider including public-sector considerations in providing assurance over such impact reporting metrics that may be unique to the public sector.

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):

#### Terms of the assurance engagement

##### ***Agreeing the terms of the assurance engagement***

We recommend adding the following requirement to the terms of the engagement in paragraph 78 of ED-5000:

- **For a reasonable assurance engagement:** a statement about the inherent limitations, if any.
- **For a limited assurance engagement:** a statement that the procedures performed in a limited assurance engagement vary in nature and timing from, and are substantially less in extent than, a reasonable assurance engagement and, consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Responding to risks of material misstatement

##### ***Tests of controls and substantive procedures***

Paragraphs 123R, 126R and A339R of ED-5000 refer to the 'upper end of the spectrum of risk' or 'higher on the spectrum of risk,' which is explained for the first time in paragraph A349R (application material to 110R regarding identifying and assessing risks of material misstatement at the assertion level for the disclosures). We recommend that the IAASB consider the following suggestions:

- Clarify the requirement included in 110R to assess the risks of material misstatement based on a spectrum ranging from low to high, which would elevate it from the application material. In clarifying this as a requirement, we believe the practitioner should identify which risks of material misstatement are at the upper end of the spectrum of risk, similar to 'significant risks' under ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*.
- We suggest cross-references to paragraph A349R be added to paragraphs 123R and A339R (note: paragraph 126R already includes the reference).

We recommend that the IAASB add a graph to depict the spectrum of risk to aid all practitioners in a consistent understanding of (and raise the prominence of) the concept.

#### ***Sampling***

We recommend additional guidance be added to assist in consistent application of sampling, specifically regarding how a sample size is determined. Accordingly, we recommend that the IAASB consider adding the following, which is based on paragraph A11 of ISA 530, *Audit Sampling*:

The sample size can be determined by the application of a statistically based formula or through the exercise of professional judgment. [Appendices 2 and 3] indicate the influences that various factors typically have on the determination of sample size. When circumstances are similar, the effect on sample size of factors such as those identified in [Appendices 2 and 3] will be similar regardless of whether a statistical or non-statistical approach is chosen.

In addition, we recommend including charts similar to *Appendix 2: Examples of Factors Influencing Sample Size for Tests of Controls* and *Appendix 3: Examples of Factors Influencing Sample Size for Tests of Details* of ISA 530 to add clarity and promote consistent application of sampling.

#### **Written representations from management and those charged with governance**

In paragraph 148 of ED-5000, we recommend adding the following representation: ‘that they have assumed responsibility for the work of the management’s expert used, when applicable’.

#### **Extended External Reporting (EER) guidance**

We encourage the IAASB to undertake a project to update the EER guidance for sustainability assurance engagements upon the issuance of ISSA 5000.

### **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 ISA. If not, what do you propose and why?

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

**Detailed comments (if any):**

We support earlier application to be permitted and encouraged. We would also like to encourage the IAASB to continue to be mindful of other reporting and regulatory guidelines upon the release date and provide options if the practitioner is unable to implement ISSA 5000 to comply with the sustainability assurance requirements for their respective jurisdiction. We also encourage the IAASB to continue to work with regulators to provide for consistent implementation dates with related assurance requirements in regulations (e.g., the European Union’s Corporate Sustainability Reporting Directive (CSRD)).