

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)	MNP LLP
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Corey Dyck
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Maryse Vendette
E-mail address(es) of contact(s)	Maryse.vendette@mnp.ca
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.	North America
	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).	MNP LLP (“MNP”) is one of Canada’s largest chartered professional accountancy and business advisory firms. Our clients include a wide variety of businesses and enterprises representing the mid-market segment in Canada. MNP is also the largest professional services provider to Indigenous groups and businesses in Canada. In addition, our client base includes a sizable contingent of public interest entities.

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:

No comments

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

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

Overall Questions

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

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

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

Detailed comments (if any):

We agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of the explanatory memorandum. However, considering whether the standard can be used by all practitioners, we noted some concerns.

We noted potential areas of challenge when different service providers are providing assurance over an entity's financial statements and their sustainability information. For example, different accountants may be performing the financial statement audit and the sustainability information assurance engagement, or an accountant may be performing the financial statement audit and a non-accountant may be performing the sustainability information assurance engagement.

When the suitable criteria are based on IFRS S1, there is a requirement to report sustainability-related financial disclosures at the same time as its related financial statements and that cross-referenced information be available on the same terms and at the same time as the sustainability-related financial disclosures. This may be a challenge particularly if different parties are involved in providing assurance. These requirements in addition to the requirements related to other information and the connectedness of information may result in duplication of work effort which may be unavoidable.

We also noted concerns regarding the scalability of the standard, given that many reporters will be small and medium sized entities. We believe that scalability considerations should be more transparent throughout the standard and additional application guidance should be developed for less complex entities.

In addition, upskilling and training will be needed for small and medium sized entities for them to report sustainability information of sufficient quality that may be subject to assurance.

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: [No, with comments below](#)

Detailed comments (if any):

We noted that further clarity about when ISAE 3410 should be applied rather than ED-5000. When the sustainability information includes both a greenhouse gas statement and other sustainability information, it is not clear if the practitioner needs to perform an assurance engagement under only ISSA 5000, or under ISSA 5000, ISAE 3410, and, due to paragraph 9 of ISAE 3410, ISAE 3000. This may cause situations where one entity is assured under only one standard for its sustainability information that includes greenhouse gas statements, and another entity is assured under all three standards. This potential lack of consistency in application may reduce the decision usefulness of the information given that it may confuse report users. We believe that the IAASB should consider moving ISAE 3410 under the ISSA 5000 standards.

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):

We support the inclusion of ethics and quality management requirements in ISSA 5000, however we believe the concept of “at least as demanding” is subjective and may not be consistently applied. It may also be difficult for assurance practitioners to make this determination on their own.

The IAASB should consider providing additional guidance to assurance practitioners and regulators on making the assessment of “at least as demanding”.

The IAASB could also consider supporting a coordinated work effort to assess whether other ethical standards and codes used by non-accountant assurance practitioners are “at least as demanding” and making this information publicly available. This may alleviate some of the concerns raised about potential for inconsistent oversight and regulation of assurance practitioners.

Definitions of Sustainability Information and Sustainability Matters

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

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

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

Detailed comments (if any):

We have some concerns with the definition of sustainability matters in ED-5000. We note that governance is excluded as a core sustainability matter. Most stakeholders consider governance to be a key pillar of sustainability (the “G” in “ESG”). Excluding governance may create confusion about whether governance related metrics should be considered sustainability matters. We also note that economic and cultural matters are included as core sustainability matters. The inclusion of economic matters may conflate what many stakeholders consider to be sustainability matters with financial matters, as “economic” is generally defined as concerned with the organization of money, industry, and trade. We are also unclear how cultural matters would be considered differently than social matters. There are different definitions of what cultural means (e.g., relating to a particular nation, people, or social group or it can be more broader patterns of perception, values and behaviours across diverse populations), and these definitions could equally fall under the broader social pillar. We believe these definitions of sustainability matters should be revisited to avoid confusion and ensure consistent application.

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 comments below](#)

Detailed comments (if any):

While we believe ED-5000 provides an appropriate basis for performing both limited and reasonable assurance engagements, we are aware of concerns related to the minimum expectation of what should be

performed in a limited assurance engagement. Providing a baseline of what needs to be performed to obtain limited assurance will promote consistency in application for practitioners.

When performing an audit in accordance with the ISAs, the practitioner is required to assess the risk of material misstatement, which is defined as a combination of inherent and control risk. This concept of control risk is excluded from ED-5000. If the practitioner plans to test controls, assessing control risk is necessary. We therefore suggest that when a practitioner identifies and assesses the risk of material misstatement at the assertion level, consistent with ISA 315, the practitioner should make a separate control risk assessment, as they would for inherent risk (which is described in paragraphs A349R-A350R). This change would help further distinguish limited assurance from reasonable 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 generally agree that 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 assurance engagement. However, we have concerns over the precondition relating to knowing whether sufficient evidence can be obtained to support the assurance conclusion.

Paragraph 73 requires the practitioner to determine at acceptance whether they expect to be able to obtain the evidence needed to support the practitioner's conclusion. Small and medium sized entities (SMEs) who are reporting may have heightened challenges preparing and supporting assurance on sustainability information. These challenges may range from the ability to gather information from their supply chain through to the development of robust internal sustainability reporting processes. As a result, it will be difficult for practitioners to know at the client acceptance phase whether they will be able to obtain sufficient evidence. If a practitioner cannot provide limited or reasonable assurance due to concerns about obtaining evidence, the IAASB should consider guidance on how to transition to another engagement type, such as agreed upon procedures. We would recommend that the IAASB work at developing scalable reporting mechanisms for SME reporting issuers or those in the value chain of a reporting issuer.

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):

Refer to our response in question 11 on how the standard should address situations where the reporter uses double materiality to identify topics and aspects of topics to report.

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):

While we believe that ED-5000 appropriately addresses the notion of “double materiality” in a framework-neutral way, we don’t believe that ED-5000 is clear in how the entity’s use of double materiality can impact the practitioner’s assessment of materiality for the assurance engagement. We recommend additional application guidance on this topic. As well, the context notes of the IAASB FAQ on materiality note that if the notion of double materiality is relevant to the engagement, the practitioner applies a double materiality “lens” when they consider or determine the materiality for the assurance engagement. We recommend that aspects of this FAQ be included in the standards’ application 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):

We agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality for quantitative disclosures. We believe that more application guidance is needed for accumulating and evaluating misstatements, especially when the information includes misstatements

related to different units of measurement and misstatements related to qualitative disclosures. Examples should be included demonstrating how a practitioner would practically accumulate misstatements and assess whether in aggregate the sustainability information is materially misstated.

Understanding the Entity's System of Internal Control

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

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

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

Detailed comments (if any):

Using the Work of Practitioner's Experts or Other Practitioners

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

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

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

Detailed comments (if any):

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

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

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

Detailed comments (if any):

We agree that the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner are generally clear and capable of consistent implementation.

When using the work of another practitioner, paragraph 52 requires the practitioner to communicate with the other practitioner about the findings from the other practitioner's work to the extent necessary in the circumstances. Paragraph A122 includes relevant matters that an engagement team may request another practitioner to communicate. When using the work of multiple "other practitioners" the communication requirement may become onerous. When the work of another practitioner has already been assured, we

believe application guidance should be developed to provide examples of when a practitioner would not need to make these communications.

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: [Disagree, with comments below](#)

Detailed comments (if any):

While we agree with the approach to the requirements in ED-5000 related to risk response procedures over estimates and forward-looking information, we believe that there needs to be additional requirements and application guidance over identifying and assessing the risks of material misstatement. ISA 540 contains important risk assessment procedures that should be included in ISSA 5000. Estimates and forward-looking information related to sustainability information may be more susceptible to management bias and should be specifically considered when performing risk assessment procedures, in addition to estimation uncertainty, complexity and other inherent risk factors.

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: [Disagree, with comments below](#)

Detailed comments (if any):

We believe that additional requirements and guidance is needed (e.g., guidance from ISA 600) when the sustainability information is consolidated and contains multiple components, and the practitioner intends to engage practitioners from other firms to provide evidence over the sustainability information of a particular component. As well, non-accountants may be less familiar with considerations related to group audits (e.g., identifying components, engaging component auditors, component materiality) and therefore would benefit from ED-5000 being revised to include requirements and application guidance related to groups and consolidated sustainability information.

Fraud

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

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

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

Detailed comments (if any):

While we don’t believe that there needs to be an increased focus on fraud in the requirements of ED-5000, we believe that further application guidance is needed on how management bias may or may not give rise to fraud risks related to the sustainability information. The explanatory memorandum includes greenwashing as a type of fraud however this may not always be the case. A reporting entity may have optimistic messaging about reaching climate goals and may be influenced by bias without being intentionally misleading. We recommend that the IAASB provide application guidance to assist practitioners assess how management bias may or may not be indicative of a fraud risk factor.

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):

We agree that the requirements in ED-5000 will drive assurance reporting that meets the information needs of users. However, this will be one of the first standards that introduces potentially two levels of assurance in a single assurance report. Investors and report users will require education as to what limited assurance and reasonable assurance are, and the differences between the two, in order for the underlying sustainability information to be decision useful.

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 response](#)

Detailed comments (if any):

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

Detailed comments (if any):

The availability of a standard will enable clear development of sustainability reporting infrastructure. However, adoption should accommodate the timelines required by small and medium sized entities to develop robust sustainability reporting infrastructure.