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Response to IAASB’s 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)	Auditing and Assurance Standards Board (AASB), Canada
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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.	Jurisdictional/ National standard setter
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

ED Question #1 – Overarching standard

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 support ED-5000 as an overarching standard on sustainability assurance engagements that can be applied for each of the items described in paragraph 14 of the explanatory memorandum. We also support the objective of the standard to be profession agnostic (i.e., intended for use by all assurance practitioners).

However, in considering the introduction and scope paragraphs in ED- 5000, we noted some concerns.

Concern: Ability to be applied by all assurance practitioners

We heard several concerns about how the entire standard (and more specifically, assurance terms and concepts) would be understood and applied by non-accountant assurance practitioners.

ED-5000 includes many references to concepts that are predicated on the assurance practitioner's understanding of other standards, including the ISAs. Although professional accountants will be familiar with these assurance terms and concepts, non-accountant assurance practitioners may not be as familiar with them. As an example, the standard contains several uses of the term "materiality" – and non-accountant assurance practitioners may require clarity on their different meanings, application, and interconnectivity in the assurance engagement.

While we support the intention of ED-5000 being an overarching standard that includes everything necessary to perform a sustainability assurance engagement, we believe additional guidance or application material may be necessary.

Suggest:

Developing additional application material or implementation guidance that explains certain terms within key foundational concepts in assurance that non-accountant assurance practitioners may not be as familiar with.

Examples of foundational concepts include:

- Quality management,
- Assurance competence,
- Risk assessment,
- Internal controls, and
- Materiality.

Other suggestions

- **Flagging “net new” requirements from ISAE 3000 and ISAE 3410 to support methodologies.** Understanding how the standard was developed and what the "net new" requirements are will support methodology and implementation considerations.
 - Consider updating and publishing as non-authoritative guidance the mapping document¹ prepared by the IAASB in June 2023, that shows where the requirements in the final standard came from.
- **Training and upskilling are required for both preparers and practitioners.** The market is at a stage of capacity building to get ready for assurance, particularly in the small and medium-sized entity and practitioner space.
 - Consider encouraging IFAC, other member bodies, and professional bodies and organizations of ‘non-accountant assurance practitioners, to create educational materials to help small and medium-sized entities and practitioners start in this space.
 - In many jurisdictions, professional accounting bodies who serve the CPA profession are responsible for guidance on existing assurance standards.
 - Guidance for non-accountant assurance practitioners applying the requirements of ED-5000 should not be left up to local jurisdictions to create.

Note: We recognize that our ability to engage during outreach with non-accountant assurance practitioners was limited. The IAASB may wish to consider our suggestions alongside views it has received directly from non-accountant assurance practitioners.

¹ IAASB Agenda Item 2-H - Mapping of the Requirements in Proposed ISSA 5000 to Other IAASB Standards and Guidance (Supplemental) (June 2023)

ED Question #2 – Public Interest

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 agree that the proposals in ED-5000 are responsive to the public interest. ED-5000 is an improvement over ISAE 3000 for sustainability assurance engagements, and it is important to have the final standard out for global use by the end of 2024. We acknowledge that the standard can always be improved upon as the market matures and the IAASB gathers feedback from post-implementation reviews.

However, in considering the qualitative standard-setting characteristics applicable to ED-5000, we noted some concerns.

Concern: Scalability

- While the standard is intended for assurance engagements on sustainability information of all entities, regardless of size or complexity², we heard concerns there are not enough scalability considerations. Including:
 - **The standard does not include enough scalability examples** of how to apply the requirements to less complex entities.
 - **The standard does not give varying examples of information systems used in preparing sustainability information**, for example, including those that are complex or less complex or providing characteristics of complex or less complex information systems (see paragraph 102L(c), A329-A332).
 - **The approach to scalability considerations is not consistent throughout the standard.** For example:
 - Paragraph A38 states *"Where appropriate, additional considerations specific to public sector entities or smaller or less complex entities are included within the application and other explanatory material"*. This is adapted from paragraph A68 of ISA 200 and was intended to flag those areas of the application material that had specific sub-headings for this type of guidance.
 - Currently, only paragraph A265 has a scalability subheading, which is tied to the planning stage of the engagement. There are several paragraphs that refer to "less complex entities or engagements" but do not have a sub-heading to identify the material. For example, paragraphs A321, A331R, A336.
 - Similarly, the scalability heading could also be applied before those paragraphs that refer to when the entity or engagement is more complex (paragraphs A75, A76, A86, A98, A100, A314, A336).

² ED-5000, paragraph 13

Suggest:

- **Developing application material that provides examples of 'how to make a requirement scalable for a less complex entity' for a requirement in each stage of the assurance engagement.** The application material would focus on the minimum work effort and documentation required.
 - For example, application material to paragraph 69 "Determining Whether the Preconditions are Present" could be added to suggest that for a less complex entity this determination could be documented with a memo that outlines the discussion with management and those charged with governance surrounding:
 - How they determined what information was to be reported, including their evaluation of intended users and their needs,
 - Their analysis of how they decided the subset of reported information would be in or out of the assurance engagement scope,
 - Connectivity with the information needs of intended users and the requirements of the applicable criteria/framework, and
 - The results of the practitioner's evaluation of whether the engagement has a rational purpose.
- **Adding more examples of less complex and more complex IT systems to application material** in paragraphs A329-A332. Content could be leveraged from ISA 315, Appendix 1 and paragraphs A90-A92.
- **Adding scalability headings and revisiting application material** that currently refers to less or more complex to see where it can be combined and contrasted to show both sides of complexity in one paragraph under the scalability heading.

ED Question #3 – Scope / ISAE 3410

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):

There were two main concerns expressed during outreach regarding the applicability of the proposed standard:

- 1) Risk of inconsistent implementation of the scope and applicability of the standard
- 2) Relationship between ISSA 5000 and ISAE 3410

Concern: Risk of inconsistent implementation of the scope and applicability of the standard

We heard questions on whether ISSA 5000 or ISAE 3000 applies in the following circumstances:

- **The source of the underlying information is a financial statement general ledger** – For example, the information generated for a pulp and paper assurance engagement often comes from the entity's general-ledger. Although the information reported are topics/aspects of topics derived from sustainability matters, the information may be tracked and reported using the same financial reporting processes and controls used for historical financial information.
- **The assurance engagement is on an aspect of a topic that does not use an established sustainability reporting framework** - In Canada there are certain legislated engagements, for example, assurance engagements on the number of tires disposed or recycled, which could be considered sustainability information as waste could be scoped into an environmental topic.
- **Public Sector: All attestation engagements on 'other than historical financial information' reported by public sector entities** (also included in our response to Q24) - In our outreach, public sector auditors suggested that the majority, if not all, of the 'other than historical financial information' assurance work they perform meets the definition of sustainability matters as it covers environmental, social, economic, and cultural matters. Therefore, these engagements would be in scope of ISSA 5000. Questions were raised whether this was an intended outcome of the IAASB when drafting the standard.

Suggest:

- **Adding application material to paragraph 3** to explain that sustainability matters drive the applicability of the standard, regardless of the source of the underlying information reported (e.g., financial statement general ledger).
- **Including examples of engagements that use criteria that are not an established sustainability reporting framework as being in scope of ISSA 5000.**
- **Public Sector: Clarify whether the IAASB intended for every public sector attestation engagement to be performed under ISSA 5000 going-forward.**
 - If not, consider whether the use of 'economic' and 'cultural' matters in the definition of sustainability matters has an unintended consequence of scoping in every public sector attestation engagement.

- This issue may need to be revisited once the IPSASB issue their sustainability reporting framework for public sector entities.

Key Concern: Relationship between ISSA 5000 and ISAE 3410

We heard concerns regarding paragraph 2 that describes when ISAE 3410 should be applied rather than ED-ISSA 5000. Including:

- **Applicable standards when the assurance practitioner is engaged to assure sustainability information that includes two reports:**
 - **A report on a greenhouse gas (GHG) statement; and**
 - **A report on other sustainability metrics or information.**

The standard is clear that the practitioner would apply ISSA 5000 when one assurance report is issued, and the scope of the assurance engagement includes both a GHG statement and other sustainability information. However, practitioners may require guidance on which standards apply when the practitioner is engaged to issue two reports for the same entity, first on a GHG statement, and the second on other sustainability information.

- **Understandability of the assurance reports to users.** If similar entities in the same industry each have a GHG statement assured at the same level (e.g., limited assurance), but:
 - Entity A's assurance engagement includes assurance over other sustainability metrics and therefore is performed under ISSA 5000; and
 - Entity B only has the GHG statement assured and therefore is performed under ISAE 3410.

The assurance reports will refer to different standards and the user may not understand why.

- **Inconsistency in the scope of procedures or work effort on a GHG statement subject to assurance** under ISAE 3410, versus a GHG statement assured alongside other sustainability information subject to assurance under ISSA 5000.

We believe it is in the public interest that these concerns be prioritized by the IAASB as they impact the understandability of the assurance report by users.

Suggest:

- **ISAE 3410 should move under the ISSA 5000 suite of standards.** We believe the risk of confusion as to which standards apply and understandability of the assurance report by users when the scope of the assurance engagement includes a GHG statement, is too great to leave ISAE 3410 under the 3000 suite of standards.
- We understand that the suggestion to move ISAE 3410 under ISSA 5000 would require the IAASB to follow due process and consult on the resulting conforming and consequential amendments. This could mean that ISSA 5000 would be issued before ISAE 3410 is moved. **In the interim period, the IAASB should prepare implementation guidance that:**
 - **Explains which assurance standards apply** depending on the scope of the assurance engagement. For example, if the practitioner is engaged to issue two reports for the same entity, first on a GHG statement, and the second on other sustainability information, then the practitioner applies ISAE 3000 and ISAE 3410 to the first engagement and ISSA 5000 to the second engagement.
 - **Provides discussion points for practitioners to engage with their clients** on the applicability of the different assurance standards, resulting differences in reporting, and the future standard-setting activities the IAASB is engaging in to reduce inconsistency in the market.
 - **Encourages structuring engagements based on the needs of the intended users**, rather than the desired outcome of applicable assurance standards.

- **Provides an illustrative assurance report** when the scope of the sustainability assurance engagement includes both a GHG statement and other sustainability information.

ED Question #4 – “At least as demanding”

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 fundamental premises of ethics and quality management in ED- 5000. We believe it is very important to users of the sustainability information and in the public interest that these engagements be supported by high-quality ethics and quality management standards.

However, in considering the implementation of the requirements in ED- 5000, we have the following concerns.

Key Concern: The concept of “at least as demanding” is subjective

On balance, we heard concerns that the concept of “at least as demanding” may be inconsistently understood and applied. Including:

- **Questions about the ability of an assurance practitioner to make the “at least as demanding” assessment without a professional body to help them.** The IESBA code is complicated with many sections and frequently revised. The current exercise by IFAC CPA member bodies in those jurisdictions that do not adopt the IESBA code to ensure its national codes are “at least as demanding” is challenging. Concerns were raised on the ability of others to make this assessment at the organization level.
- **Risk of actual or perceived quality differences between engagements performed by those applying the IESBA Code and ISQM 1, and those that are not, if there is no consistent understanding and interpretation of what “at least as demanding” means.** It is important to support a practical understanding and application of the “at least as demanding” requirement to ensure equivalency in the ethics and quality management standards applied by all assurance practitioners.
- **The term “at least as demanding” is not practitioner neutral language** and may imply that the IESBA code and ISQM 1 are superior to other professional codes or standards.

However, we also heard from non-accountant assurance practitioners that they follow stringent quality management and ethical requirements under other standards (such as the ISO standards), and they do not have concerns with asserting they have applied standards at least as demanding.

While we support the intention of “at least as demanding” in ED-5000, given concerns raised, we believe revisions are needed.

Suggest:

- **Consider whether the standard should use more neutral language and clarify the concept of “at least as demanding” by:**
 - Removing the reference to “at least as demanding” and instead require the practitioners that are not following the IESBA code and ISQM 1 to follow codes and standards that have similar objectives (which are already outlined in the application material in ED-5000).

- Requiring the documentation of the practitioners' consideration in concluding the codes/standards applied meet the objectives.
- **Provide additional guidance to assurance practitioners and regulators on making the determination of “at least as demanding” or any alternative terminology used.**
- **Explore opportunities to lead or support overarching work in the global ecosystem to consider whether other predominant standards/codes used by non-accountant assurance practitioners are considered “at least as demanding”** and ensure this work is communicated publicly so it can be relied on. For example, the work IESBA is doing with the International Accreditation Forum in mapping the existing requirements in ISO standards to the code to see if they are aligned will help demonstrate that non-accountant assurance practitioners have fundamental premises in place that are at least as demanding. The IAASB should perform a similar exercise to map ISQM 1 to the quality management requirements in ISO standards.

Concern: Inconsistent oversight and regulation of all assurance practitioners

We support the overarching principal of ISSA 5000 being practitioner agnostic. However, we heard a common theme during outreach around inconsistency in the oversight and regulation of all assurance practitioners that may be applying the standard.

We understand that oversight and regulation of these engagements in individual jurisdictions is evolving. While oversight of the application of the standard in its entirety is important, specific concerns were raised around when assurance practitioners assert compliance with ethics codes and quality management standards that are “at least as demanding”.

Suggest:

We acknowledge that oversight and regulation of these engagements is not within the remit of the IAASB. While this area evolves and matures, we recommend the IAASB:

- **Consider how transparency in the assurance report may support users access to sufficient information to support their decision making.** For example, consistent with the existing requirement in ISAE 3000.69(j), we recommend requiring a statement in the assurance report when the practitioner is not a professional accountant to “identify the professional requirements, or requirements imposed by law or regulation, applied.”
- **Consider its role in sharing feedback received and advocating with regulatory bodies** such as IOSCO for the oversight and regulation of ISSA 5000 engagements.

ED Question #5 – Definitions

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):

In considering the definitions alongside the requirements in ED-5000, we identified some areas where clarifications are required.

Concern: Definition of ‘sustainability matters’

Clarity is needed on the definition of sustainability matters given it:

- **Excludes governance as a core sustainability matter** and only considers governance in the "entity's policies, performance, plans, goals and governance relating to sustainability matters". Many people today view sustainability matters as environmental, social and governance (ESG). The absence of governance from the definition of sustainability matters results in ambiguity whether the metrics in current engagements on governance matters are sustainability matters.
- **Includes economic as a core sustainability matter.** It's not clear whether economic is needed as a core item listed in the definitions of sustainability matters. The only example of economic impacts is in paragraph A32 which says, "Economic impacts, such as government assistance, tax strategy, anti-competitive behavior, anti-corruption and market presence." Any sustainability topic that relates to the usage or creation of resources will have an economic impact.
- **Includes both cultural and social as core sustainability matters.** We are unclear how cultural matters are different than social matters. The application material does not sufficiently describe how cultural and social matters differ. Paragraph A32 provides several examples of topics and aspects of topics but does not explain whether they are social or cultural.

Suggest:

- **Revisiting the terms “environmental, social, economic and cultural” in the definitions of sustainability matters** and consider whether they are the correct terms, or whether all are needed.
 - If these terms continue to be used, suggest adding application material on what is included under each of the terms “environmental, social, economic and cultural”.

Concern: Potential implementation challenges when applying the definitions

Given practitioners initial lack of familiarity with these concepts as they are newly defined in ED-5000, we heard the following concerns:

- **More clarity is needed on how topics and aspects of topics tie to sustainability information and sustainability matters.** Understanding the terms and relationship between them is important. Those who haven't been following ED-5000 development closely found the terminology and relationship between the terms difficult to understand.
- **It may be difficult for some practitioners to conceptualize how to practically apply the definitions of sustainability information and sustainability matters in an engagement.** Some respondents indicated needing to review ED-5000 and supporting outreach material multiple times to grasp the concepts sufficiently enough to apply them.

- **Confusion and implementation issues that may result from possible divergence in how the terms are defined by different standard-setting bodies.** For example, the definitions of “reporting boundary” and “sustainability information” from IESBA’s September 2023 Sustainability meeting materials contain differences from the definitions of these same terms in ED-5000. However, we acknowledge that there is a concurrent project on an IESBA Sustainability Code, and the IAASB has committed to collaborating with IESBA on these projects, which we hope will address this divergence.

Suggest:

- **First-time implementation guidance to support the core definitions of sustainability matters, sustainability information and disclosures** and describe the interconnectivity of those concepts with topics and aspects of topics. Appendix 1 is a helpful and simple resource. However, further guidance is needed as understanding these terms and the interrelationship between them is very important to the successful performance of these engagements.
- **Ensure the definitions and terms used between the IAASB and IESBA are consistent,** to avoid confusion and support consistent implementation of the standards.

ED Question #6 - Relationship of terms

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):

ED Question #7 - Limited assurance and reasonable assurance

Differentiation of Limited Assurance and Reasonable Assurance

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

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

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

Detailed comments (if any):

We support addressing both limited and reasonable assurance in one general overarching standard. We also believe the requirements in ED-5000 provide an appropriate basis for performing both limited and reasonable assurance engagements. However, we received questions about the work effort differentiation between limited and reasonable assurance that we believe could be addressed through guidance.

Concern: Differentiation between Limited Assurance and Reasonable Assurance

During our outreach, practitioners found it hard to understand the differences in work effort between limited and reasonable assurance engagements. Feedback included:

- **Questions around how the responses to risks and the documentation differ** between a limited and reasonable assurance engagement.
- **Concerns that practitioners may find it challenging to select the appropriate further procedures to perform in a limited assurance engagement.** Furthermore, some requests for additional guidance on the minimum expectation for further procedures ('baseline further procedures') in a limited assurance engagement.
 - The standard explains in A358 that 'determining the further procedures to be performed on a particular engagement is a matter of professional judgment.' In contrast, review engagements (limited assurance over financial statements) apply inquiry and analysis procedures at a minimum (see ISRE.2400.7).
 - Without clarity on what baseline further procedures are in a limited assurance engagement, some expressed concerns there will be divergence in the performance of these engagements.

Overall, we believe the requirements in the standard are sufficient for the practitioner to consider the engagement circumstances and "determine the further procedures to be performed on a particular engagement as a matter of professional judgment." However, given concerns that were raised, we believe some revisions to the application material and additional guidance are necessary to provide more clarity on the differences between limited and reasonable assurance.

Suggest:

- **Clarify there are no minimum types of further procedures in a limited assurance engagement over sustainability information.** This clarification could be added to paragraphs A361 or A362L.
- **Develop non-authoritative guidance for ISSA 5000 that** (see our suggestion in question 23):
 - **Distinguishes how the procedures differ between limited and reasonable assurance.**
 - Consider repurposing Appendix 3 of the EER guidance, as guidance to ISSA 5000. This was a helpful resource that gave examples of limited and reasonable assurance procedures throughout the engagement.

- Include content from application material A482 to A468L of ED-5000, with examples of the 'Summary of work performed' in different assurance reports.
- **Describes the difference between limited assurance in a review engagement (ISRE) vs. limited assurance in the context of the ISAEs and ISSAs.** Consider specifically explaining:
 - The differences in the definitions of limited assurance in ISRE 2400 and ISSA 5000, and
 - The less prescriptive approach on the types of further procedures performed in ISSA 5000.

ED Question #8 - Preliminary knowledge about the sustainability information

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 believe ED-5000 is 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.

However, we believe paragraph A156 (application material to paragraph 69(a)) should also refer to the practitioner considering controls over the entity's process to identify topics and aspects of topics to be reported.

Management's process to identify topics and aspects of topics to be reported, even in simpler cases where the disclosures are prescribed or selected for a special purpose or use, is a process relevant to sustainability reporting. Therefore, the practitioner may consider the controls over that process when obtaining a preliminary knowledge of the sustainability information expected to be reported.

Suggest:

- **Revising paragraph A156** as follows:

"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. [This may include whether there are controls that enable and support the preparation of the sustainability information](#)".

ED Question #9 - The entity's "materiality process"

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: [No, with comments below](#)

Detailed comments (if any):

We agree with several of the approaches in ED-5000 to address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported. Including:

- Not referring to double materiality in the requirements of the standard; presenting it clearly as a preparer's concept in the application material and explaining the link between double materiality and the intended needs of the users of the sustainability information (A180, A274).
- Distinguishing clearly between the practitioners' and management's materiality (A275).

However, in considering the requirements and application material in paragraphs 69(a), A156-A157 (preconditions) and paragraphs 97-98, A295-A301 (understanding the sustainability matters, information, and the applicable criteria), in ED-5000, we noted some concerns.

Concern: Preliminary knowledge of management's process to identify topics and aspects of topics to be reported (paragraph 69(a)) and A156)

We heard the following during our outreach:

- **The requirement to obtain a preliminary knowledge of the sustainability information expected to be reported should be strengthened to require an understanding of the entity's materiality process as it is a critical component to accepting the engagement.**
 - Those who suggested this change to the standard understood the argument for not placing a higher work effort on this process at the acceptance stage (explanatory memorandum paragraph 52) (i.e., it may be a straightforward process for some engagements, and the resulting work effort and documentation will be straight forward).
 - However, in their view de-emphasizing the knowledge required of the entity's 'materiality process' in the acceptance stage discounts the importance of that understanding in the practitioner's decision to accept the engagement and minimizes its prominence in subsequent stages of the assurance engagement.
- **In contrast, results from our field-testing supported the position in ED-5000 and indicated that there are practical challenges in evaluating the entity's 'materiality process' at the preconditions stage of the engagement.** Including:
 - The client may be unwilling to share such information with the practitioner at the acceptance stage.
 - An understanding of the entity's materiality process may be irrelevant to a practitioner unless they are providing assurance on the entity's entire sustainability report.
 - Where the practitioner is providing assurance on the whole report, this evaluation may look different for a limited vs. reasonable assurance engagement.

Lastly, additional feedback indicated that the practitioner should be required to gain preliminary knowledge of how the entity plans to use the sustainability information at the acceptance stage. This

understanding of its intended use may provide early insight for the practitioner on whether the entity's 'materiality process' reflects the needs of their intended users. For example, whether it is intended to be used as marketing materials, to solicit new customers, to meet a regulatory or legislative requirement, or other reasons.

We concluded, after considering feedback received:

- We agree with the views of our field-testers and the IAASB to not overburden the practitioner with an understanding of the entity's 'materiality process' at the preconditions stage. Therefore, **we agree with the extent of work in paragraph 69(a)** to 'obtain a preliminary knowledge of the engagement circumstances, including the sustainability information expected to be reported.'
- **However, we believe that during the risk procedures stage the practitioner should be required to understand the entity's process to identify reporting topics** given the entity's process is a key process within the preparation of sustainability information. Not all suitable criteria or frameworks require a 'materiality process'; however, all entities should have a 'process to identify sustainability information expected to be reported' regardless of their size, reporting maturity, or whether their reporting is voluntary or mandatory.

Suggest:

At the risk procedures stage, in paragraph 97:

- **Expand the requirement to state that the practitioner should obtain an understanding of the entity's process to identify sustainability information reported.**

"The practitioner shall obtain an understanding of the entity's process to identify sustainability information reported ~~sustainability matters and the sustainability information~~, including the characteristics of events or conditions that could give rise to material misstatement of the disclosures."

Additionally, to address comments around understanding the intended use:

- **Expand A156-A157 to include that the practitioner may gain preliminary knowledge of how the entity plans to use the sustainability information.**
- **Expand A295-A298 to include that the practitioner may obtain an understanding of how the entity plans to use the sustainability information and whether the relevant users have been identified.**
- **Add application material before paragraph A295 that describes what the practitioner may consider when obtaining an understanding the entity's process to identify sustainability information reported.** This application material could leverage GRI 3, *Material Topics*.

Concern: Gap in considering sustainability information expected to be reported

In jurisdictions where the reporting, and the assurance thereon, is not mandatory, **concerns were raised on the risk of 'incomplete' reporting of topics and aspects of topics that are material to intended users.**

This risk places increased importance on the practitioner's evaluation of the entity's materiality process to consider the completeness of the entity's reporting. In performing the evaluation, the practitioner should be thinking, based on its knowledge of the entity, about "what they would expect to be covered in the report". Then they can ask questions about why certain topics or aspects were excluded. For example, a sustainability report from a national contact sports league (e.g., hockey, American football) where there were no disclosures around player concussions.

Suggest:

- **Adding application material to paragraphs A156-A157 for the practitioner to consider what information they expected to see in the entity's circumstances, but that has been omitted, and then following-up with management as to why this information was omitted.**
- The same consideration as above could be added as application material to:
 - Paragraph 96, the engagement team discussion on the susceptibility of disclosures to material misstatement, or
 - Paragraph 97, understanding the sustainability matters and sustainability information.

ED Question #10 - Suitability and availability of the criteria

Suitability and Availability of Criteria

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

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

Overall response: Yes (with no further comments)

Detailed comments (if any): N/A

ED Question #11 - “Double materiality” in a framework-neutral way

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 agree that ED-5000 appropriately addresses the notion of “double materiality” in a framework-neutral way. However, we believe the standard should address how the practitioner considers the entity’s use of double materiality in their determination of materiality.

Concern: Practitioner’s consideration of double materiality

The current guidance in A180 and A274 is not clear on how double materiality would impact materiality for the engagement. The standard is missing an example of an assurance engagement where the preparer applies a double-materiality lens to the information reported, explaining how this lens would impact the practitioner’s determination of engagement materiality for a disclosure subject to assurance.

Suggest:

- **Adding a more robust example of double materiality that includes an explanation of how double materiality would impact materiality for the engagement.**
- **Including aspects of the [IAASB staff FAQ on materiality](#) in application material around paragraph A274.**

ED Question #12 - Materiality for qualitative and quantitative disclosures

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: [Disagree, with comments below](#)

Detailed comments (if any):

We do not support the approach in ED-5000 for the practitioner to ‘consider’ materiality for qualitative disclosures and ‘determine’ materiality (including performance materiality) for quantitative disclosures.

Key Concern: Consider materiality for qualitative disclosures

We heard concerns from many different parties regarding the use of ‘consider’ for qualitative materiality. Including, as it relates to paragraph 91(a):

- **That there is optionality in whether you “consider” materiality for qualitative disclosures.** The use of ‘consider’ gave the impression that the expectation for qualitative disclosures was less than for quantitative disclosures. We realize there is a “shall” in the requirement ‘to consider’, but in the IAASB’s CUSP Drafting Principles (CUSP), ‘consider’ means to “think carefully” or “reflect upon” which may imply optionality.
- **The use of different terms (consider vs. determine) for the work effort on materiality is confusing.** In CUSP, ‘consider’ and ‘determine’ differ on the work effort spectrum. Participants were confused why there are different work effort expectations between qualitative and quantitative materiality.

We asked our field testers how they use materiality for qualitative disclosures in engagements today. They indicated that all qualitative items are scoped in at planning because they are all considered in assessing misstatements. After performing the responses to risks, they would stand-back and consider whether the qualitative disclosures are factually correct. In applying ED-5000, they indicated paragraph A278 provides factors for consideration but stops short of explaining what would make the consideration qualitatively material.

Suggest:

- **Revise paragraph 91 to require the practitioner to ‘determine’ materiality for both qualitative and quantitative disclosures.** By using the term ‘determine’, it does not mean the practitioner has to “calculate” materiality; instead, as per CUSP ‘determine’ means to “conclude or ascertain as after reasoning or observation”.
- **Expand the examples in A278 to specifically state what would make the consideration qualitatively material in each of the example bullets presented.** For example, A278 bullet 4 on observed deviations could conclude that “an identified deviation in a control would be considered material if there was no other relevant control that was effective at mitigating the risk”.

Concern: Determining materiality for quantitative disclosures

The requirement in paragraph 91(b) to determine materiality for quantitative disclosures is not clear on how to calculate materiality.

Although application material provides examples of factors that may be relevant to the practitioner's determination of materiality for quantitative disclosures, the application material does not provide examples of different disclosures and different ways materiality could be determined.

Suggest:

- **Add examples to paragraphs A279-A281 on benchmarks for determining quantitative materiality.** The examples in paragraph A274 and A280 are not sufficient. Consider adding:
 - An equivalent paragraph to ISSA 5000 as that included in paragraph A8 of ISA 320, in relation to financial statement audits.
 - Application material with an example of what management determined was material to report, and then what the auditor did with that from an engagement materiality perspective.
 - Examples of determining materiality over climate scenario analysis disclosures. The standard is not clear on how to determine and apply materiality on forward-looking projection-based information.
- **Add examples to paragraphs A279-A281 of different quantitative disclosures and ways materiality could be determined.** We suggest the following example:
 - An entity is reporting the recycled input materials used in new production, expressed as a % of the total weight/volume of recycled over input materials. In this case, the quantitative materiality could be the difference in % points that could impact the intended user with the lowest materiality threshold. For example, if incorrect by 5% points, new customers would not purchase their goods. In that case 5% points is the determined quantitative materiality.

Concern: Guidance on how to accumulate and evaluate misstatements

We heard that **practitioners may find it challenging to evaluate and accumulate misstatements across the sustainability information subject to assurance**, especially when that information includes qualitative disclosures or disclosures with different units of measurement.

- Although the application material to paragraph A415-416 provides guidance on the accumulation of identified misstatements, it is not practically clear how the practitioner would accumulate misstatements.
- There could be significant professional judgement needed to aggregate misstatements. For example:
 - How does the practitioner compare and connect different qualitative information?
 - Without overall materiality, how does the practitioner conclude on whether the sustainability information is free from material misstatement?

Suggest:

Adding illustrative examples on how to aggregate misstatements across the sustainability information in determining whether the sustainability information is free from material misstatement.

ED Question #13 - Internal control

Understanding the Entity's System of Internal Control

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

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

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

Detailed comments (if any):

We support differentiating the approach for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements. However, we noted some concerns.

Concern: Definition of system of internal control

The **definition of the system of internal control (paragraph 17(ww)) could be confusing** where there is both:

- Internal control over sustainability information that the practitioner intends to test and rely upon, and
- Disclosures of aspects of internal control that are the sustainability information subject to assurance.

Suggest:

- **Distinguish in the definition the different ways that internal controls are used in sustainability reporting and assurance engagements.**
- **Consider incorporating sustainability specific language from COSO – *Achieving Effective Internal Control over Sustainability Reporting (ICSR)*.** For example, in paragraphs A318-A321 add a 'consideration of whether the entity demonstrates its commitment to acting sustainably' as part of understanding the Control Environment. We suggest that the IAASB review the ICSR for sustainability specific language that could be added to the proposed ISSA in the application material that discusses practitioners' understanding of each component of internal control.

Concern: Components of internal control

We have the following concerns:

- **The work effort in obtaining an understanding of the entity's risk assessment process for limited vs reasonable assurance is inconsistent and unclear.**
 - For limited assurance, paragraph 102L(b) describes it as obtaining an understanding of the results of the entity's risk assessment process.
 - For reasonable assurance, paragraph 102R(b) describes it as obtaining an understanding of the risk assessment process.
- **It's not clear whether the practitioner is required to obtain an understanding of the internal controls over 'the entity's process to identify reporting topics',** as part of the understanding obtained over the components of the entity's system of internal control relevant to the sustainability matters and the preparation of the sustainability information (see paragraph 102L, 102R).

Suggest:

- **Clarifying in the application material that the level of understanding of the entity's risk assessment process for limited assurance is less extensive than for reasonable assurance** (paragraphs A329-A332). Reasonable assurance focuses on understanding the entire process, whereas limited assurance focuses on understanding just the results of the entity's risk assessment.
- **Application material A333(a)(iii) be revised to obtain an understanding of the internal controls over 'the entity's process to identify reporting topics' as follows:**

"The understanding of the information system may include an understanding of the following: The entity's information processing activities, including its data and information, the resources to be used in such activities and the policies or procedures that define, for the sustainability information: (iii) The processes used to identify reporting topics and prepare the sustainability information in accordance with the applicable criteria.

ED Question #14 – Involvement of “others”

Using the Work of Practitioner’s Experts or Other Practitioners

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

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

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

Detailed comments (if any):

We agree that when using the work of a firm other than the practitioner’s firm, the proposed standard is clear about when such individuals from those firm(s), are members of the engagement team, or are “another practitioner”.

Specifically in the case of the use of internal audit:

- We agree that the requirements added from ISA 610 are sufficient for an overarching standard.
- However, **more clarity is needed that when the entity’s internal audit function is involved in the engagement, they are not part of the engagement team.**

Suggest:

- In the definition of Engagement Team (17(p)), **be explicit that if the work of internal audit function is used, the engagement team excludes the internal auditors.**
- Paragraph 55 of the standard could be edited to **add clarity to ‘what’ the use of the internal audit function is** ‘If the practitioner plans to use the work of the internal audit function [in obtaining evidence](#), the practitioner shall:’
- **Figure 2 on page 23 of the Explanatory Memorandum entitled, ‘Individuals Involved in the Engagement’, should be published as non-authoritative guidance** when the standard is finalized.
 - Given that the proposed standard contemplates the use of the internal audit function in obtaining evidence, a row could be added to the table to include the ‘Internal audit function’ in the first cell, a reference to ‘Using the work of the Internal Audit Function (Paragraph 55)’ in the second cell, and ‘N/A’ in the third cell.

ED Question #15 - External expert or another practitioner

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

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

Overall response: Yes (with no further comments)

Detailed comments (if any): N/A

ED Question #16 – Estimates and forward-looking information

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):

We agree that the requirements and application material in ED-5000 related to responding to risks in estimates and forward-looking information are appropriate. However, we do not agree that the requirements and application material related to risk procedures are robust enough to assist the practitioner in designing and performing further procedures to obtain evidence that are responsive to the risks of material misstatement/where material misstatement is likely to occur.

Suggest:

- **Adding a risk procedure requirement** “When obtaining an understanding of the entity and its environment, the applicable criteria and the entity’s system of internal control, the practitioner shall obtain an understanding of the following matters related to the entity’s estimates and forward-looking information:”
 - Include appropriate concepts from ISA 540, such as paragraphs 13(a), (h)(i), (h)(ii), and (j), contextualized for estimates and forward-looking sustainability information.
 - For reasonable assurance engagements, include application material (based on paragraphs 14 and 15 of ISA 540) to the new requirement suggested above, that the practitioner may consider:
 - The outcome of previous estimates to assist in identifying risks; and
 - Whether specialized skills or knowledge are needed to obtain assurance on the estimates and forward-looking information.
- **Adding a definition.** If a requirement is added in the risk procedures section of the standard, and the requirement refers to estimation uncertainty (as paragraph 13(h) in ISA 540 does) a definition is needed.
 - The definition of estimation uncertainty in the glossary refers to accounting estimates and only refers to measurement and not evaluation. Therefore, it may need to be adapted for sustainability assurance.
- **Exploring a future standard-setting project on estimates and forward-looking information.**

ED Question #17 - Risk procedures in limited assurance

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 comments below](#)

Detailed comments (if any):

We support the differentiation in approach in ED-5000 between the requirements for the practitioner to design and perform risk procedures in a limited assurance engagement versus a reasonable assurance engagement.

However, we noted some concerns with the risk procedures required in a reasonable assurance engagement.

Concern: Identifying and assessing risks of material misstatement

In a reasonable assurance engagement, the practitioner does not make separate inherent risk and control risk assessments when they identify and assess risks of material misstatement at the assertion level for the disclosures, as is done in ISA 315.

We understand that these separate inherent risk and control risk assessments were excluded from ED-5000 because many entities do not have well developed systems of internal control. However, **we are concerned that:**

- **As the entity's sustainability reporting systems evolve, if practitioners anticipate testing controls, a separate control risk assessment will be necessary.** We believe the absence of this concept in the overarching standard is a gap in future-proofing the standard.
- **Practitioners not familiar with the concepts and definitions from the ISAs may not understand that a control risk and inherent risk assessment are implicit** when the practitioner identifies and assesses the risks of material misstatement at the assertion level for the disclosures in paragraph 110R.

Suggest:

- **Require separate assessments for control risk and inherent risk in a reasonable assurance engagement in paragraph 110R.** This approach will also help distinguish limited assurance from reasonable assurance engagements.
- **Update the definition of risk of material misstatement to include control risk and inherent risk,** as defined in ISA 200.13(n).

ED Question #18 – Group sustainability information

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 do not agree that the requirements and application material ED-5000 are sufficient to enable practitioners to apply it to assurance engagements on the sustainability information of groups, or for when “consolidated” sustainability information is presented by the entity.

Concern: Missing core concepts for assurance over group sustainability reporting

- Although it may be intuitive for financial statement auditors to analogize consolidated sustainability engagements to consolidated financial statements under ISA 600, **sustainability assurance practitioners may not be as familiar with foundational concepts such as group auditor, components, component materiality, the consolidation process, and group opinion.**
- Further, even if the sustainability assurance practitioner can analogize consolidated sustainability engagements to consolidated financial statements under ISA 600, there are **numerous concepts missing in ED-5000 related to assurance over group sustainability reporting**, that if added, would facilitate consistent performance of these types of engagements.

Suggest:

- **The following concepts and requirements from ISA 600 should be included in ED-5000** and contextualized for assurance over group sustainability reporting:
 - Include definitions for components, component practitioner, component materiality, group practitioner, group sustainability reporting (ISA 600.14).
 - Determine the components at which work will be performed and the nature, timing and extent to which component practitioners are involved (ISA 600.22).
 - Determining group performance materiality and component performance materiality (ISA 600.14(m), 35-36)
 - Designing and performing further audit procedures to respond to the assessed risks of material misstatement (reasonable)/ where material misstatement is likely to arise (limited), of the group financial statements arising from the consolidation process (ISA 600.38)
 - Communications between the group practitioner and the component practitioners on matters that are relevant to the group practitioner’s conclusions regarding assurance over group sustainability reporting (ISA 600.45 - 49).
- In **determining the components, the proposed standard should contemplate all entities within the entity’s reporting boundary** (as defined by the entity or their applicable sustainability reporting framework), including as applicable, those components that are part of the supply chain outside of the organizational boundary of the entity.

- Consider what additional edits or connectivity are needed between the new content and paragraphs that refer to using the work of a firm other than the practitioner's firm or using the work of another practitioner (for example: paragraphs 42, 51-54, A87-A91, A117-A124).
- **Exploring a future standard-setting project on assurance over group sustainability information.**

ED Question #19 - Fraud (including “greenwashing”)

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):

In considering how fraud is addressed in ED-ISSA 5000, we have several concerns.

Key Concern: Pervasive Risks

We understand why the standard does not include the concepts of significant risks and presumed risks of fraud. However, in the context of sustainability reporting **we believe that the following are pervasive risks that if identified at the entity, require an overall response:**

- 1) **management override of controls, and**
- 2) **intentional management bias.**

We acknowledge that the IAASB included paragraph A367 linked to the requirements in paragraphs 116L/116R for the practitioner to design overall responses.

- Paragraph A367 describes circumstances that indicate that ‘material misstatements are likely to arise (limited assurance) or there is an increased risk of material misstatement (reasonable assurance) pervasively throughout the sustainability information.’
- However, the circumstances described in paragraph A367 do not directly describe management override of controls, and intentional management bias, and the paragraph is at the response to risks stage with no corresponding requirement to consider pervasive risks at the risk procedures stage.

Suggest:

The standard should require management override of controls, and intentional management bias to be considered at the risk procedures stage, and at designing overall responses. This could be achieved by:

- **Risk procedures: Add a requirement after paragraph 110L/110R** as follows:
 - For limited assurance - The practitioner shall identify material misstatements that are likely to arise pervasively throughout the sustainability information.
 - For reasonable assurance – The practitioner shall identify and assess risk of material misstatement that are pervasive throughout the sustainability information.
 - Move application material A367 to these new requirements. In addition, add examples of pervasive risks to bullet 3, such as:
 - Circumstances related to management override of controls and intentional management bias.
 - Where an entity is new or doesn’t have sophisticated information systems.
 - Where an entity applies multiple criteria from different frameworks and entity-developed criteria.

- When the entity applies different measurement techniques.
 - Where the entity has bonus arrangements/compensation linked to performance against targets goals or commitments.
 - Where the entity is experiencing a data migration that impacts performance against targets goals or commitments.
- **Overall responses** (see 116L/116R) – **Add new bullets in paragraph A368** that specifically discuss overall responses to management override of controls and intentional management bias.

Concern: Fraud in estimates and forward-looking information

We heard that estimates and forward-looking sustainability information are areas where there is an increased risk of the entity misleading users by presenting ambitious targets or optimistic results, which could lead to fraudulent financial reporting. However, in the ‘Responding to Risks of Material Misstatement’ section of the standard, **there is no mention of when management intentionally misleads users and how in that case, management bias is a risk of material misstatement due to fraud** (reasonable assurance), **or where material misstatement due to fraud is likely to arise** (limited assurance).

Suggest:

- **Clarify in the application material to paragraph 134L/134R that where management bias in the development of estimates and forward-looking information is ‘intentional’, then the management bias is fraudulent in nature.** In that case, where material misstatement is likely to occur/ the risk of material misstatement identified, it is due to fraud.
- Paragraph 161 of the standard states draws a clear linkage between intentional management bias and fraud, however, it is at the concluding stage of the engagement.
 - **Consider adding additional application material to the ‘Responding to Risks of Material Misstatement’ section of the standard:**
 - Paragraphs A392 discusses judgments in management’s selection and use of appropriate methods, assumptions, and data. Add to the paragraph “**Judgements made in developing estimates and forward-looking information give rise to indicators of possible management bias. Where there is intention to mislead, management bias is fraudulent in nature**”.
 - Paragraphs A393R(a), A394R(a), and A395R(a) has the practitioner consider whether judgments made in selecting the method, assumptions or data give rise to indicators of possible management bias. Edit these paragraphs to include “**Where there is intention to mislead, management bias is fraudulent in nature.**”

Concern: Professional skepticism

Given the importance of the practitioner’s application of professional skepticism in sustainability assurance engagements, we believe further enhancements could be made to improve the standard. These enhancements could leverage the changes IESBA introduced in their Role and Mindset of Professional Accountants project.

Suggest:

- **Adding application material to paragraphs A71-A76 on professional skepticism, to align those paragraphs with the changes IESBA introduced in section 120.16 A2.** Specifically:
 - Having the strength of character to act appropriately, even when facing pressure to do otherwise or when doing so might create potential adverse personal or organizational consequences. Acting appropriately involves:

- Standing one's ground when confronted by dilemmas and difficult situations; or
- Challenging others as and when circumstances warrant, in a manner appropriate to the circumstances.

ED Question #20 – Communication with TCWG, Management, Others

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: No, with comments below

Detailed comments (if any):

We support the high-level requirement in paragraph 62 of ED-5000 regarding communication with management, those charged with governance (TCWG) and others. However, in considering the requirements related to communications in ED-5000, we noted some concerns.

Concern: Communication with Management, Those Charged with Governance and Others

We agree that for an overarching standard, the requirement in paragraph 62 and application material in A137-A140 is appropriate; however, **there are other ‘matters that it may be appropriate to communicate’ that would be beneficial to add to the application material to paragraph 62 from ISA 260**. Including these matters, as appropriate in ED-5000, would create consistent expectations for communications between practitioners and management, those charged with governance, and others, regardless of whether it is a financial statement audit or a sustainability assurance engagement.

Suggest:

- **Add additional matters that it may be appropriate to communicate from ISA 260 to ED-5000.** Consider adding the following aspects of ISA 260.A14-A25 to the application material in A137-A140, contextualized for a sustainability assurance engagement:
 - Planning matters related to the using the internal audit function.
 - Significant communications between the entity and regulators.
 - The documents comprising the other information.
 - The attitudes, awareness, and actions of TCWG concerning internal control, the detection and possibility of fraud, and the response to developments in sustainability reporting criteria/frameworks, corporate governance practices, exchange listing rules, and related matters.
- **Add application material on establishing the communication process between the practitioner and management, those charged with governance, and others, to help establish the basis for effective two-way communication.** To that end, include aspects of ISA 260.A37-A38 in the application material in A137-AA140 of the proposed standard, contextualized for a sustainability assurance engagement.

Concern: Communications between the practitioner and financial statement auditor

If the financial statement auditor is considered an ‘other practitioner’ within the sustainability assurance engagement, we believe paragraph 52-53 and A122-A123 provide sufficient guidance on those communications.

However, **if the financial statement auditor is not considered an ‘other practitioner’ within the sustainability assurance engagement, we believe the requirements in ED-5000 are not sufficient.**

- Connectivity and enhanced transparency between the financial statement auditor and the sustainability assurance practitioner is important given there is likely to be relevant matters that may impact their respective engagements.
- Communication between them will support the practitioner's understanding of engagement circumstances and risks and how they may affect their engagements.

Suggest:

- **Add a requirement after paragraph 62**

“Communication with the auditor of the historical financial statements (header) – In circumstances where the financial statement auditor is not considered an ‘other practitioner’ in the sustainability assurance engagement, the practitioner shall consider, subject to the terms of the engagement, legal and regulatory limitations, and confidentiality considerations, communicating with the financial statement auditor to understand any significant matters that may impact the sustainability assurance engagement”.

- **Add application material to this new requirement as follows:**

- Provide examples of significant matters that may be communicated, based on paragraph A122.
- Explain how to overcome restrictions on access by the practitioner to the financial statement auditor, based on ISA 600.A40: “In some circumstances, the practitioner may be able to overcome restrictions on access to the financial statement auditor, by requesting management or those charged with governance to assist in:
 - removing the restriction; or
 - obtaining the information directly from the financial statement auditor.”
- Consider whether a similar requirement is necessary in circumstances where there are two sustainability practitioners, but they would not consider each other to be an “other practitioner”. For example, when the entity has engaged more than one firm to issue separate reports on different disclosures.

Concern: Written Representations from Management and Those Charged with Governance

We questioned whether the language of ‘clearly trivial’ in paragraph 148(e) is appropriate. The term ‘clearly trivial’ is used in ISAE 3410.58(e); however, it is defined in ISA 450.A2 as in relation to misstatements (qualitative or quantitative), rather than deficiencies in controls.

Suggest:

- Review paragraph 148(e) and consider language used in ISA 265.10 instead:

“...that they have communicated to the practitioner all deficiencies in internal control relevant to the engagement that are not ~~clearly trivial~~ significant deficiencies, or that are of sufficient importance to merit the practitioner’s attention, of which they are aware”.

ED Question #21 - Assurance reporting

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: [No, with comments below](#)

Detailed comments (if any):

We identified the following concerns with the reporting requirements in ED-5000.

Key Concern: Summary of work performed

Today, there is confusion among users of assurance reports on the difference in the level of work performed by the practitioner in limited versus reasonable assurance engagements.

For limited assurance engagements, ED-5000 includes a requirement (paragraph 170(i)) for the practitioner to include in the assurance report a section entitled 'Summary of the work performed' that describes the nature, timing and extent of procedures performed to enable users to understand the limited assurance obtained.

During our outreach we heard:

- **Concerns that users may incorrectly believe that a limited assurance engagement provides more assurance than a reasonable assurance engagement**, given the summary of work performed is only provided in limited assurance engagement. This concern may be exacerbated in situations where the entity is issuing a combined reasonable and limited assurance report on sustainability information (see Illustration 3 of ED-5000).
- **It is not clear to respondents why the IAASB has departed from the approach in ISAE 3000.69(k) and ISAE 3410.76(k)(ii)**, which has the practitioner include an informative summary of the work performed as the basis for the practitioner's conclusion in both limited and reasonable assurance reports.

In considering concerns raised, we noted:

- There is a requirement in paragraph 170(d)(ii) to include a 'Basis for Conclusion' section in the limited assurance report after the conclusion section. This may diminish some of the misunderstanding for users.
- The 'practitioner's responsibilities' section of the report includes a high-level, generic description of the procedures performed for both reasonable and assurance engagements. However, there are minimal differences between how limited and reasonable are described. These differences are hard to identify, even when side by side in a combined report. We believe these differences are likely to be overlooked or misunderstood by a reader, exacerbating respondents concerns.

Although we recognize that there may be practical issues in requiring practitioners to include a summary of work performed for both reasonable and limited assurance engagements, **we believe that without this summary users may not understand the difference between the work performed in limited versus reasonable assurance engagements.**

Suggest:

The requirement in paragraph 170(i) should be expanded to be applicable to both limited and reasonable assurance engagements.

- “~~For a limited assurance engagement~~, A section with the heading "Summary of Work Performed," that contains an informative summary of the work performed as a basis for the practitioner's conclusion. This section shall describe the nature, timing and extent of procedures performed sufficiently to enable users to understand the limited level of assurance the practitioner has obtained.”
- Based on the above suggestion, update the application material in paragraphs A482 to A486L to ensure it's applicable to both limited and reasonable assurance.

Our suggestion goes beyond what is required in ISAE 3000 and ISAE 3410. In the ISAEs, while a summary of work performed is required for both limited and reasonable assurance engagements, describing the “nature, timing and extent of procedures performed to sufficiently enable users to understand...” is only required for limited assurance. That said, given the confusion that exists today among users of assurance reports on the differences in the level of work performed, we believe there is merit to requiring these details for both types of engagements.

Concern: Describing what is subject to assurance in the assurance report

We agree with the IAASB's view that there is confusion among users of assurance reports on which disclosures within the sustainability information were subject to assurance, and which were not.

In response, paragraph 170(c)(iv) has the practitioner identify and describe the sustainability information, including if appropriate, the sustainability matters and how that information is reported, in the assurance report.

We heard the following during our outreach:

- **When all the information reported is not subject to assurance, there is evidence of users misunderstanding which information was subject to assurance and placing undue reliance on information not subject to assurance.** The common current practice of obtaining assurance on part of the sustainability information (vs. all sustainability information reported) may widen the expectation gap. Some were concerned that identifying the sustainability information subject to assurance in the assurance report may not be sufficient to assist users in understanding the sustainability information that was not subject to assurance.
- **The requirement in paragraph 170(c)(iv) has the practitioner ‘identify the sustainability information’ rather than more explicitly state ‘the sustainability information subject to assurance’,** as described in the related application material in paragraph A469.

Although we acknowledge the concerns raised, we believe that the most practical and effective way for the practitioner to be transparent with users on which sustainability information is not subject to assurance, is through clearly identifying and describing the sustainability information that is subject to assurance. We also believe that for listed entities, this may be an area that can be further addressed through securities regulation and requirements on the entity.

Suggest:

- **Edit paragraph 170(c)(iv) to specify that it is the sustainability information subject to assurance.**
“Identify and describe the sustainability information subject to the assurance engagement, including, if appropriate, the sustainability matters and how that information is reported.”
- **To reduce the misunderstanding of users when all information reported is not subject to assurance, consider adding the information in footnote 24 of Illustration 3 to the third bullet in paragraph A469.** This will remove the flexibility and ensure consistency in how the practitioner identifies or describes the sustainability information subject to assurance in the assurance report.

~~“The practitioner may provide a specific identification and location of the information that is subject to assurance reasonable assurance opinion, which should be distinct from the information subject to a limited assurance conclusion (e.g. by tagging the specific disclosures in the Sustainability Information, Title of Section of the Sustainability Information, or an Appendix to Assurance Report etc-).”~~

Concern: Naming the Engagement Leader in the assurance report

We understand that the requirement in ED-5000 to name the engagement leader in the assurance reports for listed entities (see paragraph 171), is consistent with the requirement in paragraph 46 of ISA 700 for audited financial statements of listed entities. We also understand the IAASB’s rationale for including the requirement in ISA 700 and limiting its applicability to listed entities.

However, in contemplating this requirement in the context of sustainability assurance reporting, **we heard some concerns during our outreach with disclosing the engagement leader’s name in these engagements.**

Concerns included that in an evolving assurance market with broader intended users than financial statement engagements, some intended users may:

- Have less experience with obtaining information that has been subject to assurance;
- Misunderstand what information is subject to assurance; and/or
- Be unclear on the difference between limited and reasonable assurance, placing undue reliance on the assured information or attempting to hold the practitioner responsible for outcomes that cannot be detected by assurance procedures.

In our view, these concerns are related to the concerns we have raised above regarding the:

- Summary of work performed, and the importance of expanding requirement 170(i); and
- Describing what is subject to assurance in the assurance report, where revisions to 170(c)(iv) and A469 are needed.

Suggest: Since all our assurance report concerns are interrelated, **the IAASB should consider whether disclosing the name of the engagement leader is appropriate after addressing the other concerns raised.**

Other Concerns:

- **Guidance included on reporting orally** - It is not clear why guidance on reporting orally is included in the application material in paragraph A463, when it is clear in the related requirement, paragraph 168, that reports must be written.
 - **Suggest:** Editing to align with ISAE 3000 (Revised) paragraph A159 that clarifies that oral forms of communication can be misunderstood without a written report:

“The assurance report is the means by which the practitioner communicates the outcome of the assurance engagement to the intended users. Clear communication helps the intended users to understand the assurance conclusion. Oral and other forms of expressing conclusions can be misunderstood without the support of a written report. For this reason, the practitioner...”
- **Referring to the work of an expert in the assurance report** - Paragraph 172 references the practitioner’s expert in the assurance report. The current wording in the requirement could be misunderstood to mean that the practitioner is ‘placing reliance’ on the practitioner’s expert’s work, rather than using their work towards the evidence obtained for the practitioner to form a conclusion on the sustainability information subject to assurance.
 - **Suggest:** Replace the term ‘refers to’ in paragraph 172 with the term ‘uses’

“If the practitioner ~~refers to~~ uses the work of a practitioner’s expert in the assurance engagement report, the wording of the that assurance report shall not imply that the practitioner’s responsibility for the conclusion expressed in that report is reduced because of the involvement of that expert.”
- **Compliance criteria** – ED-5000 indicates it is for assurance of sustainability information prepared in accordance with compliance criteria and compliance frameworks. The proposed standard includes guidance on forming conclusions and illustrative reports that are accordance with compliance criteria/frameworks³, however additional application material from ISAE 3000 would be beneficial.
 - **Suggest:** Add application material paragraphs A8(b), A19 and A100 from ISAE 3000 to ISSA 5000.
- **Illustrative reports** – The standard would benefit from further illustrative reports.
 - **Suggest:** As future improvement to the standard, consider including illustrative reports that depict:
 - A modified reasonable assurance opinion.
 - An entity reporting in accordance with applicable criteria that are comprised of both framework criteria and entity developed criteria.

³ See ED-5000 paragraphs 17(h), 178L and 178R, A470L, A471R, A472, A512L, A513R, A514 and Illustration 2,3 and 4

ED Question #22 - Key audit matters

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 support the approach in the proposed standard of not addressing the concept of “key audit matters” for a sustainability assurance engagement.

We do not think key audit matters would be appropriate in the current assurance landscape where many entities are only having specific metrics assured. The definition of key audit matters in the ISAs is ‘items that were of most significance in the audit.’ In situations where the entity is only assuring specific metrics reported, the value of key audit matters to users of the report is not present.

We also suggest that key audit matters may be area for the IAASB to explore in future standard-setting initiatives, as reporting and assurance landscapes mature, including whether key audit matters:

- Are helpful for listed entities and PIEs in reasonable assurance engagements.
- Should be considered a differentiator between reasonable and limited assurance.

ED Question #23 - Basis for Conclusion in limited assurance

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 agree that the explanation in the Basis for Conclusion section of the limited assurance report is sufficiently prominent. However, we noted some concerns regarding how limited assurance is described in the practitioner's report.

Concern: Inconsistent reporting between a limited assurance engagement under ISSA and ISRE

During our outreach, we heard overall concerns around inconsistencies between a limited assurance report for Financial Statements (Review under ISRE 2400) and a limited assurance report on sustainability information under ED-5000. While this issue existed between ISRE 2400 and ISAE 3000, the reason for these differences were not well understood by our respondents and may contribute to users misunderstanding the level of assurance obtained.

The following specific concern was raised:

- **Both reports are identified as "limited assurance engagements" however the language used to describe the procedures performed varies between reports.**
 - Limited assurance over financial statements (ISRE 2400) (from the practitioner's responsibility section) -The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.
 - Limited assurance over sustainability information (ED-5000) (from the practitioner's responsibility section) - The practitioner designs and performs procedures that are responsive to disclosures in the sustainability information where material misstatements are likely to arise.

We acknowledge some user misunderstanding may be alleviated by the requirement in limited assurance engagements under ED-5000, to include a summary of the work performed, including describing the nature, timing and extent of procedures performed to enable users' understanding of limited assurance (paragraph 170(i), A484L-A486L). However, we think further steps could be taken to address the concern raised.

Suggest:

- **Develop non-authoritative guidance to describe the difference between limited assurance in a review engagement (ISRE) vs. limited assurance in the context of the ISAEs and ISSAs** (see our suggestion in question 7), that includes:
 - An explanation of how the work performed in the review of financial statements may differ from the work performed in limited assurance engagement over sustainability information, despite both being limited assurance.
 - Content from application material A482 to A468L, with examples of the 'Summary of work performed' in different limited assurance reports with different factors (as described in paragraph A485L.

- **Make the requirement in paragraph 170(i), regarding including a ‘Summary of work performed’ section in the assurance report, applicable to both limited and reasonable assurance engagements.** (See our suggestion in response to question 21)

ED Question #24 - Public sector considerations

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):

In Canada, we understand that direct engagements on sustainability matters are common in the public sector. As ED-5000 is only applicable for attestation engagements, we are considering the need for a future standard setting project in Canada to address direct engagements.

As it relates to the scope and applicability of ED-5000, we noted the following public sector specific concern (also discussed in our response to question 3).

Concern: Risk of inconsistent implementation of the scope and applicability of the standard

We heard questions on whether ISSA 5000 or ISAE 3000 applies in the following circumstances:

- **Public Sector: All attestation engagements on 'other than historical financial information' reported by public sector entities** - In our outreach, public sector auditors suggested that the majority, if not all, of the 'other than historical financial information' assurance work they perform meet the definition of sustainability matters as they cover environmental, social, economic, and cultural matters, including the impacts of an entity's activities, products and services on the environment, society, economy or culture, or their impacts on the entity. Therefore, these engagements would be in scope of ISSA 5000. Questions were raised whether this was an intended outcome of the IAASB when drafting the standard.

Suggest:

- **Public Sector: Clarify whether the IAASB intended for every public sector attestation engagement to be performed under ISSA 5000 going-forward.**
 - If not, consider whether the use of 'economic' and 'cultural' matters in the in the definition of sustainability matters has an unintended consequence of scoping in every public sector attestation engagement.
 - This issue may need to be revisited once the IPSASB issue its sustainability reporting framework for public sector entities.

ED Question #25 – Any other matters

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):

In considering ED-5000, we noted the following additional matters.

Key Concern: Use of a service organization

ED-5000 contains minimal guidance on the use of service organization by the reporting entity (see reference to service organizations in paragraphs A238, A339). **Our outreach indicated that it is not uncommon that the collection, processing or reporting of an entity's sustainability information may be outsourced to a service organization.** For example, service organizations may be used for reporting on:

- **Complex sustainability information** - Entity's may not possess the assets or expertise to collect, process or report certain types of sustainability information, for example GHG emissions, hazardous waste, or air quality measurements.
- **Topics of aspects of topics in the entity's value chain** - The entity's reporting boundary is likely to be different than the entity's organizational boundary which is defined by their legal structure. For some entities their reporting boundary may include entities within the value chain that are outside of the entity's organizational boundary. Entity's may outsource the collection, processing or reporting on topics or aspects of topics from their value chain.

Suggest:

Include more concepts from ISA 402 in ISSA 5000 regarding considerations for an entity using a service organization, contextualized for assurance on sustainability information.

- **Define a service organization** as "[A third-party organization \(or segment of a third-party organization\) that provides services to user entities that are part of those entities' information systems relevant to sustainability reporting](#)", leveraged from ISA 402.8(e).
- **Define a user entity** as "[An entity that uses a service organization and whose sustainability reporting is being assured](#)", leveraged from ISA 402.8(i).
- **Add a new requirement in the risk procedures section** "[If the entity uses a service organization, the practitioner shall obtain an understanding of how a user entity uses the services of a service organization in the user entity's operations](#)".
 - Include application material to the risk procedures requirement to explain the ways in which an entity may use a service organization: outsourcing collection, processing or reporting on complex sustainability information, or reporting on topics/aspects of topics from entities in their value chain.
 - Include aspects of paragraphs 9-11 from ISA 402, contextualized for assurance on sustainability information, as application material to the new proposed requirement. The application material will provide guidance on the possible work effort when obtaining an understanding of the service organization as a basis for the identification and assessment of risks of material misstatement (reasonable assurance), or to identify where material misstatement is likely to occur (limited assurance).
- **Add a new requirement in the response to risks of material misstatement section** "[If the entity uses a service organization, the practitioner shall:](#)

- a) Determine whether sufficient appropriate evidence concerning the relevant sustainability information is available from records held at the entity; and, if not,
 - b) Perform further procedures to obtain sufficient appropriate evidence or use another practitioner to perform those procedures at the service organization”, leveraged from ISA 402.15.
- Include aspects of paragraphs 16-18 from ISA 402, contextualized for assurance on sustainability information, as application material to the new proposed requirement as suggested further procedures to respond to: risks of material misstatement (reasonable assurance) / where material misstatement is likely to occur (limited assurance).
 - Exclude procedures related to the use a type 1 or a type 2 report, as the assurance landscape is still evolving in this area and may be more appropriate as a future standard setting initiative or future revisions to ISSA 5000.

Concern: Other information

We heard the following concerns related to the requirements on other information:

- **It is not clear what ‘other information’ would be in scope of paragraph 155(c).** We understand that requirement 155(c) is based on paragraph 15 of ISA 720 and is intended to help the practitioner comply with ethical requirements to avoid association with other information that is false or misleading. However, during our outreach, there was confusion on what types of ‘other information’ would be captured by the requirement in 155(c) that was not already captured by the requirements in 155(a) and (b).
- **ED-5000 is not clear on the level of sustainability competence required related to ‘other information’,** specifically, there were questions during outreach whether the sustainability competence required for the sustainability engagement is sufficient to perform the procedures related to other information (i.e., read and consider whether there is a material inconsistency). It was unclear to some whether they were required to have additional sustainability competence to perform the requirements over other information.
 - Unlike in a financial statement audit, the subject-matter competency related to sustainability information subject to assurance, vs. other information can vary by entire scientific fields. For example, disclosures related to biodiversity vs. disclosures related to occupational health and safety.

Suggest:

- **Application material is needed to provide examples of what types of other information would fall within the scope of 155(c)** and how it would differ from other information of that would be in scope of 155(a) and (b).
- **Include application material to paragraph 155** that explains that “In relation to other information, there is no need for additional sustainability competence beyond what is required for sustainability information subject to assurance.”

Concern: Definitions

- **Concern: missing “assertion level’ definition** - Despite referring to assertion level in reasonable assurance engagements at risk assessment (110R) and response (114R), ED-5000 does not define assertion level. Including this definition would assist non-accountant assurance practitioners in understanding fundamental differentiators between limited and reasonable assurance engagements.
 - **Suggest: Include a new definition in paragraph 17 for assertion level**, consider language from ISA 315 “The level at which the practitioner identifies and assesses risk in reasonable assurance engagements and may be used to identify where material misstatement is likely to occur in limited assurance engagements”.
- **Concern: ‘intended users’ definition:**
 - missing connectivity between the intended users of the sustainability assurance report and the intended users contemplated in the entity’s process to identify reporting topics, and
 - may introduce bias to the entity’s process in identify reporting topics (see application material in paragraphs A25-A26), as it narrows the intended users’ to ‘major stakeholders with significant and common interests’, such as shareholders, investors, and lenders, rather than a broader identification of intended users that could involve a ‘double-materiality lens’ if the applicable criteria/framework permit.
 - **Suggest:**
 - **Include a new paragraph near A25 that explains that** “The practitioner’s expectations of who will use the sustainability assurance report may be informed by their preliminary knowledge of the entity’s process to identify reporting topics.”, based on paragraph A273.
 - **Make paragraphs A25-A26 (application material to paragraph 17(w) on intended users), conditional** for when applicable criteria/framework does not specify either a process to identify intended users, or who the intended users are.

Concern: Other general items

- **Suggest elevating the sentence in paragraph A60 to be part of the introduction in paragraph 6** that discusses quality management.

“The engagement leader remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISSA”. This sentence is a statement of fact that is important enough to be elevated to a requirement.
- **Suggest editing paragraph 11 to contemplate that when the entity voluntarily includes sustainability information in the financial statements, the ISAs also apply.**

“Certain information about sustainability matters may be required to be included in the entity’s financial statements in accordance with the applicable financial reporting framework or may be voluntarily included in the entity’s financial statements. In either case, when such information is included in the entity’s financial statements subject to audit, the International Standards on Auditing apply”.

 - **In addition, suggest a conforming amendment to ISA 700 paragraph A70** to provide a sustainability specific example when the supplementary information would be, or not be, considered an integral part of the financial statements.

- **Suggest editing paragraph A218R**, as it appears inconsistent and unclear as compared to the related limited assurance procedure A219L

“For reasonable assurance engagements, the quantity of evidence needed is affected by ~~both~~ the nature and number of disclosures where the ~~re is an~~ assessed ~~risk of material misstatement risks of the disclosures being materially misstated~~ at the assertion level (the more likely, or ~~the~~ higher, the ~~assessed~~ risks, the more evidence is likely to be required)”.

- **Suggest removing part of the last sentence in paragraph A298**, as it appears to negate the rest of the message in A298.

“The sustainability matters may be complex to measure or evaluate or be subject to uncertainties. For example, potential climate-related risks, the likelihood of their occurrence, and their expected short, medium, and long-term impacts on an entity and its supply chain may be both complex to measure and evaluate and subject to a high degree of uncertainty. As a result of the inherent uncertainties, material misstatements may be more likely to arise (limited assurance) or the risk of material misstatement of disclosures may be higher (reasonable assurance), ~~or it may be difficult to identify disclosures where material misstatements are likely to arise (limited assurance) or identify and assess the risks of material misstatement of the sustainability information (reasonable assurance)~~”.

Part C: Request for General Comments

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

ED Question #26 – Translations

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):

CPA Canada prepared a French translation for ED-5000. They did not identify any translation issues in this process.

ED Question #27 – Effective Date

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: [Disagree, with comments below](#)

Detailed comments (if any):

We agree that the implementation period for ED-5000 should be at least 18 months after the approval of the final standard. This will ensure sufficient time for local jurisdictions to complete their due process and translation of the final standard. However, **we do not agree with the proposed effective date convention.**

We have the following concerns:

- **Inconsistent implementation timeline for practitioners.** If the date in paragraph 14(a) and 14(b) is the same (ex. December 15, 2026), the implementation date for assurance engagements following 14(a) could be significantly different than those following 14(b). For example:
 - Applying 14(a) for periods beginning on or after December 15, 2026 - ISSA 5000 would first be applicable for assurance engagements on sustainability information with a reporting end date near the end of 2027.
 - Applying 14(b) as at a specific date on or after December 15, 2026 - Assurance engagements on sustainability information reported as at December 31, 2026 would fall within the scope of ISSA 5000.

Alternatively, if different dates are used in 14(a) and 14(b), this may partially address our concern. However, it will create unnecessary complexity and risk confusion in the marketplace as to when the standard is effective.

- **Inconsistent assurance reports received by users.** Tying the effective date to the sustainability information report date means there will not be a specific date in which all assurance reports would transition from ISAE 3000 to ISSA 5000. This will result in inconsistency in the assurance reports

received by users. This issue would be exasperated in the scenario contemplated in the previous bullet.

- **For some sustainability information subject to assurance, determining the effective date may be difficult.** Often the performance metric being assured is disclosed as a net change in the indicator from a base period. This base period could be from several years in the past. If the base period is considered sustainability information subject to assurance, the effective date of the standard could be confusing to ascertain.

Suggest:

- **Align the effective date of the standard with paragraph 9 of ISAE 3000**, as follows:

~~“This ISSA is effective for assurance engagements on sustainability information reported:~~ where the assurance report is dated on or after [Month] 15, [Year]

~~(a) For periods beginning on or after [Month] 15, [Year]; or~~

~~(b) As at a specific date on or after [Month] 15, [Year].”~~

- In light of an 18-month implementation period, and considering that this standard includes the planning stage, we would expect the standard to be effective for assurance reports dated on or after December 15, 2027.