

## RESPONSE TEMPLATE FOR EXPOSURE DRAFT OF PROPOSED ISSA 5000, *GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS*

### Guide for Respondents

Comments are requested by **December 1, 2023**. *Note that requests for extensions of time cannot be accommodated due to the accelerated timeline for finalization of this proposed standard.*

This template is for providing comments on the Exposure Draft of proposed International Standard on Sustainability Assurance Engagements™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000), in response to the questions set out in the Explanatory Memorandum to ED-5000. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
  - Respond directly to the questions.
  - Provide the rationale for your answers. If you disagree with the proposals in ED-5000, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
  - Identify the specific aspects of ED-5000 that your response relates to, for example, by reference to sections, headings or specific paragraphs in ED-5000.
  - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the “**Submit Comment**” button on the [ED-5000 webpage](#) to upload the completed template.

**Responses to IAASB’s Request for Comments in the Explanatory Memorandum for ED-5000, General Requirements for Sustainability Assurance Engagements**

**PART A: Respondent Details and Demographic information**

Your organization’s name (or your name if you are making a submission in your personal capacity)	Ibracon – Instituto de Auditoria Independente do Brasil (Brazilian Institute of Independent Audit)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Sebastian Soares Working group Coordinator Sustainability and ESG Viviene Bauer Coordinator of the Auditing Standards Committee Ahmed Sameer El Khatib Technical Manager José Carlos R. Oliveira Jr. Senior Technical Analyst
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	<a href="mailto:ssoares@kpmg.com.br">ssoares@kpmg.com.br</a> <a href="mailto:viviene.bauer@bdo.com.br">viviene.bauer@bdo.com.br</a> <a href="mailto:ahmed.khatib@ibracon.com.br">ahmed.khatib@ibracon.com.br</a> <a href="mailto:jose.carlos@ibracon.com.br">jose.carlos@ibracon.com.br</a>
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">South America</a> Choose an item.
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">Member body and other professional organization</a> Choose an item.
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

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

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

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

### Overall Questions

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

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

**Overall response:** Agree, with comments below Choose an item.

### Detailed comments (if any):

Despite of the ED is being proposed to be “professional agnostic”, we would like to raised the following comments to be taken into account:

- Accountants are required to comply with ethics requirements as issued by IESBA (International Ethics Standards Board for Accountants);
- External auditors are required to have systems of quality management designed and implemented in accordance with ISQM 1 (Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements);
- Auditors in many jurisdictions, like in Brazil, are subject to peer review, among other reviews to ensure if the auditor or audit firm to promote and enhance quality in the accounting and auditing services provided by firms (and individuals) subject to the standards;
- Auditors in many jurisdictions are subject to professional education program;
- All these requirements above are in service of the public interest;
- Sustainability information and disclosures as required by IFRS S1 and S2; and also the subsequent themes proposed by ISSB to be included in the upcoming Exposure Drafts (EDs) lead to a close connection and integration between financial information and sustainability disclosures. Accordingly, it appears such interconnection will bring to the accountant’s spectrum the ultimate responsibility on both information;

Considering the facts mentioned above, we understand that ED-5000 should consider such standard to be limited to be applicable to accountants only.

### Public Interest Responsiveness

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

*(See Explanatory Memorandum Sections 1-B, and Appendix)*

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

**Detailed comments (if any):**

#### **Specific Questions**

##### *Applicability of ED-5000 and the Relationship with ISAE 3410*

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

*(See Explanatory Memorandum Section 1-C)*

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

**Detailed comments (if any):**

The scope and applicability of ED-5000 are clear, including when ISAE 3410 is applicable.

However, ISAE 3410 has not been revised since 2013. Considering that, we suggest updating the requirements for consistency with other standards that have evolved since its last revision.

##### *Relevant Ethical Requirements and Quality Management Standards*

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

*(See Explanatory Memorandum Section 1-D)*

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

**Detailed comments (if any):**

In order to ensure that the working relationship and ongoing work program of the IESBA and IAASB capture guidance application for practitioners, we suggest providing guidance on what aspects or extent of such standards need to be included in the law, regulation or professional requirements of local jurisdictions, which may be particularly important for non-accounting assurance practitioners.

##### *Definitions of Sustainability Information and Sustainability Matters*

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

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

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

**Detailed comments (if any):**

We note that “sustainability information” seems to refer to the collective set of information subject to assurance work, while disclosures are defined as “specific sustainability information related to an aspect of a topic”, which may seem confusing to some users (including translation).

Considering this, it would be beneficial to have guidance for professionals familiarized with financial statements to translate their skills into an audit context of non-financial information context.

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

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

**Detailed comments (if any):**

The proposed changes in accordance with the framework do not address the concept of ‘disclosures’.

Thus, we propose to clarify in ED-5000

*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):**

As ISAE 3000, the level of documentation expected, for limited versus reasonable assurance work is still an issue. We believe this would only be clarified with illustrative examples.

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

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?  
(See *Explanatory Memorandum Section 1-F, para. 51*)

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

**Detailed comments (if any):**

ED-5000 requires that the practitioner obtain ‘preliminary knowledge’ about a large volume of matters, which may be challenging about the extent of the preliminary understanding required to appropriately conclude that preconditions for an assurance engagement have been met.

9. Does ED-5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

*(See Explanatory Memorandum Section 1-F, paras. 52-55)*

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

**Detailed comments (if any):**

In general, ED-5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported. However, the standard is relatively brief on the entity’s materiality process to identify topics and aspects of topics to be reported, especially if the criteria is internally developed or developed by management.

*Suitability and Availability of Criteria*

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

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

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

**Detailed comments (if any):**

Some examples of criteria would be helpful. Because this definition is foundational to the practitioner’s evaluation of the suitability of criteria, and because of the range of levels of familiarity with IAASB standards that sustainability assurance practitioners are likely to have, we are concerned that without further clarifications, the requirements may be inconsistently applied.

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):**

Although we agree with the method of how the notion of double materiality is addressed, we suggest aligning the terminology of ‘financial materiality’ with that of the ESRS and IFRS S1. Both standards do not refer to ‘impact’ regarding financial materiality, but ‘risks and opportunities’. We believe using the same terminology will prevent confusion on this matter and providing examples to illustrate the differences between financial materiality and impact materiality.

### *Materiality*

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

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

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

#### **Detailed comments (if any):**

Although we agree that separate materiality levels can be applied for qualitative disclosures and quantitative disclosures, we believe that more guidance is needed on the distinction between situations and information where materiality needs to be considered and when it needs to be determined and evaluated. The definition of materiality can be also considered (not only performance materiality).

### *Understanding the Entity's System of Internal Control*

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

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

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

#### **Detailed comments (if any):**

### *Using the Work of Practitioner's Experts or Other Practitioners*

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

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

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

#### **Detailed comments (if any):**

We generally agree that ED-5000 is clear about when a firm other than the practitioner's firm is part of the engagement team or are considered 'another practitioner' and not members of the engagement team. However, the concept of the engagement team in ED-5000 seems to conflict with that in ISA 600 (Revised). In order to avoid that, we also suggest including the definitions of 'other practitioner', 'internal expert' and 'external expert' in ED-5000.

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

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

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

**Detailed comments (if any):**

*Estimates and Forward-Looking Information*

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

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

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

**Detailed comments (if any):**

Due to the uncertainty associated with forward-looking information that could possibly extend to many years in the future, we feel that it may not be possible to provide reasonable assurance on this information. We suggest that this should be addressed in a separate standard in the working plan of the IAASB, including how to test forward-looking information, as well as assumptions, projections and forecasts.

*Risk Procedures for a Limited Assurance Engagement*

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

*(See Explanatory Memorandum Section 1-G, paras. 98-101)*

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

**Detailed comments (if any):**



*Groups and “Consolidated” Sustainability Information*

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-G, paras. 102-107)*

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

**Detailed comments (if any):**

Providing more guidance that aligns with ISA 600 (Revised) is essential to help practitioners perform scoping and risk assessment activities in group situations. It would also be helpful to include guidance on work related to information from reporting boundaries beyond the legal group. However, limited information access from entities not legally controlled by the entity reporting sustainability information could raise issues. We recommend providing additional guidance on obtaining audit evidence over such information and its impact in the assurance work and report.

*Fraud*

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

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

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

**Detailed comments (if any):**

We just would like to suggest the inclusion of the definition of ‘greenwashing’ in the standard as it is normally used when referring to fraud related to sustainability information.

*Communication with Those Charged with Governance*

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

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

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

**Detailed comments (if any):**

*Reporting Requirements and the Assurance Report*

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

*(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)*

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

**Detailed comments (if any):**

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

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

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

**Detailed comments (if any):**

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

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

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

**Detailed comments (if any):**

*Other Matters*

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

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

**Overall response:** [No response](#)

**Detailed comments (if any):**

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

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

**Detailed comments (if any):**

### **Part C: Request for General Comments**

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

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

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

**Detailed comments (if any):**

Although many of the terms and concepts in ED-5000 are already present in other IAASB's standards or defined in the ED, some new terms defined explicitly in the exposure draft do not have definitions in the ISAs or the glossary. Terms such as reporting boundary, sustainability competence, sustainability information, and sustainability matters, may introduce some issues concerning translation.

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISSA. If not, what do you propose and why?

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