



Tom Seidenstein
Chair
International Auditing and Assurance
Standards Board (IAASB)
529 Fifth Avenue, 6th Floor
New York
NY 10017, USA

December 1st, 2023

Via website: <https://www.iaasb.org/publications/proposed-international-standard-sustainability-assurance-5000-general-requirements-sustainability>

Dear Tom,

Re: Proposed International Standard on Sustainability Assurance (ISSA) 5000: General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments to Other IAASB Standards

On behalf of the Global Accounting Alliance (GAA), I am writing to you to underline the express support of all the GAA member institutes for the IAASB's development of ISSA 5000 as the global standard for assurance on sustainability reporting providing a common baseline.

About the GAA

The GAA was formed in November 2005 and serves as a forum for 10 leading professional accountancy bodies representing 1,400,000 members in over 180 countries around the globe. Professional accountants play an important role in global capital markets helping organizations meet the evolving information needs of investors and other stakeholders, including on environmental, social and governance (ESG) issues.

The GAA's purpose is to serve the public interest by leading the advancement of a high-quality accounting profession by sharing information and collaborating among GAA members and advocating on international issues important to the profession.

The GAA's members include the following professional accountancy bodies:

- Association of International Certified Professional Accountants
- Chartered Accountants Australia and New Zealand
- Chartered Accountants Ireland
- Chartered Professional Accountants of Canada
- Hong Kong Institute of Certified Public Accountants
- Institut der Wirtschaftsprüfer in Deutschland e.V.
- Institute of Chartered Accountants in England and Wales

- Institute of Chartered Accountants of Scotland
- Japanese Institute of Certified Public Accountants
- South African Institute of Chartered Accountants

Although the GAA believes it would not be appropriate to duplicate its members' input into the IAASB's questionnaire, I would like to raise a few specific issues, which all of the GAA member institutes agree should be considered by the IAASB:

Timely Response to the Increasing Demand for Assurance on Sustainability Information

The GAA would like to commend the IAASB on its timely development of proposed ISSA 5000, and on the speed and agility you have demonstrated in reaction to the growing demand for a global assurance standard to address new and emerging sustainability reporting models.

The GAA's members agree that the proposed ISSA 5000, subject to its finalization, provides an appropriate solution that is both reporting framework and profession agnostic and thus provides a baseline for use in development of jurisdictional standards where required.

Finalization of ISSA 5000 – IAASB Request for Input to its Questionnaire

The GAA's members have each provided separate constructive and detailed input into the IAASB's questionnaire, including highlighting and explaining technical aspects of proposed ISSA 5000 where they see potential for clarification of, or improvement in, key aspects of an assurance engagement. I understand that such comments include, but are not necessarily limited to the following key aspects of the proposed ISSA 5000:

- Equivalency of ethical requirements, assurance skills and quality management measures;
- Materiality process and determination of materiality thresholds or features;
- Use of internal or external experts and the use of other practitioners' work, including value chain issues;
- Differentiation of the work effort between limited and reasonable assurance for risk assessment and further procedures performed;
- Group situations;
- Inherent limitations and stakeholder expectations; and
- Content of assurance reports including, in some circumstances, the need to clarify the scope of the assurance engagement.

I am confident that the IAASB will view this input in the constructive vein intended and take these comments into due account in finalizing ISSA 5000, since these aspects are key to the success of sustainability information-related assurance.

Public Interest Aspects

The GAA also acknowledges that in developing proposed ISSA 5000, the IAASB has built upon what is continuing to emerge as prevalent current practice in many parts of the world, (i.e., existing IAASB pronouncements including ISAE 3000, ISAE 3410 as well as the IAASB's guidance on Extended External Reporting). I agree that this approach is in the



public interest and note that this approach should also achieve a high degree of alignment to the risk-based assurance approach used as a basis for many voluntary assurance engagements on sustainability reports at present.

I would also like to further acknowledge that the IAASB has adhered to a high-quality due process in seeking further input from diverse stakeholders to ensure that all affected parties' views will have been taken into due consideration in finalizing ISSA 5000.

Finally, I would like to underline that the public interest in sustainability reporting comes hand in hand with an imperative for a high-quality framework to ensure a level playing field for all assurance practitioners in terms of their

- ethical behavior,
- assurance and sustainability-related skills,
- procedures for quality management of their assurance work, and
- external (regulatory, where appropriate) supervision,

because these aspects together ensure a demanding environment in which assurance practitioners operate such that assurance engagements are of sufficient high-quality as to be of value to stakeholders.

Whilst I acknowledge that not all of the above lie within the standard-setting remit of the IAASB, I would urge the IAASB to work together with the IESBA and IFAC (in regard to the necessary education and skill sets) to ensure that the relevant standards are sufficiently clear as to what "equivalence" or "at least as demanding" mean in practical terms when assurance practitioners do not adhere directly to the relevant international standards as promulgated by the IAASB, IESBA and IFAC's former international education standards board.

I would like to wish you every success in finalizing ISSA 5000 so that it can be accepted as the global standard in sustainability assurance.

If you have any questions or would like to further discuss any issues, please do not hesitate to contact me at Jim.Knafo@aicpa-cima.com.

Yours sincerely,

A handwritten signature in black ink that reads 'Jim Knafo'.

Jim Knafo, CPA CA CGMA
Chief Executive Officer
Global Accounting Alliance