

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)	Japan Accreditation Board(JAB)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Chikako Makino
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Chikako.Makino@jab.or.jp
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.	Asia Pacific
	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.	Other (if none of the groups above apply to you)
	If “Other”, please specify National Accreditation Body
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](#)

Detailed comments (if any):

As to provide an appropriate global baseline for high quality sustainability assurance engagement, JAB recognizes this document needs for improvement.

It is necessary to set suitable criteria for all sustainability topics in related to A32, as to mitigate the variation of assurance and its outcome by various practitioners and accredited assurance bodies.

It is also necessary to define consistent reporting and its related assurance process. Without the proper standard, the assurance duration and the assurance cost will vary depended on the various practitioners and accredited assurance bodies, due to the different data and information sampling.

It is necessary to set the requirements of the ability including competencies of the practitioners and accredited assurance bodies for all sustainability topics. For example, ISO/IEC 17029:2019 can use this document for the practitioners and accredited assurance bodies for sustainable information.

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):

JAB recognizes the proposals in ED 5000 are responsive to the public interest, however the document can provide the further guidance's with qualitative standard-setting characteristics and standard setting action, that can contribute to the climate action that can be transparent, consistent and comparable for Paris agreement.

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 of applicability of ED 5000 is wider than ISAE 3410. IASE 3410 does not provide requirement and guidance how to quantify, monitor and report in related other emission, scope 3. In case of when ED 5000 includes ISAE 3410, ED 5000 or IASE 3410 need to review and update to meet such stakeholder's demand to contribute Paris Agreement and net Zero. Sadly current IASE 3410, the companies will not able to demonstrate the transitional approach toward the carbon zero.

As a reference, ISO14064-3 covers requirements on materiality and evaluation for risk, the forward-looking information can apply for the validation of ISO14064-3. The information pertaining to the reporting entity's value chain, ISO 14064-1 provides the requirement for GHG accounting and reporting over the value chain.

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):

It is relevant to define ethical requirements and the firm's system of quality management. When ED 5000 is going to be coupled with IESBA code Part 5, the application of ED 5000 should be sufficiently clear about concept of "at least as demanding".

As the reference, the accredited assurance bodies for ISO14065:2020 and ISO/IEC 17029:2019 have same or higher level to meet the requirements on ethical and management system of ISQM 1. JAB recommends IAASB to reference these ISO standards as equivalent of ISQM 1.

Currently IESBA and IAF have been gap analysis between IESBA code and ISO standards, JAB also recommend to conduct similar gap analysis between ISQM 1 and related ISO standards.

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 respect to the topic of fraud including greenwashing, JAB recommends to provide new definition of “fraud”, “misstatement” and “green washing” for sustainability information.

JAB recommends to revise the definition of “fraud,” and “misrepresentation” to reflect sustainability information, although the current definitions of “fraud,” and “misrepresentation” are the basis of ISA 240, financial audits. Assurance activities for sustainable information are not necessarily acts of deceiving other companies in order to obtain illegal profits, but can be acts of deceiving other companies and society regarding carbon neutrality and carbon zero activities. If the related requirements are not clear, there is a risk of greenwashing after the assurance, indeed the practitioner and accredited assurance bodies may overlook the issue.

The definition, expected competencies and its management, authority and responsibility of “expert” are unclear or the related requirements are not clear. It is necessary to define the consistent assurance process and the competency requirements for assurance activities. There is a risk of greenwashing on the assurance activities because the practitioners and accredited assurance bodies overlook the issue.

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: [No, with comments below](#)

Detailed comments (if any):

Without seeing Explanatory Memorandum Section 1-E, it is difficult to set how ED 5000 define the scope of assurance for sustainable information and disclosures in related with A2 description. In order to provide appropriate scope of assurance, A2 needs to clarify the scope of 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: [No, with comments below](#)

Detailed comments (if any):

ED5000 does not define the nature and type of controls to be carried out for an assurance “limited” or “reasonable”.

For example, this document address the example of Unmodified Combined Reasonable and Limited Assurance Report, however, it does not define how to provide the reasonable assurance for scope 1 and scope 2 of direct emission and indirect emission, and limited assurance for scope 3 of other emission in respect to climate change and GHG management, that both ISO 14065 and ISO14064-3 are provided.

ED5000 does not adequately address criteria to anchor the type and nature of control to the estimation of the amount of effort to be dedicated during the engagement.

This may result into:

- a) threat to impartiality and independence due to subjectivity in conducting an engagement
- b) difficulty for users to rely on the results of the engagement process

JAB recommends to define the common criterion for all assurance practitioners, accredited assurance bodies and for all intended users, as to avoid the different outcome over the assurance activities.

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: [No \(with no further comments\)](#)

Detailed comments (if any):

JAB recommends IAASB to develop the competencies requirement to provide the expected preliminary knowledge to conduct the engagement for practitioners and accredited assurance bodies.

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):

ED-5000 has a room for improvement to define the requirements how to evaluate the entity's materiality process, as to provide the consistent assurance among various practitioners and accredited assurance bodies. Otherwise, this framework may cause variation in assurance among various practitioners and accredited assurance bodies.

Without Explanatory Memorandum Section 1-F, it is difficult to conduct how the entity shall evaluate the materiality process to identify topics and aspect of topics for reporting.

JAB recommends the review of A273 and A 275 of ED 5000 to clarify how entity shall conduct the materiality process.

JAB suggests IAASB to consider the following approach:

- a) Stakeholders' identification and mapping
- b) Stakeholders' analysis (consistency, relevance, dependencies, etc.)
- c) Suitability of the stakeholders' engagement plan (channels, frequencies, sampling, etc.)
- d) Stakeholders' engagement implementation and monitoring
- e) Stakeholders' engagement review and analysis of results (it includes the resolution of tradeoffs among different Stakeholders' prioritization on the same material topic)
- f) Validation of the material topics prioritization

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: [No, with comments below](#)

Detailed comments (if any):

Without Explanatory Memorandum Section 1-F, it is difficult to conduct the practitioner's evaluation of the suitability and availability of the criteria used by entity. JAB recommends to add the requirements of suitability and applicability of the criteria in the assurance process of ED-5000.

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: [No \(with no further comments\)](#)

Detailed comments (if any):

ED-5000 has a room for improvement to define the framework requirements to evaluate the double materiality, as to provide the consistent assurance among various practitioners and accredited assurance bodies.

ED-5000 does not specify

- a) the time horizon to estimate the impacts (short, medium and long term)
- b) the impacts that are financially material and those that are not.

It is necessary to have requirements for entity's materiality process how to carry out assurance activities regarding double materiality. Otherwise, this framework may cause variation in assurance among various practitioners and accredited assurance bodies.

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):

JAB supports entities shall determine the materiality for qualitative disclosure.

JAB recommends to define the common criterion for assurance practitioners, accredited assurance bodies and all intended users, as to avoid the different outcome depended on the practitioners, accredited assurance bodies.

ED-5000 needs set the criterion for materiality assessment

- 1) Completeness of the list of material topics
- 2) Prioritized relevant material topics and the justification to the actual context.
- 3) Justification of the omitted by the list of prioritized material topics

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: [Disagree, with comments below](#)

Detailed comments (if any):

ED-5000 needs to address the expected outcome of internal control system for limited and reasonable assurance are different. However, it is necessary for ED 5000 to guide entity how to shift the internal control from the limited assurance to reasonable assurance.

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: [No, with comments below](#)

Detailed comments (if any):

ED 5000 should define the process how other contracted practitioner to work clearly.

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: [No, with comments below](#)

Detailed comments (if any):

ED 5000 is also not clear if the practitioner’s technical expert can be a member of the assurance team, and deliver the opinion as assurance team, however, it is depended on such technical expert if she/he would have sufficient knowledge to conduct the judgement for opinions. In general technical expert shall deliver the relevant information only to the assurance team, not to be expected the same competencies with sufficient knowledge of the practitioners.

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):

In addition to ISA 540, it is necessary to set requirements and guidance’s of the estimate and forward-looking information for sustainable information. The current A 391 provides the framework only, that will not able to demonstrate the support for Paris agreement and related transition for forward-looking information.

JAB recommends IAASB to require:

- a) the consistency of the objectives and their coherence with the material topics
- b) the suitability of planned actions to achieve the objectives as baseline
- c) the availability of resources to provide stakeholders with confidence that an objective is achievable
- d) the risk that action planned not be implemented
- e) the approach to monitor the action plan, and the appropriateness of the trajectory for carbon neutrality

ED 5000 also needs to specify how to evaluate the likelihood and consequence (gravity, scale, irremediability) of potential events and impacts.

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):

Consolidated sustainable information can apply for groups, however, the reporting of the entity shall document how the data and the information have been consolidated.

In addition to ISA600, it is necessary to set sampling requirements which office to be sampled, for example, head quarter or some subsidiaries, when the assurance activities of sustainable information for group companies. Without such requirements, the volume of the data sampling will be very depended on the practitioners and accredited assurance bodies, that will cause the difference of the assurance duration time (man-hours), and the cost of assurance activities. It might cause the intentionally short duration and cheap practitioners and accredited assurance bodies, may dominant the assurance market mechanism, that also lead to overlook the root cause of the green washing.

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 respect to the topic of fraud including greenwashing, JAB recommends to review the definition of “fraud” and “misstatement” and related requirements. Due to the definitions of “fraud,” and “misrepresentation” are unclear or the related requirements are not clear, there is a risk of greenwashing over the assurance, and the practitioners and accredited assurance bodies may overlook the issue.

Furthermore, it will be very helpful to offer the examples of fraud or intentional misrepresentation for sustainability information, indeed the practitioners and accredited assurance bodies can avoid overlooking the issue.

Communication with Those Charged with Governance

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

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

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

Detailed comments (if any):

It is necessary to consider the alternative mechanism to conduct with the competent officer in charge of sustainability information to work together with corporate auditor as the TCWG.

Reporting Requirements and the Assurance Report

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

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

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

Detailed comments (if any):

JAB recommends to address the additionally applied standards with ISSA 5000 in the assurance report, when the assurance use ISAE 3410, IESBA code and relevant ISO standards.

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: [Disagree, with comments below](#)

Detailed comments (if any):

JAB supports to address the key sustainable assurance matters into ISSA 5000 to set the framework more transparent and comparable manner, in particular to climate change. Paris agreement expects the outcome of the climate actions to be transparent and comparable. Sadly the principle based approach of the ED 5000 will not able to demonstrate the sustainable information and its related disclosure can contribute for Paris Agreement.

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 \(with no further comments\)](#)

Detailed comments (if any):

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):

JAB recommends IAASB to develop additional standard to implement ISSA 5000 and its compliance of the disclosures.

JAB recommends A189 to delete, because the following sentence has already lead the thread of independency of the practitioners and accredited assurance bodies.

A189. In some circumstances, the practitioner may conclude that, due to the condition and reliability of an entity's records, it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information. This may occur, for example, when the entity has little experience with the preparation of sustainability information. In such circumstances, it may be more appropriate for the sustainability information to be subject to an agreed-upon procedures engagement or a consulting engagement in preparation for an assurance engagement in a later period. However, while such an engagement can serve a valuable purpose in enhancing the entity's reporting process so that an assurance engagement can be performed, it can also give rise to potential threats to the practitioner's independence in performing the proposed assurance engagement at a later date.

Part C: Request for General Comments

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

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

Overall response: [No response](#)

Detailed comments (if any):

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

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

Detailed comments (if any):

JAB recommend 24 months after approval of the final standard. As to cross check the ISSA 5000 and related document, for example IESBA code Part 5, it would be necessary to have six more months for the transition.