

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)	Nordic Federation of Public Accountants (NRF)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Helene Agélii
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	helene.agelii@nrfaccount.org
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.	Europe
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Member body and other professional organization
	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](#)

Detailed comments (if any):

We agree that ED-5000 can serve as a global baseline for sustainability assurance engagements by being frame-work neutral, covering both limited- and reasonable assurance and being profession-agnostic. Our suggestions to further enhancements are commented in the following sections of this response template.

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):

Overall, we believe the proposals in ED-5000 are responsive to the public interest.

In terms of considering the qualitative standard-setting characteristics we believe that additional clarity in application material and/or in non-authoritative guidance to address *scalability* matters would be helpful.

Further guidance to clarify work effort in limited versus reasonable assurance engagements is also encouraged to drive consistent application between different service providers.

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):

It is clear that ED-5000 applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies. However, it should be further clarified if ED-5000 shall be applied if the GHG-statement is included in a sustainability statement, on which the practitioner also provides a conclusion on sustainability information beyond the GHG-statement. This clarity could be achieved by including a definition of “GHG statement” corresponding to confirming amendments on ISAE 3410 A1 referring to a definition of a GHG Statement.

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 essential for providing high quality sustainability assurance engagements that all assurance service providers abide by strong ethical principles, including independence, and that they are members of a firm that is subject to a certain level of quality management system. We agree the ED-5000 is sufficiently clear in these regards but would like to emphasize that it is the role and responsibility of local authorities (audit oversight bodies, standard setters, etc.) to ensure that their local framework is at least as demanding as the IESBA Code and the IAASB’s quality management suite.

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 support the definition of sustainability information but only partly support the definition of sustainability matters. Sustainability matters are generally defined as “Environmental, Social and Governance matters”, which encompasses impacts on the economy and people. ED-5000 defines sustainability matters as Environmental, Social, Economic and Cultural matters. Given that cultural matters might be considered as already being included within the ESG framework under social and/or governance matters and, in our view, a preference for standardized and harmonized terminology regarding key terms, we suggest that ED-5000 should align the definition of sustainability matters to the generally accepted definition “ESG”, also considering including “the entity’s impacts on human rights” in 17 (vv) (i).

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

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?
(See *Explanatory Memorandum Section 1-F, paras. 45-48*)

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

Detailed comments (if any):

It is essential ED-5000 addresses both limited and reasonable assurance engagements in a manner that clearly distinguishes the difference in work effort. If the ED-5000 doesn't provide clarity, consistency will not be achieved. Further, ED-5000 will determine stakeholders' understanding of and expectations of the assurance engagement. Being unclear risks blurring the line between a limited and reasonable assurance engagement.

We welcome the structure of ED-5000; presenting requirements in a limited versus reasonable assurance engagement side by side illustrates the differences in approach. It is essential that ED-5000 strikes a good balance between being clear on the difference between limited and reasonable assurance engagements while remaining a principle-based standard allowing the practitioner to apply professional judgement. IAASB might consider elaborating the following:

Risk procedures

Risk procedures as defined in paragraph 17 (qq) are described in consistence with ISAE 3000 and other IAASB assurance standards, such as ISA 315 (Revised) and ISRE 2410. Professional accountants are familiar with these definitions and concepts, but other independent assurance service providers might need more guidance in the application material. In particular, ED-5000 could add guidance to elaborate on the difference between "likely to arise" and "risk of material misstatement" clarifying that the practitioner is performing risk procedures at a more granular level in a reasonable assurance engagement while at a higher level in a limited assurance engagement.

Work effort

The work effort in a limited assurance engagement will vary depending on the practitioner's level of understanding of the entity including the internal control. Sustainability reporting is an evolving area whereas first-time reporting and first-time assurance engagements will be common in years to come. Entity's reporting, processes and controls will develop, whereas the practitioner will need to obtain renewed

understanding thus limiting the possibility to rely mainly on the understanding obtained from previous years. This differs from a limited assurance engagement on historical financial information according to ISRE 2410 where the practitioner has performed an audit on financial statements and where the underlying financial reporting framework may allow reliefs in itself. IAASB should consider clarifying that the need for obtaining more understanding and performing further procedures in the first years and when the reporting is evolving and maturing.

Understanding the control environment and performing test of controls

One major difference between a limited and a reasonable assurance engagement in ED-5000 is the lack of requirement of testing internal controls in a limited assurance engagement, although the ED suggests that the practitioner can choose to do so according to paragraph 107L and A315L. Less understanding of the entity's control environment is required in an L-engagement according to paragraph 102L/R whereas it may be challenging to evaluate if it is appropriate to perform test of controls. More concrete and straight forward language or more illustrative examples are needed in this aspect such as: What is the difference in paragraph 109 L/R in *understanding* (L) vs *evaluating* (R) the control environment, and what is the difference between the practitioner *considering* vs *determining* whether one or more control deficiencies have been identified?

Information intended to be used as evidence

ED-5000 does not differentiate the work effort required in testing the completeness and reliability of information intended to be used as evidence in a limited versus a reasonable assurance engagement. For example, if the practitioner in a limited assurance engagement is not required to perform tests of general IT-controls or to perform tests on information produced by the entity to the same extent as in a reasonable assurance engagement, this should be clarified in the standard.

Service organizations

ED-5000 doesn't cover requirements on the practitioner when the reporting entity uses service organizations in the reporting process. IAASB should consider incorporating relevant parts of ISA 402 in ISSA 5000 and clarifying any differences when using them in a limited and reasonable assurance engagement.

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 broadly agree ED-5000 is clear on the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported. However, paragraph 69, complemented by A155 may create some confusion. A155 states that "*when obtaining the preliminary knowledge ... the practitioner may become aware of matters that may be relevant to determining whether the preconditions for an assurance engagement are present, such as... the sustainability matter is complex and diverse, and the disclosures are more qualitative than quantitative, or more forward-looking than historical.*" These are

typical characteristics of sustainability information and cannot reasonably indicate that preconditions are not present, provided the reporting criteria are suitable.

Since the practitioner may be prohibited by EU legislation from withdrawing from the engagement if preconditions are not met paragraphs 76/A202 provide crucial support. ED-5000 should also recognize that in the presence of an established reporting framework and legislation (as is the case in the EU) the work effort for obtaining an understanding could be reduced. This would ensure that the practitioner focuses on the engagement circumstances that require more judgment and attention, including considering entity's materiality assessment process which determines the scope of sustainability reporting.

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 appreciate the IAASB has made big efforts in providing definitions, requirements, and application material, to address the matter of material topics and the entity's materiality process. However, due to the use of the same wording having different meaning in assurance- versus reporting standards, the concepts are still unclear among stakeholders.

In many reporting frameworks, the materiality process is central to identifying the information that should be reported on. The *double* materiality assessment is central in the European Sustainability Reporting Standards (ESRS) and according to EU-law a practitioner is required to express a conclusion on the entity's process to determine material topics. ED-5000 focuses on the practitioner's understanding of the process, but due to the requirements in some jurisdictions to express a conclusion on the process, the practitioner also need to evaluate the process performed against criteria in the reporting framework. The ED-5000 touches upon this in the Preconditions for an Assurance Engagement section (A156-157) but doesn't cover the necessary considerations to be made in the evaluation phase nor how to express a conclusion on the process in the reporting section of the standard. The practitioner's considerations could be elaborated in the section on materiality (para 91-92/A273) and in the section covering "Other Misstatement Consideration" (para 144/A417 a).

According to A403 the scope of the engagement may cover an opinion on a) the entity's description of the process and b) whether the processes, systems and controls are suitable, or operated effectively throughout the period. A403 should be complemented by c) *the process carried out by the entity to identify the information reported pursuant to the sustainability reporting framework*.

A275 states "*Management's "materiality process" differs from materiality considered or determined by the practitioner.*". This is correct and crucial, but the paragraph could be elaborated by adding: "*...however the practitioner may need to evaluate if the management's materiality process is conducted, in all material respect, according to the sustainability reporting framework*".

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):

ED-5000 appropriately addresses the practitioner’s evaluation of the suitability and availability of the criteria. To reinforce that the practitioner should consider whether the framework criteria embodied in law or regulation may need to be supplemented by additional entity-developed criteria, the application material in paragraph A170 could be elevated to the requirement section of the standard. As drafted, we are concerned that the wording in A170 may lead the practitioner to conclude per default that certain criteria are always suitable without first making an appropriate evaluation of facts and circumstances of the engagement. We therefore suggest that “...are presumed to be suitable...” is replaced with “... may be presumed to be suitable ...” in the sentence “*Framework criteria that are embodied in law or regulation or are issued by authorized or recognized bodies of experts that follow a transparent due process are presumed to be suitable in the absence of indications to the contrary.*”

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):

In our view, ED-5000 does not sufficiently address “double materiality”. However, the FAQ issued by IAASB regarding “The Application of Materiality by the Entity and the Assurance Practitioner” appropriately define both “materiality” and “double materiality” and is also very helpful guidance. To reinforce both terms and in particular how they differ we would prefer defining both terms in paragraph 17 in the standard.

See also our response to Q9.

Materiality

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

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

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

Detailed comments (if any):

We agree with the approach to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures. To support the understanding of the terms “consider” and “determine”, we suggest the IAASB to include in the standard the description of “consider” and “determine” as defined in Appendix 2 of the IAASB’s Complexity, Understandability, Scalability, and Proportionality (CUSP) Drafting Principles and Guidance.

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):

ED-5000 includes many different terms for both certain individuals and firms. We recommend the IAASB to consider the need for all these terms but also to ensure that they are being used in a consistent manner.

The Explanatory Memorandum (EM) includes a diagram to describe the individuals that may be involved in an assurance engagement such as firm personnel, practitioners’ internal and external experts, other practitioners and another practitioner. In addition, the standard also refers to “other firms” or “firm other than the practitioner’s firm”. Using all these different terms and understanding why they are being used and whether they are being used for a specific reason to separate them from other terms can be confusing.

The definition in paragraph 17 (p) states which individuals are part of the engagement team. A22 explains both which individuals are part and not part of the engagement team (although Q14 above also refers to firms as being part of the engagement team). According to A22 when another firm performs assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in ED-5000 as “another practitioner”. Given that the definition list in paragraph 17 includes different individuals, e.g., management’s experts, personnel, practitioner, and practitioner experts, we recommend that “another practitioner” also should be included in the definition list.

According to A22 “another practitioner” is someone who performs assurance work. However, A89 (which we interpret to include another practitioner) refers to firms (not individuals) who perform “work on sustainability information that is relevant to the practitioner’s engagement”. It is unclear how this description relates to performing assurance work.

Also, although both the diagram in the EM and the definition and description of engagement team only refer to individuals, the standard often refers to “Firm other than the Practitioner’s Firm” or just “other firm”. This is especially confusing in A 91 where “another practitioner” and “other firm” are being used in the same sentences.

Finally, paragraphs 51-54 seem to use the terms “another practitioner” and “other practitioner” interchangeably. If the purpose is merely to vary the language, this should be clarified. However, if the different terms have different meanings, we believe there is an imminent risk that this will be overlooked.

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

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

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

Detailed comments (if any):

ED-5000 includes requirements for using the work of a practitioner’s external expert or other/another practitioner. However, further application materials would be encouraged to guide the practitioners related to:

- How the practitioner may fulfil the requirement (51d) to determine whether another practitioner’s work is adequate for the (assurance) practitioner’s purposes. Among others, relevant to the other practitioner’s work related to the value chain.
- Considerations for when the practitioner may use the work of another practitioner or expert or when it is relevant to perform the work themselves.
- How the practitioner will be sufficiently involved in the work performed and evaluate the work performed by another practitioner or expert if the practitioner is unable to access the work performed, make inquiries or review the work.

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 believe that forward-looking information and estimates deserve different approaches. Forward-looking information is based on assumption for future events and tend to be more narrative in nature and less based

on present/current circumstances, while estimates are based on present/current circumstances (to some extent known) for which a quantitative prediction is possible. Accordingly, we recommend that the topics are split up and IAASB consider whether there are materials in ISAE 3400 The Examination of Prospective Financial Information that would be relevant to include in ED-5000.

Given the potential significance of estimates to users of the sustainability information, we recommend that the practitioner shall consider the appropriateness of the assumptions used by the entity when performing limited assurance (paragraph 134L).

Further, we recommend IAASB to consider including a requirement for limited assurance engagements of obtaining evidence from events occurring up to the date of the practitioner's report similar to the requirement for reasonable 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 agree with the overall approach in ED-5000. However, there is a need to give more guidance and clarify the meaning of the different levels of work effort and the distinction between limited and reasonable assurance. There is guidance provided in the ED, however it is challenging to understand without previous knowledge and experience with the IAASB standards.

An example of where the ED is found unclear is A354 L that states that risk assessment is not required to be performed on an assertion level but states that it might be useful. Including such ambiguity in the standard may blur the lines of what is expected in a limited assurance engagement, and it may also drive the expectation from regulators and inspectors on what should be done.

Since risk assessment procedures are critical for the engagement paragraph 94L regarding risk procedures should be further clarified to support the practitioner when scaling the engagement and performing and designing procedures to address the identified risks.

See also our response to Q7.

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):

The engagement team definition in ED-5000 includes any other individuals who perform procedures on the engagement (except a practitioner’s external expert) which means, in principle, the standard can be applied on groups.

However, there is no specific requirement related to group circumstances in the ED and although relevant application material is helpful, it does not cover all significant aspects of group engagements. Therefore, we believe that ED-5000, rather than a separate ISSA, should address the issues below:

- the matters that the group engagement team may consider in determining whether, and the extent to which, component practitioners are to be involved in identifying, assessing and responding to the risks of material misstatement
- specific considerations (such as materiality) when the component’s sustainability information is also subject to assurance
- two-way communication between the group and component engagement teams
- documentation needed to evidence the nature, timing and extent of the group engagement team’s direction and supervision of the component practitioners, and the review of their work
- procedures that the practitioner should perform on the aggregation/consolidation process of sustainability information for groups
- practitioner’s responsibility when using the work of “another practitioner”, clarifying that the assurance report shall not refer to “another practitioner”

Finally, the new concept of reporting boundary, which may not be the same as the group/consolidated entities, should be better explained to ensure consistency in application. The reference in A93 to value chain information as consolidated information might cause confusion regarding the distinction between value chain and consolidated information and what procedures are to be expected in those circumstances.

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):

ED-5000 includes several requirements where the term “fraud” is being used and fraud risks are being addressed. The term “greenwashing” however is not mentioned at all.

Greenwashing may be one of the biggest risks to the future of ESG investing but the lack of a legal definition causes regulatory problems. It is apparent that greenwashing can include fraudulent misrepresentation and therefore be a form of fraud. At the same time greenwashing covers a spectrum of actions where some actions do not have to be illegal. Given both public expectations and the legal uncertainties we believe “greenwashing” as a concept need to be addressed more specifically in ED-5000. For example, it would be helpful to provide some examples in ED-5000 of sustainability specific fraud related risk factors, as these would not necessarily be the same as in an audit of financial statements.

We also suggest including an overall stand back requirement to assess and consider the risk of greenwashing, including the overall tone, form of presentation and the level of detail given or omitted in the 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 comments below](#)

Detailed comments (if any):

Yes, we support the high-level requirement in paragraph 62 of ED-5000.

However, the approach taken by the IAASB with regards to uncorrected misstatements in other information is not aligned with this high-level requirement. According to paragraph 157(b) of the ED, if management refuses to correct a misstatement in other information upon practitioner’s request, the practitioner shall communicate the matter to those charged with governance and request that the correction be made. This requirement gives the wrong impression that identified misstatements in other information are more significant than the ones in sustainability information subject to assurance. We suggest that the content in paragraph 157(b) should be moved to paragraph A137 as another example of significant matters that may be appropriate to communicate with those charged with governance.

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):

The most important consideration for the assurance report is to specify which part of sustainability information has been subject to assurance. Users should be able to identify the information covered by reasonable assurance, the information that was subject to limited assurance and the information outside the scope of the assurance engagement. Further we support that the procedures performed should be expressed when the practitioner provides limited assurance.

A489 implies that the practitioner may include recommendations in the assurance report. We think this may confuse the users and imply that some matters have not been fully addressed. In our view such recommendations should rather be communicated to those charged with governance.

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 comments below](#)

Detailed comments (if any):

The proposed short explanation in the Basis for Conclusion serves its purpose.

However, we do believe that the users will be more interested in engagement specific information which is to be provided under the “Summary of the work performed” section. ED-5000 should include high-level principles on what to (and not to) include in this section of limited assurance reports.

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: [Yes, as further explained below](#)

Detailed comments (if any):

Initial assurance engagements

Planning and performing an initial (first year) sustainability assurance engagement necessitate specific procedures that would most likely be different in nature and extent compared to subsequent engagements. This is not recognised in ED-5000.

As an example, the engagement team will need to spend more time to obtain an understanding of the entity and its operating environment, and to identify and assess risks of material misstatement. In addition, in cases where there is comparative information that had not been subject to assurance in sustainability statements, the practitioner will need to use professional judgment in considering the implications for the engagement and the assurance report.

Accordingly, ED-5000 should have specific requirements addressing the particularities of initial engagements. This is very important as sustainability reporting frameworks usually have certain reliefs and transitional provisions which means that even in subsequent engagements there may be unassured comparative information reported by the entity for the first time.

Use of Application Material

The application material in ED-5000 should clarify the objectives of a requirement and what a requirement means or is intended to cover. It should not include general background information or appear to create additional obligations for the practitioner.

In our view, there is scope to reduce the length of the application material without compromising the quality of the standard. For further suggestions we refer to Accountancy Europe's list of application material paragraphs that we believe could be deleted.

Part C: Request for General Comments

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

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

Overall response: [No response](#)

Detailed comments (if any):

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged.

Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?

Overall response:

Detailed comments (if any):

We agree with this effective date and recommend clarifying in paragraph 14 that early adoption is permitted.