

Meeting: IAASB Consultative Advisory Group (CAG)
Meeting Location: Virtual Zoom Meeting
Meeting Date: September 8–9, 2021

Agenda Item A.1 (For Reference)

Extended External Reporting (EER) Assurance – Cover and Report Back

Objective of Agenda Item

1. The objectives of this agenda item are to:
 - (a) Update Representatives on the activities of the EER project since the March 2021 IAASB CAG meeting; and
 - (b) Report back on the CAG Representatives' comments on EER at the March 2021 meeting.

Project Status

2. At the March 2021 IAASB CAG meeting, the EER Task Force Chair (Ms. Provost) provided an overview of the objectives of the project, and the developments in, and an increasing recognition of the importance of credible, EER reporting. The Task Force Chair also provided a progress update, reflecting on the key messages heard in response to the March 2020 Consultation Paper [Extended External Reporting \(EER\) Assurance Engagements - Applying ISAE 3000 \(Revised\)](#) together with an overview of the enhancements made to the proposed non-authoritative guidance (the Guidance) and to the proposed Supplements to respond to the feedback received from stakeholders since the March 2020 IAASB CAG meeting. The materials presented to the Representatives included:
 - (a) [Agenda Item G.1](#): Presentation
 - (b) [Agenda Item G.2](#): IAASB EER Draft Guidance (clean)
 - (c) [Agenda Item G.3](#): IAASB EER Issues Paper March 2021 (For Reference)
3. Subsequently, at the March 2021 IAASB meeting, the Board approved the [Non-Authoritative Guidance](#) on applying ISAE 3000 (Revised) to EER Assurance Engagements. The project has therefore been completed. Access to the publication of the final guidance materials may be accessed through the IAASB's website: [Focus Areas](#).
4. **Appendix A** to this paper provides a history of previous discussions with the IAASB CAG and IAASB on the topic of EER.

Feedback

5. Extracts from the draft March 2021 IAASB CAG meeting minutes, as well as an indication of how the EER Task Force or IAASB has responded to the Representatives' comments, are included in the table below.

| Representatives' Comments | IAASB or EER Task Force Response |
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| GENERAL | |
| <ul style="list-style-type: none"> Messrs. Thompson, Yoshii, Sobel and Rees and Ms. Blomme expressed strong support for the EER guidance, noting the increasing relevance and likely usefulness of the guidance, given the pace of change in the reporting of sustainability information globally. They encouraged the IAASB to continue to play an active role in monitoring relevant reporting frameworks as well as the development of guidance or assurance standards related to sustainability reporting. | <ul style="list-style-type: none"> Support noted (also refer to comments of Mr. Seidenstein below) |
| <ul style="list-style-type: none"> Mr. Thomson noted the recent publication of two reports by the European Financial Reporting Advisory Group (EFRAG), setting out recommendations on the development of European Union sustainability reporting standards. Mr. Thomson therefore expressed the view that the use of the acronym "EER" may soon become redundant, given the particular demands or change in focus of jurisdictions worldwide in relation to sustainability reporting. Ms. Blomme echoed Mr. Thomson's comments, in particular noting the expectation in Europe about the development of additional non-financial reporting standards. Although the EFRAG's recommendations currently do not impose any assurance requirements, Ms. Blomme encouraged the IAASB to consider the development of an assurance standard (addressing both limited and reasonable assurance) given the extent and pace of change in this area. | <ul style="list-style-type: none"> Mr. Seidenstein noted that the EER guidance is built on an existing standard on assurance, ISAE 3000 (Revised)¹ and that the EER guidance is expected to make a significant contribution in the current environment. He added that the IAASB is committed to continue closely monitoring the development of reporting standards and practice, but that there is a need for stability in the reporting standards to enable the IAASB to determine whether there are gaps emerging in the assurance standards. Mr. Botha agreed with the views expressed by Mr. Seidenstein and noted the importance of clear messaging regarding the role of the guidance in light of the current suite of IAASB Standards. As alluded to by Mr. Seidenstein, Mr. Botha noted that it will be important to reconfirm to the profession and more broadly, that ISAE 3000 (Revised) is already a robust assurance standard that deals with assurance engagements other than audits or reviews of historical financial information, |

¹ International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

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| | <p>which covers both limited and reasonable assurance. However, the proposed guidance recognizes that there are certain stakeholder-identified challenges when applying ISAE 3000 (Revised), which is an umbrella standard, to EER assurance engagements. This project and the guidance address those identified challenges to support the proper application of ISAE 3000 (Revised).</p> <ul style="list-style-type: none"> Subsequent to the March 2021 IAASB CAG meeting, the IAASB undertook a Public Consultation on its Work Plan for 2022-2023. See Agenda Item C of the September 2021 IAASB CAG meeting for further information. |
| <ul style="list-style-type: none"> Mr. Yoshii referred to Chapter 4 of the proposed EER guidance where there is a focus on both investors and various other stakeholders as intended users of EER. With specific reference to the description of impact in paragraphs 154-156, Mr. Yoshii noted that this aspect covers a similar perspective to “double materiality” and questioned why no such link is made. | <ul style="list-style-type: none"> Ms. Provost agreed to consider the relevant paragraphs but noted that the IAASB has agreed not to refer to “double materiality” in the guidance, given that it is not used in ISAE 3000 (Revised) and therefore safeguarding that the scope of the guidance does not go beyond the principles of ISAE 3000 (Revised). |
| <ul style="list-style-type: none"> Mr. Yoshii encouraged the IAASB and IFAC to co-operate with non-English speakers to facilitate prompt translation of the guidance, as there is likely to be interest in the guidance by non-English speaking stakeholders. | <ul style="list-style-type: none"> Noted. The IAASB does not have capacity or resources to directly address translation requests, but Staff will highlight the need to IFAC as part of their regular engagements with IFAC on adoption and implementation matters. |
| <ul style="list-style-type: none"> Mr. Sobel questioned the meaning of a specific comment that was made in response to the EER Consultation paper, i.e., “the need for EER assurance to evolve at a similar pace.” | <ul style="list-style-type: none"> Ms. Provost explained that the objective of the project was to keep in touch with the developments in both standard setting and in practice. In doing so, as new frameworks and other issues arose, such aspects were built into the guidance. |
| <ul style="list-style-type: none"> Mr. Dalkin noted that the guidance remains lengthy and asked the Working Group to find ways to shorten the guidance. | <ul style="list-style-type: none"> Ms. Provost explained that the IAASB is working on a digital version of the handbook and that once that is available, it is anticipated that such a platform will help with navigation of the guidance. As an interim solution, both hyperlinks between chapters and paragraphs and hyperlinks to |

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| | references to the other relevant IAASB standards are being explored. |
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Appendix A

Project Details and History

Project: Extended External Reporting (EER)

Link to IAASB Project Page: [EER Project Page](#)

Task Force Members

The IAASB's EER Task Force comprises:

- Lyn Provost Task Force Chair
- Sachiko Kai IAASB Member
- Fernando Ruiz Monroy IAASB Member
- Roger Simnett IAASB Member (Correspondent Member)
- Paul Penler Executive Director, EY

Observers have been appointed from the World Business Council for Sustainable Development (WBCSD), the Corporate Reporting Dialogue (CRD) and Principles for Responsible Investment (PRI).

Summary of past meetings

| | IAASB CAG Meeting | IAASB Meeting |
|---|--|--|
| Integrated Reporting Working Group (IRWG) – pre EER project. Issued a discussion paper in August 2016. | March 2015 September 2015 March 2016 | December 2014 March 2015 June 2015 September 2015 March 2016 June 2016 June 2017 |
| Pre-project approval | September 2017 | September 2017 October 2017 |
| Project commencement and phase 1 | March 2018 September 2018 | December 2017 March 2018 June 2018 September 2018 December 2018 January 2019 |

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| Commencement of phase 2 of the project and feedback on the phase 1 Consultation Paper | March 2019 | March 2019 June 2019 |
| Development of phase 2 Guidance and the combined phase 1 and phase 2 Guidance for Public Consultation | September 2019 | September 2019 December 2019 |
| Feedback on the combined phase 1 and phase 2 Consultation Paper, and finalization of the Guidance | March 2020 March 2021 | September 2020 December 2020 March 2021 |

IAASB CAG Discussions: Detailed References

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| Information gathering by the Integrated Reporting Working Group (pre EER project) | <p><u>March 2015</u></p> <p>See IAASB CAG meeting material and meeting minutes (Agenda Item E): https://www.ifac.org/meetings/new-york-usa-5</p> <p><u>September 2015</u></p> <p>See IAASB CAG meeting material and meeting minutes (Agenda Item M): https://www.iaasb.org/cag/meetings/new-york-usa-0</p> <p><u>March 2016</u></p> <p>See IAASB CAG meeting material and meeting minutes (Agenda Item K): http://www.iaasb.org/cag/meetings/paris-france</p> |
| Pre-project approval | <p><u>September 2017</u></p> <p>See IAASB CAG meeting material (Agenda Item L) – presentation on the responses to the discussion paper and meeting minutes</p> <p>http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-madrid-spain</p> |
| Project commencement and phase 1 | <p><u>March 2018</u></p> <p>See IAASB CAG meeting material (Agenda Item F) – initial project update and meeting minutes (Agenda Item A)</p> <p>http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny</p> <p><u>September 2018</u></p> <p>See IAASB CAG meeting material (Agenda Item E) and meeting minutes (Agenda Item A)</p> <p>http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-0</p> <p><u>March 2019</u></p> <p>See IAASB CAG meeting material (Agenda Item K) and meeting minutes (Agenda Item A)</p> |

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| | https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-1 |
| Development of phase 2 Guidance and the combined phase 1 and phase 2 guidance for Public Consultation | <p><u>September 2019</u></p> <p>See IAASB Agenda meeting material (Agenda Item F) and meeting minutes</p> <p>https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-2</p> |
| Report back of September 2019 and verbal update by IAASB Technical Director; the formal CAG update was cancelled shortly before the meeting due to the Covid-19 pandemic | <p><u>March 2020</u></p> <p>See IAASB CAG Agenda meeting material (Agenda Item C) and meeting minutes</p> <p>www.iaasb.org/cag/meetings/iaasb-cag-meeting-virtual</p> |
| Report back of March 2020 update and finalization of the EER Guidance | <p><u>March 2021</u></p> <p>See IAASB CAG Agenda meeting material (Agenda Item G) and meeting minutes</p> <p>IAASB CAG Meeting - March 8-9, 2021 (Virtual) IFAC</p> |