

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)	Grant Thornton International Ltd
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	R. Trent Gazzaway
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Claire Revenig Katherine Schamerhorn
E-mail address(es) of contact(s)	Claire.Revenig@us.gt.com Katherine.Schamerhorn@gti.gt.com
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.	Global
	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.	Assurance practitioner or firm - accounting profession
	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:

Grant Thornton International Ltd appreciates the opportunity to provide input on the International Auditing and Assurance Standards Board’s (IAASB) Proposed International Standard on Sustainability Assurance 5000 ‘General Requirements for Sustainability Assurance Engagements’ (ED-5000) and ‘Proposed Conforming and Consequential Amendments to Other IAASB Standards’.

We would be pleased to discuss our detailed responses with you.

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: [Neither agree/disagree, but see comments below](#)

Detailed comments (if any):

We appreciate the speed with which the IAASB acted to develop and release ED-5000 for public comment. We agree that timely standard-setting action in response to the public interest need for a global baseline standard for assurance on sustainability reporting is critical to avoid inconsistencies that could result if individual jurisdictions create their own sustainability assurance standards. Please see below for comments on each item described in paragraph 14 in the Explanatory Memorandum to ED-5000.

A. All sustainability topics and aspects of topics

We agree that ED-5000 can be applied for all sustainability topics and aspects of topics, except as noted in Question 5.

B. All mechanisms for reporting

We believe further guidance is needed regarding the application of ED-5000, ISAE 3000 (Revised), and ISAE 3410, as noted in Question 3. We also believe additional guidance and illustrative examples are needed to achieve consistent reporting when sustainability information is presented for comparative periods and when assurance is provided under multiple standards, as noted in Questions 3 and 21.

C. Any suitable criteria

We agree that ED-5000 can be applied for any suitable criteria.

D. All intended users

We agree that ED-5000 can be applied for all intended users. We agree that ED-5000 appropriately focuses on entities' general purpose sustainability reporting and that topic-specific ISSAs may be needed in the future to meet the needs of practitioners and stakeholders as sustainability assurance continues to evolve.

E. Limited and reasonable assurance engagements

We support addressing limited and reasonable assurance in a single overarching standard. The paragraph references and tables used in ED-5000 to indicate whether a requirement is applicable only to a limited assurance or reasonable assurance engagement are helpful. In considering the requirements and related application material side-by-side, we identified inconsistencies that may

create confusion about how the work effort differs between limited and reasonable assurance. Refer to Questions 7, 13, 17, and 25 for details.

F. Use by all assurance practitioners

We understand and agree with the need for ED-5000 to be used by both professional accountant and non-accountant practitioners for the reasons described in the ED-5000 Explanatory Memorandum, paragraph 14. We also agree with the inclusion of fundamental premises in the standard regarding relevant ethical and quality management requirements in addition to a required level of assurance skills and knowledge for practitioners (refer to Question 4 for details). However, we have concerns that ED-5000 may not be usable by non-accountant practitioners in its current state as it is based on audit and assurance concepts and terminology from the ISAs, ISAEs, and ISREs.

We identified several areas in our detailed responses below where we believe professional accountants will rely on their education, training, and past experience performing assurance engagements under the ISAs, ISAEs, and ISREs to apply the standard and bridge certain inconsistencies and incomplete guidance in ED-5000. We do not believe ED-5000 currently provides an appropriate level of guidance related to fundamental concepts such as due professional care, professional skepticism, fraud, and other general assurance concepts. This will likely create challenges for non-accountant practitioners who do not have experience developing assurance methodologies, resulting in the inconsistent application of the standard. Thorough understanding of the meaning and application of these terms by non-accountant practitioners is critical to executing a high-quality sustainability assurance engagement. We believe a substantial amount of first-time implementation and other non-authoritative guidance will be necessary to bridge the education and experience gaps for non-accountant practitioners. Our detailed responses identify specific areas of confusion and incomplete guidance.

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):

We are of the view that it is in the public interest to have a globally accepted standard to facilitate the consistent application of rigorous assurance procedures over sustainability information. However, to achieve global consistency by all practitioners the terminology used in the requirements and application guidance of ED-5000 needs to be clear and understandable by all practitioners. As such, we believe that the proposals in ED-5000 are, only in part, responsive to the public interest considering the qualitative standard-setting characteristics and project objectives supporting the public interest as set out in Appendix 1 in the Explanatory Memorandum to ED-5000 for the following reasons:

- A. *Project Objective (a): Develop a new overarching standard for assurance on sustainability reporting that is responsive to the public interest need for a timely standard that supports the consistent performance of quality sustainability assurance engagements.*

We appreciate the speed with which the IAASB acted to develop and release ED-5000 for public comment. We agree that timely standard-setting action in response to the public interest need for a global baseline standard for assurance on sustainability reporting is critical to avoid the inconsistencies that could result if individual jurisdictions create their own sustainability assurance standards.

- B. *Project Objective (b): Develop a new overarching standard for assurance on sustainability reporting that is suitable across all sustainability topics, information disclosed about those topics, and reporting frameworks.*

We agree that ED-5000 appropriately addresses the following to support this project objective:

- Covers the entire sustainability assurance engagement from acceptance or continuance to reporting
- Use of signposting through columnar formatting, using letter (R) and (L) as paragraph number suffixes to indicate which material applies to only reasonable or limited assurance engagements, and including illustrative assurance reports for each type of assurance engagement

We express concerns about whether ED-5000 can be applied consistently and be scalable and proportionate to a wide range of sustainability engagements in the below questions for respondents:

- Ability to use ED-5000 under any sustainability reporting framework, Question 5
- Difference in work effort between limited and reasonable assurance, Questions 7, 13, 17, 25
- Suitability of the reporting criteria, including concepts such as “double materiality”, Questions 9, 11
- Definitions of sustainability matters and sustainability information, Questions 5, 9
- Requirements to obtain a preliminary knowledge of the engagement circumstances to determine whether the preconditions for an assurance engagement are present, Question 8
- Performing a stand back analysis to determine if the scope of the engagement is appropriate, Question 9
- Evaluating whether system generated information is sufficiently reliable for the practitioner’s purposes, Questions 13, 25
- Practitioner’s responsibilities related to the work of an external expert, Questions 14, 15
- The scalability of work required to understand control activities for all types of assurance engagements, Questions 8, 13
- Materiality in the context of the assurance engagement, Questions 11, 21
- The practitioner’s responsibilities related to management’s “materiality process”, Questions 9, 11

- C. *Project Objective (c): Develop a new overarching standard for assurance on sustainability reporting that is implementable by all assurance practitioners.*

We agree with the requirement for practitioners performing sustainability assurance engagements to demonstrate competence and capabilities in assurance skills and techniques developed through extensive training and practical application. We also agree with the requirement for practitioners to be a member of a firm that applies the ISQMs or other requirements that are at least as demanding and also comply with relevant ethical requirements, including those related to independence, that are at least as demanding as the IESBA Code. We believe these requirements

create an appropriately high barrier to entry to perform sustainability assurance engagements that will promote consistency and protect the public interest by preserving trust in the quality associated with assurance reports. Please refer to Question 1 regarding our concerns that there is currently not enough guidance for non-accountant practitioners to apply ED-5000.

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: [No, with comments below](#)

Detailed comments (if any):

We do not agree that the scope and applicability of ED-5000 is clear as it relates to which standard is applied when the assurance engagement and document prepared by management include both sustainability information and statements on greenhouse gas (GHG) information. We recommend that the assurance standards applicable to sustainability information and GHG information in the two scenarios below be explicitly addressed in ED-5000 and in ISAE 3410:

- Assurance on sustainability information, including greenhouse gas (GHG) information when a separate conclusion on GHG statement is not provided
- Assurance on sustainability information and a separate conclusion on a GHG statement provided in the same document

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):

We agree with the requirements for practitioners to comply with relevant ethical requirements, including those related to independence, that are at least as demanding as the provisions of the IESBA Code and for practitioners to be affiliated with firms that apply internal quality management systems that are at least as demanding as ISQM 1 and ISQM 2, when applicable. These fundamental premises create an appropriately high barrier to entry for non-accountant practitioners which is necessary to preserve users’ trust in sustainability assurance reports.

To determine what is considered “at least as demanding” a practitioner will need to have detailed knowledge of the requirements of the IESBA Code and ISQM 1 and ISQM 2 to compare to the professional

requirements, or requirements in law or regulation, they have implemented to determine if the relevant ethical requirements and system of quality management are “at least as demanding”. We believe this may be challenging for non-accountant practitioners due to the length and complexity of ISQM 1 and 2. In addition, the inclusion of numerous audit and independence terms and concepts derived from the ISAs and IESBA Code within ISQM 1 and ISQM 2 require a working knowledge of the terms and concepts to appropriately evaluate how demanding the provision is. It is likely that the onus to determine whether other professional requirements or requirements in law or regulation are “at least as demanding” will be on the local standard setter or regulator to determine and monitor compliance.

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):

We believe the current definition of sustainability information is too broad, which may lead to inconsistent application. Based on the definition of sustainability information as drafted in ED-5000, management and practitioners may interpret sustainability information differently as there is uncertainty around whether certain information is sustainability information. We believe the examples provided are limited and need to be more specific to avoid inconsistencies in practice when applying the definition and related application material. For example, paragraph A32 in ED-5000 lists economic impacts, such as tax strategy, as a sustainability topic. Some entities may identify their overall tax strategy as a sustainability topic, whereas other entities may identify the tax strategy over the broader sustainability matters or just the tax strategy over a specific aspect, such as carbon offset credits, as a sustainability topic. We suggest the IAASB refine examples to be more specific to promote consistent application.

Additionally, under the EU’s Corporate Sustainability Reporting Directive (CSRD), governance is considered a separate sustainability topic, but in ED-5000, governance is considered an aspect of topics to be reported. We believe this difference creates the potential for further confusion and inconsistency in practice between various jurisdictions. For example, under the CSRD, entities may consider governance over sustainability matters to be in scope, but governance over the tax strategy would not be in scope if the tax strategy is not a sustainability matter. In contrast, under ED-5000 the tax strategy as a whole may be in scope. It is unclear how the practitioner may treat governance under ED-5000 when providing assurance under the CSRD. Such fundamental jurisdictional differences could have two unintended consequences:

1. Jurisdictions may choose not to adopt ED-5000 and instead create their own sustainability assurance standards, thereby decreasing investor’s acceptance of ED-5000 as the global baseline for sustainability assurance.
2. Reports under ED-5000 are not comparable at a global level and, in some cases, could be viewed as incomplete, which does not serve the public interest.

We suggest the IAASB consider how the current treatment of governance may limit the use of ED-5000 under certain sustainability reporting frameworks and create inconsistencies in how practitioners address governance under different reporting frameworks.

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: [No, with comments below](#)

Detailed comments (if any):

We support addressing limited and reasonable assurance in a single overarching standard. The paragraph references and tables used in ED-5000 to indicate whether a requirement is applicable only to a limited assurance or reasonable assurance engagement are helpful. However, we believe the definitions of limited and reasonable assurance in ED-5000 may contribute to inconsistent work effort between limited and reasonable assurance engagements. For example:

- In describing limited assurance, ED-5000 assumes that practitioners have a detailed working knowledge of the level of work required for a reasonable assurance engagement. This may lead to inconsistencies in application of ED-5000 between professional accountant and non-accountant practitioners.
- Professional accountants will be able to use their background in performing assurance engagements under the ISAs, ISREs, and ISAEs to comply with the standards in ED-5000, but non-accountant practitioners may struggle to understand the differences between limited and reasonable assurance engagements.

In considering the requirements and related application material, we identified inconsistencies that could create confusion about how the work effort differs between limited and reasonable assurance. For example:

- .
- The requirements in ED-5000, paragraphs 94L and 94R do not indicate a difference in work effort. Further, the application material relevant to these requirements in paragraphs A286-A289 and A291 do not differentiate between procedures performed in limited and reasonable assurance engagements. Paragraph A290L is specific to limited assurance engagements but does not provide a meaningful difference in the level of work when compared to a reasonable assurance engagement. We recommend that the application material in A290L be revised to address both

reasonable and limited assurance engagements and clearly indicate the level of work for reasonable assurance engagements that is incremental to limited assurance engagements. Refer to our response to Question 17 for additional recommendations.

- Refer to Question 13 for our response to the level of work for limited and reasonable assurance related to internal controls.
- The description of the level of meaningful assurance in ED-5000, paragraph A194L that is needed in a limited assurance engagement is a matter of judgment and “can vary from just above assurance that is likely to enhance the intended users’ confidence about the sustainability information to a degree that is clearly more than inconsequential to just below reasonable assurance.” This statement, included in application material only, contributes to confusion about the level of work performed as it is always on a scale based on the nature of the entity and complexity of the engagement. We note that the description in ED-5000, paragraph A194L is consistent with ISAE 3000 (Revised), paragraph A5, however, we are aware that there is also confusion among practitioners and users about the level of work required for limited and reasonable assurance under ISAE 3000 (Revised). We propose the IAASB clarify the level of work in ED-5000 and make conforming edits to ISAE 3000 (Revised).

Further, we identified guidance in ED-5000 related to limited assurance engagements which is not as robust as that in ISAE 3410. We believe this will lead to inconsistencies in the procedures performed to provide limited assurance on greenhouse gas information depending on which standard the assurance is being provided under (based on whether the practitioner concludes on a GHG statement). As noted in our response to Question 3, these differences do not serve the public interest. In the instances noted below, we recommend the IAASB revise ED-5000 to include the following incremental risk assessment requirements and related application material from ISAE 3410:

- ISAE 3410, paragraph 23 (c), (d), and (e), updated to reflect ED-5000's focus on the entity’s general sustainability disclosures
- ISAE 3410, paragraph 24, which maps to ED-5000, paragraph A288 application material
- ISAE 3410, paragraph 34, which lists the minimum required considerations when evaluating the risks of material misstatement, is not explicitly included in ED-5000

We do not agree with the IAASB’s decision to wait until after ED-5000 is issued as a final standard to consider whether there are further opportunities for the identification of relevant material for limited and reasonable assurance throughout ED-5000. Differentiating the requirements and application material in ED-5000 that apply to only limited assurance or reasonable assurance should be completed prior to issuing ED-5000 as this is one of six priority areas for which the IAASB intended to provide more specificity in the requirements and application material.

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 agree that ED-5000 is 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 engagement. However, we believe that the practitioner's responsibility to obtain preliminary knowledge about the scope of the proposed assurance engagement may create an undue barrier for practitioners. Currently, many entities do not have a sustainability report in advance of requesting proposals for assurance engagements. As a result, when practitioners propose on sustainability assurance engagements, they may not know the sustainability information expected to be reported and/or whether the scope of the proposed engagement extends to all or a part of that sustainability information. We anticipate that this will continue to be an issue in the future as entities may not prepare a full sustainability report including all topics during the early years of needing assurance over just one or a small number of disclosures.

In addition, ED-5000, paragraph A162 includes guidance to consider whether management has a formal process with robust controls to enable the preparation of sustainability information that is free from material misstatement. This guidance contradicts subsequent guidance in ED-5000, paragraphs A331R, A332R and A345 related to the entity's process for monitoring the system of internal control. This subsequent guidance indicates that in less complex entities, and in particular owner-manager entities, the entity's process to monitor the system of internal control is often focused on how management or the owner-manager is directly involved in operations, as there may not be other monitoring activities and entities may not have a formal process. We question how regulators will interpret this guidance in totality, given the contradiction between whether entities are expected to have robust controls over the preparation of sustainability information. Additionally, we question the scalability of this requirement. In practice, we see that it is primarily very large entities with significant monetary and personnel resources who are already preparing full sustainability reports over all topics that have a robust system of internal controls over sustainability information. Many smaller entities, and those entities needing assurance over only one or a few disclosures, have not implemented a robust and/or formal system of internal controls over their sustainability information.

The proposed requirements in ED-5000 lack clarity and specificity about how much knowledge the practitioner needs to obtain before accepting the engagement. We propose the IAASB remove ED-5000 paragraph A162 and incorporate the framework behind ISAE 3000 (Revised) (paragraphs A40-A44) that explains the practitioner's responsibilities related to obtaining a preliminary understanding in more detail. Including this application material in ED-5000 will drive consistency in application as professional accountants would use their knowledge and experience under the ISAs and ISAEs to determine the extent of preliminary knowledge needed.

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 do not believe ED-5000 appropriately addresses the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported as a precondition for an assurance engagement, as evidenced by the as evidenced by the IAASB's *October 2023 Frequently Asked Questions Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner* (IAASB October 2023 ISSA 5000 FAQ on Materiality) released during the ISSA 5000 comment period. We identified several areas where additional requirements and guidance are needed.

We believe certain baseline information is missing from the standard. In practice, the practitioner will obtain an understanding of management's "materiality process" that was used to identify in-scope disclosures for purposes of the assurance engagement as part of the preconditions for acceptance and continuance (as noted in ED-5000, paragraph A157). We propose the IAASB:

- Add the formal definition of management's "materiality process" within ED-5000, paragraph 17 where other terms relevant to the standard are defined.
- Revise the guidance in ED-5000, paragraph A275 to include the full response to Question 2 in the IAASB October 2023 FAQ on Materiality. Add a reference to A275 to the new definition of management's "materiality process" in ED-5000, paragraph 17.
- Guidance is needed on the practitioner's responsibilities related to management's "materiality process" and how the work effort may differ for limited and reasonable assurance engagements.
 - Add a requirement to ED-5000, paragraph 71 to obtain an understanding of management's "materiality process" to evaluate whether the sustainability matters within the scope of the engagement are appropriate.
 - Add further guidance to the requirements in ED-5000, paragraphs 97 and 98, to determine whether the items in management's "materiality process" are captured in the report and evaluate the suitability of the criteria used as part of the understanding risk procedures performed during the engagement.
- Add a requirement for the practitioner to stand back and look at other information in the report to determine whether the report includes the right information as part of the acceptance and continuance process:
 - Revise ED-5000, paragraph 69 to include a requirement to determine if the information the practitioner will provide assurance on is appropriate and add application material describing the stand back concept.
 - Revise ED-5000, paragraph 69 to include a requirement for the practitioner to understand management's process to identify key stakeholders and those stakeholders' needs.

We also believe ED-5000 is missing a requirement for the practitioner to determine if the information they are requested to provide assurance on is appropriate. As currently written, the requirements can be broadly interpreted and inconsistently applied. For example, sustainability information could be unsuitable in the context of the broader information reported but consistent and capable of being measured such that the sustainability information can be subjected to procedures for obtaining sufficient appropriate audit evidence in accordance with ED-5000, paragraph 71. Alternatively, the criteria applied could be suitable in the preparation of sustainability information in accordance with ED-5000, paragraph 72, but not as it relates to the sustainability matters within the scope of the engagement. We propose the IAASB to:

- Revise the requirements in ED-5000 so that the considerations in ED-5000, paragraph 72(a)-(d) are also applied to evaluating the suitability and appropriateness of sustainability matters.

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

Detailed comments (if any):

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 comments below](#)

Detailed comments (if any):

We do not believe the notion of “double materiality” and the practitioner’s consideration or determination of materiality in the assurance engagement are addressed appropriately in ED-5000, as evidenced by the IAASB October 2023 ISSA 5000 FAQ on Materiality, released during the ISSA 5000 comment period. Both the concept of double materiality and materiality in the context of the assurance engagement were identified as priority areas for the IAASB to provide more specificity in the requirements and application material. We believe the requirements and application material should be revised and clarified as noted below before ISSA 5000 is finalized to reduce the need for nonauthoritative guidance and other educational material.

Double materiality

We do not believe it is appropriate to bury the description of “double materiality” and its relationship to management’s “materiality process” and materiality within the context of the assurance engagement within the application material. The concept of “double materiality” is not clearly defined in the standard. We propose the IAASB:

- Add the formal definition of “double materiality” within ED-5000, paragraph 17 where other terms relevant to the standard are defined.
- Add the response to Question 3 in the IAASB October 2023 ISSA 5000 FAQ on Materiality as new application material for the definition of “double materiality” added to ED-5000, paragraph 17.

Materiality in the context of the assurance engagement

Although materiality is defined consistently within the financial reporting space, the same cannot be said for the definition of materiality within the sustainability space. We propose the IAASB:

- Add formal definitions of materiality (within the context of the assurance engagement) and performance materiality within ED-5000, paragraph 17 where other terms relevant to the standard are defined.
- Revise the guidance in A271 to include the full response to Question 1 in the IAASB October 2023 ISSA 5000 FAQ on Materiality. Add a reference to A271 to the new definition of materiality added to ED-5000, paragraph 17.
- Add the response to Question 6 in the IAASB October 2023 ISSA 5000 FAQ on Materiality as new application material for the practitioner’s requirement to consider or determine materiality in ED-5000, paragraph 91.

See Question 12 for further considerations related to materiality in the context of the assurance engagement.

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 in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures. We have, however, identified several areas (in addition to those identified in Question 11) where further clarification is needed to ensure consistency in how practitioners apply the standard. We propose the IAASB:

- Add further guidance related to the requirement in ED-5000, paragraph 91 to include examples of materiality for both qualitative and quantitative disclosures for each sustainability topic.
- Add further guidance related to the requirement in ED-5000, paragraph 92 to determine performance materiality to include examples of when it would be appropriate to determine performance materiality.
- Add further guidance related to the requirement in ED-5000, paragraph 92 to indicate whether it is appropriate to determine performance materiality for a limited assurance engagement.
- Revise the requirement in ED-5000, paragraph 138(a) to include a reference to application material in ED-5000, paragraphs A417-A419 to provide examples of qualitative misstatements that may be individually material.
- Add further guidance related to the requirement in ED-5000, paragraph 138(a) to indicate how practitioners may aggregate misstatements across different sustainability matters and evaluate the aggregated risk of material misstatement given that misstatements may relate to multiple topics and the related sustainability matters have different materiality considerations or determinations.
- Revise the requirement in ED-5000, paragraph 138(a) and (b) to consider and respond to misstatements due to include error as well as fraud.

- Revise the requirements in ED-5000, paragraphs 160 – 162 to clarify how practitioners will conclude that a limited assurance engagement is free from material misstatement.

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):

We believe the difference in work effort for understanding the entity's system of internal control for limited and reasonable assurance engagements is unclear. In part, this is because the standard lacks examples and guidance on when it is necessary and/or appropriate to test controls in a limited assurance engagement. Given the importance to the assurance engagement and frequency of inspection findings in this area, it's important that the requirements and application material related to controls be clear, concise, and easy to implement.

We see two issues, 1) in its current state, ED-5000 does not sufficiently differentiate the level of work for limited assurance and reasonable assurance engagements; and 2) some areas of differentiation for limited assurance engagements are not appropriate. We have the following recommendations:

Understanding components of the entity's system of internal control

- Many reports used as evidence in limited assurance engagements are system generated reports. We believe ED-5000 is missing a requirement for limited assurance engagements to understand the entity's process to monitor the system of internal control as it relates to the entity's process to monitor information processing controls that involve the use of IT (as specified in ED-5000, paragraphs A330R-A332R). We propose the IAASB:
 - Revise ED-5000 paragraph 102L to include "The entity's process to monitor the system of internal control; (Ref: Para. A330-A332)" as a conditional requirement when planning to rely on system generated reports or test controls.
 - Revise the numbering of paragraphs A330R-A332R to remove the signposting "R" references.
- We believe the requirements are incomplete regarding understanding control activities based on subsequent guidance and requirements in the standard. We propose the IAASB:
 - Revise ED-5000, paragraph 102L to include a conditional requirement to understand "(c) Control activities, if the practitioner plans to obtain evidence by testing the operating effectiveness of controls". We also propose to remove the letter "R" from the related requirements in paragraphs 103R – 105R to indicate that these procedures also apply to limited assurance engagements where controls will be tested. This concept is necessary before the practitioner can understand and test controls.
- We believe the requirement to understand the entity's system of internal control related to the processes used to design, implement, or operate the controls when controls are the aspects of the

topics is currently buried in ED-5000 paragraph A316. Leaving the requirement in application material violates CUSP principles and creates confusion about the level of work needed. We believe this requirement should apply to both limited and reasonable assurance engagements and propose adding a conditional requirement in paragraph 102L and 102R instead of leaving it buried in the Application Material.

- The requirements in ED-5000 do not differentiate the level of work required for in-scope components on internal control for limited assurance engagements.
 - We struggle to understand the rationale for certain differentiators related to understanding the entity's system of internal controls. Application material in ED-5000, paragraph 315L says that when understanding the control activities on limited assurance engagements that plan to test controls, the practitioner may not need to obtain a **detailed** understanding and may obtain a **sufficient** understanding of the information system through inquiry versus through walkthrough for a reasonable assurance engagement. We believe that inquiry alone is not sufficient to obtain an understanding of control activities when the practitioner plans to test controls. Further, as noted below, the application material uses the terms "understand" and "evaluate" several times. We question what the difference is between these terms and how a practitioner would obtain a lesser understanding of the system of internal controls in a limited assurance engagement and still be able to test controls.
 - Application material related to understanding components of internal control in ED-5000, paragraphs A318L – A322 reference the practitioner's "understanding" of the control environment. The term "understanding" is used to refer to limited assurance engagements and in general when the paragraph does not include signposting for limited or reasonable assurance. The application material refers to the practitioner's "evaluation" of the control environment for reasonable assurance engagements. The terms "understanding", and "evaluation" are not specified in the standard, leading to questions about how different the level of work is since the guidance within these paragraphs is not substantively different for limited assurance and reasonable assurance. We recommend the IAASB clarify the difference or consolidating the application material and removing sign-posting references.
 - We believe it is unclear what the practitioner is expected to do after obtaining an understanding of internal controls in a limited assurance engagement. We suggest the IAASB add examples on how to apply the understanding of components of internal controls in limited assurance engagements to ensure consistent application.
- It is not clear how the requirement to understand components of the entity's system of internal controls for limited and reasonable assurance engagements is scalable where the practitioner is providing assurance over only one or a few disclosures. Assurance may be required on a very small number of disclosures for entities that do not prepare a full sustainability report. For example, when assurance is being provided on a single metric, such as the percentage of females in management and above from employee census data, how does an understanding of the broader system of internal controls impact the nature, timing, and extent of work to be performed to obtain assurance over that metric. In this example, the employee data is very isolated to just that process within the entity.

Control activities

- ED-5000 requires an understanding of controls in limited assurance engagements when a practitioner plans to test controls. We do not disagree with including this requirement if the limited

assurance engagement plans to test controls but return to our initial question about when it is necessary and appropriate to test controls in a limited assurance engagement.

- The requirement in ED-5000 paragraphs 107L and 107R to understand controls is too broad and subject to different interpretations because it does not include references to “relevant controls”. We believe this will cause confusion because it is unclear how practitioners will identify controls when the link to relevant controls is missing. We propose the IAASB revise ED-5000, paragraph 107L and 107R to use the requirement from ISAE 3000 (Revised), paragraph 47R which says “the practitioner shall obtain an understanding of internal control over the preparation of the subject matter information relevant to the engagement. This includes evaluating the design of those controls relevant to the engagement and determining whether they have been implemented by performing procedures in addition to inquiry of the personnel responsible for the subject matter information.”
- We agree with the requirement in ED-5000 to obtain evidence of the entity’s general IT controls that address the risks arising from the use of IT related to the controls the practitioner plans to test in paragraph 109L(b) and 109R(b). However, ED-5000 is missing further requirements and/or guidance related to understanding and testing general IT controls. Professional accountants will use their experience providing assurance under the ISAs and ISAEs. Non-accountant practitioners may struggle to apply the requirements in ED-5000, paragraph 49 related to the use of a specialist and/or design a suitable methodology for understanding and testing general IT controls or apply the guidance for using the work of a practitioner’s external expert as it relates to testing general IT controls as that guidance is related to sustainability matters outside the practitioner’s expertise.
- We believe ED-5000 is missing requirements and guidance for when, given the nature of the information processing system, testing controls is necessary to obtain sufficient appropriate evidence to support the opinion. For example, for highly automated processes. We propose the IAASB add the guidance from ISAE 3410, paragraph A4 and A98 to ED-5000.
- Within the ED-5000 Explanatory Memorandum, we question the statement that a more in-depth understanding of the system of internal control is needed on all reasonable assurance engagements or just those that plan to test controls.

Design and implementation of controls

- We believe the guidance in ED-5000, paragraph A291 is misleading as it relates to the evaluation of the operating effectiveness of controls for reasonable assurance engagements and can be taken out of context. We do not believe the results of risk assessment procedures supports the evaluation of the operating effectiveness of controls and suggest removing the second example.

Identifying control deficiencies

- We do not believe the requirements in ED-5000, paragraphs 109L-109R differentiate between limited and reasonable assurance engagements. The difference between “consider” and “determine” is a concept from the ISAs and is not relevant here as control deficiencies are equally relevant in limited and reasonable assurance. We recommend merging the requirement into one paragraph and removing signposting references. This proposed revision will also align with the application material, which provides the same guidance for both limited and reasonable assurance engagements.

We suggest the IAASB re-evaluate the use of sign-posting related to controls and consider expanding to three sign-posts to clearly differentiate the level of work required: 1) limited assurance – no tests of controls

and no controls are aspects of the topics, 2) reasonable assurance – no tests of controls and no controls are aspects of the topics, 3) limited and reasonable assurance where the practitioner plans to test controls and/or controls are aspects of the topics

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):

We believe practitioners will struggle to determine whether individuals from network firms and non-network firms are an engagement team member, another practitioner, or component auditor (as defined in the ISAs). Several questions and common scenarios are not addressed in ED-5000. The color-coded table in the ISSA 5000 Explanatory Memorandum (Figure 2: Individuals Involved in the Engagement) is also an indication that the requirements in ED-5000 are not clear and additional guidance is needed. We propose the IAASB:

- Add a formal definition of “another practitioner” within ED-5000, paragraph 17 where other terms relevant to the standard are defined.
- Add guidance to determine whether a component auditor (as defined in the ISAs) is considered a member of the engagement team or “another practitioner”. Refer also to Question 18 where we address group audits in full.
- Revise ED-5000, paragraph A91 to clarify whether the examples included are expected to be the only scenarios in which it is appropriate to classify individuals involved in the audit as “another practitioner”.
- Add Figure 2: Individuals Involved in the Engagement from the ISSA 5000 Explanatory Memorandum to ED-5000 to promote consistent application. We also propose to revise the color coding so that “Using the Work of a Practitioner’s External Expert” and “Using the Work of Another Practitioner” are in different colors to reflect the different requirements associated with them.

Furthermore, we are concerned by the proposed classification of other practitioners (including network firms and non-network firms) as engagement team members when the practitioner is able to be sufficiently and appropriately involved in their work. Without additional clarification in the standard, there may be unintended consequences, such as the potential additional independence requirements that may need to be monitored.

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):

We believe practitioners will struggle to apply the requirements in ED-5000 related to using the work of individuals involved in the engagement. Our concerns and recommendations follow.

Practitioner's External Expert

We believe the requirements in ED-5000 are insufficient in respect to evaluating the adequacy of the external expert's work. Professional accountants will rely on their experience performing assurance engagements under the ISAs when working with external experts, which may result in inconsistent application of ED-5000 among practitioners. We propose the IAASB add requirements from ISA 620, paragraphs 12-13 and related application guidance to ED-5000 to clarify the practitioner's responsibilities and to promote consistency.

We believe further clarification is needed in ED-5000, paragraph 172 which implies that the practitioner is able to make reference to an external expert in the assurance report, as it is not clear if that is the intent of ED-5000. We propose the IAASB add guidance to help the practitioner determine when it would be appropriate to refer to an external expert in the assurance report.

Another practitioner

When the work of a firm other than the practitioner's firm will be used but that work has already been completed, or the practitioner is unable to direct, supervise, and review the work to be completed, the other practitioners from that firm are referred to as "another practitioner". Several questions related to using the work of another practitioner remain unanswered that we believe may lead to inconsistency in application of the related requirements.

The guidance in ED-5000, paragraph A91, indicates that another practitioner's work can be used for the assurance engagement by applying the requirements in ED-5000, paragraphs 51-54. However, the requirements in ED-5000, paragraphs 51-54, assume the practitioner is able to direct, supervise, and review the work of the other practitioner and do not acknowledge the limitations present in paragraph A91 which led to the involvement of the other firm being classified as the work of "another practitioner" instead of an engagement team member. We propose the IAASB add requirements and necessary guidance related to how the practitioner will use the work and the practitioner's responsibilities related to the work of another practitioner when there are legal or regulatory restrictions on another practitioner's work, or the work has been performed related to an entity that is part of the supply chain outside the organizational boundary of the entity subject to the practitioner's engagement.

In addition, we recommend that the IAASB work with IESBA to ensure that requirements and guidance related to experts are aligned with ongoing IESBA projects to ensure consistency of the standards and their application.

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: [Neither agree/disagree, but see comments below](#)

Detailed comments (if any):

We agree with the approach in ED-5000 to address estimates and forward-looking information together in the “Responding to Risks of Material Misstatement” section and the IAASB’s consideration of requirements and application material in ISA 540 (Revised). Professional accountant practitioners will likely use their experience applying ISA 540 to address estimates and forward-looking information; therefore, the IAASB should review ED 5000 alongside ISA 540 for requirements and guidance that may need to be added to prevent inconsistency in application as compared to non-accountant practitioners. We propose the IAASB:

- Add a requirement in ED-5000, paragraph 134 for limited and reasonable assurance engagements to evaluate alternative approaches and the work performed by management to determine the appropriateness of the alternate selected.
- Add a requirement in ED-5000, paragraph 134 for limited and reasonable assurance engagements to evaluate indicators of possible management bias from ISA 540 (Revised), paragraph 32 and related application material in A133-A136.
- Add a requirement in ED-5000, paragraph 134 for limited and reasonable assurance engagements to perform an overall evaluation based on audit procedures performed from ISA 540 (Revised), paragraphs 33-34 and related application material in A137-A138.
- Add an example in ED-5000 of an estimate or forward-looking information that does not have a risk of material misstatement to demonstrate when it is appropriate for the practitioner to not perform any procedures over the estimate or forward-looking information.
- Add requirements and application material to ED-5000 for limited assurance engagements to evaluate the data and assumptions associated with estimates and forward-looking information:
 - Add a formal definition of significant assumptions within ED-5000, paragraph 17 where other terms relevant to the standard are defined.
 - Revise the first sentence in ED-5000, paragraph 134L to change “If designing and performing further procedures...” to “In designing and performing further procedures...” We believe the use of “if” in describing the requirement could lead to inconsistencies in application as practitioners may not be able to evaluate how good management is at developing estimates and forward-looking information related to sustainability information in the early years of sustainability assurance.
 - Add a requirement to ED-5000, paragraph 134L to evaluate whether the method of measurement used is appropriate in the circumstances.
 - Add a requirement to ED-5000, paragraph 134L to evaluate whether significant assumptions are reasonable.
 - Add a requirement to ED-5000, paragraph 134L to evaluate whether the data on which the measurement is based is sufficiently reliable for the practitioner’s purposes.
- Add additional requirements and application material for reasonable assurance engagements to better align with ISA 540 and ensure consistency in application of ED-5000 among practitioners. We propose the IAASB add the following requirements and related application material to ED-5000:
 - ISA 540 (Revised), paragraph 21 and related application material in A91-A93 related to obtaining audit evidence from events occurring up to the date of the practitioner’s report
 - ISA 540 (Revised), paragraph 22(b) and 26-27 and related application guidance in A109-A117 related to how management selected the point estimate and developed related disclosures about estimation uncertainty.

- ISA 540 (Revised), paragraphs 23-25 and related application material in A95-A108 related to the methods, significant assumptions, and data used when testing how management developed the estimate or forward-looking information and when developing a practitioner’s point estimate or range.

Due to the prevalence of estimates and forward-looking information in sustainability assurance reports (some engagements will be almost exclusively related to estimates), we believe the IAASB should prioritize clarifying the related requirements and application material before ED-5000 is issued to avoid inconsistencies.

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: [No, with comments below](#)

Detailed comments (if any):

We do not believe it is appropriate for practitioners to design risk assessment procedures without an in-depth understanding of the entity and its environment and the entity’s “materiality process.” We believe the work effort required to obtain this understanding in a limited assurance engagement is likely to be the same as that required for a reasonable assurance engagement and thus the requirement in ED-5000 to design and perform risk procedures to identify disclosures where material misstatements are likely to arise, creates uncertainty about the level of work required to design those procedures. We believe this uncertainty will result in professional accountant practitioners relying on their experience in applying the ISAs, ISAEs, and ISREs to design risk procedures and that non-accountants will struggle to develop appropriate risk procedures, leading to inconsistent application.

We believe further clarification is needed to ensure consistent application of ED-5000 as it relates to risk procedures. We propose the IAASB add illustrative risk procedures that the practitioner is expected to perform (leveraging the prescriptive procedures provided in ISRE 2400 and ISRE 2410) to the application material instead of relying on the practitioner to design the risk procedures.

We also believe further guidance is needed in ED-5000 related to how practitioners are expected to assess risks related information about upstream and downstream activities. For example, we question whether it is appropriate for the practitioner to have separate risk assessments for different upstream and downstream activities or whether an aggregated assessment is expected. We propose the IAASB address these questions in ED-5000 and also add a practical example.

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: [Disagree, with comments below](#)

Detailed comments (if any):

We do not believe that ED-5000 can be applied on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity. The practitioner will need to understand the requirements and how to apply ISA 600 to apply ED-5000 in these situations. For example, without experience in applying ISA 600, the practitioner will not know how to evaluate the aggregation process or how to communicate to and work with other practitioners. Professional accountant practitioners will use their experience from applying ISA 600 in other assurance engagements to implement ED-5000 on the sustainability information of groups or other “consolidated” sustainability information. Non-accountants will not have this experience to fall back on and we believe this will lead to inconsistencies in applying ED-5000.

We propose the IAASB add additional requirements and guidance to ED-5000 in the following areas to promote consistent application of the standard to sustainability information of groups or other “consolidated” sustainability information:

- How to apply qualitative and quantitative materiality as it relates to component sustainability information or inputs to “consolidated” sustainability information.
- Whether it is appropriate to consider the component auditor (as defined in the ISAs) a member of the engagement team or “another auditor” (see also our response to Question 14).
- How to evaluate the aggregation of sustainability information. We believe guidance and examples will be needed to help practitioners apply this. For example, guidance on how to determine which entity will “take the hit” for a particular emission when emissions are accumulated over several entities (such as a manufacturing plant and the entity they ship to) or across the value chain.

Given the high frequency with which we expect to see assurance engagements on the sustainability information of groups and other circumstances when “consolidated” sustainability information is presented by the entity, we believe the IAASB should prioritize addressing these before ED-5000 is issued to avoid inconsistencies in application.

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

Detailed comments (if any):

Although ED-5000 mentions “fraud” in several places, certain foundational concepts are missing, which we believe will lead to inconsistencies among practitioners as professional accountants will likely fall back on their experience applying the ISAs to evaluate fraud risks (including the risk of management bias), respond to identified fraud, and consider whether misstatements may be due to fraud.

Non-accountants may struggle to evaluate sustainability information through a fraud lens when evaluating management’s judgments, subjectivity of estimates and forward-looking information, and bias as it relates to sustainability reporting compared to extractive fraud like embezzlement. For example, ED-5000, paragraph A393R addresses possible management bias in estimates and forward-looking information but A393R and the related requirement are only applicable to reasonable assurance engagements and ED-5000 does not address fraud in estimates and forward-looking information. To address this knowledge and experience gap, we recommend the IAASB:

- Add requirements and application material as necessary to ED-5000 to address how the fraud lens is applied when evaluating management’s judgments and the subjectivity of estimates and forward-looking information.
- Revise the requirement in ED-5000, paragraph 135 to align with the practitioner’s responsibilities related to the assembly of historical financial information.
- Add an example in ED-5000, paragraph A296 related to the practitioner’s responsibility to consider fraud risk further down the value chain.
- Add requirements and application material as necessary to ED-5000 to address how the fraud lens is applied when a compliance framework is used for sustainability reporting.

We also believe that ED-5000 should include a requirement for practitioners to consider the risk of management override of controls when performing risk assessment procedures, responding to risks, and reporting. We believe it is appropriate for management override of controls to be a presumed risk of material misstatement for limited and reasonable assurance engagements as management likely has greater incentive, pressure, and opportunity to override controls related to sustainability information and reporting compared to other assurance engagements.

We agree with not enshrining “greenwashing” in ED-5000 as it may be an “of the moment” concept and equivalents for social and governance concepts may emerge at a later date. However, we propose the IAASB add “greenwashing” as the first example in ED-5000, paragraph A296 due to its prevalence in discussions of sustainability information. We propose the IAASB address “greenwashing” and the related considerations for the practitioner in more detail in nonauthoritative guidance.

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: [No, with comments below](#)

Detailed comments (if any):

We believe the requirement in ED-5000 regarding communication with management, those charged with governance and others and the related application material is too high-level which may result in inconsistencies in practice, particularly given the standard is expected to be used by both professional accountant and non-accountant practitioners.

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: [Neither yes/no, but see comments below](#)

Detailed comments (if any):

We believe that ED-5000 can drive assurance reporting that meets the information needs of users, however, we believe certain revisions are necessary to drive consistency among practitioners.

We agree with the guidance in ED-5000 to allow the practitioner's report to address other jurisdictional sustainability reporting requirements in addition to the practitioner's responsibilities under ED-5000 when the listed criteria have been satisfied.

We agree with using ISA 700 as a guide for the elements of the assurance report on sustainability information, except as it relates to requiring the name of the engagement leader to be disclosed for listed entities. Depending on the jurisdiction in which the sustainability engagement is performed, the sustainability information may be presented by the entity as other information in an annual report. In this scenario, ISA 720 does not require the engagement leader for the other information presented to be named, creating an inconsistency with ED-5000. Additionally, the requirements within ED-5000 are inconsistent as ED-5000, paragraph 170 does not include a requirement to name the engagement leader.

We do not agree with the inclusion of the requirement in ED-5000, paragraph 170(h)(ii)(b) to define or describe materiality used for the applicable criteria if it is defined or described differently than the practitioner's definition of materiality used to evaluate misstatements. Materiality in the context of the engagement is a concept based in the ISAs and we do not believe it is appropriate to address this in the assurance report. We propose the IAASB remove this requirement from ED-5000.

We believe further guidance is needed in ED-5000 related to comparative information. We do not believe ED-5000 sufficiently addresses the scenario wherein comparative information may have been subject to

assurance under ISAE 3000 (Revised) or ISAE 3410 in the prior period. Although ED-5000 addresses different levels of assurance in comparative periods, it does not address different assurance standards. As noted in Questions 7, 13, 17, and 25, there are differences in the level of work required for assurance engagements providing the same level of assurance under different standards. For this reason, we believe it is relevant for the users of sustainability reports to understand the assurance standards used related to the comparative information. We propose the IAASB revise ED-5000 to include a requirement for the practitioner to state what standards the comparative information was assured under.

We question the inclusion of *Summary of the Work Performed* section in the practitioner's report. It is not clear how this paragraph benefits the users of sustainability information. We question whether investors and users will have a sufficient understanding of performing assurance engagements to understand why the procedures performed for one engagement are sufficient and why it may be appropriate for those procedures to be different than the procedures performed for a similar disclosure in another engagement. Without this understanding, we believe including the *Summary of the Work Performed* in the practitioner's report may widen the expectation gap regarding different levels of assurance. If this requirement is retained, we believe the illustrative reports in ED-5000, Appendix 2 should be revised to include examples of the level of detail expected related to the summary of the nature and extent of procedures performed. We also believe additional guidance is needed explaining whether this summary is required for each disclosure, and if not, whether there are certain disclosures for which users would always expect to see a summary of work performed. These revisions to the illustrative reports are needed to drive consistency among practitioners and protect the public interest.

Finally, we believe further guidance and an illustrative example are needed to demonstrate the appropriate wording for a practitioner's report that includes both a conclusion on a separate GHG statement and assurance over other sustainability information.

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 comments below](#)

Detailed comments (if any):

We agree with the approach in ED-5000 to not address the concept of key audit matters (KAMs) for a sustainability assurance engagement. We believe KAMs will be identified primarily based on the entity's industry and currently there are no globally accepted industry standards for sustainability reporting. Based on the emerging nature of sustainability reporting, we believe that practitioners, those charged with governance, and investors do not have an understanding or expectation of what key audit matters would be as it relates to sustainability assurance engagements.

We do not support having the IAASB consider addressing KAMs in a future ISSA for the following reasons:

- ISRE 2400, ISRE 2410, ISAE 3000 (Revised), and ISAE 3410 do not include the concept of KAMs. Adding the concept of KAMs to future ISSAs would be inconsistent with the approach in other review and assurance standards.

- We believe non-accountant practitioners will struggle to identify KAMs as the KAM concept comes from the ISAs and is dependent on having sufficient audit and assurance experience to identify KAMs.
- We have concerns about applying the concept of KAMs in limited assurance engagements and do not believe this would be appropriate.

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):

We believe the proposed 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 is sufficiently prominent. We believe the explanation and its placement in the report provides an appropriate lens for users as they read the report.

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):

In addition to the responses above, we have additional proposed revisions to ED-5000 as follows:

- We agree that the requirement in ED-5000, paragraph 32 sets an appropriately high barrier to entry for non-accountant practitioners that is necessary to preserve the public's trust in the quality and rigor behind an assurance report. However, we question how non-accountant practitioners will demonstrate compliance with the requirement in ED-5000, paragraph 32 to possess competence and capabilities in assurance skill and techniques developed through extensive training and practical application. It is likely that the onus to determine whether non-accountant practitioners demonstrate the necessary competence and capabilities in assurance will be on the local standard setter or regulator to determine and monitor compliance.

- We are concerned that ED-5000, paragraph 84 does not differentiate the level of work required for limited and reasonable assurance engagements. The implication that the same level of work is required could result in a significant amount of work for limited assurance engagements, going beyond what is necessary to provide limited assurance. We suggest the IAASB differentiate the level of work necessary by adding a new requirement for limited assurance engagements, stating: “If the practitioner becomes aware that information coming to their attention is incorrect, incomplete, or unsatisfactory, the practitioner shall request that the responsible party consider the effect of these matters on the subject matter and communicate the results of its consideration to the practitioner. This may cause the practitioner to perform additional procedures sufficient to obtain limited assurance.” (Note, proposed wording is derived from the AICPA’s Attestation Engagements on Sustainability Information (Including Greenhouse Gas Emissions Information and Climate-Related Financial Disclosures guide).
- We believe additional requirements and application material are needed as it relates to evaluating the data underlying procedures performed. Specifically:
 - We propose IAASB revise ED-5000, paragraph 130 to include a requirement to evaluate the reliability of data used for analytical procedures. We propose the IAASB add the requirements from ISA 520.5(b) and (d), which we believe are necessary to design and perform analytical procedures in response to assessed risks. Professional accountants will use their experience performing engagements under the ISAs to evaluate the reliability of data, but we believe non-accountant practitioners may not apply the same requirements, leading to inconsistencies in the level of work performed.
 - We propose the IAASB add requirements related to testing the completeness and accuracy of system generated reports and clarify the practitioner’s responsibilities related to when it is appropriate to rely on system generated reports. We believe this is necessary as system generated reports will likely be used as evidence to support many sustainability topics, such as reports from an entity’s HR system to support disclosures over DE&I metrics. Currently, there is a gap in ED-5000: paragraph 102L does not contain a requirement to understand the entity’s process monitor the system of internal control and paragraph 109L contains a requirement to obtain an understanding of the entity’s general IT controls when the practitioner plans to test the operating effectiveness of controls. We propose the IAASB add specific requirements and application material as needed to describe the practitioner’s responsibilities to test the completeness and accuracy of system generated reports in limited and reasonable assurance engagements.
- We believe ED-5000 does a good job explaining the challenges practitioners can expect to face related to the extensive narrative information, forward-looking information with long timelines, and information pertaining to the reporting entity’s value chain. However, the standard has limited requirements and guidance for practitioners on how to address these challenges. We propose the IAASB consider additional requirements and application material, as needed, and non-authoritative guidance be added to ensure consistent application of the standard in these areas.
- We believe additional clarity is needed related to the practitioner’s responsibilities for evaluating subsequent events because the requirement in ED-5000, paragraph 147 does not include the date through which facts should be analyzed. The current wording could be interpreted to mean that the practitioner is responsible for evaluating the impact of a fact that becomes known two years or five years or more after the date of the assurance report that impacts either the sustainability information or the other information presented in the report. We believe the requirement in ED-

5000 is contradictory to the related application material in ED-5000, paragraph A430 which states that the practitioner has no obligation to perform any procedures regarding the sustainability information after the date of the assurance report. We propose the IAASB remove the requirement in ED-5000, paragraph 147.

Additionally, we acknowledge the emerging status of sustainability reporting and support the IAASB's efforts to prioritize development of a global sustainability assurance standard. We believe that speed to market will continue to be a priority in the future as it relates to the need for non-authoritative guidance and ISSAs on specialized topics that build on the foundations in ED-5000. As such, we encourage the IAASB to develop a plan for responding to and addressing new information and new needs as sustainability reporting and sustainability assurance continue to evolve.

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

Detailed comments (if any):