

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)	BDO International Limited
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Nazia Lakhani Head of Global Audit Quality
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	Nazia.lakhani@bdo.global
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:

PART B: Responses to Questions in in the Explanatory Memorandum for ED-5000

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

Overall Questions

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).
(See Explanatory Memorandum Section 1-A, paragraph 14)

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

Detailed comments (if any):

We agree that the ED-5000 can be applied to most of the items in paragraph 14 of the explanatory memorandum. Sustainability information can be presented in many different formats using a variety of reporting frameworks and we agree that as the requirements and guidance in ED-5000 are principles-based, it can be suitable for different types of sustainability assurance engagements. Further, its development based on existing audit and assurance standards for financial and non-financial information provides existing assurance practitioners, preparers, and users of the sustainability information a familiar and proven framework in which to perform sustainability assurance engagements. We note, however, that in reviewing and providing comments on ED-5000, we are doing so from the perspective of a professional accountant assurance practitioner and therefore cannot conclude on whether the standard can be used by all assurance practitioners as a stated objective in paragraph 14 of the explanatory memorandum.

In addition, we recommend that due to the length and current structure of ED-5000, links are added throughout the standard when making references to various paragraphs, so practitioners are able to easily navigate the standard. This can be done through the use of the EIS platform. As advancements in sustainability assurance may lead to further requirements and application guidance in the future, the standard may become more complex. Therefore, we suggest reconsidering the suitability of having only one overarching standard to ensure assurance practitioners can achieve quality outcomes.

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 generally agree that the proposals in ED-5000 are responsive to the public interest. However, we believe there are special considerations relating to providing assurance on the sustainability information of a group of entities, as well as that derived from an entity’s value chain, which are not fully addressed in ED-5000. The public interest would be better served if practitioners were provided with sufficiently specific requirements and application guidance to support consistent quality and judgments in these contexts. Using

ISA 600 *Revised* as the basis for elaborating these requirements would support this objective. We elaborate on this point in question 18 below.

Specific Questions

Applicability of ED-5000 and the Relationship with ISAE 3410

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?
(See *Explanatory Memorandum Section 1-C*)

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

Detailed comments (if any):

We agree that the scope and applicability of ED-5000 is clear, including when ISAE 3410 is applicable. It is clearly stated in paragraph 2 of ED-5000 that ED-5000 applies to all assurance engagements on sustainability information, except when the practitioner provides a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies. However, since many entities who report sustainability information are likely to report more than just greenhouse gas emissions, and ED-5000 is an overarching standard, we feel that a separate assurance standard specifically for greenhouse gas statements is likely to become redundant in the future. This is also consistent with ISAE 3410 not having been reviewed since 2013.

Moreover, not all the conforming amendments proposed appropriately reflect the scope highlighted in paragraph 2 of ED-3000. Included in the amendments to ISAE 3000 included in Appendix 2 to ED-5000; paragraph 5 of ISAE 3000 has been updated to say, ‘This ISAE covers assurance engagements other than audits or reviews of historical financial information **or assurance engagements on sustainability information**, as described in the International Framework for Assurance Engagements (Assurance Framework)’ without appropriately scoping out engagements performed under ISAE 3410, even though ISAE 3410 relates to providing assurance on an entity’s GHG statement, which is an assurance engagement on a specific type of sustainability information. The conforming amendments to ISAE 3410, para 3 of ISAE 3410, are more appropriate; as they indicate that ‘International Standard on Sustainability Assurance (ISSA) 5000 applies to all assurance engagements on sustainability information, **except when the practitioner is providing a separate conclusion on a GHG statement, in which case this ISAE applies**.....’. We suggest updating the conforming amendments to ISAE 3000 to align with the conforming amendments to ISAE 3410, for enhanced clarity. In making conforming amendments to ISAE 3140 for its relationship with ISSA 5000, there may be an opportunity to update the requirements in the standard for consistency with other standards that have evolved since its last revision in 2013.

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):

Paragraph A3 in ED-5000 indicates that law, regulation or professional requirements in a jurisdiction may provide guidance about what constitutes 'at least as demanding' as the IESBA Code and ISQM 1. We believe, in most jurisdictions, law, regulation or professional requirements on ethics and quality management may be similar to those in the IESBA Code and ISQM 1. However, in order to ensure the ongoing IESBA and IAASB working relationship and work program captures application guidance for practitioners, we suggest providing guidance on what aspects or extent of the IESBA Code and ISQM 1 need to be included in a local jurisdiction's law, regulation or professional requirements in order to meet this threshold. This is specifically important for non-accountant assurance practitioners as they would have nothing in place like the IESBA Code and ISQM 1 at this moment.

Definitions of Sustainability Information and Sustainability Matters

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?
(See Explanatory Memorandum Section 1-E, paras. 27-32)

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

Detailed comments (if any):

We appreciate the parallel between 'subject matter information' and 'underlying subject matter' in the definition of sustainability information and sustainability matters in ED-5000. Such linkage helps readers to understand the definitions more easily coming from ISAE 3000. In addition, the inclusion of environmental, social, economic and cultural matters, as well as a reference to the impacts of an entity's activities, products and services on the environment, society, economy or culture, and their impacts on the entity, in the definition of sustainability matter, is likely to help clarify for users the differences envisaged between the meaning of 'ESG' and that of 'sustainability'.

However, we note that 'sustainability information' appears to ultimately refer to the collective suite of 'information subject to the assurance engagement' (paragraph 4), while disclosures are defined as '**specific** sustainability **information** related to an aspect of a topic' (paragraph 17(i)), which may appear confusing to some users. (Refer here to question 6.)

If accompanying illustrative guidance were to compare how the definitions of sustainability information and sustainability matters may translate to a financial statements audit context by analogy, this would also be beneficial for practitioners who are familiar with financial statements to translate their skills into a non-financial information context. This could also extend to other terms familiar to assurance practitioners and used only in an implied manner by financial statements auditors, like 'criteria'.

For example, an illustrative example as follows:

Terminology used in IAASB Assurance Standards	What it may be interpreted as in a Financial Statements context	What it means in a sustainability assurance context
Underlying Subject Matter	<i>Financial performance and position of an entity</i>	<p>'Sustainability matters'</p> <p>An entity's policies and performance in any combination of sustainability domains (environmental, social, economic, cultural).</p>
Subject matter information	<i>A complete set of financial statements</i>	<p>'Sustainability information'</p> <p>A sustainability report, or part thereof as identified by the entity and determined to be suitable by the assurance practitioner as part of acceptance considerations.</p> <p>It includes both reported sustainability topics (which are broad domains - environmental, social, economic, cultural), and aspects of a topic or of multiple topics (e.g., aspect = governance relating to climate – topic = environmental).</p> <p>What is specifically recognized, measured and presented for each aspect of a topic, is referred to as a disclosure.</p>
Criteria	<i>The applicable financial reporting framework</i>	The applicable sustainability reporting framework, which may be imposed in legislation, or determined and described by the entity and made publicly available

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 comments below](#)

Detailed comments (if any):

We appreciate the inclusion of Appendix 1, which illustrates in a diagram the relationship between ‘sustainability matters’, ‘sustainability information’ and ‘disclosures’. This diagram, and paragraph 4 of Appendix 1, reinforces that ‘disclosures’ represent ‘pieces of information’ reported about ‘aspects of a topic’, consistent with the definition of disclosures as ‘specific sustainability information related to an aspect of a topic’ (paragraph 17(i)). However, the proposed conforming amendments to the International Framework for Assurance Engagements (the Framework) does not refer to the concept of disclosures.

To assist practitioners’ understanding of the meaning of ‘disclosures’ in the context of the Framework, we propose to clarify within ED-5000 that each disclosure (*outcome*) results from measuring or evaluating an aspect of a sustainability topic (*underlying subject matter*) by applying the relevant requirements of the applicable sustainability framework (*criteria*). This would clarify that disclosures are the information recognized, measured, and presented about specific aspects of a sustainability topic.

We propose that the examples of sustainability topics and aspects of topics presented in paragraph A32 of ED-5000 could be expanded with two further columns, illustrating what ‘disclosures’ mean for each example as shown in the table below:

Sustainability information	Sustainability matters		Disclosure
	Sustainability topics	Aspects of topics	
The sustainability report (or the defined parts of the sustainability report) which is subject to assurance.	The specific subjects within each high-level domain on which entities report (e.g., environmental matters, social matters, economic matters, cultural matters), and that the entity has elected to report on (e.g., labor practices, which is a social matter).	Different dimensions of each topic (e.g., the governance of labor practices, the risks and opportunities arising from labor practices, etc.)	The specific information in a sustainability report (or its defined parts) that relates to an aspect of a topic. For example, the description of how labor practices are established, monitored, reviewed, and remediated under the entity’s policies, <i>and</i> the numerical disclosure of the number of employees by gender and role category.

Differentiation of Limited Assurance and Reasonable Assurance

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

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

Detailed comments (if any):

Overall, we agree that the ED-5000 provides an appropriate basis for performing both limited assurance and reasonable assurance engagements. Similar to ISAE 3000 and ISAE 3410, signposting where there are different requirements and related application guidance for limited versus reasonable assurance engagements is helpful to practitioners performing these engagements.

To provide additional clarification, we suggest that more scenario-based guidance or other explanatory material, in addition to that already in the standard, is provided to clearly differentiate the type and extent of evidence, as well as the level of documentation expected, for limited versus reasonable assurance engagements. An illustrative example comparing the nature and extent of work, persuasiveness of evidence to obtain and the level of documentation, for limited and reasonable assurance engagements relating to the same disclosure (e.g., salary gap between men and women) would help practitioners understand these differences.

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):

The practitioner's responsibility to obtain preliminary knowledge about the sustainability information expected to be reported as part of their consideration of preconditions for assurance engagements is clear. However, ED-5000 requires that the practitioner obtain 'preliminary knowledge' about a large volume of matters (as described in A154 to A159), which may be challenging without clarity about the extent of the preliminary understanding required to appropriately conclude that preconditions for an assurance engagement have been met.

For example, as described in A156, "In obtaining a preliminary knowledge of the sustainability information expected to be reported, **the practitioner may consider** whether the topics and aspects of topics to be reported, and the reporting boundaries, have been or will be determined by management through an appropriate process" (emphasis added). The extent of this consideration is not clear; and the information required to appropriately make the consideration may not be available at the stage of evaluating whether preconditions for acceptance of an engagement are met.

Further the following clarifications would be welcome in determining whether the preconditions for an assurance engagement are present

1. We suggest clarifying that obtaining a preliminary understanding of the scope of the engagement does not require, for example, the determination of materiality to determine the extent of work expected over the sustainability information.
2. The consequence of a practitioner determining that there is a likely expected limitation of scope which is expected to result in a modification to the conclusion, but not necessarily a disclaimer of conclusion. A 'practitioner's conclusion' can include a 'modified conclusion', for which the practitioner is expected to have sufficient appropriate evidence. This is particularly relevant as A189 may lead a user to understand the requirement in paragraph 73(a) as a requirement to

expect the practitioner to provide an unmodified conclusion. We propose making it clear that this is not the intention; especially while an entity's processes are maturing by linking to paragraphs 163-165.

3. The wording of paragraph 73(b) currently presents two options only for conclusions: 'a reasonable assurance engagement or a limited assurance engagement' which suggests that there would be no option to perform an engagement to provide reasonable assurance over certain disclosures, or aspects of topics, or topics, and limited assurance over others. However, this scenario is expected to arise, and is even referred to in A154. We suggest updating the wording to 'or a multi-scope engagement, providing reasonable assurance over some of the subject matter, and limited assurance over the other' or something similar.
4. The concept of 'a rational purpose' in paragraph 74 is challenging in practice under extant standards, as it is not often well-defined. It would be helpful to either define the attributes of an engagement that has a 'rational purpose' or to reframe the explanatory text as a question, such as how the practitioner would answer the question *'Does it make sense for an assurance practitioner to be asked to provide assurance over this and only this?'* Related to this issue, in paragraph A198, it would be helpful to clarify the impact on the assurance engagement if preconditions are met for some areas (where processes to gather information are more developed) but not others. This helps the practitioner in determining whether there is a 'rational purpose for an engagement' if other preconditions were met for topics that may show the entity in a good light, but not for others. In this regard, A199(a) and(b) and A200 are very helpful.

Finally, we appreciate the reference in A190L about the need for availability and accessibility to evidence being the same regardless of the level of assurance. We propose to make this even more explicit, for example, by using the following wording: 'it would not be appropriate for a practitioner to agree to perform a limited assurance engagement if they believe that they would be unable to obtain sufficient appropriate evidence to support a reasonable assurance conclusion'. This would link back to the requirement in 74(a) about obtaining 'a level of assurance that is meaningful'.

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: [Yes, with comments below](#)

Detailed comments (if any):

In general, ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported. However, there are certain aspects we would like to draw your attention to:

- ED-5000 is relatively brief on the entity's materiality process to identify topics and aspects of topics to be reported, especially if the criteria is internally developed or developed by management. We recommend that more guidance is added relating to the entity's materiality process when the reporting topics are not specified by widely accepted criteria or criteria under law or regulation.
- Paragraphs A156 and A157 are included in the section relating to obtaining a preliminary knowledge of the sustainability information expected to be reported and are thus part of the preconditions for an assurance engagement. As this occurs before acceptance of an engagement,

we recommend clarifying the extent of work to be performed by the practitioner in considering the entity's materiality process.

Suitability and Availability of Criteria

10. Does ED-5000 appropriately address the practitioner's evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

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

Detailed comments (if any):

While the language of 'criteria' is familiar to experienced assurance practitioners, the definition of criteria as 'benchmarks' may be unclear to less experienced practitioners, especially when contrasted with the notion of 'materiality benchmarks'. By analogy with financial statement audit engagements, where 'applicable criteria' are the requirements of the applicable financial reporting framework, it would be helpful to clarify that criteria are the standards, rules or policies adopted by an entity to measure or evaluate sustainability matters, and determine the disclosures required.

Some examples of criteria would be helpful. Because this definition is foundational to the practitioner's evaluation of the suitability and availability of criteria, and because of the wide range of levels of familiarity with IAASB standards that sustainability assurance practitioners are likely to have, we are concerned that without further 'plain language' clarifications, the requirements of ED-5000 may be inconsistently applied. Application guidance to explain how a practitioner may evaluate the suitability of criteria; or further implementation or illustrative guidance presented in a tabular format (see below) would be helpful for consistency of implementation of ED-5000.

Identify the Sustainability Information	Has the entity determined applicable criteria?	Name the criteria and identify it source	Are the criteria... and designed to achieve information that is...					Criteria available to users?
			Relevant	Complete	Reliable	Neutral (un-biased)	Understandable	

We note that an overall 'stand back' of the combination of criteria selected is also likely to be required to fully evaluate the suitability of criteria applicable to the sustainability information. For example, it may be inappropriate for a practitioner to decide that Framework X, which contains measurement and disclosure requirements for sustainability topics A and B, will be used to measure and present topic A but not B, unless the requirements of Framework X in relation to topic B do not capture the specific circumstances of the entity, in which case looking to Framework Y may become appropriate.

There is a possible risk when the criteria are not from a widely accepted framework (e.g., they are internally developed by the entity), that the practitioner may be unable to evaluate whether the criteria are suitable

(e.g., whether the criteria are complete, neutral or reliable) especially as a *precondition to acceptance*. This is particularly the case as the ‘understanding applicable criteria’ paragraph (98) suggests that an evaluation of part of the criteria considerations can happen later, which seems inconsistent with the requirements pre-acceptance.

While we acknowledge the IAASB’s project approach to remain framework-neutral, illustrative examples about what ‘criteria’ might be for each of the attributes of A167 would be a welcome addition to assist firms in implementing the standard.

The specific considerations provided for determining the suitability of criteria for different types of information in A175 to A178 are helpful.

It may also be useful to identify at this stage the relationship between suitability and availability of criteria and the possibility of qualifications: If the criteria are not suitably defined, it may not be possible for the practitioner to identify non-compliance with the criteria. This is particularly relevant, for example, when evaluating processes, systems and controls.

11. Does ED-5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner’s consideration or determination of materiality? If not, what do you propose and why?
(See *Explanatory Memorandum Section 1-F, paras. 59-60 and 68*)

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

Detailed comments (if any):

Although we agree with the method of how the notion of double materiality is addressed, we suggest aligning the terminology of ‘financial materiality’ with that of the ESRS and IFRS S1. Both standards (which we believe are highly likely to become the most used sets of standards in the market) do not refer to ‘impact’ regarding financial materiality, but about ‘risks and opportunities’. We believe using the same terminology will prevent confusion on this matter. Further, as stated in our response to question 9 above, we suggest providing examples to illustrate the differences between financial materiality and impact materiality.

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):

Although we agree that separate materiality levels can be applied for qualitative disclosures and quantitative disclosures, we have the following suggestions:

- Paragraph 91 indicates that the practitioner determines materiality for purposes of planning and evaluating whether the sustainability information is free from material misstatement. Further, in the application guidance relating to ‘Evaluating the Effect of Uncorrected Misstatements’ (particularly paragraphs A414 to A416), the proposed standard refers to the sustainability information as a

whole possibly being misstated. However, the concept of an overall materiality for the sustainability information is missing from ED-5000. We suggest the standard include guidance on this concept given the different topics and aspects of topics that may form an entity's sustainability information and how to determine an overall materiality. Additional examples would also be helpful when evaluating the individual materiality levels per disclosure (whether these are qualitative or quantitative) and the impact on the sustainability information as a whole.

- More guidance is needed on the distinction between situations and information where materiality needs to be considered and when it needs to be determined and evaluated.
- We suggest adding guidance for practitioners relating to the judgments involved when evaluating whether a misstatement is material.
- Performance Materiality – We generally agree with the definition of performance materiality, the application and the other explanatory material (paragraphs A283-A285) and that these are helpful in determining the audit response in auditing quantitative information. However, it is not clear how the concept addresses 'aggregation risk' in relation to complex sustainability information. We believe the concept of performance materiality is designed for a subject matter expressed in one single metric (e.g., currency) like financial statements. Therefore, performance materiality to address aggregation risk in our view can only be used for individual disclosures. We suggest providing more guidance to explain when and how to set performance materiality to address aggregation risk.
- More guidance on materiality considerations for qualitative information should be given in ED-5000 or application material A278.
- In A156-A157, the practitioner's consideration of the entity's 'materiality process' is for obtaining a preliminary knowledge of the sustainability information expected to be reported only. However, understanding how management identifies topics and aspects of topics to be reported on also helps the practitioners to identify if there is any management bias in choosing those topics/aspects of topics. We suggest adding this consideration when the practitioner identifies areas where material misstatements are likely to arise (for a limited assurance engagement) and during the risk identification and assessment process (for a reasonable assurance engagement).

Understanding the Entity's System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?
(See Explanatory Memorandum Section 1-F, paras. 75-81)

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

Detailed comments (if any):

We agree with the differentiation of the approach for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements with the following comments:

- In ED-5000 paragraph 109L/R, the difference between limited assurance and reasonable assurance includes wording such as 'understand' vs 'evaluate' and 'consider' vs 'determine'.

However, the differences in these terms are not clearly explained. Although the term 'evaluate' is defined in the Glossary, the other terms are not defined. We suggest more guidance is given about their differences relating to the extent of assurance work that needs to be performed for limited vs. reasonable assurance engagements.

- Paragraph A314 states that 'As the entity, the topics and the aspects of the topics become more complex, more extensive procedures may be necessary to understand controls, for example, by performing a walkthrough to confirm inquiries of entity personnel. For limited assurance engagements, we believe walkthroughs should also be performed for areas where the practitioner believes misstatements are likely to arise, to confirm the practitioners' understanding of controls in those circumstances and inform what a meaningful level of assurance is under those circumstances.
- In ED-5000, paragraph 121 requires the practitioner to 'obtain evidence about the operating effectiveness of those controls for the period subsequent to the interim period'. This contrasts with paragraph 21 in ISA 330 which requires the auditor to only 'obtain audit evidence about significant changes' to those controls. Please provide clarification as to the reason for the higher requirement for sustainability assurance engagements versus assurance for financial statements.

Using the Work of Practitioner's Experts or Other Practitioners

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner's firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are "another practitioner" and not members of the engagement team? If not, what suggestions do you have for making this clearer?
(See Explanatory Memorandum Section 1-G, paras. 82-87)

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

Detailed comments (if any):

We generally agree that ED-5000 is clear about when a firm other than the practitioner's firm is part of the engagement team or are considered 'another practitioner' and not members of the engagement team, with the following comments:

- The concept of the engagement team in ED-5000 seems to conflict with that in ISA 600 (Revised), when the use of another practitioner, regardless of whether they are or are not part of the practitioner's network firm, is part of the engagement team. Although we are aware that the concepts in ISA 600 (Revised) for groups are not part of ED-5000, we suggest that this inconsistency be resolved once groups are added to this standard or as a new standard.
- Paragraph 42 refers to 'a firm other than the practitioner's firm' which implies that the practitioner may not be able to direct, supervise or review their work. This contrasts with the section on 'Using the work of another practitioner' (starting with paragraph 51) which does not refer to whether the practitioner is or is not part of the practitioner's firm. We suggest changing paragraph 42 to refer to just 'another practitioner'.
- We also suggest including the definitions of 'other practitioner', 'internal expert' and 'external expert' in ED-5000 paragraph 17.
- The Explanatory Memorandum helps to illustrate the concepts of who is part of the engagement team and may be helpful to include in application guidance or other explanatory material. However,

we recommend updating the table to list separately those who are or could be part of the engagement team versus others (e.g., external expert or another practitioner that the engagement leader cannot direct, supervise and review).

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?
(See *Explanatory Memorandum Section 1-G, paras. 88-93*)

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

Detailed comments (if any):

We consider the requirements and application guidance in ED-5000 clear when using the work of a practitioner's external expert and another practitioner. We recommend including more guidance or additional requirements about the form of communication between the practitioner and the external expert or the practitioner and another practitioner, for example adding a requirement that communication should be in writing. We also suggest adding guidance in the following areas:

- How a practitioner would evidence appropriate involvement in the work performed by the external expert or another practitioner
- How to evaluate the external expert's or another practitioner's compliance with relevant independence and ethical requirements.

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: [Agree, with comments below](#)

Detailed comments (if any):

We agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information, with the following comments:

- Paragraph 134L requires the practitioner to only evaluate criteria, methods and changes in limited assurance engagements. We believe that consideration of assumptions and data used should be made mandatory and suggest including this as a requirement.
- In ED-5000, paragraphs 134 and 135 state that for limited assurance engagements, the practitioner shall consider whether other procedures are necessary in the circumstances; however, there is no such requirement for reasonable assurance engagements. This may imply that for reasonable assurance engagements, the practitioners do not need to consider whether any other procedures are necessary. We suggest adding this consideration for reasonable assurance engagements.
- Due to the uncertainty associated with forward-looking information that could possibly extend to many years in the future, we feel that it may not be possible to provide reasonable assurance on

this information. We suggest that it be explicitly stated in the standard what is achievable with respect to forward-looking information, including the differences between limited and reasonable assurance. Further, we suggest adding guidance related to testing forward-looking information, including assumptions, projections and forecasts.

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):

The objective of identifying potential material misstatements in sustainability information is the same for both limited and reasonable assurance engagements. Therefore, we believe that risks of material misstatement should always be identified and assessed. For example, this would be consistent with the wording in paragraph 25L in ISAE 3410 which refers to ‘the basis for identifying and assessing the risks of material misstatement’. Not assessing the risk of material misstatement – irrespective of the level of assurance (limited or reasonable engagements) might result in a liability risk for the practitioner and a risk for the entity. In addition, the difference in the requirements for risk procedures in a limited versus a reasonable assurance engagement is not clear (paragraphs 94L and 94R). Risk procedures described in A288 include inquiries, observation and analytical procedures which seem to be the same for both limited and reasonable assurance engagements. We suggest providing additional guidance on the difference using an illustrative example to clearly indicate the differences.

We also believe that more specific guidance is required on what assurance work needs to be performed in limited assurance engagements once a likely misstatement is detected in identified areas. Further, we suggest adding guidance on the difference in the extent of work performed by a practitioner relating to an identified area where a material misstatement is likely to arise for a limited assurance engagement and the work performed to address an assessed risk of material misstatement.

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):

Similar to our response to question 2 above, we consider it essential to include more guidance that aligns with ISA 600 (Revised) to help practitioners in performing scoping and risk assessment activities in a group situation. In addition, we suggest including guidance on work to be performed related to information included from reporting boundaries beyond the legal group/entities (i.e., within the value chain). There are also likely to be issues relating to limited access to information from entities not legally controlled by the entity reporting the sustainability information. Additional guidance (e.g., through non-authoritative guidance that could potentially become requirements in the future) on the impact of this issue when obtaining audit evidence over such information is needed.

Fraud

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

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

Detailed comments (if any):

We agree that ED-5000 appropriately addresses the topic of fraud by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error. The inquiries and discussions with appropriate individuals as part of the risk procedures are detailed in nature with a significant emphasis on fraud. We suggest using the term ‘greenwashing’, including adding a definition, in the standard as it is commonly used when referring to fraud related to sustainability information.

Communication with Those Charged with Governance

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

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

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

Detailed comments (if any):

We 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. We suggest including more guidance on the matters to be communicated with management and those charged with governance in ED-5000, including the ‘practitioner’s responsibilities’ in relation to the sustainability information and the ‘planned scope and timing of the engagement’ as in ISA 260.A9-A15,

Reporting Requirements and the Assurance Report

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.
(See *Explanatory Memorandum Section 1-G, paras. 116-120, 124-130*)

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

Detailed comments (if any):

The use of the general reporting model of ISA 700 and its related companion standards will be familiar to many users that desire assurance on management reporting, and as noted in the Explanatory Memorandum, reflects the most recent amendments in assurance reporting. For this reason, the general reporting requirements of ED-5000 should meet the assurance needs of users in general.

However, additional guidance on the following items would serve to further enhance the usefulness of reporting under ED-5000:

- Reporting on Other Information: while requiring specific reference to the practitioner's responsibility related to 'other information' in the assurance report is welcome, the construct of 'other information' in ED-5000 is in some cases too broad to provide clear communication to users as to the scope of information that is or is not subject to the practitioners work under ED-5000 or to practically operationalize by practitioners. ISA 720 contains requirements and guidance that clarifies the scope of 'other information' to include only information in an entity's 'annual report', which itself is defined with clarifying terms as to what would constitute (and not constitute) an 'annual report'. These scope clarifications and definitions serve to define the scope more clearly for the practitioner, and therefore also provide users with a clearer view as to what information was subject to assurance (and by definition the information that was not). Without such clarity, the 'expectation gap' will create user uncertainty and ultimately some undue reliance on entity information. A narrower definition of 'other information' and/or which 'document or documents' are within the scope of ED-5000 is needed.
- ED-5000 Appendix 2 provides four illustrative reporting examples, which we welcome. Consistency in reporting serves the public interest and users of these reports by ensuring comparability and clarity for practitioners in reporting across entities. In addition, including as many examples as possible will enhance the 'professional agnostic' application of the standard, particularly to practitioners who may not be as familiar with the construct of the ISAs. Similar to the inclusions in para A512L-A514 which provide illustrative examples of modified conclusions, we suggest that additional illustrative examples and/or wording be included for the following:
 - Inherent Limitations section (para 170(g))
 - Summary of Work Performed in a limited assurance engagement (para 170(i))
 - Emphasis of Matter Paragraphs (para 179(a))
 - Other Matter Paragraphs (para 179(b))
- We recommend adding application guidance to illustrate what a limitation of scope may look like (paragraph 26), especially in a rapidly evolving landscape. For example, when the limitation of scope refers to matters such as preventing access, inability for management to generate all

information required under a prescribed framework, etc. The second example is expected to be very common in initial periods of sustainability reporting.

- We believe it would be beneficial to clarify in the standard itself that, as meaningful assurance in a limited assurance engagement can vary as described in A194L, this needs to be communicated to the intended users through the assurance report. We believe this understanding is key to establish an audit response that reflects the assumed information needs of intended users.

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 IAASB’s approach of considering Key Audit Matters (KAM) by deferring such consideration and implementation until a later date. Given ED-5000 will be a new, standalone standard, along with the reasons provided in the Explanatory Memorandum, additional time for adoption both by users and practitioners is warranted before introducing further reporting requirements. It is noted that ISAE 3000 and ISAE 3410 do not currently require a similar reporting mechanism, and ISA 701 is premised on certain other ISA standards requirements, including items such as well-defined constructs related to risk assessment levels under ISA 315, requirements related to communication with those charged with governance under ISA 260, etc. Without similar constructs, applying KAM as envisioned in ISA 701 would be challenging under the currently drafted ED-5000 and a revised construct of KAM to fit ED-5000 may be premature.

An introduction of those elements is better suited to a time when ED-5000 has benefited from an initial period of application which will allow a more informed survey of stakeholders (users) to provide feedback on whether KAM will be a useful element of assurance reporting specifically for sustainability matters, and whether other reporting matters may be of more use than the current construct of Key Audit Matters as has been used in ISA 701.

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 agree that providing such limited assurance ‘warning’ as prominently as feasible is highly desirable. While the IAASB has indicated in the Explanatory Memorandum that it ‘did not consider it appropriate for these statements to be included in the conclusion section’, given the potential user base for ED-5000 related assurance reports being broader and/or different from more traditional IAASB standards’ assurance report users, we consider that the IAASB should reconsider this position.

Barring the inclusion of the warning paragraph as part of the conclusion section, inclusion near to the top of the report, in a separate paragraph, is the most desirable position. While inclusion as the second paragraph of the Basis for Conclusion is relatively prominent, compared to ISAE 3410 for example, additional prominence could be achieved by providing the paragraph as the first paragraph of the Basis for Conclusion section. While this may depart slightly from the construct of other limited assurance engagements (i.e., ISRE 2400), it would add more prominence to the paragraph.

Finally, additional ‘strength’ could be added to the paragraph to further emphasize the importance of the assurance level concept to users of the report, premised on the fact that the users of assurance reports on sustainability matters may not be as familiar with the concepts of limited and reasonable assurance as users of financial statement or other longer standing assurance standards. Wording such as the following, placed as the first paragraph under the Basis for Conclusion section, would provide additional prominence to the warning paragraph:

Our [qualified] conclusion is a limited assurance conclusion, and our engagement provides a substantially lower level of assurance than that of a reasonable assurance engagement. The procedures in a limited assurance engagement are less in extent, and vary in nature and timing, from a reasonable assurance engagement.

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 comments below](#)

Detailed comments (if any):

We believe that key areas for consideration in relation to the public sector are appropriately included in ED-5000. These relate to the potential need to report non-compliance to the governing body or if there is any limitation of scope in the engagement. All other areas remain applicable across industry.

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):

We have the following additional comments with respect to ED-5000:

- Given the importance of the stakeholder dialogue and materiality analysis in many reports (at least those based on GRI and ESRS), we believe guidance is needed on the practitioner’s overall evaluation of the sustainability information.
- Paragraph 12 indicates that an entity’s audited financial statement may be considered as ‘other information’ when it is presented with sustainability information, for example as part of an entity’s annual report. This is likely to require a significant level of understanding of financial reporting frameworks (e.g., IFRS). Therefore, we suggest adding more guidance on procedures for the practitioner to perform in relation to this ‘other information’. For example, the requirements in ISA 720 include more detailed procedures in a financial statement audit where the sustainability information is included in an entity’s annual report. Although some jurisdictions may have a clear

definition of 'annual report', other jurisdictions may not, and we foresee significant issues in applying this in practice.

- When planning to respond to a risk by testing the operating effectiveness of controls, paragraph 123R requires the practitioner to test the operating effectiveness of controls in the current year if the risk of material misstatement is 'at the upper end of the spectrum of risk'. This appears to introduce a concept similar to 'significant risk' from ISA 315. However, the concept of 'significant risk' is not included in ED 5000. We suggest adding the concept of 'significant risk' to ED-5000.
- Paragraph 37 refers to 'assurance skills and techniques as part of an iterative, systematic engagement process'. We suggest expanding the definition of assurance skills and techniques, application guidance to describe what is meant by 'iterative, systematic engagement process' and incorporate the use of automated tools and techniques.
- We suggest moving the paragraphs relating to 'Agree terms of the engagement' (paragraphs 25-28) to follow the sections relating to engagement leader's role and documentation (paragraph 68) to ensure that acceptance and continuance of the assurance engagement is immediately followed by preconditions of an assurance engagement.
- There is some inconsistency in the use of 'non-compliance' and 'noncompliance' in paragraphs 59 to 61. Also, the heading 'Appropriate Sustainability Matters (Ref: Para. 71))' in the application guidance has an additional parenthesis.
- There is a typographical error in A176 (c) where the title for the next section 'Specific Considerations for Determining the Suitability of the Criteria for Performance' is not on a new line.
- We suggest providing additional examples of what would be considered a reasonable justification to change the terms of the assurance engagement as described in paragraphs 80, A207 and A208.
- In the section on tests of controls (paragraphs 119-125), we suggest including a consideration for situations when performing substantive procedures alone cannot provide sufficient evidence.
- In paragraph 15(a), we recommend adding the wording 'whether due to fraud or error' to be consistent with the objectives in paragraph 11(a) of ISA 200.
- Paragraph A308 refers to circumstances that may cause an entity to cease operations or be unable to continue as a going concern but does not indicate what the practitioner's responsibility is in relation to this possibility. We believe a clarification of the intended scope of the practitioner's responsibility in respect to this matter is needed.

Part C: Request for General Comments

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

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| 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. |
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Overall response: [See comments on translation below](#)

Detailed comments (if any):

We continue to support the IAASB's efforts to make ISSA 5000, and other pronouncements issued by the International Standard Setting Boards, accessible to users through effective and timely translation. Many

of the terms and concepts in ED-5000 are present in the ISAs or defined in the ED. However, there are some new terms that are specifically defined in the exposure draft that do not have definitions in the ISAs or the glossary, such as reporting boundary, sustainability competence, sustainability information and sustainability matters, which may introduce some issues in respect of translation. To aid accessibility, we would continue to ask the IAASB to make their package of professional standards as accessible as possible through the e-International Standards online tool as soon as possible.

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

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

Detailed comments (if any):

We would support an Effective Date which has a minimum of 18 months from the point at which the final ISSA is published. Although many firms may choose to adopt the new standard earlier, this timeframe would allow sufficient time for many audit firms' methodologies, tools, guidance, and training materials to be implemented. However, we note that there are some reporting frameworks (e.g., IFRS S1 and IFRS S2) and regulations enacted by certain jurisdictions (e.g., CSRD) that have earlier effective dates than from when ISSA 5000 is expected to be effective. We suggest adding to the standard how to address the earlier effective dates of these other reporting frameworks and regulations.