

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)	Consejo General de Economistas (CGE)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Valentín Pich
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Valentín Pich
E-mail address(es) of contact(s)	presidencia@consejo.economistas.org
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Europe
	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.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Please see https://economistas.es/

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:

Given our constituency is small- and medium-sized accountancy practices (SMPs) in Spain we have two main concerns. First, to ensure that the standard will be sufficiently scalable to be used by SMPs and SME sustainability assurance engagements, including those where the report and the assurance are voluntary. Second, to ensure that there is sufficient guidance for assurance providers that have little expertise in sustainability assurance and to ensure that the standard

serves the Spanish public interest. In general, we think that ED-5000 adequately addresses these two concerns.

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 believe, and have received assurances, that the standard can be used for assurance engagements on sustainability reports prepared in accordance with the SME sustainability reporting standard for voluntary use by non-listed SMEs (VSME) under development by EFRAG (for the European Commission).

We wonder whether the standard is applicable for assurance engagements on sustainability information prepared to satisfy requests for value chain reporting for example, where a large company that is within scope of the CSRD, and as such applying Set 1 ESRS, sends a sustainability questionnaire to non-listed companies in its value chain and requests that the completed questionnaire be accompanied by assurance. We assume that in this scenario an agreed upon procedure engagement might be a suitable alternative.

We are concerned that there are no explicit provisions for groups, including component assurance practitioners, nor for value chain reporting. In the EU from 2025 onwards we can expect to see the publication of thousands of sustainability reports (for financial year 2024) with limited assurance. Most of these reports will be for groups. We accept that the standard is an overarching one, where the principles can be applied to group assurance engagements, and that eventually we might have an ISSA for group engagements, in the same way we have ISA 600 (Revised), *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*. However, we suspect that many practitioners, especially those with limited or no experience of performing group audits in accordance with ISA 600, will struggle to apply the principles in ISSA 5000 to group engagements. Therefore, we urge the IAASB to consider *either* including a few high-level requirements for group assurance engagements – these could be conditional, conditional on the report being a group one – *or* separate guidance on how to apply the principles to group assurance engagements that could remain ‘in force’ until an ISSA for group engagements is developed.

While we think ED-5000 appropriately addresses the notion of “double materiality”, and the recently issued FAQs *Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner* (which helps clarify the difference between materiality from the perspective of the entity (report preparer) and assurance practitioner) makes some additional mention of double materiality, we urge the IAASB to consider *either* including a few high-level requirements *or* developing

separate guidance that might one day be replaced by an ISSA. Any requirements might be conditional, conditional on the reporting framework being based on double materiality. The IAASB might wish to emulate EFRAG which is developing guidance for value chain reporting.

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):

Given our constituency is SMPs in Spain one of our main concerns is to ensure that the standard will be sufficiently scalable to be used by SMPs and SME sustainability assurance engagements, including those where the report and the assurance are voluntary.

Overall, we believe the ED-5000 largely meets this test. There is clear evidence, such as illustrative examples of smaller assurance engagements, that much effort has been taken to ensure scalability. Some additional general introductory guidance for practitioners that are not auditors, and so have limited familiarity with ISAs, would be welcome so they are on a level playing field with auditors.

We understand, and support, the IAASB's strategy to get a general ISSA (ISSA 5000) in place as soon as possible and then to start work on developing a suite of ISSAs. This approach of focusing on a global baseline first is being followed by the ISSB, the IAASB's "sister" board at global level. The ISSA 5000 is intended to be an overarching standard written in a principles-based manner. This has largely been achieved and a by-product has been to make the standard scalable.

As the IAASB goes about developing a suite of ISSA's we urge it to "Think Small First" or "Think Less Complex First". This should minimize the risk of the ISSAs proving insufficiently scalable for SME assurance engagements and promoting demands for an ISSA for Less Complex Entities. We think it better that ISSAs be scalable from the bottom-up and that more complex matters be addressed by specific ISSAs that practitioners can ignore if they are not relevant to the engagement. Until such time as the suite of ISSAs is produced, the IAASB can develop guidance to serve as an interim measure. Guidance can be developed quickly by staff to meet any emerging demand.

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):

While the scope is clear we wonder whether one day ISAE 3410 might be absorbed into the suite of ISSAs.

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 think that the concept of “at least as demanding” is sufficiently clear. It is widely understood in the context of financial audit and assurance. It is vital that a level playing field is established and this means all sustainability assurance practitioners having to comply with the same or similar high ethical and quality management standards. If additional explanatory guidance is necessary this might be included in separate guidance.

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 generally agree with the proposed definitions, but we question whether the differentiation between both terms is strictly necessary and, therefore, whether they should be merged for the sake of simplicity.

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):

Please see our response to Q5 above.

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):

We agree with the IAASB that addressing limited and reasonable assurance in a single overarching standard is appropriate for the reasons given. The standard provides 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.

The proposed structure of the standard - with the side-by-side presentation – usefully stresses the differential work effort between limited and reasonable assurance for relevant elements of the assurance engagement. While the structure is sound, we believe that there is insufficient differentiation between limited and reasonable assurance.

We understand that the CSRD states that the EC shall be empowered to adopt limited assurance standards before 1 October 2026 and shall adopt assurance standards for reasonable assurance, following an assessment to determine if it is feasible for the auditors and for the undertakings, by 1 October 2028. The EC should then specify when reasonable assurance would be required. In the case of non-listed SMEs that voluntarily publish sustainability reports we believe that limited assurance will be sufficient for such reports.

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

Detailed comments (if any):

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):

We 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.

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: [Yes, with comments below](#)

Detailed comments (if any):

While the ED-5000 appropriately addresses the notion of “double materiality”, we think the IAASB might develop guidance for value chain reporting.

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

Detailed comments (if any):

Understanding the Entity’s System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity’s system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

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

Detailed comments (if any):

Using the Work of Practitioner’s Experts or Other Practitioners

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?

(See Explanatory Memorandum Section 1-G, paras. 82-87)

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

Detailed comments (if any):

We believe that the standard should be more explicit regarding the status and relevant requirements of practitioners providing assurance on sustainability information of entities within the group or the value chain of the reporting entity. We wonder whether these practitioners would be categorized under ‘Using the Work of Another Practitioner’. The relationship with other firms is quite like that of component auditors so a similar process to that used in ISA 600 could be used.

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 believe that using the work of a practitioner’s external expert or another practitioner is similar to using the work of experts in ISA 620, *Using the Work of an Auditor’s Expert*, and so should be treated in a similar way.

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):

While we agree with the approach, we believe practitioners will need additional guidance.

Risk Procedures for a Limited Assurance Engagement

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

(See Explanatory Memorandum Section 1-G, paras. 98-101)

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

Detailed comments (if any):

We support this approach. Limited assurance should be the entry or starting point for most companies on their sustainability assurance journey. For many it will be an interim level of assurance, pending stepping up to reasonable assurance. Hence, it is vital the work effort be significantly less than for reasonable assurance.

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 are concerned that there are no explicit provisions for groups, including component assurance practitioners, nor for value chain reporting.

Therefore, we urge the IAASB to consider *either* including a few high-level requirements for group assurance engagements – these could be conditional, conditional on the report being a group one – *or* separate guidance on how to apply the principles to group assurance engagements that could remain ‘in force’ until an ISSA for group engagements is developed. The IAASB might wish to emulate EFRAG which is developing guidance for value chain reporting.

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 believe that there is a high risk that companies will engage in greenwashing. We welcome, therefore, ED-5000 focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error. The requirement to maintain professional skepticism throughout the engagement, recognizing the possibility that a material misstatement due to fraud could exist, is especially important. Given the high risk of greenwashing we suggest that the IAASB consider further how the standard might have an even greater focus on fraud.

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 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate. Nevertheless, we believe that communication between the sustainability assurance practitioner and auditor, subject to ensuring client confidentiality, should be required.

Given some jurisdictions want to “open up” the sustainability reporting assurance market to practitioners other than auditors, as is the case in Spain, we suspect that in certain cases the sustainability assurance practitioner and auditor for a reporting entity will be different. We expect similar connectivity, facilitated by close communication between the sustainability assurance practitioner and auditor, to enhance the robustness of the assurance. Hence, certain requirements in the standard may be appropriate.

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):

We believe the requirements will ensure the assurance report meets the needs of users.

Given sustainability reporting and assurance are in their infancy relative to financial reporting and assurance we anticipate many preparers and assurance providers will be on a steep learning curve.

To ensure the standard is scalable, we welcome the inclusion of illustrative reports for assurance of entities other than listed entities. As we anticipate many companies to have modified or emphasis of matter reports, we suggest the IAASB to consider developing guidance that includes some examples.

22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 121-123)

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

Detailed comments (if any):

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, para. 131)

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

Detailed comments (if any):

Other Matters

24. Are there any public sector considerations that need to be addressed in ED-5000?

(See Explanatory Memorandum Section 1-I, para. 135)

Overall response: [No response](#)

Detailed comments (if any):

25. Are there any other matters you would like to raise in relation to ED-5000?

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

Detailed comments (if any):

Please see out comments above regarding the need for guidance on assurance procedures for value chain reporting.

Part C: Request for General Comments

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

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

Overall response: [No response](#)

Detailed comments (if any):

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

Overall response: Agree (with no further comments)

Detailed comments (if any):