

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)	ASSIREVI – Association of the Italian audit firms
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	GIANMARIO CRESCENTINO
Name(s) of contact(s) for this submission (or leave blank if the same as above)	GIANMARIO CRESCENTINO
E-mail address(es) of contact(s)	presidente@assirevi.it
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).	

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):

It is in the public interest that all market participants develop high quality, consistent and comparable information on sustainability topics. Therefore, we acknowledge the importance of a general standard that acts as a global baseline for sustainability assurance engagements. Fragmentation of reference standards potentially leads to the non-comparability of, or difficulties in comparing, assurance reports and the underlying assurance work. It can also generate confusion among the users of the sustainability information and its preparers, for example, in the case of a multinational entity whose sustainability information related to its different geographical locations is subjected to assurance engagements performed under different or even contrasting standards.

That being said, and given the IAASB's intention to rapidly publish a global standard that is the first of various topic-specific standards, we refer below to the items set out in paragraph 14 of the Explanatory Memorandum which, in our opinion, require clarification and integration in ED-5000 to ensure it fully achieves its objective to be a global overarching standard for sustainability assurance engagements.

Limited and reasonable assurance engagements: we agree with how the proposed standard addresses both limited and reasonable assurance engagements, especially as regards the requirements and application material applicable in either case. However, while the proposed standard's structure facilitates an understanding of the procedures to be applied in a differential manner, we believe the scope and extent of the procedures to be performed need to be clarified in certain respects, together with the practitioner's related level of responsibility in the case of limited assurance engagements (see our responses/comments to questions 7 and 16 for more information). It is our opinion that certain requirements and the related application material envisaged by ED-5000, mainly for reasonable assurance engagements, should be supplemented to allow proper application by all practitioners. We refer, in particular, to the requirements about forward-looking information (question 16) and fraud, which is of great interest to stakeholders and is not dealt with systematically (question 19).

Use by all assurance practitioners: with respect to the possibility for all practitioners, including non-accountant assurance practitioners, to apply the standard to perform sustainability assurance engagements, we feel that ED-5000 does not ensure consistent application or a uniform approach by different practitioners for certain aspects. While professional accountants have an understanding of assurance engagements that goes beyond the specific standards given their audit background and practical experience, their knowledge of the ISAs and authoritative guidance and other additional sources, non-accountant assurance practitioners may not be familiar with some specific concepts presented in ED-5000

that are not fully explained. We refer, inter alia, to materiality and its determination, the procedures to be performed for estimates and forward-looking information, the identification and measurement of risks (including fraud risk), the different scopes of work required and the practitioner's consequent responsibility to provide reasonable or limited assurance (see also the previous point), assurance engagements on group sustainability information, the use of sampling techniques and the format and content of the assurance report. In addition to our recommendations for supplementing and improving ISSA 5000, as set out in our responses to the consultation, we recommend that the IAASB liaise with other bodies including regulators, national standard setters (NSS) and educational bodies to explore training and guidance for such practitioners in respect of these core assurance concepts.

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 feel that, overall, ISSA 5000 responds to the public interest, especially considering the practitioners' need for a timely standard covering assurance engagements on sustainability information. We believe that certain aspects of ED-5000 could be clarified and supplemented in order for the proposed standard to meet the qualitative characteristic of "implementability" (i.e., the proposed standard's suitability to be consistently applied and globally operable across entities of all sizes and regions, respectively, as well as its adaptability to the different conditions prevalent in different jurisdictions). Specifically, our responses to the following questions (dealt with in more detail in the specific responses below) refer to the aspects of ED-5000 that require, in our opinion, additional clarity to allow a consistent implementation and ensure the performance of high quality assurance engagements in the public interest.

Question 1 - additional guidance is required to support practitioners to implement ED-5000 and achieve the objective of high-quality, consistent and comparable assurance engagements.

Question 3 - the interaction between ISSA 5000 and ISAE 3410 requires clarification when the sustainability report includes GHG information.

Question 7 - the scope and extent of the procedures to be performed require clarification, as does the practitioner's level of responsibility in the case of limited assurance engagements. Certain requirements and the related application material envisaged by ED-5000, mainly for reasonable assurance engagements, should be supplemented to allow their proper application by all practitioners.

Question 13 - the nature of the work to be performed to obtain an understanding of the entity's system of internal control relevant to sustainability matters is unclear.

Question 15 - additional clarity about the practitioner's use of the work of another practitioner is necessary, especially when the practitioner is not sufficiently involved in such work.

Question 16 - the requirements for the assurance procedures to be performed on forward-looking information need additional clarification, as the mere repetition of the approach provided for in ISA 540 could be problematic.

Question 18 - greater guidance about the requirements for the performance of assurance engagements on the sustainability information of groups is necessary.

Question 19 - the practitioner's operating responsibilities vis-à-vis fraud and the procedures to be performed require greater definition.

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):

ED-5000.2 states that “This ISSA applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies.”.

ISAE 3410.14(m) defines the GHG statement as: “A statement setting out constituent elements and quantifying an entity’s GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes including a summary of significant quantification and reporting policies. An entity’s GHG statement may also include a categorized listing of removals or emissions deductions. Where the engagement does not cover the entire GHG statement, the term “GHG statement” is to be read as that portion that is covered by the engagement. The GHG statement is the “subject matter information” of the engagement.”.

Based on ED-5000.2 and the above definition, it is clear that ISAE 3410 is to be applied when the subject matter information of the assurance engagement is the entity’s GHG statement (as specified above).

This is confirmed by the conforming amendments made to ISAE 3410 (specifically new paragraph 3: “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”. This reiterates the content of the above paragraph 2 of ED-5000 and the amended version of paragraph A1 which states that “In some cases, the practitioner may perform an assurance engagement on a report that includes GHG information, but that GHG information does not comprise a GHG statement as defined in paragraph 14(m). In such cases, ISSA 5000 applies. However, this ISAE may provide guidance for such an engagement.”).

Moreover, if, as described above, it is clear which standard to apply for a specific and separate engagement covering the GHG statement as the subject matter information, the interaction between ISSA 5000 and ISAE 3410 requires clarification when the sustainability information (i.e., the subject matter information of the sustainability assurance engagement) also includes information about GHG emissions, with an indication of the additional elements of ISAE 3410 (examples and guidance, considerations about risk assessment at the assertion level) to be considered when performing an engagement in accordance with ISSA 5000. An option could be to integrate these additional elements directly into ISSA 5000, but this would require elimination of the phrase “However, this ISAE may provide guidance for such an engagement.” from ISAE 3410.A1, as amended by the above conforming amendments.

The above clarifications would avoid confusion for the users of assurance reports, especially in the case of limited assurance engagements, with respect to the actual scope of the work performed on the GHG emissions information depending on whether such information is included in a GHG statement or in the sustainability information subjected to an assurance engagement under ISSA 5000.

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):

Based on paragraph 5.a)/b) and the subsequent paragraphs of the application guidance in paragraphs A44-A48 and A53-A58, we understand that ISSA 5000 is based on the fundamental assumption that “the members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to the provisions of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) related to assurance engagements, or other professional requirements, or requirements in law or regulation, that are at least as demanding” and that “a practitioner who is performing the engagement is a member of a firm that is subject to ISQM 1, ISQM 2 or other professional requirements, or requirements in law or regulation, regarding the firm’s responsibility for its system of quality management, that are at least as demanding as ISQM 1.”.

We understand that the use of the term “at least as demanding” in ISSA 5000 (which auditors are already familiar with as it is used in the ISA) meets the requirement for ISSA 5000 to be professional-agnostic so that it can be applied by practitioners other than professional accountants, including those with expertise in the underlying subject matter itself.

To ensure that the assurance procedures on sustainability reporting are performed at high and consistent quality levels, we agree that ISSA 5000 should be applied in a context in which all the professionals involved, both the accountant practitioners and the non-accountant assurance practitioners, work in accordance with ethical and independence requirements, using uniform quality management systems.

However, we believe that an analysis of whether these requirements/standards/laws are “at least as demanding” circumstances based on the IESBA Code and/or ISQM 1 requires the rigorous use of complex and significant judgement. Should such assessments be performed by practitioners who do not have the appropriate skills, this could result in ISSA 5000 being applied in contexts in which the ethical and independence requirements and the quality management systems are significantly dissimilar, which might compromise the quality level of the assurance engagement.

We recommend that ISSA 5000 include more specific requirements and guidance on how to evaluate what is an “at least as demanding” circumstance in order to avoid this risk.

Definitions of Sustainability Information and Sustainability Matters

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

(See Explanatory Memorandum Section 1-E, paras. 27-32)

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

Detailed comments (if any):

We support the IAASB's decision to define sustainability matters and sustainability information and the two resulting definitions, which we find to be sufficiently clear. With respect to the definition of sustainability matters provided in ED-5000.17.(vv), we note that the use of the terms "economic" and "cultural" rather than the term "governance" may not be entirely clear, even considering the agnostic characteristic that IAASB intends to give ED-5000, so that it can be applied in continuously evolving contexts and different reporting frameworks (as described in the EM). The definition of sustainability matters differs from the currently generally accepted definition of ESG matters, as referred to in Annex II to the ESRS Delegated Act, which defines sustainability matters as: environmental, social and human rights, and governance factors. In order to facilitate an understanding of the definitions set out in ISSA 5000, we invite the IAASB to include references to standards such as the ESRS and the ISSB in the guidance to the proposed standard, indicating that the definitions of sustainability matters and sustainability information in ISSA 5000 match the concepts in such standards.

In addition, we believe that the use of the word "including" in the phrase "Environmental, social, economic and cultural matters, including: ..." of the definition is misleading as it could lead to the assumption that the list introduced with lower case Roman numerals is not exhaustive.

Conversely, we are of the opinion that the definition of sustainability information provided in ED-5000.17.(uu) is sufficiently clear.

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):

In our opinion, the relationship between sustainability matters, sustainability information (the underlying subject matter and subject matter information of an assurance engagement and related conclusion) and the related disclosures (the object for which the proposed standard develops the requirements to be applied by the practitioner when developing and performing the assurance engagement plan - risk identification, understanding internal control, performance of procedures, etc.) is clearly defined in Figure 1 in paragraph 36 of the EM (and Appendix 1 of ED-5000). This figure, and the references to the disclosures throughout the standard, imply that they are individual components/elements of the sustainability information and, hence, the sustainability information comprises a set of disclosures.

This relationship may not be similarly clear from the definitions. Therefore, we propose that the definition of Disclosure(s) provided in point i) of ED-5000.17 be amended as follows:

Disclosure(s) – ~~Specific sustainability~~ information related to an aspect of a topic **within the sustainability information**. (Ref: Para. A15-A16)

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 feel that ED-5000 provides an appropriate basis to support practitioners in the performance of limited assurance and reasonable assurance engagements and that the structure of the standard facilitates an understanding of the procedures to be performed in a differential manner in each case.

However, we believe that the descriptions of the procedures differentiating a limited assurance engagement from a reasonable assurance engagement in ED-5000 should be more precise. Specifically, ED-5000.21 states that “The practitioner shall comply with each requirement of this ISSA and any other relevant ISSAs unless, in the circumstances of the assurance engagement, the requirement is not relevant because it is conditional and the condition does not exist. Requirements that apply to only limited assurance or reasonable assurance engagements have the letter “L” (limited assurance) or “R” (reasonable assurance), respectively, after the paragraph number. When a requirement applies to both limited and reasonable engagements, but in a differential manner, such requirements have been presented in a columnar format with the “L” (limited assurance) and “R” (reasonable assurance) designations. (Ref: Para. A41-A41)”.

However, ED-5000.A41 establishes that “Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements”. ED-5000 should clarify, including by examples, the following aspects: i) how these two paragraphs can effectively work together and ii) that integration of the procedures mentioned in paragraph A41 does not affect the overall extent of the procedures performed and, therefore, even though the procedures required for a limited assurance engagement are integrated with the procedures necessary for a reasonable assurance engagement, these integrations are not sufficient to express a reasonable assurance opinion.

ISSA 5000 should provide greater clarity when differentiating between the procedures to be adopted for a limited assurance or reasonable assurance engagement. Moreover, signposting should also be adopted for the following aspects:

- using the work of another practitioner: paragraph 54 does not differentiate between the responsibilities of the practitioner for reviewing the additional documentation of the work of another practitioner in the case of either a limited assurance or reasonable assurance engagement. ED-5000 should provide examples to clarify which procedures should be performed for these different engagements;

- communication with management, those charged with governance and others: paragraph A137 should specify that responsibility for and the content of communication depend on the scope of the work performed (limited assurance vs reasonable assurance), especially as regards communication covering the system of internal control.

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 understand that paragraph 69 and subsequent paragraphs of ED-5000 set out the preconditions that should be present when a practitioner assesses whether to accept or continue an assurance engagement on sustainability information. ED-5000 does not describe the methods to be used to obtain all the information necessary to accept a sustainability assurance engagement. However, the information provided in each report is specific and based on dedicated risk assessments; the methods applied to manage and report each piece of information may differ depending on the maturity level of the system of internal control.

Therefore, we believe it would be helpful if the standard provided examples about how to acquire such information (discussions, collection of information, preparation of information by the entity).

In addition, ED-5000 does not specify entity management's responsibilities for providing all the information necessary to complete the acceptance phase. We recommend that paragraph 69 state that the practitioner should obtain confirmation from entity management about its responsibilities for the information provided during the acceptance phase.

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 agree with the approach set out in ED-5000 for the practitioner's assessment of the entity's materiality process as part of their activities to acquire a preliminary knowledge of the engagement circumstances.

However, given the importance of the materiality assessment performed by the preparer for sustainability reporting purposes, this aspect should be dealt with in greater detail in the ED in order to provide clarity to the practitioner about the procedures to be adopted to evaluate how the assessment was performed and how the entity included its results when preparing the sustainability report. Specifically, such procedures should be performed during the risk assessment process, when the practitioner is required to understand

the entity's system of internal control relevant for the preparation of the sustainability information. We recommend that the standard include in the 102L and 102R requirements specific guidance about this issue, with the related application material to guide the practitioner about the factors to be considered, including the understanding of the intended users and their information requirements, consideration of the reporting criteria and how they are applied by the preparer, given the need to also consider management bias, fraud risks and the practitioner's exercise of professional judgement and maintenance of professional skepticism.

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):

We agree with the approach adopted in ED-5000 for the evaluation of the criteria used by the entity to prepare the sustainability information. However, paragraph 72 could be supplemented by guidelines to assist the practitioners evaluate:

- their approach to assessing the suitability of the criteria in the case of a hierarchy of the sources or when an entity has more specific or more general criteria;
- their approach if the criteria used to prepare the sustainability information have been modified over time.

In addition, paragraph A166 states that "If suitable criteria are unavailable for all of the sustainability information subject to the assurance engagement, but the practitioner can identify one or more disclosures in the sustainability information for which the criteria are suitable, then an assurance engagement may be performed with respect to those disclosures". While this is clear, it should be completed with examples that can explain how to present this limitation.

More broadly, given that the evaluation of the suitability of criteria by the practitioner requires the exercise of a high level of judgement and that this evaluation is often complex, we recommend that the IAASB should include additional examples in the guidance covering various circumstances (reference can be made to the examples provided in the EER Assurance Guidance) in order to ensure the consistent application of the standard.

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):

We agree with the distinction made between the preparer's double materiality (as set out in paragraphs A180 and A274) and the practitioner's determination of materiality by the practitioner, and how this distinction is presented in the standard.

Specifically, ED-5000.A275 clarifies that "Management's materiality process differs from materiality considered or determined by the practitioner". In addition, ED-5000 establishes that qualitative factors considered by the entity and the practitioner may overlap but need not be identical. We recommend that the IAASB include additional guidance in ED-5000 as to how the two concepts of materiality interface and may overlap (a topic identified as material based on the entity's materiality analysis affects the practitioner's consideration of materiality).

Turning to quantitative materiality, ED-5000 states that the practitioner and the entity will not necessarily arrive at the same materiality threshold. Once again, we urge the IAASB to include guidelines and examples or explanations about the reasons for different materiality levels in ED-5000.

A useful point of reference for additional guidelines, examples or explanations is the document "FREQUENTLY ASKED QUESTIONS - Proposed ISSA 5000: The Application of Materiality by the Entity and the Assurance Practitioner" published by the IAASB in October 2023.

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 to consider materiality for qualitative disclosures and to determine materiality (including performance materiality) for quantitative disclosures.

Specifically, ED-5000.A278 sets out the factors relevant to the practitioner's consideration of materiality for qualitative disclosures. It could be worthwhile including examples and more explanations in the standard about how the information relevant to the practitioner's consideration of materiality for qualitative disclosures (set out in paragraph A278) may affect such consideration.

Conversely, with respect to materiality for quantitative disclosures (non-financial disclosures), we believe that paragraph A279 should be supplemented with general guidelines about how to determine the threshold; its current wording gives the practitioner considerable leeway in defining such criteria.

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 support the IAASB's approach for obtaining an understanding of an entity's system of internal control for limited and reasonable assurance engagements. We particularly welcome the decision to align the standard with ISA 315R and agree with the decision to differentiate the understanding of an entity's system of internal control for limited and reasonable assurance engagements.

However, we understand that the decision taken in ISSA 5000 is to require the practitioner to obtain an understanding not only of components of an entity's system of internal control relevant to the preparation of sustainability information, which is consistent with ISA 315R, which requires the auditor to understand the components of an entity's system of internal control relevant to the preparation of financial statements, but also that part of the system of internal control which is relevant to the sustainability matters. Given the definition of sustainability matters in paragraph 17 of the standard, the procedures to understand the components of an entity's system of internal control relevant to the sustainability matters could be quite extensive. In this respect, we note that the guidance currently included in the standard supporting paragraphs from 102L/R to 107L/R, which could assist the practitioner to better gauge the boundaries of such understanding, seems to refer in almost all cases to generic considerations about internal control without specifying the typical circumstances of that component of the system of internal control relevant to the sustainability matters. To ensure a more consistent application of the proposed standard, we advise the IAASB to integrate the guidance with detailed examples of the components of the system of internal control to be understood and the practitioner's related procedures.

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 believe that the distinction between the circumstances that imply that a firm or a professional from that firm is or not a member of the engagement team is sufficiently clear.

In line with the quality management standards, if the practitioner intends to use the work of a firm other than the practitioner's firm, ED-5000 requires the practitioner to determine whether they will be able to be

sufficiently and appropriately involved in such work. Different ED-5000 requirements are applicable based on this determination.

When the practitioner considers that the work of a firm other than the practitioner's firm is relevant to the practitioner's assurance engagement, and such work has not yet been performed, the practitioner ordinarily plans to be sufficiently involved in that work. If the practitioner is able to be involved in the work of the other firm, the practitioner is able to direct, supervise and review such work. If this is the case, the individuals of the other firm are considered members of the engagement team.

In other circumstances, if the practitioner is unable to be sufficiently involved in the work of another firm (for example, when the work has already been completed or access to the other firm's work papers is restricted by law or regulation), ED-5000 establishes specific requirements to be complied with by the practitioner to evaluate whether the work of the other firm can be used as evidence for the engagement. In this case, ED-5000 refers to the use of the work of "another practitioner".

The definition of "another practitioner" is not provided in the list of definitions in ED-5000.17 but solely in paragraph A22 to clarify the definition of an Engagement Team given in paragraph 17(p). We recommend the definition of "another practitioner" to be included directly in paragraph 17 of the standard with the other definitions to better clarify the difference between the two cases (member or non-member of the engagement team).

With respect to the definition of the "practitioner's expert" given in paragraph 17.(jj), we suggest that the differences between the external expert and the internal expert be illustrated in more detail in the Application and Other Explanatory Material section.

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):

Although the requirements about the use of the work of a practitioner's external expert are relatively clear, the use of the work of "another practitioner" is a critical aspect of the new standard.

Given the nature of a sustainability assurance engagement, especially in the case of groups or consolidated sustainability information, the practitioner will frequently use evidence obtained from the work of another practitioner.

As already noted in our response to the previous question, the standard is sufficiently clear about when the practitioner is able to interface and work with another firm (for example, when the timing of the engagement of the other firm is such that the work has not been completed and the other firm is willing to work with the practitioner). If this is the case, the practitioner is able to direct, supervise and review the work of the other firm and the individuals from the other firm who perform the work are considered to be members of the practitioner's engagement team.

When, however, the practitioner is unable to be sufficiently involved in the work of another firm (for example, when the work has already been completed or access to the other firm's work papers is restricted by law or regulation), ED-5000 requires the practitioner to evaluate whether the work of the other firm can be used

as evidence for the engagement. In this case, reference is made to the use of the work of “another practitioner”.

ED-5000 establishes that if the practitioner intends to use the work of another practitioner, the practitioner shall:

- evaluate whether the other practitioner is independent and has the necessary competence and capabilities for the practitioner’s purposes;
- inquire of the other practitioner about threats to compliance with relevant ethical requirements, including those related to independence;
- evaluate whether the nature, scope and objectives of the other practitioner’s work are appropriate for the practitioner’s purposes;
- determine whether the other practitioner’s work is adequate for the practitioner’s purposes.

With respect to the last point, the procedures to be performed depend on the nature and extent to which the work of another practitioner can be used in the circumstances. These procedures may include, depending on the circumstances, communication with the other practitioner about the findings from the other practitioner’s work, evaluation of the adequacy of such communication for the purposes of the practitioner and the review of the additional documentation of the work performed by the other practitioner.

ED-5000 sets out procedures for the use of the work of another practitioner which are almost identical to those for the practitioner’s external expert, such that the two figures appear similar even though they have different characteristics and responsibilities. This approach is simplistic and does not facilitate the practitioner’s work, giving the practitioner great discretion, with the consequence that the nature, timing and scope of the procedures to be performed to evaluate the work of another practitioner may lead to inconsistency in the practical application of the standard.

The two most problematic aspects are:

- a) the independence requirements applicable to the other practitioner. The independence requirements applicable to the other practitioner and the practitioner may differ. This would make it very difficult to assess the other practitioner’s independence.

There needs to be a distinction between the other practitioners requested to perform procedures at a group entity as opposed to entities in the value chain. In the case of another practitioner requested to perform procedures at a group entity, the requirements about independence and quality management set out in paragraphs 5, 17.(nn) and 33-34 for the practitioner and the engagement team are also applicable to the other practitioner which, as noted, is not a member of the engagement team unless the practitioner is able to direct, supervise and review its work. Therefore, the guidance provided in ED-5000.A119 should specify that, in the case of group entities, the other practitioner should also be required to comply with the IESBA Code or, if they are not a professional accountant, with regulations “that are at least as demanding as the IESBA Code”.

With respect to entities belonging to the value chain, evaluation of the independence requirements is more complicated as it is closely tied to the assurance work that the other practitioner has to perform on the information related to the entities in the value chain that is material to the sustainability information.

As set out in more detail in our response to question 18, ED-5000 currently lacks suitable requirements and guidance to allow practitioners to properly and effectively plan and perform engagements for these entities. Definition of independence rules applicable to other practitioners requested to perform assurance activities on entities in the value chain depends on their reporting boundaries.

It is our opinion that there should be a concise and specific definition of the independence rules applicable to the other practitioners requested to perform procedures on information for entities in the reporting entity's value chain. This definition should be based on a definition of the requirements and guidance for the performance of assurance engagements on this information in ISSA 5000. Moreover, it should be noted that other practitioners are not usually aware that their work may be used by another assurance provider as part of a sustainability assurance engagement for an entity with which the other practitioners do not have a direct relationship. Therefore, in order for the sustainability assurance provider to use the work of another practitioner without ending up in a position where they cannot rely on such work due to the existence of excessive independence requirements compared to the risks involved in using such practitioner's work, we believe that additional independence requirements should not be introduced, maintaining the requirements that the practitioner is required to comply with for the entity for which they are performing their assurance engagement. For example, the introduction of the requirement for another practitioner to be independent of the sustainability assurance client could lead to a multitude of situations in which the evaluation of the other practitioner's independence could be compromised even though risks requiring monitoring do not actually exist;

- b) the competence and capabilities necessary to perform the work, the type of work and the professional standards used by the other practitioner to perform their work. The other practitioner may refer to professional standards other than those issued by the IAASB or other equivalent bodies (including those based outside the EU in the future). This issue may arise mainly for sustainability information related to the value chain, where it is more likely to find entities that are not required to comply with ESG reporting standards.

We recommend that the IAASB should clarify the extent of the procedures that the practitioner has to perform to determine the adequacy of the standards used and the work performed by another practitioner.

The responsibilities of the preparer of the sustainability information differ from those of the practitioner, as the former prepares the information under the applicable reporting standards (ESRS, ISSB, etc.) and the legislation adopted in the individual countries and the latter is required to provide assurance on such information. Given their different roles, the risk that the practitioner has greater responsibilities for the expression of a conclusion on the sustainability information than that of the preparer of such information should be avoided.

In addition, it is unreasonable to assume that the practitioner has the same level of responsibility for the sustainability information on which the assurance procedures are carried out by members of the engagement team (directed and supervised by the practitioner) and those performed by another practitioner and reviewed by the practitioner.

Therefore, we believe that the approach to the information for another entity in the reporting entity's value chain which is subject to assurance procedures performed by another practitioner should be revised. The guidance provided in ISA 500 could represent another approach. Specifically, the findings of another practitioner's work could support that of the practitioner and considered in ISSA 5000 with reference to the basic concepts of ISA 500 Audit Evidence regarding the evaluation of the relevance and reliability of information to be used as evidence. Such material could focus on applicable attributes of relevance and reliability, and how these may apply when the information is from external information sources.

Estimates and Forward-Looking Information

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

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

Detailed comments (if any):

ED-5000's approach is that estimates and forward-looking information have similar characteristics. Therefore, it uses the requirements for the methods, data and assumptions established by ISA 540 for the audit of accounting estimates, in line with the approach adopted in ISAE 3410 for estimates. While this approach is reasonable for accounting estimates, the repetition of the approach provided for in ISA 540 could be problematic for forward-looking information, including in regard to the assurance procedures to be performed.

Forward-looking information may include forecasts, projections or future plans of the entity. It may be prepared using scenarios based on best-estimate assumptions or hypothetical assumptions, which are affected by management's judgment. A future event, occurrence or action relating to the sustainability matters may be subject to greater uncertainty, and therefore ordinarily able to be evaluated with less precision than historical underlying subject matter(s). Regardless of the source or degree of estimation uncertainty, or the extent of management's judgment, it is necessary for management to appropriately apply the applicable criteria when developing estimates and forward-looking information and the related disclosures, including selecting and using appropriate methods, assumptions and data.

Unlike historical information, it is often not possible for the practitioner to determine whether the results or outcomes have been or will be achieved. The practitioner may obtain evidence about whether the forward-looking information has been prepared in accordance with the applicable criteria based on the assumptions used by the entity.

Evidence may be available supporting the assumptions on which the forward-looking sustainability information is based, but such evidence itself may also be forward-looking and, therefore, speculative in nature. The nature and availability of evidence for forward-looking information and what constitutes sufficient appropriate evidence will likely vary by topics, aspects of topics and disclosures. In some circumstances, the evidence available may support a range of possible outcomes with the disclosure falling within that range. Accordingly, the practitioner may need to exercise significant professional judgment in determining whether the evidence is sufficient and appropriate.

In particular, it could be difficult to provide reasonable assurance about the appropriateness of the assumptions underlying forward-looking information, also due to the lack of suitable applicable criteria.

Moreover, with respect to the three types of procedures set out in paragraph 134R for forward-looking information:

- The one provided for in point c) "obtain evidence from events occurring up to the date of the practitioner's report" is not applicable for obvious reasons;
- The one provided for in point b) requiring the practitioner to develop a point estimate or a range would be difficult to apply given the ordinarily long timeframe over which forward-looking information is calculated and the generalised unavailability of suitable criteria to prepare such information.

The only procedure applicable in the majority of the cases is the one stated in point a) (i.e., test how management developed the forward-looking information).

In this respect, paragraph 9 of ISAE 3400 - The Examination of Prospective Financial Information (still in force) could be considered:

“Further, given the types of evidence available in assessing the assumptions on which the prospective financial information is based, it may be difficult for the auditor to obtain a level of satisfaction sufficient to provide a positive expression of opinion that the assumptions are free of material misstatement. Consequently, in this ISAE, when reporting on the reasonableness of management’s assumptions the auditor provides only a moderate level of assurance. However, when in the auditor’s judgment an appropriate level of satisfaction has been obtained, the auditor is not precluded from expressing positive assurance regarding the assumptions.”

Paragraph 27 of ISAE 3400 establishes that the report shall include:

- a statement of negative assurance as to whether the assumptions provide a reasonable basis for the prospective financial information;
- an opinion (reasonable assurance) as to whether the prospective financial information is properly prepared on the basis of the assumptions and is presented in accordance with the relevant financial reporting framework.

We believe that the approach proposed for forward-looking information should be differentiated from that to be used for estimates, with the specific requirement to perform procedures on the assumptions underlying forward-looking information solely when performing procedures aimed at expressing a limited assurance conclusion.

Therefore, adoption of this approach to forward-looking information would result in the issue of a limited assurance report in the case of limited assurance engagements or a combined reasonable and limited assurance report in the case of a reasonable assurance engagement.

While awaiting the issue of a specific ISSA on this matter, ISSA 5000 should provide greater guidance and specifically clarity about the meaning of the verb “evaluate” used both in paragraph 134L for a limited assurance engagement and paragraph 134R for a reasonable assurance engagement. It could be specified that, in the case of a limited assurance engagement, the term “evaluate” solely covers enquiries and analytical procedures in line with the activities normally performed for this type of engagement.

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 response](#)

Detailed comments (if any):

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):

While ED-5000 does not include specific requirements for “consolidated” sustainability information or sustainability assurance engagements for groups, it does state that sustainability information may be for a single entity or it may include consolidated information for entities that are part of a group or other entities in the reporting entity’s value chain. The IAASB holds that the principles-based requirements in the proposed standard are capable of being applied for all types of sustainability information, regardless of the manner in which that information is presented (single entity, group, other entities in the value chain). However, the “consolidation” of sustainability information is different from the concept of consolidation of component financial information for group financial statements purposes, in particular, because information may be consolidated or aggregated from the entity’s broader value chain and this aspect is specific of sustainability reporting and assurance.

When information resides in multiple locations within the entity or outside of the entity (e.g., in the value chain), the practitioner may decide that other practitioners are needed to perform procedures and obtain evidence. The practitioner thus refers to other sections of ED-5000 that cover the use of the work of another practitioner, which would trigger all the issues described in our response to question 15.

We are of the opinion that an assurance engagement on “consolidated” or group sustainability information has certain characteristics that should be dealt with individually, such as, for example:

- understanding the group and its components and the environment in which they operate (e.g., entities included in the consolidation scope and/or the value chain located in different countries);
- the procedures to be performed on the sustainability information consolidation process;
- definition of the engagement strategy and plan;
- definition of materiality for quantitative and qualitative disclosures;
- the knowledge and understanding of the practitioners who perform the work at the components of the group and the value chain, as well as relationships and communications with them;
- definition of the level of responsibility of the group auditor for information obtained from another practitioner that performs an assurance engagement for a group component or for entities in the reporting entity’s value chain, as part of the process to evaluate the evidence obtained;
- matters related to documentation of the work performed.

As ISSA 5000 is intended to be an “overarching standard”, it should include all the requirements and guidance to allow a practitioner (who may not be a professional accountant) to perform the assurance engagement without having to refer to other professional standards (ISA, ISRE and ISAE). The non-inclusion of specific requirements for assurance procedures for group engagements or “consolidated” sustainability information or entities in the value chain could generate the risk of inconsistent approaches.

The professional accountant assurance practitioner will most likely refer to ISA 600 (revised) while non-accountant assurance practitioners could adopt different approaches.

Given the specific nature of this aspect and while we are aware that a separate ISSA addressing groups or “consolidated” sustainability information may be drafted, we believe that the content of ED-5000 is not sufficient to provide adequate guidance about the work to be performed. Therefore, the standard should deal with this matter in a more detailed manner, establishing specific requirements and guidance on the basis of those provided in ISA 600 (revised) to ensure the adequate and effective planning and performance of the engagement. Specifically, ISSA 5000 should clearly specify what are the assurance procedures that a sustainability assurance provider should perform for the sustainability information related to group components and included in the sustainability information subject to the assurance engagement being carried out by the sustainability assurance provider.

Similarly, given the different nature of the information related to the entities in the value chain and possibly included in the sustainability information prepared by the sustainability assurance client, the lack of verification of such information by the sustainability assurance client, the nature of the processes and procedures adopted by them to collect, verify and validate such information before its inclusion in the sustainability information, ISSA 5000 should unequivocally clarify what assurance procedures should be performed on such information related to the entities in the value chain, or if such assurance procedures should more correctly be based on the above-mentioned processes and procedures performed by the sustainability assurance client to collect, verify and validate the information.

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 comments below](#)

Detailed comments (if any):

Stakeholders are very focused on the issue of fraud, as the risk of fraud (including greenwashing and other forms of washing related to human rights and gender equality) is of particular importance for sustainability reporting.

The reporting of sustainability information and the system of internal control related to the preparation of the sustainability information are currently less mature/developed than those for financial statements based on historical financial information. Moreover, the criteria themselves are relatively less mature than for historical financial information and are continuing to evolve. This may increase the susceptibility of sustainability information to misstatements due to fraud, particularly when there are pressures for management to meet publicly announced targets or goals.

The IAASB has recognised the importance of the practitioner’s consideration of the risks of material misstatement due to fraud, and the importance of responding appropriately to actual or suspected fraud identified during the engagement. Therefore, ED-5000 has numerous references to fraud throughout the requirements and in the application material. However, it does not systematically address the issue as it is

only discussed in few paragraphs of the requirements and of the application material and only at a very high level. In practice, ED-5000 merely provides a sort of summary of the content of ISA 240, reiterating, in particular, the need to maintain professional skepticism throughout the assurance engagement.

Our considerations about the previous point (“consolidated” sustainability information) hold true here as well: as ISSA 5000 is intended to be an “overarching standard”, it should include all the requirements and guidance to allow a practitioner (who may not be a professional accountant) to perform the assurance engagement without having to refer to other professional standards (ISA, ISRE and ISAE). The non-inclusion of sufficiently detailed and exhaustive requirements for the issue of fraud could generate the risk of inconsistent approaches. The professional accountant assurance practitioner will mostly likely refer to ISA 240 (Revised) while non-accountant assurance practitioners could adopt different approaches.

While the matter will surely be regulated in individual jurisdictions by competent authorities, especially given its critical nature, the high risk of intentional misstatements and the importance of fraud risk assessment as part of the risk assessment process, we believe that the practitioner’s operating responsibilities vis-à-vis fraud should be defined in more detail, as well as the procedures to be performed. This could be achieved by including detailed requirements and more guidance and considering the various types of fraud that can affect 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):

Paragraph 112 of the EM to ED-5000 states that the IAASB concluded that the approach to communication with those charged with governance in ISAE 3000 is appropriate in the case of ED-5000 as well “given the evolving nature of sustainability assurance engagements and the different topics and aspects of topics that may be disclosed by the entity”. While we understand the reasons why the IAASB has adopted this approach, we feel that the requirements and the application material of ED-5000 for communications should be supplemented with further clarifications.

Firstly, requirement 62 includes management, those charged with governance and others as the recipients of communication. While ED-5000.17 defines the terms “management” and “those charged with governance”, there is no definition for “others”. If this additional category of recipients is maintained, the standard should include a definition for it as the sustainability information could have very different stakeholder categories (regulators, local authorities, local communities, trade unions, etc.). Once this definition has been made, the proposed standard should indicate what matters are to be communicated to this category given the potentially different roles and responsibilities of management and those charged with governance compared to “others”.

With respect to the matters to be communicated, the required communications in accordance with ISA 260, as applicable, would be of importance to those charged with governance. Should a definition of “others” not

be included in the standard, certain matters listed in paragraph A137 should more appropriately be moved to the requirements. We refer in particular to the following circumstances:

- identified or suspected fraud or non-compliance with law or regulation, introducing the limitation of “unless prohibited by law or regulation” as per ISA 250 (based on that set out in paragraph A132 of ED-5000 as well) for the communication of non-compliance with a law or regulation;
- management bias in the preparation of the sustainability information;
- identified deficiencies in internal control, communicating significant deficiencies separately to other deficiencies in accordance with the requirements of ISA 265;
- material misstatements of the sustainability information or other information that management has refused to correct.

In addition, it might be useful to supplement the application material with guidance about:

- the appropriate level of those charged with governance to whom the communications should be made (in accordance with that set out in ED-5000.A132 about non-compliance with laws and regulations);
- the structure and timing of the communication.

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 share the approach taken by the IAASB to the content of the assurance report considering ISA 700, which is the most recent reference standard on reporting. As comparability is important for the users of assurance reports, we do not agree with the option provided by the standard to use a long report structure which, according to paragraphs 169, A488/A499, includes paragraphs on findings related to specific aspects of the engagement, recommendations and additional information included in the assurance report. This information, which is not defined in ED-5000 nor, in our opinion, clarified in the guidance, does not facilitate the comparability of assurance reports.

With respect to the content of an assurance report, as set out in paragraph 170:

- paragraph A469 provides guidelines supporting point (c)(iv) and its last bullet point includes examples of circumstances for which the assurance report could better explain the characteristics of the sustainability information subjected to the assurance engagement; this last bullet point could provide sample wording to be included in the assurance report;
- point (d)(ii) should include a sub-point c. after sub-points a. and b. with the following wording: “Accordingly, we do not express an assurance opinion on this sustainability information”;
- point (h) (i) should absolutely be supplemented with the following wording for reasonable assurance engagements: “Reasonable assurance is a high level of assurance, but is not a guarantee that an

assurance engagement conducted in accordance with ISSAs will always detect a material misstatement when it exists.”;

- we agree with the inclusion in point (g) “Inherent Limitations in Preparing the Sustainability Information”: sustainability information is frequently characterised by estimates or forward-looking information far into the future with significant uncertain elements underlying the measurement or evaluation of the sustainability matters. We believe that inclusion of this specific information in the assurance report facilitates a greater understanding of the limitations inherent in certain processes to measure or evaluate the sustainability information in accordance with the applicable criteria. In order to make the use of this requirement even more useful to the practitioner, ED-5000 could include additional examples in its application material (for example, covering forward-looking information). Moreover, while paragraph A499 states that the description of inherent limitations is different from including an emphasis of matter paragraph and that inherent limitations are present irrespective of whether they have been disclosed by management, there may be overlaps between the content of the two paragraphs in cases where management has described these aspects in detail in the sustainability information. We recommend that the application material provide specific guidance on these aspects to avoid duplication.

With respect to the requirements in ED-5000 about the modified conclusion, we have the following comments:

- paragraph 184: more clarity should be provided about the cases in which the practitioner decides to express an adverse conclusion after evaluating the pervasiveness of material misstatements. Similarly, more clarity should be provided about the circumstances in which the practitioner decides a disclaimer of conclusion is required after evaluating the pervasiveness of scope limitations with a material effect. The requirements of ISA 705, which clearly establishes the auditor’s process to decide what conclusion to express, could be considered in this respect;
- paragraph 186: it is unclear in what circumstances this requirement would be applicable. We recommend that application material be added to clarify the circumstances and methods of application of paragraph 186.

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 in ED-5000 to defer consideration of “key audit matters” and the possible inclusion of these matters in the assurance report to a future standard that could be drafted after a post-implementation review of the application of ISSA 5000, recognising that the engagement circumstances in respect of an audit of financial statements are different to those of a sustainability assurance engagement.

However, we note that certain matters that would usually be mentioned in a key audit matters paragraph as per the current requirements for the audit of financial information of ISA 701 would also be included in the assurance report if it is prepared in a long form format and the practitioner complies with structure set out in paragraph 169 and the related guideline in paragraph A488. The IAASB's decision not to address the issue of key audit matters is therefore contradicted by the content of ISSA 5000 about long form reports.

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 the description provided in the “Basis for Conclusion” section of the limited assurance report clearly indicates the scope and nature of the work performed. It is sufficiently clear that the nature and timing of the procedures differ from those performed for a reasonable assurance engagement and, moreover, that the scope of such procedures is substantially less than for a reasonable assurance engagement.

We also agree with the inclusion of the “Practitioner’s Responsibilities” and “Summary of the Work Performed” sections and their contribution to further explain the characteristics of the work performed for a limited assurance engagement.

With respect to the “Summary of the Work Performed” section (paragraph 170.(i)), the related guidance (A484L and A486L) provide the practitioner with a guideline about the level of detail to be provided in the descriptions of the procedures performed for a limited assurance engagement. The application material of ED-5000 could be supplemented with specific examples of descriptions of the procedures performed to provide greater comparability among assurance reports.

Other Matters

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

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

Overall response: [No response](#)

Detailed comments (if any):

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

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

Detailed comments (if any):

We set out below a list of matters that the IAASB could explore further:

- ED-5000 uses terms such as “evaluate”, “consider”, “determine”, “be alert”: given the proposed standard’s stand-alone nature, we suggest the guidance include explanations/examples of the meaning of these terms;
- ED-5000 refers to the double materiality process in the paragraphs on the Suitability and Availability of Criteria and Materiality. As the double materiality process is “The entity’s process to identify and select topics and aspects of topics to be reported”, it could be worthwhile to make explicit reference to this process in the part of the proposed standard that deals with understanding the components of the entity’s system of internal control;
- the issue of sampling is solely addressed in paragraphs 132 and A385 of ED-5000: we propose that the application material be supplemented with examples and additional guidance;
- the issue of external confirmations is solely addressed in paragraphs 1328R, A378 and A379 of ED-5000: we propose that the application material be supplemented with examples and additional guidance;

ED-5000.11 states that information about sustainability matters included in the financial statements should be audited in accordance with the ISAs. However, sustainability information often includes financial information taken from an entity’s annual or interim reports or the accounting systems (for example, sustainability reports prepared in accordance with Directive (EU) 2022/2464 must include the financial information that an entity has to present pursuant to Regulation (EU) 2020/852). We recommend that the IAASB include rules and guidelines in ISSA 5000 about the procedures to be performed by practitioners on financial information.

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 comments below](#)

Detailed comments (if any):

We agree with the IAASB's approach as set out in ED-5000. Considering the current situation of European legislation on sustainability reporting and the related assurance obligations, the timely issue of the proposed standard and its possible early application is essential.