

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)	The Institute of Chartered Accountants of Pakistan (ICAP)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Muhammad Imran Khan, Director Technical Services
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Muhammad Imran Khan, Director Technical Services
E-mail address(es) of contact(s)	imran.khan@icap.org.pk
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.	Asia Pacific
	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.	Jurisdictional/ National standard setter
	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:

The Pakistan context :

In Pakistan, sustainability reporting and its assurance is voluntary for enterprises. Out of 550 listed companies in Pakistan, around 100 companies are disclosing sustainability related information in their annual reports on Corporate Social Responsibility, Diversity inclusion, Employees well-being, and environment. Around 20 listed companies are reporting sustainability report under a recognised sustainability framework.

The companies giving sustainability reporting disclosures mostly follow Global Reporting Initiative (GRI) Standards while few follow the following frameworks:

- a. International Integrated Reporting Framework (IIRC Framework)
- b. United Nations Global Compact (UNGC) "Ten Principles"
- c. United Nations Sustainable Development Goals (SDGs)

The ISSB's issued sustainability disclosure standards, that are, IFRS S1 and S2 standards are being reviewed by the Accounting Standards Board of ICAP for adoption and implementation in Pakistan. The ASB has formed a dedicated multi-stakeholder working group having representation from the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange, Pakistan Business Council, Overseas Investors Chamber of Commerce & Industry, practitioners and other industry representatives.

With regard to sustainability assurance, very few companies are obtaining assurance from audit or other practitioners on sustainability. The practitioners are generally following ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, while providing assurance on sustainability reports in Pakistan. However, this is done on voluntary basis. The practitioners include audit firms and other sustainability consultants in Pakistan.

On an overall basis, we would say that sustainability reporting / assurance is relatively a new area and it will take few years for finance professionals to be adept, trained and skilful in this area.

The knowledge base, awareness and skills of finance professionals in sustainability reporting and assurance, is being enhanced through a series of consultative sessions, webinars, seminars etc in Pakistan. Further ICAP has joined hands with the SECP to organize awareness and capacity building sessions on sustainability disclosures and reporting for various stakeholders in Pakistan.

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

Detailed comments (if any):

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

Detailed comments (if any):

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):

It is suggested that it should be clarified as to whether (or not) report issued under ISSA 5000 will cover assurance on Greenhouse Gas Statements when no separate assurance engagement under ISAE 3410 is being performed.

Relevant Ethical Requirements and Quality Management Standards

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

(See Explanatory Memorandum Section 1-D)

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

Detailed comments (if any):

We agree with the concept of “at least as demanding”, however, how this concept would be applied in practical context, needs to be explained. For example, cases when IESBA Code of Ethics is not applicable in full or localized code of ethics is being used or where ISQM standards have not been adopted by a jurisdiction, need to be explained within the context of “at least as demanding”.

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

Detailed comments (if any):

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): It is suggested that few examples may be added to explain the relationship between sustainability information, sustainability matters and disclosures.

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

Detailed comments (if any):

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 understand that more guidance/application material is needed for the practitioner to get to know the entity's process to identify disclosure of material reporting topics/aspects of topics, materiality assessment and materiality process, considering the criticality of the matters for the practitioner to determine whether the reporting complies with the certain frameworks /entity-developed criteria.

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

Detailed comments (if any):

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: [Yes, with comments below](#)

Detailed comments (if any):

We understand that there is a need to define "practitioner internal expert" or "practitioner external expert" in ED-5000. It is suggested that the definitions of "practitioner internal expert" or "practitioner external expert" could be taken from ISA 620, *Using the Work of an Auditor's Expert*.

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

Detailed comments (if any):

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

Detailed comments (if any):

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

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: [Agree, with comments below](#)

Detailed comments (if any):

We agree that ED-5000 is an overarching proposed standard. However, the IAASB may consider developing a separate ISSA with focused guidance for groups or “consolidated” sustainability information in future.

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

Detailed comments (if any):

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

Detailed comments (if any):

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

Detailed comments (if any):

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

Detailed comments (if any):

As per ISA 701, KAMs are those matters that, in the auditor’s professional judgment, are of most significance in the audit of the financial statements. Since assurance on sustainability information is comparatively a new area, accordingly we perceive that after the enforcement of this standard, number of significant matters related to sustainability information will come on surface that would be significant and important for the intended users (including regulators) to know and take timely action thereon. Therefore considering the stakeholder’s interest, IAASB may include section on KAMs for the listed entities only for reasonable assurance report on sustainability information.

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: [Yes, with comments below](#)

Detailed comments (if any):

We understand that additional guidance for the public sector sustainability assurance engagement would be helpful, since the processes and procedures of public sector entities and their stakeholders' needs/ perspective may be different. Accordingly the practitioner's reporting requirements for the public sector in the assurance report may be different or enhanced.

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

Overall response: [Click to select from dropdown menu](#)

Detailed comments (if any):

We understand that besides auditors, the audit clients and regulators also need to be engaged in developing an understanding about the use of ED-5000. In this context the regulatory understanding and support would be of significant importance.

For this, we believe that the IAASB's support would be helpful for developing the understanding and implementation of ED-5000 through the following:

- e-learns and guidance material for the audit committee/Board of directors/those charged with governance of the companies and for the regulators.
- Conduct of series of IAASB webinars on ED -ISSA 5000.

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):