

## 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)	Institut der Wirtschaftspruefer in Deutschland e.V. (IDW)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Melanie Sack, Deputy CEO and Executive Director, IDW Wolfgang P. Boehm, Technical Director Assurance Standards, Director International Affairs, IDW
Name(s) of contact(s) for this submission (or leave blank if the same as above)	In addition to above: Ellen Krekeler, PA to Wolf Böhm
E-mail address(es) of contact(s)	<a href="mailto:sack@idw.de">sack@idw.de</a> <a href="mailto:boehm@idw.de">boehm@idw.de</a> <a href="mailto:krekeler@idw.de">krekeler@idw.de</a>
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.	<a href="#">Europe</a>
	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.	<a href="#">Jurisdictional/ National standard setter</a>
	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:**

Dear Tom,

We would like to congratulate the IAASB for rising to the challenge and having moved so quickly in preparing an exposure draft for assurance engagements on sustainability information. The demand for such a standard from stakeholders internationally is apparent because of the developments in a number of jurisdictions – in particular in the EU – to make sustainability reporting and assurance thereon mandatory

for certain types of entities. We would like to express our support for the development of this draft of ISSA 5000 as the global standard for assurance on sustainability reporting.

Subject to the finalization of the draft as a final standard, we believe that ISSA 5000 will provide an appropriate solution to the sustainability assurance needs of users on a global basis. Its design as a reporting framework neutral and profession-agnostic standard will help ensure that the standard will also provide a global baseline for use in the development of jurisdictional standards where these are needed for legislative or regulatory reasons. Of critical importance is that the standard provides a global basis for consistent, high quality assurance engagements on sustainability information worldwide by ensuring that the prerequisites for its use (in particular, education and training, quality management and ethical requirements) for use by all practitioners are truly equivalent. From a European perspective, it is also very important that the standard adequately address matters relevant to assurance engagements on sustainability information performed in the EU on the basis of the EU CSR Directive so that the standard is capable of being used in the EU, while recognizing that a global standard must remain framework neutral. The timing of the final completion of the standard is also crucial so that the standard can be used in the EU in time.

We have provided our responses to the questions posed by the IAASB in this template below, in which we provide our support or, in some cases, make suggestions for further improvement. We have summarized our responses to the questions in our responses to Questions 1 and 2. However, there are detailed technical matters as well as matters of wording we have identified that we have chosen not to include in the template to not overburden our responses in the template. These we have provided to you in a separate appendix to this template that can be used by IAASB staff.

If you have any questions about our responses to the questions posed in the template, or to the appendix provided, we would be pleased to be of further assistance.

Melanie Sack  
Deputy CEO, Executive Director

Wolf Böhm  
Technical Director Assurance Standards  
Director, International Affairs

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

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

### **Overall Questions**

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

*(See Explanatory Memorandum Section 1-A, paragraph 14)*

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

### **Detailed comments (if any):**

We believe that, subject to our comments immediately below and in our responses to the other questions thereafter, the draft as an overarching standard can be applied for the items described in paragraph 14 of this Explanatory Memorandum to provide a global baseline for sustainability assurance engagements. In particular, we believe that the draft can be applied to all sustainability topics and aspects of topics, regardless of the reporting mechanisms and the criteria applied. We also believe that the draft is suitable for all intended users. While the draft can be applied to both limited and reasonable assurance engagements, we refer to our comments in our responses to the questions below regarding the differentiation between limited and reasonable assurance.

The increased significance placed on sustainability information for making diverse decisions demands that the quality of reasonable assurance engagements in this space be on a par with that strived for in the audit of financial statements and that limited assurance obtain a meaningful level of assurance in the context of sustainability reporting. We suggest the IAASB underline the importance of ensuring that all assurance practitioners are subject to appropriately high standards governing their performance, including possession of high-quality skills and competencies in both assurance and sustainability-related matters, application of effective quality management over their work and adherence to appropriately stringent standards of ethical behavior. We are concerned with any weakening of the requirements for the equivalency of ethical requirements. The current stringency for equivalency for quality management at firm level must be retained. In our view, quality must be paramount and ethical requirements and quality management requirements should therefore not be diminished. See our response to Question 4 below.

### *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):**

On the whole we believe that the proposals in the draft are responsive to the public interest, even if we have important suggestions for improvement. In particular, we believe that the qualitative standard setting characteristics have been largely fulfilled.

However, as noted in our responses to the other questions hereafter, there are a number of issues where we believe further improvement of the standard would be appropriate. In particular:

- We are concerned that a part of the proposals regarding the equivalency of other ethical requirements and the IESBA Code may endanger the consistent, high quality of sustainability assurance engagements. The guidance on this matter should be the same as in ISAE 3000 (Revised). Furthermore, it is important to retain the current guidance regarding equivalency for quality management., which is in line with current ISAE 3000 (Revise).
- The differentiation in work effort between limited and reasonable assurance engagements is not weighted appropriately, with too much weight being given to further procedures for limited assurance; consideration may also be given to requiring some form of risk assessment for limited assurance engagements. Having the further procedures for limited assurance engagements closer towards reasonable assurance (in part through the adoption of material from the ISAs) may impair the only benefits of limited assurance engagements, which are less time and cost. The time and cost incurred for limited assurance engagements should be driven by the responses to risk procedure and the “deep dive” when the practitioner believes that the sustainability information may be materially misstated – that is, by the conditions at the entity – not primarily by the requirements for further procedures within the draft.
- We believe that more needs to be done to distinguish the “materiality process” and the concept of “double materiality” from materiality and to address the concept of “double materiality”: these matters are particularly important in the EU. The FAQ on this matter by the IAASB is a step in the right direction, but further clarification of the concepts within the standard is needed and consideration could be given to including conditional requirements as described in responses to the other questions below.
- The differentiation between the treatment of internal and external experts differs significantly from the treatment in ISAE 3000 (Revised), ISAE 3410 and ISA 620 and therefore consideration needs to be given to moving the treatment in the draft closer to these standards.
- The use of application material with respect to the definition of engagement team undermines that definition and may have detrimental consequences to engagement quality when using other practitioners doing assurance work on entities within a corporate group.
- The treatment of other practitioners outside of the corporate group (that is, for assurance work on entities that are not under the operational control of the entity whose sustainability information is being assured) is not realistic. Stakeholder expectations that the quality of the information received from outside the corporate group and the assurance obtained thereon would be the same as that for information received and assurance obtained from outside the corporate group need to be managed and practitioners should not leave the impression that the quality is the same.
- Having the example reports reflect only the requirements rather than important application material as well runs the risk that practitioners will adopt the bare-bones example reports rather than using reports that reflect good practice currently established that reflects much of the application material.
- With respect to reporting, consideration needs to be given to the issue of supplementary information in the sustainability information not required by the criteria. In addition, we are not convinced that

ISA 710, the content of which was in part adopted in the draft, represents an appropriate paradigm for the assurance treatment of comparative information in sustainability reports.

- We are concerned with the adoption of the other information paradigm from ISA 720 (Revised), which may not be reasonably transferrable from audits of financial statements to other assurance engagements. Consideration should be given to using the ISAE 3410/PCAOB paradigm instead.
- More emphasis needs to be provided in the application material on the meaning of assurance skills and techniques, as this is an area that would be of importance to practitioners that are not professional accountants.

We look forward to a continuing dialogue with the IAASB on these matters through outreach and other means.

### 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):**

#### **Comments on the Introduction Regarding Scope**

We believe that when the sections in the draft “Introduction” and “Scope of the ISSA” are read together with the pertinent application material, the scope of application of the draft is clear. The appendix to the template provides some suggestions to further improve clarity.

#### *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):**

#### **Overall comments**

We believe that the guidance on equivalency between the IESBA Code and other ethical requirements and between ISQM1 and other quality management requirements at firm level need to be precisely the same to support quality engagements being performed by non-accountant practitioners.

We believe that, with respect to who can use the standard, there is no technical difference between ISAE 3000 (Revised) and the draft of ISSA 5000: both are intended to be used by professional accountant practitioners and other practitioners. The use of ISAE 3000 (Revised) by practitioners other than professional accountants is set forth in paragraph 4 of that standard. Both that paragraph and paragraph 6 of the draft emphasize that quality management at firm level and compliance with ethical principles are widely recognized as being in the public interest and an integral part of high-quality assurance engagements. There is an expectation in the market that the quality of reasonable assurance engagements on sustainability information will not be less than that for audits of financial statements and that the quality of limited assurance engagements will be such that such engagements obtain a meaningful level of assurance in the context of sustainability reporting. It is the public interest in quality that is therefore the driver for the premise of high-quality requirements for practitioners and firms regarding ethics and quality management, respectively. Any “watering down” of this premise will only lead to lower quality: all practitioners, regardless of whether professional accountants or others, should therefore be held to the same standard with respect to ethics, and quality management at firm level, because there is an expectation by stakeholders that the quality of engagements performed by non-accountant practitioners should be the same as the quality of engagements performed by professional accountant practitioners. While market access considerations are important, measures to improve market access should not lead to engagements of less quality, which would not be in the public interest. If this means that some practitioners other than professional accountants may need to improve their ethical and quality management requirements, then that is the appropriate market access measure to deal with this issue.

### **Ethical Requirements**

ISAE 3000 (Revised) provides some clear guidance in its application material as to when the ethical requirements other than the IESBA Code are to be regarded at least as demanding as the IESBA Code and when quality management requirements other than the ISQMs are at least as demanding as the ISQMs. In the interests of quality engagements, the guidance in ISSA 5000 should be the same as that provided for in ISAE 3000 (Revised).

We note that the guidance provided in the draft in paragraphs A5 and A48 is less stringent than ISAE 3000 (Revised) in one aspect and just as stringent in another. In relation to the first aspect, ISAE 3000 (Revised), paragraph A34 refers to requirements other than the IESBA Code as being just as demanding when they “address all the matters referred to in paragraphs A30-A33” (underlining added). These paragraphs provide a summary list of matters covered by the IESBA Code. Paragraph A5 and A48 of the draft, on the other hand, refer to “address the matters referred to in the relevant sections of the IESBA Code” – that is, without reference to “all” and without a direct reference to which matters. Only the wording in the last sentence of paragraph A48 states that the matters set out in paragraphs A45 to A57 “may assist practitioners” – which is a significant weakening of the applicability of the matters described in paragraphs A45 to A57 in determining equivalency compared to “addressing all the matters” in those paragraphs. We recognize that paragraph A45 to A57 will change based upon the changes to the IESBA Code related to sustainability, but the reference to the paragraph numbers and sections could be adjusted accordingly. Therefore, in the interests of quality we recommend that paragraphs A4 and A48 of the draft use precisely the same wording (that is, reinserting the “all” in front of “the matters”, and adjusting the reference to the relevant paragraph numbers) as that used in ISAE 3000 (Revised) paragraph A34. The last sentence of paragraph A48 in the draft could then be deleted.

We are pleased to see that in the second aspect, paragraphs A5 and A48 of the draft use the same wording as in ISAE 3000 (Revised) – that is, “impose obligations that achieve the aims of the requirements set out

in the IESBA Code related to such engagements” and recommend that this wording be retained without change.

### **Requirements Regarding Quality Management at Firm Level**

We note that the guidance on the equivalency of quality management at firm level provided in the draft in paragraphs A8 and A56 uses the same wording as in ISAE 3000 (Revised) paragraph A62. In the interests of quality, we therefore recommend that paragraphs A8 and A56 in the draft continue to use precisely the same wording (adjusted for the paragraph references) as that in paragraph A62 of ISAE 3000 (Revised).

### **Role of Third Parties in Determining Equivalency**

We are also concerned with the assertion made in paragraph A3, which states that law, regulation or professional requirements in a jurisdiction “may provide guidance about what constitutes at least as demanding” as the IESBA Code and ISQM 1. We recognize that, as a practical matter, this is true and will undoubtedly be done in this way in practice, but it is setting a precedent within IAASB standards that officially recognizes third parties (whether governments, regulators or standards setters) as arbiters of what is equivalent to IAASB standards and the IESBA Code. Even as a private standard setter, the IAASB should retain the “sovereignty” over what constitutes compliance or equivalence with its standards and therefore, even if paragraph A5 will represent practice, we suggest that paragraph A5 be removed. The IAASB may wish to consult with IESBA with respect to its views regarding the assertion regarding the IESBA Code.

#### *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):**

##### **General Comments on the Definitions**

On the whole, we support most of the definitions in the definitions section of the draft, including the definitions of sustainability information and sustainability matters. We do have a number of issues with some of the definitions that we describe below or in the appendix to this template: if we do not address a definition, we are in complete agreement with it. Since no question was posed in this template on the definitions in general, in addition to our comments on the definitions of sustainability information and sustainability matters, we have chosen to address our comments on other definitions as part of our response to this question.

##### **Comments on Definitions of Sustainability Information and Sustainability matters.**

However, we suggest that the application material on the definition of sustainability matters provide some guidance on the term “cultural” in that definition, since some stakeholders struggle to understand the use of the term in this context.

We are concerned with the IESBA approach to defining sustainability information as described in paragraph 33 of the Explanatory Memorandum, which runs the risk of confusing sustainability matters and sustainability information. We therefore urge the IAASB to coordinate with IESBA so that different definitions are not used for the same matters.

## **Comments on Other Definitions and Related Application Material**

With respect to the definition of “assertions”, we note (as we had in our comment letter to the draft of ISA 315 on its definition of assertions) that the definition does not really articulate with the definition of “misstatement” (the definition of “misstatement”, in our view, is correct). In particular, there is a difference between 1. representations by the entity embodied in the sustainability information (the disclosure(s) actually made in the sustainability information, as in the first part of the definition of “misstatement” – that is the “actual assertions”), 2. the assertions that would result from the appropriate measurement or evaluation of sustainability matters in accordance with the criteria (the second part of the definition of “misstatement” – that is the “required assertions”) and 3. the summary categories of the “required assertions” as used by the practitioner to consider the different types of potential misstatements that may occur (the term “assertions” as used in the draft and described in paragraph A353R). While correcting this would mean that ISSA 5000 would no longer align with ISAE 3410 (and ISA 315 (Revised 2019), but that definition doesn’t technically work in ISSA 5000 in any case), the importance of ISSA 5000 is such that the definitions ought to articulate with one another and be technically correct. We suggest that the IAASB consider this issue more closely than it has in the past and should feel free to revert to us for further details.

We take exception to the application material to the definition in paragraph A22, which adds an additional condition to the definition of engagement team (“and the practitioner is able to direct and supervise them and review their work”) beyond the definition as contemplated in ISQM 1 and ISA 220 (Revised) as if it were a requirement or a part of the official definition. We address our concerns further in our response to Questions 14 and 15.

With respect to the definition of “evidence”, we note that the definition was taken from the exposure draft of ISA 500 on audit evidence on the presumption that that standard would be issued prior to the finalization of ISSA 5000. We understand that the strategy and work plan set for approval in December 2023 may not contemplate the issuance of the revised ISA 500 until after the issuance of ISSA 5000. If that is the case, the definition may require reconsideration. In any case, if the IAASB chooses to preempt the issuance of ISA 500 in its treatment of audit evidence in ISSA 5000 by using the material from the exposure draft of ISA 500, then all of the comments that the IDW provided in its comment letter on the exposure draft of ISA 500 would apply to such material used.

While we agree with the definition of fraud, we refer to our response to Question 19 on fraud, which addresses the application material to that definition.

We are concerned with the adoption of the definition of “misstatement of the other information” from ISA 720 (Revised). We will address our concerns with that definition and the adoption of the other requirements and guidance from ISA 720 (Revised) in our response to Question 25.

### **The Meaning of Terminology under CUSP**

ISSA 5000 is supposed to be a stand-alone standard. This means that, as a rule, practitioners should not need to draw on other documents to understand the standard. With respect to the “verbs” indicating work effort and other terms, the IAASB has prepared the CUSP guidance. In particular, non-accountant practitioners are unlikely to consult that guidance and therefore may have difficulty understanding the differences between the use of words like “determine”, “consider”, “conclude”, etc. Rather than further expanding the definitions section, we suggest that the IAASB provide an additional appendix to the standard with some of the important CUSP material on the meaning of certain terms so that practitioners are more able to understand the standard.

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):**

If one reads the definitions of sustainability matters, sustainability information, disclosures, the application material on topics and aspects of topics, and Appendix 1 carefully, the relationship between these is clear. However, we gather that practitioners may be confused about the unusual use of the term “disclosures”, which is completely different to how the term is used in the ISAs, other IAASB standards, and sustainability reporting frameworks. That is why in the IDW sustainability assurance standards we opted for the use of the term “information categories” rather than use the term “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:** [No, with comments below](#)

**Detailed comments (if any):**

**Overall Comments**

This question is subject to considerable overlap with Questions 13 and 17 on the treatment of internal control and the risk procedures, respectively. For this reason, we will provide an overview of our views on the differentiation here and focus on detailed comments relating to evidence and responses to risk. Our detailed comments on the treatment of internal control and risk procedures will be addressed in in Questions 13 and 17, respectively.

Overall, the key issue is what limited assurance engagements are for. As set forth in ISAE 3000 (Revised) and also taken up in ISSA 5000, to perform an assurance engagement the underlying subject matter (sustainability matters) needs to be appropriate, the applicable criteria need to be suitable, and as noted in paragraph A190L of the draft, given the potential for the practitioner to have to engage in a “deep dive” under paragraph 133L for limited assurance, the need for availability and accessibility to evidence is the same regardless of the level of assurance. This implies that the only difference between reasonable and limited assurance is the persuasiveness of the evidence obtained by the practitioner – that is the persuasiveness of the evidence obtained for limited assurance is less than that obtained for reasonable assurance. The acquisition of less persuasive evidence is closely connected to the quality and quantity of the evidence obtained – that is, for limited assurance, practitioners obtain evidence of substantially lesser quality and of substantially less quantity. The obtaining evidence of substantially lesser quality and quantity implies that the work effort for limited assurance ought to be substantially less than for reasonable assurance. Hence, the only reasons for a practitioner to perform a limited rather than a reasonable assurance engagement relate to considerations of cost and time on the engagement compared to a

reasonable assurance engagement when stakeholders or legislation or regulation are prepared to accept a lower level of assurance than reasonable assurance, but where that limited level of assurance is still meaningful.

On that basis, it is critical from a public interest point of view that limited assurance engagements involve substantially less work effort and hence less cost and time than reasonable assurance engagements. This is the primary reason as to why, for example, the CSRD in the EU requires limited assurance in the first instance, rather than reasonable assurance right away. Nevertheless, it should be recognized that when entities represent to practitioners that their sustainability information is free of material misstatement but through their responses to risks in the limited assurance engagement practitioners become aware of matters that cause the practitioners to believe that the sustainability information may be materially misstated, pursuant to paragraph 133L practitioners must do further work (the “deep dive”) until they are satisfied that it is not likely that the sustainability information is materially misstated or determine that the sustainability information is materially misstated, or determine that the practitioner is unable to obtain sufficient appropriate evidence to conclude either.

There is an important public interest distinction between the procedures that a practitioner performs prior needing to do a deep dive and those needed for the deep dive. The procedures done prior to the deep dive are those that cause a limited assurance engagement to involve substantially less work effort than a reasonable assurance engagement and their basis is set forth in the assurance standard. The procedures needed to do the “deep dive”, on the other hand, are driven solely by the situation at the individual entity and are therefore largely determined in response to problems at entity and its sustainability reporting. The costs of a “deep dive” are therefore entity-driven. It is therefore crucial that the responses to risk required in the standard and therefore performed by the practitioners for a limited assurance engagement prior to the deep dive are substantially less than those performed for a reasonable assurance engagement, since the deep dive procedures are not determined by the standard.

Overall, we have concluded that the current draft is too heavy on further procedures for limited assurance. A part of the problem relates to the “copy and paste” exercise in which large sections from certain ISAs for audits of financial statements (reasonable assurance engagements) were moved to the draft without change to the requirements also applicable to limited assurance.

### **Comments on Evidence**

We note that significant parts of the exposure draft of ISA 500 – in particular from the application material – were inserted into the draft. In some cases, the question can be asked whether the material inserted from the exposure draft ISA 500 (a reasonable assurance engagement) applies equally to a limited assurance engagement. For example, we note that ISAE 3000 (Revised) paragraph 50 only requires a consideration of the relevance and reliability of information to be used as evidence, whereas paragraph 83 of the draft requires an evaluation. The same applies to paragraph 84 of the draft, which also requires an evaluation and obtaining evidence of the accuracy and completeness of the information, as well as with regards its precision and level of detail. The question arises whether this level of scrutiny is required for a limited assurance engagement. We also note that paragraph 84 in the draft contains the infinite loop for obtaining evidence that we criticize in the IDW comment letter to the IAASB on the exposure draft of ISA 500. Throughout the application material (e.g., A229, A230, A231, A232, A233, A234, A236, A246, A249, A254 and A256) the use of the word evaluate in connection with the relevance and reliability of evidence goes beyond what is required for a limited assurance engagement as contemplated in ISAE 3000 (Revised). Paragraph A239 states that a practitioner is not required to perform an exhaustive search to identify all possible sources of information to be used as evidence. The sentence therefore implies that a search must be done, but we are not convinced that this is appropriate for limited assurance engagement to the same

degree. Consideration should be given to revising this statement for limited assurance. There is a similar issue with paragraph A246, which states that in some circumstances the work effort to consider the reliability of information may not be extensive, which implies that in other circumstances it is, which also may not be appropriate for a limited assurance engagement. Overall, we have the impression that the draft draws too much from the exposure draft of ISA 500 – in particular for limited assurance engagements. This ISA is designed for reasonable assurance engagement rather than limited assurance engagements. It may therefore be appropriate for the IAASB to include extant material from ISAE 3000 (Revised) on evidence for limited assurance instead.

### **Comments on Responses to Risk**

Overall, for tests of controls there needs to be some recognition that when tests of controls are performed for limited assurance to obtain evidence about their operating effectiveness, the extent of testing may be considerably less than for reasonable assurance because the same persuasiveness of evidence is not needed. In addition, paragraphs 121 and 122 (originally from ISA 330) with respect to the operating effectiveness of internal control during an interim period or using evidence from a previous engagement regarding the operating effectiveness of internal control, respectively, do not differentiate between limited and reasonable assurance: the question arises whether tests of control for limited assurance in these circumstances need the same level of intensity given that the sample sizes for limited assurance for tests of control ought to be less to begin with (for example, paragraph 122 requires inquiry combined with observation and inspection, when for limited assurance one of these may be enough). The same applies to paragraph 125, which requires the determination “sufficient appropriate evidence” about the operating effectiveness of control has been obtained, when in fact for limited assurance the evidence about operating effectiveness could be less. (As an aside, paragraph 126L seems superfluous because it does not represent a requirement.) The reference to the *reliance* on evidence about the operating effectiveness of the control in the second bullet of paragraph A372 and the reference to assertion level in the fourth bullet of that paragraph also apply only to reasonable assurance. We also ask ourselves whether the application material in A374 and A375 could be further differentiated between limited and reasonable assurance.

The same applies to substantive procedures performed at an interim date as set forth in paragraph 129, where the reasonable basis for extending conclusions for limited assurance ought to be less for limited assurance. Perhaps tests of control only or substantive procedures only would be enough for limited assurance. It was also unclear to us what the significance of the difference in wording in paragraphs 131L and 131R is between “from expected result” and “from expected quantities or ratios”. The last bullet point in paragraph A381 also refers to the combination of tests of controls and substantive procedures.

In any case, the requirement in paragraph 132 (b) to reduce sampling risk to an acceptably low level is only appropriate for reasonable and not limited assurance (for limited assurance it should be to an acceptable level).

It is also unclear to us why the work effort verb “evaluate” was used for limited assurance in paragraph 134L for estimates and forward-looking information, rather than “consider”, since the work effort on methods ought to be different. However, we note that no consideration of the assumptions appears to be required for limited assurance, which appears to us to have been forgotten.

With respect to subsequent events, we note that ISAE 3000 (Revised), paragraph 61 only requires subsequent events to be considered, whereas paragraph 146 requires the performance of procedures and the evaluation of the sufficiency and appropriateness of evidence for limited as well as reasonable assurance. Consideration could be given to differentiating more between limited and reasonable assurance in this case.

There are also cases in the application material in which responses to risks do not differentiate enough between limited and reasonable assurance. For example, in paragraph A361 (c) (ii) reference is made to the use of data that has not been subjected to separate procedures to test its reliability to the same extent as it would be for a reasonable assurance engagement. The fourth bullet of paragraph A370a also refers to risk assessment, which under the draft's paradigm (though not our suggestion regarding risk procedures), would only apply to reasonable assurance engagements.

### Comments on Other Paragraphs

Paragraph A284 (a) refers to reducing aggregation risk to “an appropriately low level”, which is true for a reasonable assurance engagement, but not for a limited assurance engagement. Consequently, the following words need to be added thereafter: “... , for a reasonable assurance engagement and an appropriate level, for a limited assurance engagement”.

#### *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 believe that the draft is sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement. We have only one comment in relation to paragraph 70 (a). We do not believe that a practitioner is able to evaluate whether the entity has a reasonable basis for the sustainability information as part of the preliminary knowledge – rather, the practitioner can evaluate whether management, or those charged with governance, when appropriate *are expected to* have a reasonable basis for the sustainability information. We suggest that this paragraph be changed accordingly.

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

#### **Detailed comments (if any):**

We believe that there is considerable confusion among practitioners as to the difference between the “materiality process” and the concept of materiality. This results from sustainability reporting standard setters and sustainability reporting legislation not doing preparers and assurance practitioners a favor by using the term “materiality” for a process (i.e., the process used to identify the information to be reported) that is actually embedded in the determination of the applicable criteria to be used and then using those criteria and the concept of materiality to choose which information to report in a sustainability report. This

implies that practitioner consideration of this process needs to take place in a number of phases throughout the engagement. The IAASB FAQ on materiality shows that more guidance is needed on this issue within the ISSA 5000. However, we note that some of the guidance on this issue in the draft can easily be misinterpreted or that, upon closer examination, does not bear up, which fuels further confusion.

In particular paragraph A157 states:

“The entity’s process to identify and select topics and aspects of topics to be reported may be established by management or applied pursuant to the requirements of a sustainability reporting framework. Such a process may often be referred to as the “process to identify reporting topics,” “materiality assessment,” or “materiality process”, among other terms. However, the concept of materiality in this regard is not the same as the practitioner’s materiality. For the purposes of this ISSA, materiality refers only to a threshold of significance to user decision-making considered by the practitioner in relation to potential and identified misstatements, in the circumstances of the engagement (see paragraph 91).” [Underlining added]

The concept referred to in the underlined sentence is not the concept of materiality, but the concept of the materiality process, which added to readers’ confusion. Consequently, the term “the concept of materiality” needs to be replaced by “the materiality process”.

Additional confusion is fueled by paragraph A275 which states:

“Management’s “materiality process” differs from materiality considered or determined by the practitioner. The practitioner considers or determines materiality in determining the approach for obtaining evidence and when evaluating identified misstatements of the sustainability information within the scope of the assurance engagement. As a result, qualitative factors considered by the entity and the practitioner may overlap but need not be identical. For quantitative disclosures, the practitioner and entity will not necessarily arrive at the same materiality threshold.” [Underlining added]

Again, this paragraph appears to confuse the “materiality process” of the entity with the concept of materiality. The last two sentences appear to address the concept of materiality, rather than the materiality process, and then goes on to suggest that materiality can be different for preparers and practitioners, which is not the purpose of distinguishing the materiality process from materiality. We therefore recommend that the last two sentences be deleted. We believe that the discussion of the difference between the concept of materiality and the materiality process should not be done in the section on materiality, but ought to be done a separate section of ISSA 5000 that explains the materiality process. Along these lines, with one major exception, we believe that the FAQ on the application of materiality is well-done and helps reduce some of the confusion. The one major exception relates to the same issue addressed above in paragraph A275 – that is the difference between the materiality used by practitioners and that used by the entity. We believe that the IAASB might be better off not seeking to address the issue of whether materiality for entities and practitioners are the same or different (we note that this is not done in the ISAs).

From a conceptual point of view, since materiality is a user-driven concept, then differences in management’s and the practitioner’s perception of user needs need to be reconciled. Such a reconciliation would be needed because if management uses a lower threshold, then it begs the question as to why the practitioner would use a higher one and whether the practitioner is performing assurance work with the appropriate level of granularity. If management’s threshold is higher than the practitioner’s, then management may not be preparing the quantitative information with the needed precision and the auditor may need to ask management to use a lower threshold (in which case the thresholds would be reconciled).

It is true that pursuant to current sustainability frameworks the entity uses the materiality threshold within the “materiality process” to determine whether certain metrics or targets should be reported, but the practitioner also needs to determine whether management’s decisions in this regard are appropriate, so

this would not lead to a different materiality threshold between practitioners and management. Likewise, while the entity uses the threshold to determine whether certain metrics or targets are appropriately disclosed, the practitioner would need to determine, using a threshold, whether the entity has appropriately disclosed these. Again, this does not lead to different thresholds between management and the practitioner.

It is also true that the practitioner uses the materiality threshold when obtaining evidence about metrics and targets reported by the entity, but the fact that practitioners gather evidence to support metrics and targets does not affect the materiality threshold because materiality is user-driven, which means materiality is determined independently of the work the practitioner needs to do. Decisions about the evidence needed due to aggregation risk would be covered by performance materiality.

There also appears to be considerable confusion in the use of materiality thresholds in the preparation and audit of financial statements, which probably exacerbates the confusion for sustainability reporting. When designing controls to prevent or detect misstatements in entity books and records used to prepare the financial statements, management uses much lower thresholds than the quantitative materiality thresholds used by auditors because management also has a responsibility to safeguard assets (not just from fraud, but also from lack of care or due to lack of efficiency, economy or effectiveness) and prevent or detect noncompliance with laws, regulations and entity policies, etc. These lower thresholds are not related to materiality, since materiality is a user-driven, external reporting concept. The same considerations – to the extent relevant – ought to apply to sustainability reporting (e.g., the thresholds used by management to prevent or detect noncompliance with laws, regulations or entity policies related to sustainability matters or to manage sustainability matters beyond external reporting would be lower than any materiality thresholds used for external reporting purposes).

Overall, our conclusion is that the IAASB may need to do more in the standard to properly distinguish the concepts noted and to explain how practitioners deal with management’s “materiality process”, but not make assertions about differences between entity and practitioner materiality or materiality thresholds.

#### *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 believe that the draft appropriately addresses the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information because it covers all of the issues regarding the suitability of criteria in line with ISAE 3000 (Revised) but augmented in an appropriate manner. However, we have a number of comments on the application material for matters that we believe the wording is not technically correct or complete or there is an editorial matter: we have provided these comments in the appendix to this template.

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 believe that the draft generally handles double materiality well, but further clarification may need to be included in the final standard to help improve the likelihood of adoption of ISSA 5000 in the EU.

To this effect, consideration could be given to providing a few conditional requirements on the process the entity uses to identify information to be reported (the “materiality process”) and on “double materiality”.

We have also provided a few detailed comments on the treatment of double materiality in the appendix to this template.

#### *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):**

#### **Comments on the Requirements**

We agree with the requirements in the draft as proposed to distinguish between considering materiality for qualitative disclosures and determining materiality (including performance materiality) for quantitative disclosures, because determining a materiality level (a quantitative threshold) for quantitative disclosures is both appropriate and implementable by practitioners (including being susceptible to reasonable documentation), whereas it is hard to fathom how practitioners would determine qualitative materiality for qualitative disclosures in advance of the risk procedures performed on the qualitative disclosures. Furthermore, we are at loss to understand how practitioners could document such “qualitative thresholds” in advance of the risk procedures. For these reasons, we would be quite adamant about not requiring the determination of qualitative materiality as part of the planning process. We have become aware that some readers are interpreting the requirement “to consider materiality” for qualitative disclosures to mean that dealing with materiality issues is an option. Since that is not what is meant by the term “consider”, we suggest that the application material clarify this matter. In addition, including some of the material from the CUSP conventions in an appendix to the standard (see our response to Question 5) may guide practitioners in the right direction on this matter.

We believe that the requirement regarding the determination of performance materiality could easily be clarified by stating “For quantitative disclosures, the practitioner shall determine performance materiality when the assurance procedures performed on those disclosures are subject to aggregation risk”.

In line with our comments on Questions 9 and 11, we believe that paragraphs A273 to A275, which deal with the “materiality process” and “double materiality”, ought to be moved to a section that deals with the “materiality process” and to the section that deals with the suitability of criteria (in particular, relevance), respectively. Dealing with the materiality process and double materiality in the materiality section only helps fuel the confusion that readers in distinguishing these. However, the materiality section could make reference to the application material that provides a treatment of the materiality process and double materiality.

*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):**

**Overall Comment**

In our response to this Question, our comments address not only the requirements and application material dealing with the differentiation in the treatment of the understanding of internal control for limited and reasonable assurance, but also the treatment of internal control for reasonable assurance generally.

**Differentiation in Approach in the Requirements to Understanding Internal Control**

We agree with the differentiation in the approach in the draft for obtaining an understanding of the entity’s system of internal control for limited and reasonable assurance engagements as set forth in the requirements, except for the requirement in paragraph 106 (see below). In particular, we agree that to perform a limited assurance engagement, practitioners need an understanding of the entity’s control environment, risk assessment process information system and communication to help in their identification and assessment of risks of material misstatement (see our response to Question 17 on risk procedures, in which we support an identification and assessment of risks of material misstatement for limited assurance). We also agree that from a cost-benefit point of view, it is not necessary in a limited assurance engagement for practitioners to obtain an understanding of the monitoring system or for controls that they do not intend to test. This differentiation appropriately takes into account the need to have limited assurance engagements involve less work effort, and hence less time and cost than reasonable assurance engagements.

While we agree with the requirement as drafted in paragraph 111L, it seems to us that this requirement is more akin to a risk assessment than a risk consideration, which is another reason why we support a risk assessment for limited assurance in our response to Question 17.

We refer to the appendix to this template for our detailed comments on the treatment of internal control.

*Using the Work of Practitioner's Experts or Other Practitioners*

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

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

**Overall response:** [No, with comments below](#)

**Detailed comments (if any):**

While we believe that the draft is clear when experts or other practitioners are on the engagement team, we disagree with the drafts proposals because we believe that the draft violates the definition of engagement team as it is understood in ISQM 1, ISA 220 (Revised), ISA 600 (Revised), ISA 620, and how it was understood previously in other ISAE's.

We repeat the current definition of engagement team since we refer to it multiple times below:

"The engagement leader and other personnel performing the engagement, and any other individuals who perform procedures on the engagement, excluding a practitioner's external expert." [Underlining added]

**Comments on External Experts**

Since an external expert performs procedures on the engagement, an external expert would be a member of the engagement team if the definition above had not explicitly excluded external experts from the definition. The question then arises when an expert is to be regarded as "external". The definition in ISA 620 (which is referred to by footnote from the definition in ISQM 1) gives clear guidance on this matter: an expert is internal when the expert is a partner, staff, including temporary staff, of the auditor's firm or a network firm. In all other cases, the expert is considered to be external. The requirements in ISA 620, as well as in ISAE 3000 (Revised) and ISAE 3410 for auditors' or practitioners' experts, were written so that, with the exception of objectivity and independence, they apply equally to internal and external experts, but recognize that auditors and practitioners may rely in part on firm quality management regarding the competence, capabilities and independence of internal experts and can apply the other requirements as part of direction, supervision and review of internal experts. The fact that an external expert cannot be subjected to direction, supervision and review did not form a part of the definitional distinction between in internal and external expert. Indeed, ISQM 1 and ISA 220 (Revised) do not make that distinction and, but for the definitional exclusion of external experts, even extend the definition of engagement team to individuals from a firm other than a network firm or another service provider, who then would have also become subject to direction supervision and review under ISQM 1 and ISA 220 (Revised). Consequently, the application material in paragraph A22 violates the definition of engagement team for experts by distinguishing between internal and external experts on the basis of the ability to direct, supervise and review, which is not set forth in the definition. Application material cannot override a requirement or a definition. However, in the case of external experts, since the definition excludes external experts from the engagement team, the fact that they cannot be directed, supervised or reviewed is a secondary consideration.

**Comments on Another Practitioner**

The definition of engagement team makes no such exception for another practitioner. This implies that any other practitioner (whether in the network firm, outside of the network firm, or a service provider) who performs procedures on the engagement is a member of the engagement team, regardless of whether or

not they can be directed, supervised or reviewed. As noted in our response to Question 5 on the definitions, we see that the definition with the wording as set forth does cause difficulties with other practitioners that perform work on sustainability information from outside of the operational control of the entity (i.e., outside the corporate group) whose sustainability information is being subjected to the assurance engagement. However, this application material in paragraph A22 undermines the definition so that even if other practitioners perform procedures within the corporate group (i.e., in relation to entities over which the entity whose sustainability information is being assured has operational control) on the engagements as in the definition, such individuals would not be on the engagement team if their work cannot be directed, supervised or reviewed. In other words, the application material undermines the original intent of the change in definition of engagement team in the quality management project, which was to include other auditors on group audits within the engagement team. Given the likely need to include more material on group assurance engagements on consolidated sustainability reports, having the application material in paragraph A22 undermine the definition of engagement team is not likely to be in the public interest.

On the other hand, as noted above, we recognize that the definition causes difficulty with other practitioners that perform work on sustainability information on entities from outside of the operational control of the entity whose sustainability information is being subjected to the assurance engagement. There are many cases where entities in the upstream or downstream supply chain would be prepared to have a practitioner of their choice perform procedures at those entities at the request of the entity whose sustainability information is being subjected to an assurance engagement. Those practitioners may take some direction on the procedures to be performed from the practitioner performing the assurance engagement on the sustainability information and therefore be within the engagement team definition, but they are unlikely to submit to supervision of their work or a review of engagement documentation – nor can they be forced to be. The ability to force supervision and review contractually will largely depend upon the market power of the entity whose sustainability information is being subjected to the assurance engagement vs. its customers and suppliers in its value chain. Other than the very largest entities, most entities will not have that kind of market power (indeed, even the largest entities may not have that kind of market power versus government-controlled entities in some countries, that have nearly monopoly-type power over certain materials or products).

We had previously addressed this issue in our comment letter dated May 26, 2021 to the IAASB on the proposed amendments to the IAASB's other standards (in particular, ISAE 3000 (Revised) and ISAE 3410). We had noted that the IAASB had not done sufficient diligence on the implications for ISAE 3000 (Revised) and ISAE 3410 of adopting the definition of engagement team from ISQM 1 in ISAE 3000 (Revised), particularly in relation the implications for corporate social responsibility reporting.

Overall, we believe that the definition of engagement team likely needs to change to take into account the difference between other practitioners doing assurance work in relation to entities that are under the operational control of the entity whose sustainability information is being assured and those that are not. Seeking to solve this issue in the application material is not in line with how definitions, requirements and application material are supposed to work.

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

**Detailed comments (if any):**

While the requirements in the draft for using the work of a practitioner's expert or another practitioner are clear, we do not believe them to be appropriate or capable of consistent implementation. We address the issue of experts and other practitioners in turn.

**The Treatment of Experts**

As we describe in our response to Question 14, the requirements in ISA 620, as well as in ISAE 3000 (Revised) and ISAE 3410 for auditors' or practitioners' experts were written so that, with the exception of objectivity and independence, they apply equally to internal and external experts, but recognize that auditors and practitioners may rely in part on firm quality management regarding the competence, capabilities and independence of internal experts and can apply the other requirements as part of direction, supervision and review to internal experts. The requirements and guidance in the draft relating to the use of a practitioner's expert are not in line with the requirements in ISA 620, ISAE 3000 (Revised) and ISAE 3410. The requirements for practitioner's experts in these standards (with the exception of independence and objectivity) apply regardless of whether or not the expert is on the engagement team, but recognize that because the experts on the engagement team are subject to the firm's quality management and engagement quality management, the work required by the engagement team to use the work of such internal experts would generally be considerably less than for external experts.

For these reasons, the requirement in paragraph 42 should delete the term "external" and just refer to experts. The same applies to the requirement in paragraphs 49 (and the heading) and 50, where the term "external" should be deleted, but introduced for the requirement in paragraph 49 (b) on objectivity.

The application material in paragraphs A87 and A88 as well as in paragraphs A108 to A116 needs to be amended accordingly. We note that paragraph A114 (a) refers to "including the materiality to be applied". This works for a quantitative materiality level set, but not for qualitative materiality considerations, for which no threshold can be "applied". We therefore suggest that the words be changed to "including any quantitative materiality thresholds". Paragraph 167 (a) (i) also refers to external experts, when the documentation requirement also applies to both external and internal experts, so we suggest that the word "external" be deleted.

**The Treatment of Another Practitioner**

As we describe in our response to Question 14, the conditions for when another practitioner is considered to be a member of the engagement team, as opposed to being considered "another practitioner" not on the engagement team, cannot be attached to the ability to direct, supervise, and review the work of the other practitioner under the current definition of engagement team. As described further in our response, this implies that when the practitioner directs the other practitioner to perform procedures, but is not able to supervise, or review the work of, the other practitioner, then the other practitioner would be on the engagement team under the definition, but not under the standard. This is a major issue because of those other practitioners that will perform work used by the practitioner are often from outside the corporate group but one step up or down the value chain, and therefore cannot be supervised or their work reviewed, even when on the engagement team. In this case, the engagement team definition does not work and, as we suggest in our response to Question 14, consideration may need to be given to revising it.

The requirements for another practitioner as set forth in paragraphs 51 to 54 (and the related application material in paragraphs A89 to A91 and A117 to A125) may work for practitioners outside the engagement team performing work at entities that are one step up or down in the value chain and not under the

operational control of the entity from the entity whose sustainability information is being assured – but only when the entity whose sustainability information is being assured has great market power over its value chain, which is seldom the case. However, we do not believe that these requirements and guidance are realistic for other practitioners who do work further steps up and down the value chain. This is where user expectations (particularly those of NGOs and related organizations) are likely to collide with reality. These users expect the information obtained from several steps up or down the value chain to have the same quality as that obtained from other practitioners within the corporate group. Yet, it simply will not be possible for entities to obtain the same quality of information about what goes on further up or down the value chain and the same applies to practitioners, only worse, because practitioners are also concerned about the quality of the work done by other practitioners further up or down the supply chain. Many of the assurance-type reports, if any, issued a number of steps up or down the value chain will be private reports, between entities at least a few steps further up and down the value chain, to which neither the entity nor the practitioner will ever obtain access. Treating the information and the reports thereto as evidence, rather than as using the work of another practitioner, does not change the fact that the ability of practitioners to evaluate the reliability of this information and the appropriateness of the reports declines rapidly once one is dealing with more than one step up or down in the value chain. Furthermore, ultimately, all upstream value chains end with products from extractive industries, agriculture, forestry, or fishing (and are therefore theoretically material for all manufacturing and processing entities reporting sustainability information), which implies that the products from these industries must be material to the reporting entity, but even entities in these industries have suppliers for the products they use, i.e., we are actually not speaking about a “value” or “supply” chain, but about a “circular value flow” within the economy.

As a result, the requirements in paragraphs 42 and 51 to 54 are a virtually impossible to implement outside of the corporate group, particularly more than a few steps up or down the value chain. The guidance provided in paragraphs A91 and A117 – and in particular, in relation to a scope limitation as set forth in paragraph A125 – could lead to the practitioners’ reports for the assurance conclusion in many sustainability reports being modified due to scope limitations, which is neither appropriate nor what the expectations are. For this reason, we believe that the IAASB needs to “think out of the box” on this issue and consider solutions that might have been rejected in other circumstances or that are used in different contexts.

One solution, at least for the first step in the upstream value chain outside of the corporate group for suppliers that supply many entities, could be for suppliers to have their other practitioners provide a “one to many report” similar to ISAE 3402 reports, in which the other practitioners preparing the one-to-many reports perform an assurance engagement on the sustainability information needed by most customers of the supplier, where these one-to-many reports provide greater detail of the procedures performed and conclusions reached to support the assurance conclusion that then be used by practitioners. In this case, the practitioner receiving the report would apply the same principles as in ISA 402. However, we do not expect this solution to become practice quickly.

Another solution for the first step in the upstream value chain outside the corporate group (but note: not within the corporate group, where we would retain the concept of sole responsibility) is the reintroduction (see ISA 600 from the year 1995) of the concept of “division of responsibility”, which is still being practiced primarily for consolidated financial statements in the US under PCAOB standards and US GAAS. In relation to information, in the sustainability report, taken from, or in material respects based upon, sustainability reports from suppliers in the first step in the upstream value chain, the practitioner would refer, in their assurance report, to the assurance reports of other practitioners regarding that information when the practitioner is unable to direct, supervise and review the work of those other practitioners. However, the responsibility of the practitioner for the work of the other practitioners is limited because responsibility is divided.

These solutions may work for one step in the upstream value chain outside of the corporate group. However, for situations in which there are many steps up and down the value chain, we are not convinced that practitioners should be taking responsibility for the work of other practitioners or take responsibility for the reliability of the evidence obtained in those value chains because they, in most cases, will not have direct access to that work, and may not be capable of determining the independence of the practitioners who have done work on this information. In this case, in our view, the only reasonable solution is to refer in the practitioner’s report to the inherent limitations in the measurement and evaluation of the sustainability matters for the entity regarding upstream and downstream value chains more than one step beyond the corporate group, which also represent inherent limitations on the assurance engagement regarding the reliability of such information. We are not convinced that “sweeping this issue under the rug” by “doing nothing” in this respect is a viable solution given the stakeholder expectations, that, in our view, need to be managed.

#### *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):**

#### **Estimates**

With respect to the treatment of estimates under limited assurance, we refer to our response to Question 7 on paragraph 134L.

With respect to estimates, we believe that some of the requirement set forth in paragraph 134R needs revision. There may need to be a definition of an estimate included in the definitions section to clarify that estimates refer to only quantitative information because many of the requirements in paragraph 134R would not really be implementable for qualitative estimates. This would also imply that a definition of measurement uncertainty ought to be included as well. We are not convinced that seeking a range for some estimates as set forth in paragraph 134R (b) is a viable option, such as when an entire statement (such as a GHG statement) can be viewed as an estimate. Some clarity needs to be given that in some circumstances, only point estimates are a reasonable alternative. With respect to paragraph 134 (b) (i), we believe that the connector needs to be “and” rather than “or” because evaluating the methods, assumptions or data is not optional.

We also note that the term “significant assumptions” is used in paragraph A394R (a). Without the description of what these are (which can be taken from ISA 540, paragraph A42), it would be difficult to apply this guidance, so we suggest that the guidance from that paragraph be included.

#### **Forward-Looking Information**

We do not believe that, even though the nature of the procedures for forward-looking information may be similar to that for estimates, estimates and forward-looking information can be dealt with together because they are fundamentally different (e.g., the derivation of the forward-looking information from the assumptions and reporting framework as set forth in ISAE 3400). For example, the requirements in paragraph 134L and 134R speak about evaluating the assumptions, when that would only be done for

forecasts. Projections would involve considering whether the assumptions meet the purpose of the projection and are not unrealistic. None of these may apply to some plans or targets. Furthermore, the assurance report would need to be different when forward-looking information is involved because practitioners would not be providing an opinion on, for example, the forecast or projection, but only upon the reasonableness of the assumptions (for a forecast) and on whether the forecast or projection has been appropriately prepared in accordance with the criteria on the basis of the assumptions. At the very least the responsibilities section of the practitioner's report would need to explain this.

The nature of the work effort regarding forward-looking information, though similar to that for certain types of estimates is, in some respects, fundamentally different (e.g., the derivation of the forward-looking information from the assumptions and reporting framework as set forth in ISAE 3400) and therefore forward-looking information needs to be treated separately from the treatment of estimates.

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

#### **Detailed comments (if any):**

We do support the approach in the draft not to require the practitioner to identify and assess the risks of material misstatement *as is done for a reasonable assurance engagement*. However, we believe that it may be preferable from an engagement quality point of view to require the practitioner to identify and assess the risks of material misstatement as set forth for limited assurance engagements on GHG statements in ISAE 3410.

ISAE 3410 (paragraph 33L) for assurance on Green House Gas (GHG) Statements requires risk identification and assessment (though not at assertion level) for limited assurance engagements at the GHG statement level and for material types of emissions and disclosures. In ISAE 3410 the IAASB chose to go beyond the minimum requirements in ISAE 3000 (Revised) in relation to risk consideration for limited assurance because, unlike historical financial statements, in which there are financial and other relationships between the areas in those financial statements and the financial statements articulate with one another, the quantitative components of GHG statements aggregated to total GHG emissions are largely independent of one another. This situation is even more pronounced for sustainability reports that contain disclosures about various topics and aspects of topics, where for example, disclosures about governance in relation to GHG gas emissions are largely independent of disclosures about KPIs in relation to labor practices.

Consequently, we believe that an identification and assessment of the risks of material misstatement at the disclosure level equivalent to the requirement in ISAE 3410 (i.e., by requiring risk identification and assessment for “disclosures” in place of “material types of emissions and disclosures”) may need consideration. We note that part of the basis for such an assessment – that is, obtaining an understanding

of the entity’s control environment, risk assessment process, and information system and communication – is already required in the draft.

*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 refer to our comments to our responses to Questions 5, 14 and 15 in relation to how paragraph A22 undermines the definition of engagement team for consolidated sustainability information (that is, sustainability information for a corporate group, in which the entity has operational control over the other entities in the group).

As long as paragraph A22 is amended so it does not undermine the definition of engagement team, we believe that the draft can be applied on a principles-based level of assurance engagements to consolidated sustainability information. However, consideration could be given to providing further guidance on matters, such as the consolidation process.

*Fraud*

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

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

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

**Detailed comments (if any):**

We agree that the draft 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. However, the definition of fraud in the context of sustainability reporting should be augmented by application material that clarifies that fraud in this context refers to the fraudulent reporting only – not the misappropriation of assets, which is not relevant to such reporting. Furthermore, such application material should clarify that the term “greenwashing” is subsumed under fraudulent financial reporting in sustainability reports.

We do believe that the section on Fraud and Non-Compliance with Laws and Regulations (paragraphs 59 to 61) should be augmented by adding the requirement from paragraph 14 of ISA 240 about when

practitioners may accept records and documents as genuine. As an editorial matter, the use of “and/or” in paragraph A131 is not in line with the CUSP conventions.

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

**Detailed comments (if any):**

We believe that the requirements in the draft will drive assurance reporting that meets the information needs of users with the exception of the matters we address in our comments below.

**Reporting Requirements**

We acknowledge that ED-ISSA 5000 has been developed to allow its application to reporting on all sustainability topics and aspects of topics. However, there may be circumstances where a reporting entity includes information beyond that required under the applicable sustainability reporting framework. Although generally speaking, such information should not be disclosed in the sustainability report, this cannot be prohibited unless such information is misleading or obscures material information. For example, the entity could include a statement that claims that its entire risk management, internal control and compliance management systems (i.e., not just for sustainability reporting, but for everything) are effectively designed and are operating effectively. Performing reasonable assurance work on such a statement would likely involve a vastly disproportionate work effort; even the work effort for a limited assurance engagement could be prohibitive. If practitioners are unable to convince the entity to remove such information from the sustainability report, then practitioners need a mechanism to avoid having their assurance conclusion cover such statements. We believe that using the “supplementary information” mechanism in ISA 700 may provide a reasonable solution to this issue and therefore recommend that the IAASB pursue this matter in the requirements and application material along these lines.

We are also not convinced that the current treatment of comparative information based upon ISA 710 works for sustainability information. Unlike comparative information in financial statements, which primarily involves the statements from the previous year in a discrete column, the comparative information within

sustainability reports is often distributed throughout the report and often covers multiple years. If trend analyses are provided based upon comparative information, then we believe that comparative information needs to be subject to the assurance engagement or, if that is not possible, the trend information needs to be excluded from the scope of the assurance engagement (see our comments directly below on paragraph 170 (c) (iv), when this is permitted by the framework criteria. This also applies to comparative information about multiple years. In any case, the treatment of comparative information in the practitioner's report needs to be more transparent than is set forth for this information in the draft as based on ISA 710. We also note that paragraph 191 and the related application material in paragraph A520 would be inconsistent with the requirements for other information if the comparative information was not subject to the assurance engagement.

In line with the EER Guidance, paragraph 170 (c) (iv) should address not only the sustainability information covered by the assurance conclusion, but also the information not covered because it is invariably unclear when that information is not provided in the report (this is currently only in the application material paragraph A469 first bullet). To this effect, because the description of the sustainability information covered by the assurance conclusion must align with the description of that information in description of the sustainability information subject to the assurance engagement in the preceding paragraph, clarification is needed that, in line with the EER Guidance, the assurance conclusion should also state that no opinion is being given on the sustainability information not covered. This also applies to references that sustainability reports make to publicly available information or other reports.

We also believe that paragraph 170 (c) (viii) allowing for entity-developed criteria to be located outside of the sustainability information will lead to difficulties for practitioners because the report would refer to a document over which the practitioner has no control once the practitioner's report has been issued. If the entity-developed criteria are within the sustainability information, then the original practitioner's report would always be connected (physically, if paper, electronically otherwise, for example through a PDF-files) to the sustainability information assured, including the description of the entity-developed criteria. This would clarify which entity-developed criteria apply to the sustainability report for the practitioner and would reduce the likelihood that entities subsequently change the entity-developed criteria for that engagement at the other locations.

The requirement in paragraph 170 (d) (vii) should be the first item in (d) in line with how reports are written.

The section on inherent limitations as set forth in paragraph 170 (g) applies to both the entity and to the practitioner. In addition, the entity should describe these limitations within the sustainability information so that practitioners can refer to them in their report. For this reason, we believe the best place for the description of inherent limitation is right after the Basis for Conclusion paragraph. Furthermore, the requirement should be augmented to have the paragraph make reference to the description of these inherent limitations in the sustainability information and to provide a sentence that clarifies that these inherent limitations in the preparation of the sustainability information also apply to the assurance engagement.

### **Example Reports**

The use of example reports that reflect only the requirements in the draft leads to reports that do not reflect current good practice in sustainability assurance reports. There is a danger that practitioners will draw on the example reports without considering the application material, which would result in reports being less useful to users. For this reason, the IAASB should consider augmenting the reports for some of the more important material in the application material, including the augmenting at least one report for entity-developed criteria that supplement framework criteria. Furthermore, the IAASB may consider drawing upon

the description of auditor responsibilities in ISA 700 to augment the description of practitioner responsibilities in the example reports.

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

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

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

**Detailed comments (if any):**

We agree with the approach in the draft 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 standard, because it is too early to introduce KAM-type reporting. Further experience needs to be gained in assurance engagements and reporting on them before the IAASB develops material on KAM-type reporting. We do note that there is nothing in the draft that appears to preclude practitioners from including such KAM-type reporting in the practitioner’s report on a voluntary basis. However, there may be legislative barriers in some jurisdictions to provide this type of reporting in the assurance report without a basis in legislation (such as in the EU), so making this type of reporting mandatory would be premature.

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

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

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

**Detailed comments (if any):**

We believe that the positioning and explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement is sufficiently prominent and useful.

*Other Matters*

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

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

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

**Detailed comments (if any):**

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

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

***Detailed comments (if any):***

Other than the issues relating to assurance skills and techniques, and other information, both of which we consider to be of greater importance, we have chosen to address the other matters that we would like to raise in the appendix to this template in the order of the sections of the draft in which they occur (both requirements and application material), rather than by some other criterion.

**Assurance Skills and Techniques**

Paragraph 32 (a) refers to competence and capabilities in assurance skills and techniques. We note that assurance skills and techniques are defined but, unlike for sustainability competence, there is no application material providing further details about the importance of competence and capabilities in assurance skills and techniques beyond A71 (which just addresses professional skepticism and professional judgment, but not assurance skills and techniques) and what these may entail beyond the definition. For example, the intended meaning and practical implications of extensive training and practical application would be important. Such a common understanding of competence and capabilities in assurance skills and techniques is particularly important if practitioners other than professional accountants are expected to use ISSA 5000 so that they are able to perform quality engagements on par with professional accountant practitioners. For this reason, we suggest that the application material include additional guidance on assurance skills and techniques to ameliorate the fact that there is no equivalent in ISSA 5000 to IES 8 “Professional competence for engagement partners responsible for audit of financial statements” in the context of sustainability assurance.

**Other Information**

We are very concerned with the treatment of other information in the draft and the use of ISA 720 (Revised) as a basis for much of that treatment. We recognize that the treatment of other information in ISAE 3000 (Revised) is outdated, but ISAE 3410 does provide some more robust requirements and guidance on the matter that could have formed the basis for the treatment of other information in the draft. ISA 720 (Revised) was one of the more controversial projects and standards, and initially it did cause considerable difficulties in practice. The post-implementation review of ISA 720 (Revised) indicated that there were still a number of serious issues that needed to be addressed by the IAASB in future, including, among other matters, the nature and extent of the work effort requirements for “read and consider” and that certain legal strictures prevent the standard from being adopted in its entirety globally (we note that the PCAOB has never issued an analogous standard – the focus in the PCAOB standard remains on identifying material inconsistencies and thereby becoming aware of material misstatements of fact). Furthermore, ISA 720 (Revised) was very much focused on the financial statement audit environment and the desires of regulators to extend the assurance associated with the audit of financial statements to other information beyond just meeting the auditor’s ethical responsibilities to not being associated with misleading information that may undermine the audited financial statements and hence the auditor’s report. In the end, ISA 720 (Revised) represents neither an assurance nor another related service and the question arises whether its paradigm ought to be extended to all other assurance engagements.

We therefore regard it as premature to transport large parts of the requirements and guidance from ISA 720 (Revised) to ISSA 5000 prior to a project to revise ISA 720 (Revised) to deal with the issues identified in the post-implementation review. Among other matters, the definition of misstatement of the other information uses the term “misleading”, even though throughout other IAASB standard that term encompasses only information that is material. The definition would also impose a responsibility on practitioners to consider whether other information not related to the sustainability information is materially

misstated (including whether it omits or obscures information necessary for a proper understanding of the unrelated information). In the context of sustainability reports in the EU that are included in the management and hence annual report together with the audited financial statements, it would imply that the audited financial statements audited by another auditor would need to be read by the assurance practitioner and they would need to consider whether the financial statements omit or obscure information necessary for a proper understanding of the financial position, financial performance and cash flows of the entity. We are not convinced that this is a reasonable requirement in the circumstances. Furthermore, it is unclear to us what happens when both practitioners (the auditor of the financial statements and the assurance practitioner performing the ISSA 5000 engagement) read and consider the other information in an annual report containing both the audited financial statements and the assured sustainability report and, based upon their reading and considering the other information in that annual report other than the audited financial statements and the assured sustainability report, come to different conclusions about the other information (i.e., one has something to report about that information and the other does not). Communication between the two parties may also be limited by legal confidentiality requirements.

We believe that the IAASB needs to consider whether the ISA 720 paradigm is really transferable to other assurance engagements. We believe this not to be the case and that the paradigm should be closer to that used by the PCAOB and ISAE 3410 – at least until the IAASB has addressed the concerns in ISA 720 (Revised) arising from the implementation review and the special issues that arise in the sustainability information context as described above. As a matter of detail, we note that paragraph 158 (a) does not align with paragraph 19 (b) of ISA 720 (Revised).

For further detailed comments on various technical and wording matters, we refer to the appendix attached to this template.

## 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:** [See comments on translation below](#)

**Detailed comments (if any):**

We do not have any comments on the translation at this time.

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:** [Disagree, with comments below](#)

**Detailed comments (if any):**

Given the length and complexity of the standard, the need for jurisdictions to translate adopt and potentially adapt the standards, the need to provide implementation guidance and training to practitioners and regulators, and the fact that early application of standards that have been issue is permitted, we believe that a (mandatory) effective date should be at least two years from the date the standard is issued.

## **Appendix to the IDW Response Template on Draft ISSA 5000**

### **Detailed Technical and Wording Comments**

#### **Applicability of ED-5000 and the Relationship with ISAE 3410**

We believe that paragraph 3 of the Introduction – which is the first paragraph that deals with scope – could be made clearer to readers with respect to sustainability information in the financial statements by drawing on paragraph 9 of the introduction as follows:

“This ISSA applies to all assurance engagements on sustainability information except:

- (a) When the practitioner provides a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies, or
- (b) When sustainability information is included in the entity’s financial statements in accordance with the applicable financial reporting framework, in which case the International Standards on Auditing (ISAs) apply.”

The “Scope of this ISSA” section could also be clearer by moving the material in paragraphs 11 and 12 immediately after paragraph 8 so that all matters regarding scope in terms of where the sustainability information is included is together. This could be done by moving paragraph 10 to immediately prior to paragraph 7.

With respect to the application material related to the scope of the draft, we note that in paragraphs A10 and A11 reference is made to “disclosures” in relation to “topics” and “aspects of topics”. Since a disclosure always relates to an aspect of a topic, we suggest deleting “topics and” in the first sentence of paragraph A10 and deleting “topics or” in the second sentence of paragraph A11. This issue occurs in a number of places in the draft, and we indicate in our responses to other questions those we have identified.

We found the phrase in that last sentence of paragraph A11 “or that the entity chooses to present in accordance with the applicable criteria” to be confusing. If the information is required by the applicable criteria, then the entity cannot “choose” to present it; if the information is not required by the applicable criteria, then the entity may choose to present it, but then the information is not being presented in accordance with the applicable criteria. Clarification of intent in the sentence would be helpful.

#### **Equivalence of Quality Management and Ethical Requirements**

As an editorial matter related to CUSP, we note the use of the word “ensure” in paragraph A5, which suggests absolute assurance and is therefore avoided in assurance standard setting: we suggest that the word “ensure” be replaced with “support”, which is what paragraph A53, to which paragraph A5 refers, actually states.

In paragraph A49, the last sentence refers to private sector practitioners withdrawing from an engagement, which in some jurisdictions can only be done if withdrawal is possible under applicable law or regulation. In line with practice in IAASB standards and other such references in ISSA 5000, the sentence therefore needs to be augmented at the end by the words, “if withdrawal is possible under applicable law or regulation”.

#### **Definitions**

Without having done a thorough check, we note that through the use of material from ISA 315 (Revised 2019), a number of terms defined in that standard are used in the requirements and application material in

the draft without being defined in the definitions section of the draft. These include the definitions of “business risk”, “controls”, “general information technology (IT) controls” (“general IT controls”), “information processing controls”, and “IT environment” (in particular, “IT application”). Since these terms are being used in the requirements or application material in the draft, consideration should be given to including these definitions in the definitions section of the draft.

Missing from the definition of “engagement circumstances” compared to the commensurate definition in ISAE 3000 (Revised) is the reference to the characteristics of the engaging party (this could be inserted after the term “those charged with governance with “and the engaging party, if different”) and their environment (this could be inserted by adding “and their environment” after “engaging party”). This is important because the environment for those charged with governance and the engaging party may extend beyond the entity. Another solution would be to simply insert “and the environment” between “the characteristics” and “of the entity”.

For the application material on intended users in paragraph A25, in the second sentence reference is made to “the impact of the organization”. It begs the question of “impact on what”? I believe that in line with the definition of sustainability matters, “impact of the organization on the environment, society, economy or culture” is meant, and the sentence should be augmented accordingly.

In paragraph A31 on the definition of reporting boundary, the last sentence refers to “different topics and aspects of topics”. The connector in this case should be “or” rather than “and” since the only the topics may vary or only an aspect of a topic may vary, or both may vary.

#### **Suitability and Availability of Criteria**

In paragraph A168 reference is made to “evaluating the sources of the criteria”. In line with paragraph 72 (b) this should be “identifying the sources of the criteria”.

Paragraph A170 addresses the potential need to augment framework criteria and provides examples of such augmentation in the bullet points. We believe that an additional important example is needed that refers to entity-developed criteria regarding the measurement, evaluation and disclosure policies of the entity, including any methods, data or assumptions used to measure or evaluate the sustainability matters.

Paragraph A175 refers to cases in which criteria lack specificity or criteria for the qualitative information do not exist. We believe that these cases apply equally to quantitative information (e.g., criteria for the methods applied do not exist) and so we suggest that the word “qualitative” be deleted.

The heading prior to paragraph A177 appears to have been erroneously added to paragraph A176 (c).

Paragraph A179 (g) (iii) refers to including the basis for “evaluating the reasonableness of the underlying assumptions and methods of preparation...”. We note that the reasonableness of assumptions only needs to be evaluated for forecasts – not for other forward-looking information, such as projections or future plans – and that an evaluation of assumption and methods would only be required for a reasonable assurance engagement. A limited assurance engagement may only require a consideration of these. We therefore suggest that the term “forward-looking information” be replaced with “forecasts” and that the word “evaluating” be replaced with “considering”.

Paragraph 180 is not framework-neutral in that it suggests that the impact of sustainability matters on the entity is always referred to as “financial materiality”. In line with paragraph A274, financial materiality only refers to when consideration of that impact is limited to topics that impact the entity’s financial performance. We therefore suggest that the words in paragraph A180 be augmented as follows: “The impact of sustainability matters on the entity, which, if related only to the impact on financial performance of the entity, is often referred to as “financial materiality””.

The second bullet in paragraph A183 is an example of the overuse of the term “misleading”, which is used sparingly in the ISAs and other IAASB standards in relation to matters that may not be covered by the criteria but are nevertheless material and lead to users being misled. We believe that the term “misleading” could be replaced as follows: “Do not result in intended users misinterpreting the sustainability information”. As this is an overarching issue in this list of bullets, this bullet should either be first or last, but not in the middle of the list.

### **Double Materiality**

We refer to our response to Question 10 on paragraph A180, in which the term “financial materiality” needs to be used in a framework-neutral manner. In this vein, we note that the last sentence in paragraph 274 also suggests that “double materiality” only refers to frameworks that require consideration of financial impacts on the entity as well as entity impacts on the environment, etc. To alleviate this lack of framework-neutrality, we suggest that the sentence read: “When the applicable criteria refer to both the impacts on the entity (such as the financial impacts on the entity) and the entity’s impact on the environment ..., this may be referred to in the framework-criteria as “double materiality””.

### **Materiality**

Paragraph A271 (b) appears to be introducing a description of materiality (a quasi-definition) that may not apply to all framework criteria. In line with ISA 320 and ISAE 3000 (Revised), the IAASB has always refrained from defining or describing materiality other than to provide a default description when established criteria do not define or describe materiality. This also aligns with the reporting requirement in paragraph 170 (h) (ii) b. For this reason, paragraph A271 ought to be written as follows:

“If not otherwise defined or described by the framework criteria, misstatements, including omissions, are considered material if...”.

Given the nature of sustainability disclosures, materiality is driven by user needs in relation to the individual disclosures as defined (information about an aspect of a topic). Consequently, we are not convinced that consideration of the sustainability information “as a whole” is possible. For this reason, we believe that paragraph A272 (d) needs to be rephrased to state: “Make reasonable decisions on the basis of the disclosures in the sustainability information”.

An example of the confusion between materiality and the materiality process relates to the wording of the last sentence in the example box after paragraph A274, in which reference is made to “determine what issues were “material” to those surveyed. At the stage in the materiality process being described, the entity is determining which issues are “relevant” to those surveyed and may also obtain information that helps the entity later determine which relevant information might be material to those users. We suggest that the word “material” in this case be replaced with “relevant”.

### **Understanding the System of Internal Control**

Paragraph 106 requires an evaluation of the information system for limited assurance. No such evaluation is required for limited assurance for the control environment or the entity’s risk process. Perhaps this requirement should be limited to reasonable assurance. It may be worth considering whether a separate requirement (in a box) for limited assurance may be introduced requiring a consideration of the entity’s information system.

We also note that the requirement in paragraph 107L (a) could be augmented by clarifying that the practitioner plans to obtain evidence by testing the operating effectiveness of controls. The requirement would state: “Controls for which the practitioner plans to obtain evidence by testing their operating

effectiveness”. We recognize that this makes the requirement the same as for reasonable assurance but see our comments below on the wording of the requirement for reasonable assurance.

Paragraph A314 should recognize in the first sentence that the nature and extent of understanding not only varies depending upon the complexity of the assurance engagement and the nature and complexity of the topics and aspects of topics, but also on whether a limited assurance or reasonable assurance engagement is being performed. Furthermore, there may be less need to perform walk-through tests, which are addressed in the next two sentences, in a limited assurance engagement. This is not in line with the last sentence of paragraph A315L (we found this paragraph to be particularly helpful). Paragraph A314 would need to be amended accordingly. We have the same concern with paragraph A334, which also refers to walk-throughs without differentiating between limited and reasonable assurance.

We believe that, with the exception of the words “or to every assertion relevant to them”, paragraph A338R applies equally to limited assurance engagements. We therefore suggest that the “R” be dropped from the paragraph number and that the words “...,in a reasonable assurance engagement, ...” be inserted after the word “or”.

Paragraph A342 refers to decisions about testing controls “in determining the nature, timing and extent of further procedures”. Since the decision to test controls in limited assurance only depends upon whether the practitioner intends to obtain evidence from tests of controls (regardless of any other further procedures the practitioner may decide upon) because the practitioner does not “rely on controls” in a limited assurance engagement. We therefore suggest that the first sentence be amended to read: “...may be appropriate to test in order to obtain evidence from the operating effectiveness of the control”.

The wording in paragraph 104R (a) (i) does not appear to appropriately address what about the entity’s process is being understood (business risks resulting from sustainability matters) – this could partly have resulted from changes that moved too far from ISA 315 (Revised 2019). We suggest that the wording be changed to read: “Identifying business risks, arising from sustainability matters, relevant to sustainability reporting objectives.”

The requirement in paragraph 107R (c) for when an understanding of control activities is needed appears to be weak compared to ISA 315 (Revised 2019), in which paragraph 26 (a) (iii) clarifies that “this includes controls that address risks of material misstatement for which substantive procedures alone do not provide sufficient appropriate evidence”. We suggest that the noted phrase be added to (c) with appropriate wording.

The first bullet of paragraph A317 refers to “management misrepresentation”. Misrepresentation is a common law legal term which ought to be avoided in an international standard. We suggest that the term be replaced with “fraudulent misstatement by management”.

Paragraph A328R refers to the “present and functioning” of internal control. In line with the wording in the rest of the draft, we suggest this be replaced with “effectively designed, implemented and operating effectively”.

In line with CUSP, the word “assessing” in paragraph A341 should be replaced with “evaluating”.

### **Reporting Requirements and the Assurance Report**

In paragraph 179 (a), in line with ISA 706, the word “appropriately” needs to be inserted between the words “matter” and “presented”, which is also in line with the definition of an emphasis of matter. Furthermore, paragraph 179 (a) is missing the requirement that the paragraph make a clear reference to the matter disclosed in the sustainability information.

The hanging sentence in paragraph 179 requires the paragraph to clearly indicate that the practitioner's conclusion is not modified with respect to the matter. However, this only makes sense for Emphasis of Matter paragraphs because these refer to a matter in the sustainability information, but not for Other Matter paragraphs, since these do not. For this reason, this phrase within the hanging sentence needs to be included in (a).

We refer to our additional detailed comments in the appendix to this template.

The example conclusion in paragraph A471R (b) (i) for a compliance framework uses the term "fairly stated", which is reserved for fair presentation frameworks. The term "fairly stated" should be replaced with "properly prepared" in line with the example in paragraph A470L (b) (ii).

It is unclear to us what the second bullet in paragraph A472 refers to when stating that the "applicable criteria describe a process or methodology for the preparation or presentation of the sustainability information" and then why "properly prepared" would reflect the correct term. If this is about cases in which the applicable criteria require a description of the process for preparing or presenting the sustainability information, then that should be stated and the correct term would be "the presentation of the process properly describes, in all material respects, the process as implemented", or the like.

The description in paragraph A481 of fair presentation frameworks misses one part of some of those frameworks, which is, in rare cases, to depart from the specific requirements (see the definition of criteria in the definitions section). In line with that definition, the reference to "disclosures" in the first sentence should be replaced with "information".

Paragraph A485L reads like a requirement and so the word "may" needs to be inserted prior to "include".

Paragraph A489 uses the word "ensure" which is avoided in standard setting because of its connotations to absolute assurance. We suggest that the word "ensure" be replaced with "so that".

We do not understand the example in paragraph A500 (b), which in our view, if material as stated, would not lead to an emphasis of matter, but more likely to a qualification or disclaimer of conclusion, if pervasive.

### **Conduct of an Assurance Engagement in Accordance with the ISSAs**

We are not convinced that the implicit reference to ISRE's in the second sentence of paragraph A34 is appropriate because the draft contains many more requirements and much more application material regarding limited assurance than ISRE 2400 or ISRE 2410 do and therefore these really do not provide any further useful guidance for users of ISSA 5000. We suggest that the second sentence be rephrased to: "The ISAs may, however, provide guidance in relation to the engagement process for practitioners undertaking a reasonable assurance sustainability engagement in accordance with this ISSA."

### **Acceptance and Continuance of the Assurance Engagement**

Paragraph 32 (c) states that the engagement leader shall have the sustainability competence to accept responsibility for "the conclusions reached on the engagement". This actually goes beyond what is required in ISAE 3000 (Revised), which requires that the engagement partner have sufficient competence ... to accept responsibility for the assurance conclusion. We believe that the engagement leader will not be able to take responsibility for every conclusion reached on an engagement because some conclusions may not be directly significant to the assurance conclusion for the engagement as a whole. We therefore believe that the wording should be changed to "for the assurance conclusion".

The current content in the section on Assurance Skills and Techniques beginning with paragraph 37, which deals with professional skepticism and professional judgment, but not assurance skills and techniques,

does not really belong to quality management, but, in line with ISA 200 actually should be in a separate section prior to Engagement Quality Management.

With respect to paragraph A77, we believe a bullet point can be added that refers to the professional judgment required to interpret the criteria.

### **Preconditions for the Assurance Engagement**

Paragraph A162, which was taken from paragraph A39 in ISAE 3000 (Revised), should be augmented by the last sentence in that paragraph, which clarifies that the assurance engagement is not a substitute for the entity's reasonable basis for the sustainability information.

Paragraph A165 is not aligned with paragraph 71, which refers to "can be subjected to procedures for obtaining sufficient appropriate evidence" rather than "whether sufficient appropriate evidence can be obtained", which is a different matter. Paragraph A165 should therefore be aligned with paragraph 71 as noted.

In paragraph A200, the introductory words need to be "Examples of circumstances when the scope of the sustainability information is not appropriate...".

In paragraph A202, the words "after engagement acceptance" need to be inserted after the word "discovers", because the point in time is not clear in the sentence (only from the heading).

### **Terms of the Assurance Engagement**

The reference in paragraph 78 (d) should not be to "modifications to that report", since only assurance conclusions – not reports, can be modified, but instead refer to "changes to the expected content of the report".

The reference to paragraph 170 (g) in paragraph A205 should be to A170 (h).

### **Evidence**

In paragraph A209 the words "supports and" in the last sentence are redundant and can be removed.

In paragraph A214 the word "provide" in the introductory phrase should be replaced with "obtain", since evidence is obtained, not provided. The last bullet point relates to a categorization of misstatements from ISA 450 that has not been applied in the draft and can therefore be removed.

In paragraph A219L the word "sufficiency" should be replaced with "persuasiveness" since this is about both sufficiency and appropriateness.

It seems to us that the guidance in the first sentence of paragraph A225 would lead to scope limitation because neither of the bullet points would address the situation described in the first sentence. Perhaps this paragraph can be deleted.

Paragraph A226 (a) is not in line with ISAE 3400; the words need to be changed to read: "In the case of forecasts, whether the assumptions provide a reasonable basis for the forecast".

In the fourth bullet point of paragraph A244, the reference to "assessment" needs to be changed to "identification" in line with the requirements for limited assurance.

The application material in paragraph A248 on precision actually relates to relevance (see Exposure Draft of ISA 500) – not reliability and needs to be moved to that section.

In line with CUSP, the word "assess" in paragraph A255 should be changed to "evaluate".

## Planning

Paragraph 89 needs to start with the words “In planning the engagement...”.

Paragraph A278 includes two instances of overuse of the term “misleading”:

- In the second last bullet point, where it should be replaced with “biased”
- In the last bullet point, in which the last part of the sentence should read: “... may result in biased information that leads to a material misstatement.”

Paragraph A281 may lead to the danger that practitioners simply adopt the information from the audited financial statements as audited by another auditor. This needs to be avoided by addressing that issue in this paragraph and discussing what practitioners may need to do in these circumstances.

## Risk Procedures

The words “sufficient to” in the introductory phrase to paragraph 84 R needs to be changed to “to obtain evidence to provide an appropriate basis for”. In (a) thereafter the “identify” and “assess” would then need to be changed to “identifying and assessing”. Since it is clear from paragraph 94L that each disclosure must be identified where material misstatements are likely to arise, it should also be clear that the identification and assessment of risks of material misstatement needs to be for each disclosure in paragraph 94R, which is not the case. For this reason, the word “the” prior to “disclosures” needs to be changed to “each”.

It seems to us though, that having the engagement team engage in a discussion on the susceptibility of disclosures to material misstatement (which would involve looking at each disclosure, whether for limited or reasonable assurance) is inappropriate. Rather the phrase should be “susceptibility of the sustainability information to material misstatement”.

In our view the order of the requirements for paragraphs 97, 98, 999 and 100 does not reflect how these requirements are fulfilled in practice. The order should be 99, 100, 98 and 97.

The wording in paragraph 97 should be changed to read: “... obtain an understanding of the characteristics of the sustainability matters and the sustainability information.” This is prior to considering what could give rise to material misstatements.

Paragraph 101 could be augmented by an item (c) for whether management has used experts.

Since for reasonable assurance under the draft, the identification and assessment of risks of material misstatements can be combined, the words “identifying risks of material misstatement” in paragraph A288 (a) should be changed to “identifying and assessing the risks of material misstatement”.

The words “that are material to the sustainability information” at the end of paragraph A290L should be deleted because disclosures are, as a rule, material, or they would not have been made (i.e., information about an aspect of a topic).

In line with our comment on paragraph A288, the words “and assessing” should be inserted after the word “identifying” in paragraph A294.

The first bullet of paragraph A296 reflects another overuse of the term “misleading”, which should be replaced with “biased”.

The reference to “topics and aspects of topics” in paragraph A300 should be changed to “aspects of topics”, since all topics must have aspects.

The wording describing the potential need to supplement framework criteria with entity-developed criteria in the second sentence of paragraph A301 is too weak: the words “may supplement” need to be changed to “may need to supplement”.

Paragraphs A307 and A308 address laws and regulations: in paragraph A307, those laws and regulations that have a direct effect on the sustainability information and in paragraph A308, those that have a fundamental effect on the operations of the entity. There is, however, another class of laws and regulations: those that regulate sustainability matters (as opposed to the content of sustainability information as addressed in paragraph A307). This other class of laws and regulations also needs to be addressed.

In the description of the completeness assertion in paragraph A353R, it is unclear to us how forward-looking information relates to events or conditions that have occurred or that exist, since forward-looking information relates to future events or conditions. Perhaps future events or conditions should be added to the description.

The way the first sentence of paragraph A354L is written, it leaves the impression that while a practitioner is not required to identify and assess risks of material misstatement at the assertion level for each disclosure for limited assurance, a practitioner is required to identify and assess risks of material misstatement for limited assurance. Under the current risk consideration paradigm, practitioners are in fact not required to identify and assess material misstatements at all, but simply identify those disclosures where risks of material misstatement are likely to arise. The wording should be changed to: “... the practitioner is not required to use assertions when identifying each disclosure where material misstatements are likely to arise.”

Paragraph A356R (b) refers to the “risk of material misstatement for the sustainability information as a whole”. Since the concept of “sustainability information as a whole” is not appropriate given the nature of disclosures as defined, we suggest that the wording be changed to match that in paragraph A357L (b) to: “that is pervasive throughout the sustainability information”.

### **Responding the Risks of Material Misstatement**

In line with other IAASB assurance standards, we believe that the treatment of the section Overall Responses in paragraphs 116L/116R to 118 should be moved prior to the section Designing and Performing Further Procedures with paragraphs 114L/114R to 115L/115R.

The reference in paragraph 127R to “disclosures that, in the practitioner’s judgment, are important to the information needs of intend users” is not a logical concept because disclosures are, as a rule, material and, by definition, information that is material is important. Consequently, the words after “disclosures” can be deleted.

The reference in the first bullet of paragraph A364R to inherent limitations in the capabilities of measuring devices as affecting the risk of material misstatement does not make sense to us because a matter that is in inherent limitation can, by definition, not be overcome, and therefore cannot affect an assessment of the risk of material misstatement. Those measuring devices will be as precise as they can be one would have to live with that. We suggest that the bullet point be deleted.

The fourth bullet in paragraph A366 addresses the control environment, which, in our view would require an overall response regarding persuasive evidence, rather than a consideration of further procedures alone. For this reason, this bullet point should be moved to the section in the application material Overall Responses.

The description relating to risks of material misstatements with respect to reasonable assurance in the third bullet of paragraph A367 does not appear to align with the description of the action regarding the

identification of disclosures pervasively throughout the sustainability information where material misstatements are likely to arise. In addition, identifying and assessing risks is normal for disclosures – it needs to be done for all of them. The only reason to address this issue is if the risks of material misstatement are higher. To align the action and emphasize what needs to be different, the words for reasonable assurance need to be changed to “or identify and assess higher risks of material misstatement pervasively throughout the sustainability information...”

Paragraph A376R refers to “there is a reasonable possibility of the misstatement being material”, which is a concept from ISA 315 (Revised 2019) that is required in that standard because there is separate identification and assessment of the risks of material misstatement. Rather, substantive procedures are likely to be needed if the identified and assessed risks of material misstatement are higher. The sentence should therefore be changed to read: “... consider disclosures for which there are higher identified and assessed risks of material misstatements.”

Paragraph A385 (b) refers to an “equal chance of selection”. This is not in line with the definition of sampling in ISA 530 paragraph 5 (a) where no mention of “equal” is made. Referring to “equal” is incorrect because unequal probability sampling procedures are legitimate mathematical sampling procedures. We therefore recommend that the word “equal” be deleted.

We note the inclusion of the guidance from paragraph A114 of ISAE 3000 (Revised) in paragraph A386L of the draft. However, the relevant bullet points from paragraph A114 are missing: these should be added because they are good guidance. In addition, the guidance from paragraph A115 of ISAE 3000 (Revised) should also be added. The missing guidance is important because it helps practitioners recognize when they need to do the “deep dive” as required in paragraph 133L of the draft.

### **Accumulation and Consideration of Identified Misstatements**

The reference to the revision of materiality in paragraph 143 only applies to quantitative materiality thresholds, since there are no qualitative thresholds that are set that can be revised. To include qualitative materiality in this paragraph, we suggest amending the end of the sentence to state: “indicate that materiality needs to be revised (for quantitative materiality thresholds) or reconsidered (for qualitative materiality).”

Paragraph A399 refers to the accumulation of amounts clearly not having a material effect on the “sustainability information”. Since the amounts would only be accumulable within a disclosure, the words “sustainability information” should be changed to “disclosures”.

In paragraph A401 (d) reference is made to identifying reporting topics. Since the aspects also need to be identified, the words “and aspects of topics” need to be inserted directly thereafter.

Paragraph A403 (a) uses the term “fairly presents”, which is reserved for fair presentation frameworks. We suggest that the term be replaced with “appropriately presents”. In line with the treatment of controls, systems and processes throughout the draft, the word “suitable” in (b) should be changed to “effectively designed”. We also note that the paragraph number is missing for the following paragraph. In line with our comments on paragraph A403 (b), the word suitable in unnumbered paragraph should be changed to “effectively designed”. The word “implies” thereafter should be changed to “states or suggests” because it could be stated rather than implied, and it need not be implied, if not stated: it would be enough if it were suggested.

Paragraph A415 refers to the “sustainability information as a whole”, which, given the definition of disclosures, is not a useful concept. It is unclear to us how individual immaterial misstatements within disclosures, that are completely independent of one another in terms of user needs, and therefore the

consideration of materiality, can therefore cause a biased picture as a whole. Consideration could be given to deleting this paragraph.

We are also concerned with the assertions in paragraph A416 that allows misstatements to be grouped for certain aspects. The primary consideration as to whether or not misstatements in individual disclosures can be grouped is what users consider to be material. Individual disclosures when they are made are, as a rule, material by themselves. We do not think, for example, that immaterial misstatements for water consumption ought to have an impact on the consideration of immaterial misstatements relating to waste: they are separate matters from a user point of view. We believe that the content of this paragraph needs to be revised to focus more on materiality from users' perspectives.

Item (k) in paragraph A417 contains another example of the overuse of the term "misleading", which should be replaced with "ambiguous".

In the first bullet of paragraph A419 the word "is" after misstatement should be replaced with "exists".

### **Written Representations from Management and Those Charged with Governance**

Paragraph 148 (a) should be augmented to cover fair presentation framework criteria (i.e., by adding "(or fair presentation, in the case of fair presentation criteria)" after "preparation". In (b) the word "relevant" needs to be changed to "material", since only material matters need to be included, not all matters that may be relevant but not material. Since the reasonableness of the assumptions only applies to forecasts, in (d) the words "forward-looking information" should be replaced with "forecasts". The same applies to paragraph A426 (e) (i).

### **Subsequent Events**

Since the word "ensure" is avoided in standard setting due to its intimation of absolute assurance, we suggest that the word "ensure" in paragraph A428R (a) be replaced with "identify" (and "are identified" can be deleted).

### **Forming the Assurance Conclusion**

The reference to "reasonable" in paragraph 161 with respect to the assumptions for forward-looking information only applies to forecasts, not to projections of future plans. For this reason, the term "forward-looking information" should be replaced with "forecasts".

Paragraph A454A does not clarify in the first sentence that this application material deals with fair presentation criteria. We therefore suggest that the beginning of the first sentence begin with: "In the case of fair presentation criteria,". The default description of materiality in parentheses in the last sentence should be deleted, since that description is not true generally – it depends upon the criteria.

Likewise, paragraph A455 does not clarify in the first sentence that this application material deals with fair presentation criteria. We therefore suggest that the beginning of the first sentence begin with: "In the case of fair presentation criteria,".

In paragraph A460, in line with CUSP, the words "taking account of" should be replaced with "taking into account".