



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

1 December 2023

Mr. Willie Botha  
Technical Director  
International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor  
New York, 10017 USA

Dear Mr Botha

**Proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments to Other IAASB Standards**

The Auditing and Assurance Standards Board (AASB) of the Malaysian Institute of Accountants (MIA) welcomes the opportunity to provide its comments on the Exposure Draft, *Proposed International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments to Other IAASB Standards* issued by the International Auditing and Assurance Standards Board (IAASB).

We attach in Appendix 1, our responses to the questions in the Exposure Draft. We hope our comments would contribute to further deliberation by the IAASB on the matter. If you have any queries or require clarification of this submission, please contact Simon Tay Pit Eu at +603 2722 9271 or email to [simontaypiteu@mia.org.my](mailto:simontaypiteu@mia.org.my).

Thank you.

Yours sincerely

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR WAN AHMAD RUDIRMAN WAN RAZAK**

Chief Executive Officer

**PART A: Respondent Details and Demographic information**

Your organization's name (or your name if you are making a submission in your personal capacity)	Malaysian Institute of Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Simon Tay Pit Eu
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	simontaypiteu@mia.org.my
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="#">Asia Pacific</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="#">Member body and other professional organization</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:**

## 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):**

With respect to the mechanisms for reporting, the interrelationship between the audit and sustainability assurance engagements may need to be further addressed as reporting mechanisms evolve.

The concept of intended users is sufficiently clear in technical terms. From a practical perspective, identifying the common needs of intended users of general purpose sustainability reporting and the related impact on materiality and evaluation of misstatements are likely to be more challenging in comparison to that of the users of audited financial statements.

We support the objective of the IAASB in seeking to make the standard suitable for use by both professional accountant and non-accountant assurance practitioners.

We agree with the principle that an assurance practitioner should be knowledgeable and competent in core assurance concepts.

We also agree:

- With the fundamental premises relating to compliance with relevant ethical requirements and quality management principles, on which the standard is based (see question 4).
- In principle, with the standard being based on the core concepts and requirements from ISAE 3000 (Revised).

However, by anchoring the ED closely to ISAE 3000 (Revised) and introducing several ISA concepts and requirements, there is a risk that the standard may not be as readily understandable to non-accountant assurance practitioners who are not familiar with the IAASB's existing standards.

### *Public Interest Responsiveness*

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

*(See Explanatory Memorandum Sections 1-B, and Appendix)*

**Overall response:** Agree (with no further comments)

**Detailed comments (if any):**

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

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

*(See Explanatory Memorandum Section 1-C)*

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

**Detailed comments (if any):**

It is clear that ED-5000 should apply to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a GHG statement, in which case ISAE 3410 applies.

However, it would be useful for the ED-5000 to further clarify that in some cases, the practitioner may perform a broader scope of assurance engagement on a report that includes GHG information or statement as part of the reported sustainability information but that GHG information does not comprise a GHG statement. There is a need for clarity whether ED-5000 or ISAE 3410 applies in such cases when the practitioner provides a separate assurance conclusion on that statement alongside several other conclusions on other sustainability disclosures.

We support the inclusion of conforming amendments to ISAE 3410 to address their relationship to ISSA 5000. However, we are of the view that it would be helpful for the ED-5000 to also include the practical example for circumstances to be considered by the practitioners when deciding whether to apply ED-5000 or ISAE 3410 in the engagement. The interaction between ED-5000 and ISAE 3410 should be better clarified in order to avoid confusion.

The IAASB should also consider providing application material that explains when the sustainability information includes greenhouse gas related disclosures, but not a separate greenhouse gas statement, ISAE 3410 may be useful in assisting the practitioner in designing and performing assurance procedures over that greenhouse gas related sustainability information.

However, retaining the requirements for ISAE 3410 to be applied for assurance on GHG statements may be contrary to the IAASB's objectives to make ED-5000 suitable for non-accountant assurance practitioners, who in general view the ISAE standards as assurance standards applied by the professional accountant assurance practitioners.

In this context, we recommend that the IAASB either incorporate the existing ISAE 3410 directly into ED-5000 along with additional guidance or provide clearer guidance on the circumstances under which to apply ISAE 3410 or ED-5000. This would help enhance clarity and streamline the use of these standards. Co-existence of ISAE 3410 and ED-5000 may create undue complexity and may be difficult to understand by the users of the assurance report.

*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):

Regulators and national standard setters play an important role in determining what may be considered “at least as demanding”. Specifically, paragraph A8 states that other requirements are at least as demanding “when they address the requirements of ISQM 1”. In practice, it is unlikely that any existing national requirements or quality management standards by other professional bodies will address all of the requirements stated in ISQM 1, creating ambiguity about the extent of alignment necessary to assert that such requirements are “at least as demanding”. There is a need for a process for a non-accountant practitioner to assess whether their ethical requirements and quality management system are at least as demanding as those of professional accountants. Local regulators may also need to consider pre-qualifying certain practitioners from providing assurance services on sustainability information.

As a general point, we encourage the IAASB to continue to engage with the regulators to support the application of ED-5000 and that includes the surveillance and enforcement aspects of adherence to the relevant ethical requirements for assurance engagements and the firm’s responsibility for its system of quality management. Presently, in various jurisdictions where assurance is being provided by professional accountants, they are subject to surveillance on the quality of their work. That may not be said of other assurance providers which may create an uneven playing field which would bring into question the quality of work where there is a lack of surveillance and ultimately affect the public interest.

*Definitions of Sustainability Information and Sustainability Matters*

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

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

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

Detailed comments (if any):

We support the definition of sustainability information and sustainability matters in ED-5000. Given the numerous terminologies included in ED-5000, we suggest that the IAASB include in the final standard, the illustration of the relationship between sustainability matters, sustainability information which results from measuring or evaluating the sustainability matters against the applicable criteria and the related disclosures, as in Appendix 1 of ED-5000. In addition, it would be helpful to also include examples to guide practitioners in applying the illustration.

We appreciate that the IAASB has sought to clearly distinguish when a requirement is intended to refer to the broader population of all information reported by the entity by using the phrase “sustainability information expected to be reported”. However, we believe the interaction of paragraph 4 and several requirements that refer to “sustainability information” remain open to misinterpretation, for example, paragraphs 69(a) and 78(c).

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):

Additionally, we would like to suggest IAASB to consider expanding the examples in paragraph A32 to include topics such as supply chain management, data privacy and security, and waste management to align with specific local requirements related to sustainability disclosures.

*Differentiation of Limited Assurance and Reasonable Assurance*

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

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

Detailed comments (if any):

ED-5000 clearly distinguish between limited assurance and reasonable assurance, particularly in relation to the practitioner's work effort.

However, we would like to draw attention and seek clarification on the following matters:

- (a) The concept of meaningful level of assurance in a limited assurance engagement in ED-5000 may not be sufficiently clarified. ED-5000.A193L states that to be meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential. In the event that the assurance report's intended users are of different types consequent to the report being disclosed publicly alongside the reporting entity's annual/sustainability report, determining a meaningful level of assurance in such a situation will be challenging and will result in diversity in the extent of work undertaken by the practitioners to support a limited assurance conclusion. ED-5000 should provide more examples of meaningful levels of assurance.
- (b) In regard to ED-5000.133L, we are of the view that practical challenges may arise in the event that a practitioner needs to apply judgment about the nature, timing and extent of additional procedures in a limited assurance engagement that are needed to obtain evidence to either conclude that a material misstatement is not likely or determine that a material misstatement

exists. Depending on the circumstances, the nature and extent of evidence that may be required for the practitioner to conclude on the matter may be the same as that of a reasonable assurance engagement.

Furthermore, we believe that the IAASB could enhance the clarity of the standard by providing an overall summary of the various distinctions between limited and reasonable assurance engagements in a separate appendix within the ED-5000. This would facilitate reference and ease application for practitioners.

*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 agree that the practitioner needs to obtain a sufficient level of information to determine whether the scope of the assurance engagement is appropriate (i.e., that there is a rational purpose). While paragraph 69 itself is clear as to the need for a preliminary understanding, the extent of that understanding and, specifically, the extent to which the practitioner is expected to obtain a detailed understanding of the entity's reporting/materiality process is not clear.

It may be unlikely, at pre-acceptance, for the practitioner to obtain detailed information about the entity's reporting process and reporting boundary. Paragraphs A156-A157 imply a level of understanding that may more commonly be associated with the detailed understanding of the entity and its environment obtained as part of risk assessment procedures having accepted the engagement.

In addition, A158 remains unclear as to the circumstances for which a narrower scope assurance engagement that covers only certain jurisdictions, entities, operations or facilities within the reporting boundary, may be determined as having a "rational purpose" at the pre-acceptance stage.

While we agree with ED-5000 should not impose requirements which may be unnecessarily onerous prior to acceptance or continuance, we believe the requirements and guidance need to be clarified as to what constitute a sufficient knowledge of entity's reporting process and reporting boundary, rather than leaving this to the practitioner's judgement.

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: No, with comments below

Detailed comments (if any):

We are of the view that ED-5000 does not provide sufficient guidance on determination, consideration and application of materiality in the engagement. The Explanatory Memorandum stated the entity's process to identify reporting topics may often be referred to as the "process to identify reporting topics," "materiality assessment," or "materiality process" and these terms are differentiated from materiality considered or determined by the practitioner, which refers only to a threshold of significance to user decision-making considered by the practitioner in relation to potential and identified misstatements. However, this statement seems irrelevant as the relationship between the entity's materiality process and materiality considered or determined by the practitioner, if any, is not further clarified in ED-5000.

With respect to materiality, we have the following suggestions:

- (a) Further clarification, more examples and guidance needed on applying the concept of double materiality.
- (b) As materiality is a matter of professional judgment and is affected by the practitioner's perception of the information needs of intended users of the sustainability information, it is useful to include more application materials to ED-5000 to provide more examples for practitioners' reference.

#### *Suitability and Availability of Criteria*

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

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

**Overall response:** Yes (with no further comments)

**Detailed comments (if any):**

11. Does ED-5000 appropriately address the notion of "double materiality" in a framework-neutral way, including how this differs from the practitioner's consideration or determination of materiality? If not, what do you propose and why?

*(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)*

**Overall response:** Neither yes/no, but see comments below

**Detailed comments (if any):**

**Please see our comments on Question 9.**

#### *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):

Please see our comments on Question 9.

In practice, the application of the concept of performance materiality may not be practicable or easily applied for certain quantitative disclosures involving certain subject matters or topics which include sustainability metrics which are expressed in percentage or ratios terms (which may be binary or linked to certain legal or contractual sustainability performance targets). Therefore, we suggest that the IAASB provide additional application guidance on this area to enable the practitioners to effectively apply the concept of performance materiality in practice in a number of different sustainability matters or topics.

In addition, there is a lack of clarity on how misstatements are assessed together with qualitative and quantitative materiality under Paragraph 91 of ED-5000, especially if there are aggregated uncorrected misstatements. Further clarity may be required to be considered when misstatements can or cannot be aggregated due to their differing nature and how this would need to be considered in determining the final opinion.

*Understanding the Entity's System of Internal Control*

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

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

Overall response: Agree (with no further comments)

Detailed comments (if any):

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

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

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

Overall response: Neither yes/no, but see comments below

Detailed comments (if any):

The relationship between individuals involved in the engagement is unclear in ED-5000 for the application of these principles by non-accountant assurance practitioners who are not accustomed to ISA 220 (Revised). We would suggest that the enhanced version of Figure 2 in the Explanatory Memorandum which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals be included in the final standard. To avoid any confusion, it is also useful to also include the definition of "other practitioners" in ED-5000.

In addition, ED-5000 is also unclear how the practitioner or engagement leader is able to be suitably involved throughout the assurance process (i.e. direction, supervision and review) of the other practitioners' work.

The practical challenge that the practitioner cannot be sufficiently involved in the work of another practitioner due to access to the work of another practitioner is restricted by law or regulation, or the work that has been performed by that other firm relates to an entity that is part of the supply chain outside of the organisational boundary of the entity subject to the practitioner's engagement, and neither the entity's management nor the practitioner have any rights of access to that other firm's assurance work is not being sufficiently addressed by ED-5000.

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

(See *Explanatory Memorandum Section 1-G, paras. 88-93*)

Overall response: No, with comments below

Detailed comments (if any):

The requirements are clear and conceptually reasonable.

However, there are significant practical barriers to a practitioner's ability to comply with the requirements.

When assurance work has been performed at an entity significantly down the value chain, it is unrealistic to expect the assurance practitioner from that value chain entity to be able to interact with multiple assurance practitioners across the value chain.

- It is unclear how the assurance practitioner can reasonably evaluate the independence of another practitioner significantly down the value chain, other than relying on a statement in any assurance report issued by that downstream practitioner.
- When the downstream assurance practitioner is also from a non-professional accounting firm, the challenge of evaluating whether that practitioner has complied with requirements that are at least as demanding as the IESBA Code also apply (see question 4).
- Obtaining sufficient information to determine the nature, scope and objectives of that practitioner's work and evaluating its adequacy will be similarly challenging.
- Similar challenges to those for evaluating relevant ethical requirements apply in respect of evaluating whether a non-professional accounting firm has complied with quality management principles.

Therefore, in the absence of the evolution of a service auditor's report model up and down sustainability value chains, those assurance practitioners further up the value chain are likely to face an inability to obtain sufficient appropriate evidence (scope limitation) in many circumstances.

Whilst the existing group audit concepts from ISA 600 (Revised) with regards to obtaining sufficient appropriate evidence over aggregated sustainability information may be referred to for this purpose, the concepts will need to be further adapted for sustainability assurance to address the different types of information which originate from outside the entity's organisational boundary, which are reported by the reporting entity.

In view of this, we suggest that the IAASB provide application guidance in ISSA 5000 or develop a non-authoritative guidance on:

- the practical challenges associated with addressing information from outside the entity's organisational boundary in complying with various requirements within ED-5000;

- examples of what level of information and access can reasonably be expected to be obtained to determine the nature, scope and objectives of that practitioner’s work; and
- evaluating the adequacy of the practitioner’s work to enable an assurance practitioner to express an assurance conclusion on aggregated sustainability information as a whole.

For example, this would include implications for whether engagement preconditions can be met, availability of, and sufficiency and appropriateness of, evidence, considerations related to using work of another practitioner in response to the requirements of paragraph 51(d) of ED-5000, and any limitations of scope that impact the practitioner’s conclusion.

*Estimates and Forward-Looking Information*

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

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

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

Detailed comments (if any):

In principle, yes. However, forward-looking information which by nature, is subject to high inherent uncertainty and involves the use of hypothetical assumptions which are speculative in nature. As such, for a limited assurance engagement, it would be helpful for ED-5000 to provide application guidance on examples of circumstances which require the practitioner to consider other procedures to examine the reasonableness of such assumptions used.

Furthermore, IAASB may want to consider addressing estimates and forward-looking information in a separate topic-specific ISSA in near future for consistent application across all sustainability assurance engagements.

*Risk Procedures for a Limited Assurance Engagement*

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

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

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

Detailed comments (if any):

In practice, ED-5000 should provide more practical examples on how the risk assessment is performed in a limited assurance engagement without identifying such risk at the assertions level. In the absence of that, there could be diversity of practice by practitioners on how such risk assessment is carried out.

The identification of “characteristics of events or conditions that could give rise to material misstatements of disclosures” when applied to sustainability matters may be significantly more challenging than in an audit of financial statements given the breadth and scope of sustainability

matters. The engagement team's understanding of the reporting boundary and legal/regulatory framework are also likely to be complex and challenging.

Please see our comments on Question 7.

*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):

In principle, the requirements of the standard can be applied to sustainability information of a single entity or “consolidated” information.

In many, if not a majority, of engagements, due to the requirements of the applicable reporting framework, entities will need to include sustainability information from across their value chain. Therefore, in such cases the principles that apply to assuring “consolidated” information would be relevant.

See also responses to question 12, with respect to further guidance on aggregation risk, and question 15, with respect to challenges in using work performed by another practitioner from the entity’s value chain.

Additionally, we would suggest that the IAASB consider a separate topic-specific ISSA in near future covering Group or Consolidated Sustainability Information, particularly in relation to risk assessment and documentation requirements. Such guidance could also be incorporated within ED-5000 if that is more practical.

*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):

The susceptibility of the sustainability information due to fraud e.g., greenwashing risk by management or management override of controls through estimates are inherently present in sustainability reporting. In practice, similar to the principles of ISA 240, such risks could have a pervasive impact on the sustainability information, and it should be adequately considered by the practitioners, which should also similarly be addressed in the ED-5000. In regard to this, we would

suggest that the IAASB consider adding application guidance on circumstances where management override of controls may apply in the context of sustainability reporting.

*Communication with Those Charged with Governance*

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

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

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

Detailed comments (if any):

We support the high-level requirements of the matters set out in A137-A139 which may be communicated to those charged with governance. In addition to that, it might be necessary to include requirements for practitioners to communicate with TCWG matters that may result in a limitation on scope, such as the:

- inability to obtain sufficient appropriate evidence or obtain through alternative means, over the disclosures for which the practitioners' intended to use the work of another practitioner as described in A125 (refer to question 15, with respect to challenges in using work performed by another practitioner from the entity's value chain).
- compliance or potential non-compliance with the independence requirements of the IESBA's ethics code.

*Reporting Requirements and the Assurance Report*

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

(See *Explanatory Memorandum Section 1-G, paras. 116-120, 124-130*)

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

Detailed comments (if any):

We agree that the requirements in ED-5000 drive assurance reporting that meets the information needs of users. We have a concern users of assurance reports may have difficulty in differentiating between reasonable and limited assurance opinions. We suggest that in the public interest, the IAASB conducts public outreach with the aim of spreading awareness on the different types of assurance opinion.

In addition, due to the expected widespread use of ISSA 5000 for sustainability reporting in the future by practitioners, certain existing statements regarding the limitation of assurance (i.e., it cannot detect all misstatements) for auditors' reports (under ISAs) should also be considered for the assurance reports under ISSA 5000. It is important to reiterate to users of sustainability information that any assurance provided does not guarantee that no misstatement exists.

Therefore, we recommend the Board to consider amending the illustrative assurance reports of ISSA 5000 to include the above limitation, and further consider the consequential amendments to other related assurance standards (e.g. ISAE 3000, ISAE 3410 and etc), where applicable.

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 are of the view that it is not appropriate to require communication of key audit matters (KAM) or equivalent (e.g., “key sustainability assurance matters”) in ED-5000 at this juncture. Although we acknowledge the usefulness of communicating KAM, the complexity of applying a new standard itself will be challenging to the practitioners and having to communicate KAM for a sustainability assurance engagement will pose more challenges to the practitioners.

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

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

**Overall response:** Yes (with no further comments)

**Detailed comments (if any):**

*Other Matters*

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

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

**Overall response:** No response

**Detailed comments (if any):**

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

**Overall response:** Yes, as further explained below

**Detailed comments (if any):**

- Paragraph 189 of the ED-5000 requires the practitioner to state in an Other Matter paragraph, if the comparative information is not referred to in the practitioner’s assurance conclusion and was not subject to an assurance engagement in the prior period. We recommend ED-5000 to provide illustrative examples of the wordings of the other matter paragraph as described in paragraph 189.
- We would suggest that in the case where the practitioner is also the auditor of the financial statements of the entity, ED-5000 to consider including information obtained from the audit documentation as cumulative evidence in the sustainability assurance engagement to the extent relevant, in order to support the opinion issued on the assurance report.

3. Paragraph A430 of the ED-5000 states that if after the date of the assurance report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the assurance report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the management or those charged with governance or take other action as appropriate in the circumstances. We are of the view that the word ‘may’ gives the impression that discussion with management or TCWG is not a requirement and suggest that the word ‘shall’ be used instead.

### Part C: Request for General Comments

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

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

Overall response: [No response](#)

Detailed comments (if any):

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

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

Detailed comments (if any):

Generally, 18 months appears to be reasonable. However, it may be contingent on the specific approaches and plans of local jurisdictions’ plans to facilitate seamless transition. This particularly includes the manner in which local regulators intend to embrace ISSA 5000 once it is adopted by the IAASB.