

**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)	Pan African Federation of Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Lebogang Senne – Director: Technical Excellence
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	lebogangs@pafa.org.za
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.	Africa and Middle East
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	The Pan-African Federation of Accountants (“PAFA”, “we” and “our”) is a not-for-profit organisation that works to strengthen the capacity and influence of the accountancy profession in Africa. As a representative of Africa’s professional accountants, our objective is to accelerate the development and strengthen the voice of the accountancy profession within the continent and worldwide.

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):

PAFA agrees that ED-5000, as an overarching standard, may be applied for each of the items described in paragraph 14 of the EM to provide a global baseline for sustainability assurance engagements. However, we would like to highlight some concerns and improvements required in the standard in respect of the following matters:

All sustainability topics and aspects of topics

- The interaction between ED-5000 and the International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, needs further explaining. For example, the execution of procedures under ISAE 3410 refers to risk assessment for limited and reasonable assurance engagements, whereas ED-5000 uses risk assessment only for reasonable assurance engagements. Further, where GHG is included as another subject for assurance, is the intention to refer to both ED-5000 and ISAE 3410?
- Going forward, the role of ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, has to be clarified regarding the subject matters to which it is expected to apply, especially given the broadness of the definitions of “sustainability information” and “sustainability matters”.
- In respect of paragraph 9 of ED-5000 and the definition of an attestation engagement, it is not clear how this standard will apply to all sustainability topics and aspects of topics, if direct engagements are scoped out.

Use by all assurance practitioners:

- It is not clear whether ED-5000 provides enough guidance to non-auditors, as auditors may draw on their knowledge of other IAASB auditing standards in areas where uncertainty may exist.

Limited and reasonable assurance engagements:

- While we acknowledge that ED-5000 has more guidance on limited and reasonable assurance engagements, the extent of work to be performed under limited assurance engagements, compared to reasonable sustainability assurance engagements, is still not clear.

- Under ED-5000 (see paragraphs 102L and 102R), limited assurance only refers to certain elements of internal control being assessed, in contrast to all these elements being assessed under reasonable assurance. The reasoning for these differences is not clear. We, however, believe that it is important for the practitioner to understand the internal control activities, irrespective of the level of assurance, to inform the risk assessment and determine the approach for the assurance engagement.
- In addition, it is not clear how a practitioner can arrive at “risks of material misstatement in disclosures that have been identified by the entity’s risk assessment process”, in accordance with paragraph A366, as the application material to paragraph 115L of ED-5000 for a limited assurance engagement without performing a risk assessment.
- A risk-based approach is followed for a limited assurance engagement level in ISAE 3410 but not in ISSA 5000. It appears that these two standards are therefore not currently aligned in respect of the limited assurance approach, which may create the impression of a differing level of limited assurance under these respective 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: [Yes, with comments below](#)

Detailed comments (if any):

Refer to our response in the first paragraph under the section on All sustainability topics and aspects of topics in Question 1.

In addition, we suggest that paragraph 2 of ED-5000, currently under the Introduction section, be moved to the section titled “Scope of this ISSA” in the standard, because it explains when ISAE 3410 is applicable in relation to ED-5000.

Relevant Ethical Requirements and Quality Management Standards

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

(See Explanatory Memorandum Section 1-D)

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

Detailed comments (if any):

While the requirements in on their own are sufficiently clear, the reality of many jurisdictions is that there is no single body that regulates all professions who might apply the proposed standard. To that end, outside the accountancy profession, the effective implementation and monitoring of the concept of “at least as demanding” is questionable. It is therefore proposed that instead of merely referring to the IESBA Code and ISQM 1, the standard incorporates more detailed standardised or minimum requirements on quality management and ethics adherence rather than leaving this open to interpretation.

IAASB is encouraged to also consider issuing detailed guidance on ISQM1 for assurance practitioners outside the accountancy profession.

Definitions of Sustainability Information and Sustainability Matters

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

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

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

Detailed comments (if any):

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?
(See Explanatory Memorandum Section 1-E, paras. 35-36)

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

Detailed comments (if any):

It is recommended that the IAASB provide additional practical examples to clarify the connection between sustainability matters, sustainability information, and disclosures across different sustainability engagement projects.

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):

In general, we agree with the differentiation in approach and recognize that this is in line with the general expectation that the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Nonetheless, stakeholders have questioned whether sufficient guidance has been provided for Limited Assurance engagements in comparison with the guidance provided for Reasonable Assurance engagements.

Furthermore, we believe that risk assessment should be a requirement for both limited and reasonable assurance engagements (refer to our response to Question 1 under Limited and reasonable assurance engagements). It is therefore recommended that the IAASB consider whether paragraph 104R should also apply to limited assurance engagements.

Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-F, para. 51)

Overall response: Yes (with no further comments)

Detailed comments (if any):

9. Does ED-5000 appropriately address the practitioner's consideration of the entity's "materiality process" to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

(See Explanatory Memorandum Section 1-F, paras. 52-55)

Overall response: Yes, with comments below

Detailed comments (if any):

The importance of the materiality assessment of the preparer in sustainability information should be emphasised. Relevance and reliability (particularly the attribute of completeness) are essential for sustainability information that can assist decision-making by the intended users. As such, emphasis should be put on the procedures the practitioner is required to perform on the process by which the preparer identifies the material information to be reported. To get a level of assurance that this process will not lead the preparer to disregard or omit (by error or fraud) material matters, clearer provisions are needed to define how the practitioner should examine the process for determining material matters. Though there are guidelines in various places in ED-5000 that deal with those as requirements, a more streamlined and targeted manner is needed to support understandability, for example, by grouping the provisions under a specific heading.

In ED-5000, it is clear that the process the client undertakes needs to be considered in the practitioner's determination of the assurance approach. However, caution should be exercised in the amount of emphasis that is placed on the client's materiality process, so as not to confuse the "materiality" set by the assurance practitioner for evaluating the misstatements identified with the process undertaken by the client. Rather, the standard should clearly distinguish management's materiality process from that of the practitioner. In this regard, we suggest that ED-5000 should not reference "double materiality", as the IAASB's standards are framework neutral.

The application material in ED-5000 covers both the entity's processes for determining materiality and the way in which the assurance practitioner considers and determines materiality for the purposes of the assurance engagement. As stated above, it would be helpful if this application was clearly separated by adding a header such as "Entity's Materiality Process".

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: [No, with comments below](#)

Detailed comments (if any):

Stakeholders have expressed views that ED-5000 should not reference "double materiality", because IAASB standards are framework neutral.

Materiality

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

Overall response: Agree (with no further comments)

Detailed comments (if any):

Understanding the Entity's System of Internal Control

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

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

Overall response: Agree, with comments below

Detailed comments (if any):

In general, we agree with the differentiation in approach and recognize that this is in line with the general expectation that the procedures the practitioner will perform in a limited assurance engagement will vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. We do question whether sufficient guidance is given for Limited Assurance engagements in comparison with the guidance provided for Reasonable Assurance engagements. For example, the ED elaborates on control environment (para 103R) and the entity's risk assessment (para 104R) in the requirement paragraphs, but these are specifically marked "R". Can these principles be applied for a limited assurance engagement as well? We recognize guidance provided in A-paragraphs, but the guidance in the A-paragraphs for both 102L and 102R is the same [102L Ref: Para A312-A317 and 102R Ref: Para A312-A314, A316-A317; 102L(a) Ref: Para A318L, A320-A321 and 102R(a) Ref: Para A319R-A321]. Can a practitioner performing a limited assurance engagement use 103R and 104R as guidance where relevant?

It is unclear what the distinction is in requirement between para 102L(b) referring to "The results of the entity's risk assessment process" vs, para 102R(b) only stating "The entity's risk assessment process". We recommend that this difference be more clearly explained.

Should a practitioner performing a Limited assurance engagement disregard information in "R" paragraphs, or may such information still be considered as guidance? "R" paragraphs may still have useful information and give additional guidance?

Using the Work of Practitioner's Experts or Other Practitioners

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

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

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

Detailed comments (if any):

We agree that the ED is clear about who forms part of the engagement team. The definition in para 17(p) is clear on this and expressly excludes a practitioner's external expert from the engagement team. The way in which para 41 is written also aids with this distinction.

Considering the requirement on paragraph 17(p) in isolation, however, it is not clear that "Another practitioner" does not form part of the engagement team. We acknowledge that para 17(p) refers to paragraph A22, where it is explained who is referred to as "another practitioner". We recommend that the last part of para A22 be updated to include the definition of another practitioner for more clarity as noted under paragraph A17 (p).

There has also been a call for clarification on how the work of experts can be referenced by the assurance practitioner. ISA 620 prohibits any reference to using the work of an expert in the auditor's report. The ED does not have such a prohibition and the application material suggests the assurance practitioner could refer to the work of an expert in their assurance report where they issue a qualified opinion/conclusion.

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

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

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

Detailed comments (if any):

Estimates and Forward-Looking Information

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

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

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

Detailed comments (if any):

We recommend that specific guidance is provided in the standard on generally acceptable methods, assumptions, data, and the evaluation of any significant deviations/misstatements on the practitioner's report.

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):

It is recommended that more clarity or examples be provided to adequately distinguish the risk procedures. It is not clear what is meant by "identify disclosures where material misstatements are likely to arise" or how a practitioner would practically go about doing this.

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):

There is limited guidance on consolidated sustainability information presented by an entity especially where the group is diverse and has exposure to various industries. What would be considered material at group level? We suggest that more guidance is provided on the materiality process performed by management at group level and the determination of materiality by the practitioner including benchmarks and thresholds.

For example, for a holding company with operations in different regions, how would a practitioner consider the overall impact on the audit report where misstatements identified in one region are offset by “good results” in another region on similar or different disclosures.

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):

While we appreciate the material that is already included in ED-ISSA 5000, for example application material A296, A131 and A406, we are of the opinion that the following suggestions will bring improvement into the standard:

- The ED appropriately addresses the topic of fraud; however, the guidance appears in various sections. Whilst we acknowledge that fraud is considered throughout the engagement, we recommend that an additional single section and related application guidance on fraud be included to give the fraud topic more prominence.
- IAASB should consider including further guidance in ED-ISSA 5000 for non-accountants with the consideration and execution procedures related to the topic of fraud.
- IAASB should clearly define Greenwashing, provide examples and guidance on intentional and non-intentional aspects as this will be difficult to distinguish in practice. Complexity is created around assessing fraud and errors, including greenwashing, while reporting frameworks and systems are still evolving, particularly in respect of qualitative disclosures – supporting the need for further guidance in this area.

Communication with Those Charged with Governance

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

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

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

Detailed comments (if any):

Reporting Requirements and the Assurance Report

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

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

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

Detailed comments (if any):

There has been a request for more examples of sustainability assurance reports, including examples of inherent limitation paragraphs or wording for engagements assuring sustainability reporting information against common frameworks.

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

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

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

Detailed comments (if any):

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?
(See *Explanatory Memorandum Section 1-G, para. 131*)

Overall response: Yes, with comments below

Detailed comments (if any):

It is recommended that more clarity be provided on the meaning of “substantial” within this context. Some of the procedures seem similar suggesting that it may not be sufficiently clear as to the differences between procedures noted between limited and reasonable assurance engagement and how materially different these are to each other.

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: No other matters to raise

Detailed comments (if any):

Part C: Request for General Comments

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

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

Overall response: No response

Detailed comments (if any):

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

Overall response: Agree (with no further comments)

Detailed comments (if any):