

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)	We Mean Business Coalition
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Jane Thostrup Jagd
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	jjagd@wmbcoalition.org
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.	Global
	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).	We are a global nonprofit coalition working with 13,000+ businesses to act on climate change, and to halve emissions by 2030 and accelerate an inclusive transition to a global net zero economy by 2050.

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):

WMBC appreciates the efforts made to make a standard, which is as wide and reporting standard-agnostic as possible.

- We would however like the following to be better/more precisely defined: Ex Memo sect 1-A, ED §14 – no 2 and 6: It is not clear which assurance framework (financial or non-financial) should be used for the assurance of truly integrated reporting elements; meaning when financial and non-financial information/KPIs are not just placed in the same report but are truly intertwined elements. For instance, consider GHG intensities (GHG/Revenue) or EU-taxonomy reporting, which divides financial data (Revenue, OpEx and CapEx) based on activities and sustainability related technical screening criteria. The issue is complicated by the fact that in many jurisdictions financial, non-financial and integrated elements are all part of the same reporting act. Therefore it is difficult to determine which of these elements should be considered as “sustainability information” in accordance with ED §17 (uu) and Ex Memo sect 1-E, §28, or as “financial information”, since “financial information” as an information-type is not defined in ED §17.
- It is not clear, whether assurance of iXBRL (incl ESEF) reporting of sustainability information is covered by the ISSA 5000, as it is not mentioned at all. Will this continue to be covered under the framework from Committee of European Auditing Oversight Bodies (CEAOB guidelines on the auditors’ involvement on financial statements in European Single Electronic Format) or will there be a broader/global assurance standard for this, given that ISSB is also working on developing an iXBRL-taxonomy?

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

Detailed comments (if any):

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

Detailed comments (if any)

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):

See also reply to Question 1.

Sometimes information is integrated/intertwined, and includes both financial and non-financial elements together. The question is then, which assurance regulation (and hence assurance team) should be used?

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 45-48)

Overall response: Yes (with no further comments)

Detailed comments (if any):

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

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

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

Overall response: No (with no further comments)

Detailed comments (if any):

In ED §69 a, it is indicated that the practitioner **should** evaluate the “sustainability information expected to be reported”. It sounds reasonable, but there is potentially a timing issue with this precondition for agreeing to an engagement, since the preparer may not have made the materiality assessment yet when the engagement is agreed at the Annual General Meeting almost a year in advance.

In Ex Memo § 51 and ED §70 the engagement circumstances are indicated to be “preliminary knowledge”, which is correct. But for the practitioner to be able to get this “preliminary knowledge”, whereby also ED §§25-28 Acceptance and Continuance of the Assurance Engagement can be effectively performed, one would assume the preparer must at least have made a draft, or have an old version of a materiality assessment.

Clearly clarification is needed to understand whether it is a prerequisite from the practitioner for the preparer to have at least made a draft or to have an old version of a materiality assessment in order to accept an engagement? This is, of course, primarily important to clarify for the initial year of assurance-engagement.

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):

From whose perspective? This is the question at the crux of all materiality assessments. Which stakeholders must be included to identify the relevant topics, especially for impact materiality? How will/should the practitioner evaluate whether all relevant stakeholders have been considered in the assessment – especially also in cases of stakeholders with limited ability to say anything directly (for instance nature)? Should anyone with an opinion be considered? Or how should this work?

We cannot see any guidance for validation of identifying relevant stakeholders in ED §§91-92, ED A270-A277 or Ex Memo §§52-55. Both users and stakeholders appear to be a given – and hence the preparer can begin to identify topics and aspects of topics simply based on this given, which the practitioner then can verify. We would like to raise a concern, as in reality stakeholders are not a given and, in fact, stakeholder-identification is probably the most difficult part of the process. We have also looked into the [draft implementation guideline for materiality assessment from EFRAG](#) to see if they have identified a method and/or documentation demands, which could be validated by the practitioner. EFRAG simply indicates (see for instance FAQ 15-17) that all affected stakeholders, including silent stakeholders, should be considered. But “all affected stakeholders” is also a very imprecise and impractical term and not really a useful guideline. We would instead recommend that IAASB develops documentation demands for identifying relevant stakeholders to consider in the materiality assessment – perhaps in conjunction with the due diligence principles from [UN Guiding Principles on Business and Human Rights](#) and the [OECD Guidelines for Multinational Enterprises](#).

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):

See reply to question 8.

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

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

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

Detailed comments (if any):

Materiality

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

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

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

Detailed comments (if any):

Understanding the Entity's System of Internal Control

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

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

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

Detailed comments (if any):

Using the Work of Practitioner's Experts or Other Practitioners

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

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

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

Detailed comments (if any):

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):

It is not clear what kind of working papers/documentation/information should be shared between assurance teams in the case that the financial and non-financial assurers come from different houses. Neither is it clear what level of granularity is needed to be acceptable for the receiving assurance partner. This is especially important for ED §§51-54 Using the Work of a Another Practitioner and ED §§63-68 Documentation – and especially important for assurance of truly integrated reporting elements, which can only be made by the preparer by using both financial and non-financial elements together. (see also question 1).

This lack of precision could lead to the preparer reaching the conclusion that the practitioner needs just one set of assurance work and documentation and that this can be re-used by the other assurer. But when the second assurance team sees the working papers from the first team, they may decide to re-work some or all the assurance work, which the first team did. This may also be the approach used by the second assurer to persuade the preparer to use a single assurance house in the future – and the preparer will have no way of arguing against it, due to lack of precision in the standard. Finally, the preparer will have no way of “enforcing” one practitioner to share working papers/documentation/information with another practitioner, which could limit the possibilities to re-use for instance documentation verification from mandatory certifications of various kinds. The latter is especially relevant for the circumstances described in Ex Memo §92.

Either way, the lack of precision can make it difficult for the preparer to evaluate offers of assurance – and could eventually be both costly and time-consuming for the preparer.

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 agree with this approach but would also like to raise a concern that “Key Audit Matters” (KAM) is apparently not intended to be used for this purpose (see Ex Memo §§ 121-123). However, KAM does appear to be useful for informing report users of assurance of significant forward-looking information and the quality of this information, especially when the assurance of this information is made to a reasonable level. We do recognize however, the KAM-hesitance from IAASB as primarily related to limited assurance.

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):

See also reply to question 9.

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 do not agree that ISA 600 (Revised) cannot be used for assurance of consolidated sustainability reporting. It should be used. We cannot see from the Ex Memo, what the arguments are for not using it.

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 do agree with the approach but we would like to highlight that apart from generic fraud to misrepresent the company aimed at increasing share prices and/or better contract possibilities etc., it may also be beneficial to address and consider whether certain sustainability topics are part of incentive schemes, which could lead to a more direct fraudulent financial benefit for some employees/board members. We question if the thresholds should be lowered for qualifying whether misstatements are material or not and if they should be considered as simple errors or fraud.

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):

The assurer must provide the preparer’s board with a long-form report – especially when the assurance is at a reasonable level – and this could easily include the significant matters mentioned in ED A137-A140. This is also needed to ensure the internal control setup is continuously maintained and developed.

Based on the current phrasing, one might think that a long-form is not necessarily needed if there are no significant matters to report. But either way, a long-form report is always needed.

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 fully agree to the concerns raised in Ex Memo §§ 116-117. However, we have also identified questions related to identifying users and stakeholders (question 9 and 17). In cases where assurance is only done to a limited level, the limitations should be very clear also to potential users, who may not be familiar with the terminology.

The use of KAMs (see question 22) could also be a way of addressing some of the more judgmental assurance areas, which may be of importance to the users’ understanding.

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: [Disagree, with comments below](#)

Detailed comments (if any):

See replies to question 16 and 25. Not to include KAMs as a necessity for the auditor's report, appears to undervalue the purpose of assurance of the sustainability report for the users.

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):

See reply on question 21.

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):

In the Ex Memo §§61-64 it is indicated that ISA 500 (Revised) will be included on “a principles-based approach” – and it is up to the individual practitioner to decide/define evidence requirements. We support the idea, but also fear the outcome may at times leave too much wiggle room for both the preparer and the practitioner and eventually jeopardize the usefulness of the report.

We claim, that most non-financial datapoints are “documentable”, or could be obtained in a different way, whereby they become “documentable”. As a result, they can be documented using the ordinary ISA 500 (Revised) requirements for evidence, e.g.:

- external evidence is better than internal evidence (e.g., invoices on electricity or water consumption from a third party, are stronger evidence than internal manual meter-readings)
- direct evidence is better than indirect and inferences
- written evidence is better than oral
- original evidence is better than copies
- and maintenance of audit trail must be a requirement

The residual sustainability information and disclosures of a more probable nature can obviously also be assured to a reasonable level, just like financial data of a more probable nature (e.g.: impairment tests, provisions, contingent liabilities, etc.). But it should be preferred to use hard evidence, where it is possible to obtain. This should be the main principle. With such a main principle, assurance of sustainability information and disclosures of a more probable nature – or documentable datapoints which for odd reasons have been documented by the preparer with weak evidence – should require more corroborate evidence collection just as required for the financial data. Perhaps it would require increased testing using different test methods or different sources – and/or perhaps clearer accounting/estimate principles, which of course must be published.

The practitioner may also be called upon to highlight certain elements to be defined as “Key Audit Matters” (KAM) – just like we see in the financial auditor’s report. As mentioned in question 16, we would like to raise a concern that KAM apparently is not intended to be used for this (see Ex Memo §§ 121-123), as KAM-reporting will increase the attention on importance of the quality of evidence and assurance, the quality of the report, and hence the usability.

These requirements for audit trail, hard evidence where possible, and increased testing on more probable sustainability information and disclosures will also be important for the preparers’ ability and willingness to store the evidence material for a given minimum period (especially for social data where there often are GDPR clauses) – much as today, we have requirements for storage of bookkeeping material for a given time period, which supersedes GDPR.

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: [Disagree, with comments below](#)

Detailed comments (if any):

An earlier deadline is needed since assurance is requested for the CSRD and EU-Taxonomy reporting already from reporting year 2024.