

**EER Consultation Paper July 2020 (Chapter 10)****Question 1: Does the draft Guidance address the challenges for practitioners****10.1.1 Q1 - The Guidance addresses the challenges****1. Investors and Analysts****ICGN - International Corporate Governance Network**

The Guidance has addressed the challenges for practitioners that have been identified as within the scope of the draft Guidance.

**3. Accounting Firms****CG - Crowe Global**

The draft Guidance does adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance

**GTI - Grant Thornton International Ltd**

We have no specific comments on this chapter because our view is the guidance is appropriately presented and sufficiently detailed.

**PwC - PriceWaterhouseCoopers**

Where chapters are not listed below, we have no specific comments and support the proposed guidance.

**RSMI - RSM International Limited**

This chapter is helpful in providing guidance regarding the preparation of the assurance report, in particular the examples are useful.

**4. Public Sector Organizations****GAO - United States Government Accountability Office**

We believe that the draft guidance addresses the challenges for practitioners that have been identified as within the scope of the draft guidance.

**5. Member Bodies and Other Professional Organizations****GRI - Global Reporting Initiative**

The guidance is comprehensive and covers a wide range of different types of Extended External Reporting engagements, different concepts and further guidance to support the key principles in ISAE 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'. It provides much needed detailed and specific guidance for practitioners which until now has been absent, with the exception of more specific guidance that was provided in ISAE 3410 'Assurance on a Greenhouse Gas Statement'.

**IAAA - Inter-American Accounting Association**

Yes, we consider that it adequately addresses the commitments.

The draft guidance is sufficiently explicit and rich as technical material, which we are sure will be of great help to professionals who offer their services independently, as well as having a great impact on the management of the preparers of the information on which the Professionals will issue their EER.

#### **ICPAR - Institute of Certified Public Accountants of Rwanda**

Yes. We agree that the Guidance adequately addresses the challenges for practitioners that have been identified as within the scope of the draft Guidance.

#### **ICPAU - Institute of Certified Public Accountants of Uganda**

ICPAU believes that the draft Guidance, to a big extent, addresses the challenges for practitioners that have been identified as within the scope of the draft Guidance. ICPAU is also very appreciative of the illustrations in the draft Guidance as these will further enhance the application of ISAE 3000 (Revised).

#### **SAICA - South African Institute of Chartered Accountants**

SAICA has noted the significant improvements made from the EER Assurance Consultation Paper (February 2019) that was submitted during Phase 1 of the project. We are satisfied with the scope of the Draft Guidance and believe that the guidance provided therein adequately addresses the ten key challenges that were identified at the beginning of the project.

#### **SVI - Social Value International**

Overall we are supportive of the draft

### **10.1.2 Q1 - The Guidance does not address the challenges**

None

### **10.1.3 Q1 - Mixed views on the Guidance addressing the challenges**

## **2. National Auditing Standard Setters**

#### **AUASB - Australian Auditing and Assurance Standards Board**

The AUASB considers this chapter to be disproportionately long compared to a number of the other chapters. Flowing a typical example Assurance Report for publication in an EER through this chapter may help to reduce the length and condense the guidance under the “Assurance Report Content” paragraphs 340 to 375, which could also be linked to ISAE 3000. Highlighting or colour-coding could be used to identify how parts of the Assurance Report relate to the guidance in this chapter. This could aid the flow of the chapter and avoid confusion for practitioners regarding what an Assurance Report should typically include, alongside its potential structure.

Actual examples of Assurance Reports published in EERs would add value and are typically relatively succinct.

#### **CAASB - Canadian Auditing and Assurance Standards Board**

One of the areas our stakeholders tell us they are looking for more guidance is when an emphasis of matter paragraph is necessary. We believe there is a gap in the guidance and it should address the determination of when an emphasis of matter paragraph is appropriate (or not), how it should be positioned in the report, and provide an example.

## Circumstances in which the Guidance in this Chapter May be of Assistance to Practitioners

The intent of paragraph 330 is not clear. We agree that the practitioner should communicate the matters listed in (a) through (h) in the assurance report. We do not believe it is practical to communicate the implications of these matters, as stated in the first sentence of the paragraph. We suggest the first sentence in paragraph 330 should remove the reference to implications.

We also have concerns with the language used in paragraph 331. This paragraph refers to “expectation gaps” and to “the assurance conclusion that intended users may believe is warranted”. No further explanation of the expectation gap is provided, and it is not clear what warranted means in this context or what it would be based on. We believe this paragraph should be replaced with a simple statement that clear communication in the assurance report helps the users understand the assurance conclusion.

An identification or description of the level of assurance, the subject matter information and, when appropriate, the underlying subject matter (S. 69.c)

We understand the use of the phrase “degree of confidence” throughout this Chapter refers to its use in the definition of an assurance engagement from ISAE 3000 which says the assurance conclusion is designed to enhance the degree of confidence of the intended users about the outcome. However, the practitioner is not conveying the level of confidence the intended user can have in the subject matter information but rather providing a conclusion from which the intended user may derive confidence that the subject matter information is free of material misstatement. For example, paragraph 346 refers to users understanding which parts of the EER report they are “justified in having confidence in”. We don’t believe the use of the term “justified” is appropriate and suggest instead this part of the sentence be replaced with “which parts of the EER report have been subject to assurance procedures and which parts have not.”

S.69.i and S.69.j

Paragraphs 367 and 368 do not provide any additional guidance and only refer the reader back to the application material in the standard which is already linked to the requirement. Our preference would be to replace these two paragraphs with one paragraph that says there is no further guidance on paragraphs 69i and 69j of the standard.

An informative summary of the work performed as the basis for the practitioner’s conclusion (S.69.k)

Paragraph 369 refers to infinite variations in procedures being possible. We believe it would improve this paragraph to make a statement that it would be difficult to use boilerplate or templated language in the assurance report to describe the work performed.

The practitioner’s conclusion (S.69.l)

We believe there are two gaps in this section of Chapter 10:

We believe this section should provide further guidance on when one of the three options provided in S.69.l.(iv) would be more appropriate or what the pros and cons of using each phrase are.

It does not mention communicating deficiencies in internal control. Paragraph 373 talks about communicating matters of “good practice” or recommendations or other observations in (e) and (f) but it is not clear whether this covers communication of deficiencies. If the guidance is updated to discuss communicating deficiencies, we suggest the IAASB should consider whether the guidance should also include information similar to the requirement in ISA 265, Communicating Deficiencies in Internal Control to Those Charged with Governance, paragraph 11, updated for the purpose of an assurance engagement performed under ISAE 3000.

## CNCC-CSOEC - Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables

We welcome the content of chapter 10. However, we have the following comments:

The chapter appears a bit confusing. The chapter should be further streamlined;

As already mentioned, differences between limited and reasonable assurance should be explained, both at the level of the concept itself but also in terms of work effort;

Concerning the assurance report, paragraph 334 states that « although the Standard specifies basic elements that are required to be included in assurance reports at a minimum, it does not require a standardized format for assurance report”. Even if we support this statement, we consider that the Guidance should provide examples of standard paragraphs, such as responsibility paragraphs, ... Moreover, we do not understand the paragraph 335 that mention an “assurance conclusion expressed in a binary manner”. Although we understand that it probably refers to the binary pass/fail model of the audit opinion, we believe the concept of “binary manner” should be further explained;

Paragraph 337 (a) deals with a key consideration for the practitioner, i.e. who the assurance report is intended for and for what purposes. We consider that an example should be provided to explicit this matter;

Paragraphs 341 and 342 refer to two concepts, i.e. “addressee” and “intended users”.

We consider that these concepts should be further clarified. In our point of view, the addressee should be the legal representative of the entity and not the stakeholders as mentioned in paragraph

342. Stakeholders are indented users.

Paragraph 341 should be completed as follows: “An addressee identifies to whom the assurance report is directed. This may be done, for example, by referring to the intended users, “the shareholders and Board of directors” in the title of the assurance report or in the body of the report;

Paragraph 343 (b) deals with the identification of the subject matter information and, when appropriate, the underlying subject matter in the assurance report, making it clear what has been assured, and linking the output of the engagement to the scope of the engagement. We consider that the Guidance should provide examples of how this can be done (tick marks, reference to the paragraph of the document, ...). The term of “output of the engagement” is not clear enough and should be further clarified;

Paragraph 344 deals with the information provided in the assurance report, especially an indication of the differences between a limited and a reasonable assurance engagement. As mentioned here below, the difference is a question of coverage rate and not a question of nature of procedures performed. However, we believe that such practices may not be homogeneous in all countries. This is why we strongly recommend the creation of an international ESG observatory at IFAC level, which would include the preparers and the assurance providers, to identify and benchmark practices in terms of reported information and assurance provided (work effort, minimum number of hours requested, ...) similar to what the EFRAG lab is doing for corporate reporting information ;

Second sentence of paragraph 345 appears long and difficult to understand. It should be useful to provide an example, e.g. “we believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures”. Moreover, example for a reasonable assurance engagement should be provided. We only have an example for a limited assurance engagement.

Paragraph 346: an example should be provided to illustrate paragraph 346 (clear identification of both the information subject to assurance as well as the excluded information);

#### Paragraph 359

This paragraph relates to inherent limitations. We consider that further development should be made to explain the differences between inherent limitations and limitations imposed by the circumstances or by management;

Paragraph 362 deals with the statement to identify the responsible parties. Example given in paragraph 362 details the types the responsibilities of the directors. However, we consider that the following responsibility is missing “designing, implementing and maintaining the internal control relevant to the preparation of a statement that is free from material misstatement, whether due to fraud or error.”

Examples of paragraphs 365 and 366. We consider that the double reference (ISAE 3000 and ISAE 3410) is not appropriate. Only ISAE 3000 should be mentioned. In case of specific standards, we do not mention in the report all the specific standards. Only the principal one is referred.

Finally, we totally disagree with the considerations developed in paragraph 375 that it is appropriate to include in a long form report information about materiality. We consider that the EER is not mature enough to promote such a practice.

### **HKICPA - Hong Kong Institute of Certified Public Accountants**

#### Chapter 10: Preparing the Assurance Report

##### Use of “in all material respects”

We noted that in paragraphs 342 and 373(c) explain the concept that “in all material respects” may not be understood, especially if the users are not identified. We found the guidance confusing as such concept is not explained in ISAE 3000 (Revised) and other ISAE pronouncements. It only first appeared in this guidance. We are of the view that as this guidance uses ISAE 3000 (Revised) as the reporting framework, it should not be introducing “new” concepts which have not been explained in ISAE 3000 (Revised). In other ISAE pronouncements, “in all material respects” are included in the objectives of the practitioners. The illustrative example reports in the ISAE 3000 series have also included such wording.

It is unclear as to the intention of the sentences in paragraph 342 “However, if users are not identified,.....influence the decisions of intended users.” The guidance should just directly guide practitioners to consider stating who the intended users are other than the engaging party or the directors / management.

##### Inherent limitation and Emphasis of Matter paragraphs

Paragraph 358 gives guidance on inherent limitation, with specific example given on the measurement uncertainties. This raises confusion as to how to differentiate between inherent limitations and emphasis of matter paragraphs. Paragraph 73(a) of ISAE 3000 sets out that a practitioner includes an Emphasis of Matter paragraph if he considers it necessary draw intended users’ attention to a matter presented / disclosed in the subject matter information that is of such importance. These matters may include inherent limitation and its implication which are presented/ disclosed in the subject matter information.

We would suggest the IAASB to include guidance on “Emphasis of Matter” paragraph.

## IDW - Institut der Wirtschaftsprüfer

### Chapter 10: Preparing the Assurance Report

330. In (c), the statement is made that one of the characteristics of future-oriented information is whether their complexities and uncertainties will occur. We are not convinced that complexities and uncertainties “occur”. The issue in relation to future-oriented information is the likelihood of occurrence of future events or conditions in future that have an impact on that information. We therefore suggest that the wording “whether they will occur” be replaced with “the likelihood that future events or conditions reflected in the future-oriented information will occur”.

331. We are not convinced that the expectations gap can be subjected to linear or non-linear programming solutions leading to minimization, so we suggest that the word “minimize” be replaced with “reduce”.

337. This is written as a requirement, and since these items stem from the requirement in the standard, that is appropriate, but then reference should be made to the requirement in the standard so as to not leave the impression that the guidance is setting a requirement.

341. This paragraph confuses the addressee with the intended users. As paragraph A163 in the standard helps clarify, generally the addressee is the engaging party, which in an EER context is often the preparer or those charged with governance of the entity preparing the report. Other intended users beyond this would generally only be referred to as an additional addressee when the criteria are designed for a special purpose for a particular user or user group and is limited with respect to distribution or use to the engaging party and that user or user group. Furthermore, it would be very unusual for the intended users beyond the engaging party to be mentioned in the title of the report. We suggest that this paragraph be changed accordingly.

342. The example in the box appears to be confusing stating who the intended users are in the body of the report (the first sentence) and the alert required in paragraph 69 (f) of the standard for situations in which the criteria are designed for a special purpose and that therefore the subject matter information (and the report) may not be suitable for another purpose. This is dealt with in paragraph 360 of the guidance and therefore the second sentence should be deleted in this case.

345. We find the wording used in the three paragraphs, but in particular in the third paragraph, of the example in the box following paragraph 345 of the guidance to be unusual and in part not in line with the requirement in paragraph 69 (k) of the standard and its related application material. We suggest that the task force draw on the wording used in the paragraph prior to the limited assurance conclusion in the report on a limited assurance engagement on green-house gases as depicted in Illustration 2 of ISAE 3410.

362. The statements made in this paragraph and the example in the box thereafter are true – but only for attestations engagements. In a direct engagement, practitioners would be able to prepare the subject matter information. We suggest this paragraph clarify this.

364. In line with the standard, the word “applicable” should be changed to “relevant”.

## JICPA - Japanese Institute of Certified Public Accountants

### Chapter 10 paragraph 341

With regard to “The assurance report is usually addressed only to the engaging party or the directors, management or other stakeholders” in Chapter 10 paragraph 342, including “other stakeholders” gives the

sense that everything is included, and runs counter to the meaning of the “usually... only to...” restriction that precedes it. It would appear that this wording needs reconsideration.

#### Chapter 10 paragraph 345A

The illustrated example of the practitioner’s responsibility noted in the assurance report, which is provided in Chapter 10 paragraph 345, seems verbose compared to the example in the ISAE 3410 assurance report.

The first paragraph should be reconsidered presenting in the same way as the example text in ISAE 3410.

#### Chapter 10 paragraphs 342 and 373(c)

In Chapter 10 paragraphs 342 and 373(c), it is stated that in cases where the intended user is not clear the expression “in all material respects” is not appropriate. This could be read that “in all material respects” is in effect forbidden in cases involving a wide range of intended users. If the expression “in all material respects” may be used even when a wide range of intended users is involved, we believe additional commentary is required to address which cases are covered.

#### Chapter 10 paragraph 375

Chapter 10 paragraph 375, “Scope 1 greenhouse gas emissions: 5%” is the expression used in the example, but there is a danger that this figure could be taken out of context, leading to misunderstandings as to whether this 5% is the mandatory criteria for calculating threshold values for materiality. In order to avoid such as misunderstandings, the figure used in the example should be presented simply as “X%”, and references to materiality in the assurance report should not be made compulsory. In addition, the text before the example should be reconsidered to make clear that percentages, etc. used in the examples are for illustrative purposes only.

### **NZAASB - New Zealand Auditing and Assurance Standards Board**

The NZAuASB together with stakeholders noted the importance of this chapter.

Communicating clearly in the assurance report was a key consideration when the NZAuASB developed its domestic standard on service performance information. The NZAuASB considers that a more flexible reporting approach is especially important for EER assurance engagements that give rise to many communication challenges. Tailoring the report to the circumstances is likely to be especially helpful. The NZAuASB regards the guidance material in paragraphs 332 – 338 and 343-346 to be particularly useful in the context of EER and agrees strongly with the statement in paragraph 335. We have heard from users that the “negative form” of language in a limited assurance report is especially unhelpful. While this is a requirement of the standard, from a user’s perspective it is not especially well understood. Guidance that encourages more long form reporting, which is permitted by ISAE 3000 (Revised), may be the best way to overcome this criticism by users of assurance reports. Describing what the practitioner has done, why the focus was on these areas and what was the outcome may be more useful than the limited assurance conclusion itself. It may be useful to promote this more flexible reporting approach that is permitted by ISAE (3000) (Revised). Such an approach may be unfamiliar to traditional financial statement auditors but might result in more useful, relevant assurance for EER.

New Zealand practitioners indicated that they were most likely to provide a separate assurance report conveying findings and recommendations for an EER assurance engagement. There is one example of a combined assurance report, covering the audit of the financial statements and the limited EER assurance.

The illustrative examples included in this chapter are expected to be very helpful and will serve the public interest well. The examples following paragraph 349 are expected to be especially helpful. The NZAuASB encourages the IAASB to consider adding an additional example of reporting where experts are referred to in an assurance report. The NZAuASB also considers the example of the director's responsibilities following paragraph 362 will be helpful in practice. Paragraph 373 is an example where the guidance is dense and may benefit from simpler, plainer English.

We note an edit to paragraph 315 “may not be materiality misstated” should read “materially misstated”.

### 3. Accounting Firms

#### BDO - BDO International Limited

Question 1: No comments. To enhance practitioners' understanding of how to classify 'trivial errors' in EER it would be helpful to have an illustrative example. In addition, providing examples of how to accumulate uncorrected misstatements would be helpful considering an EER report consists of diverse subject matters often presented in a mix of narrative, quantitative and qualitative reporting.

#### DTT - Deloitte Touche Tohmatsu Limited

Par. 331 states 'the assurance report is the only means by which the practitioner communicates the outcome of the assurance engagement to intended users.' While this is true, there are a number of instances where the preparer highlights within the EER report certain areas that have been assured. e.g., by placing an '\*' next to selected data points with a footnote saying, '\*KPIs assured by Audit Firm XY, please see page x / website link for their full assurance opinion.' In a circumstance such as this the assurance report may be the only communication between the practitioner and the preparer. Also in the '\*' example this does not actually say anything about what the scope was, what the conclusion was, if there were qualifications etc. Therefore, there is a risk that the report users see this and place greater reliance on the subject matter overall. It would be helpful to provide guidance about how the practitioner and preparer should manage this situation to ensure clarity of understanding of the assurance.

Par. 346 recommends clear identification of both the information subject to assurance as well as the excluded information, when the subject matter is not the whole EER report. To be useful and cover a very common scenario, the guidance here would benefit from the addition of an example of how this scope might be described by the practitioner within the assurance report.

Pars. 350 and 351 covers the need for the practitioner to have a discussion early in the assurance engagement process (i.e., during pre-acceptance scoping) with the preparer about publication of criteria and the need for these to be made public. This should cross reference back to Chapter 3: Determining preconditions and agreeing the scope of the EER assurance engagement, e.g., following par. 81.

Par. 358 provides an example with wording regarding inherent limitations for the assurance report. It would be beneficial for practitioners to have a 'real life' example with actual context.

Par. 366 references AA1000 AS: it should be clarified whether AA1000 AS conflicts with ISAE 3000 or not. Otherwise the reference should be removed.

#### EYG - Ernst & Young Global Limited

EER Guidance Chapter 10 paragraph 345 indicates that a reasonable assurance engagement report only briefly describes the procedures and that a limited assurance engagement report contains an “informative

summary” of the procedures performed, i.e., procedures are described more fully. We believe that this may send a conflicting message with ISAE 3000.69(k), which requires an “informative summary of the work performed” for all reports including both reasonable assurance and limited assurance reports. This guide paragraph should be better aligned with the Standard so that it is clear that both types of engagement reports require an informative summary, but that, as set out in paragraph A176 of the Standard, limited assurance reports contain more detail.

Regarding EER Guidance Chapter 10 paragraph 346, the requirement for the Assurance Report to clearly identify the information not subject to assurance (“excluded information”) appears to conflict with ISAE 3000.69(c) and ISAE 3000.A163, which only require the Assurance Report to identify information that is subject to assurance. Identifying excluded information may be very onerous for reporting on an Integrated Report, which tends to have a lot of information other than assured sustainability data points.

#### **KPMG - KPMG Network**

Furthermore, we also suggest that the Guidance Document provide clarity to practitioners as to (i) how they may clearly identify the intended user group in the assurance report itself, and avoid others inadvertently placing reliance on the assurance report, and (ii) the circumstances in which the lack of clarity is such that it would not be appropriate to accept an engagement. We suggest that such discussion include the following:

consideration as to the appropriate addressee(s) of the Practitioner’s Report and whether it may be appropriate to identify certain intended users/user groups as specific addressees in addition to the engaging party. We recommend the Guidance Document provide examples of factors to consider in making such a determination, for example, an understanding of the prevailing laws/regulations in the particular jurisdiction in which the Report is prepared, with regard to the permissibility of such identification as well as the legal/regulatory consequences;

the inclusion of restriction of use and/or distribution clauses within the Report, which can also be used to identify other intended users in addition to the addressee(s) of the assurance report, as well as alerting other potential readers of the assurance report not to place inadvertent reliance on this, subject to local laws/regulations; and

the inclusion of a description of any significant inherent limitations associated with the measurement/evaluation of the particular underlying subject matter against the applicable criteria, which is required, when appropriate, by ISAE 3000.69(e) in order to draw the attention of intended users to these limitations. Such descriptions are focused on the particular engagement circumstances and are not generic descriptions. They may be particularly appropriate when there is a broader intended user group, and/or when the entity is expected to make the subject matter information and the practitioner’s report thereon publicly available, e.g. by publishing on their website. In such circumstances the practitioner may be concerned that it is not practicable to identify all users and, in addition, may consider that such potential users may not have a clear understanding of the nature of an EER assurance engagement or the inherent limitations of the particular engagement.

## **4. Public Sector Organizations**

### **AGA - Office of the Auditor General Alberta**

Chapter 10, paragraph 374 provides guidance on identifying circumstances where parts of the EER report are subject to different levels of assurance by clear identification of levels of assurance with an identifying mark or differential presentation in a table. It would also be useful:

to indicate that such differential identification would be useful if EER information is also included in a report with other information such as financial information that has been subject to reasonable or limited assurance for the practitioner to be alert for indications that informed readers (such as audit committee members) of such reports do not understand the different levels of assurance and take appropriate action going forward to minimize unwarranted association

## 5. Member Bodies and Other Professional Organizations

### Assirevi

Paragraph 341 provides guidance on the identification of the addressee. “An addressee identifies to whom the assurance report is directed. This may be done for example by referring to the intended users in the title of the assurance report, or in the body of the report.” In order to avoid misunderstandings, we suggest referring to ISAE 3000.A163 “An addressee identifies the party or parties to whom the assurance report is directed. The assurance report is ordinarily addressed to the engaging party, but in some cases there may be other intended users”.

As far as Specific Purpose reports are concerned, paragraph 342 provides guidance on “intended users” and “restriction of use”, making directly reference to ISAE 3410.A47.

Since the EER is expected to have a broader scope and not only include greenhouse gas statements, we suggest to:

separate paragraph 341 from paragraph 342 with a subtitle “specific purpose”,

make reference to ISAE3000.A167 and ISAE3000.A168, instead of ISAE 3410.A47, which describe the scope of Specific Purpose reports.

Reporting guidance included in Chapter 10 does not present any example of conclusions on “quantitative subject matter information” presented in combination with “qualitative future oriented” information. We believe that such an example would facilitate the combination of reporting concepts resulting from ISAE 3000 with those embodied in ISAE 3400

No comment on structure.

### BICA - Botswana Institute of Chartered Accountants

Draft Guidance paragraph 373 list factors from the practitioner’s conclusion which may create problems from the users’ perspective. There is however no conclusion in this respect.

We propose that a concluding sentence be inserted at the end of all points referring to the fact that the report is prepared for a reasonable and informed party. As it stands it may appear that there is something wrong with the practitioner’s report based on stated elements.

### CPAA - CPA Australia

Depending on the nature of the engagement, assessing the suitability of the criteria may require an in-depth understanding of the business, in so far as it relates to the subject matter, and high level of professional judgement by the practitioner. The examples in this chapter may be a little too simplistic to effectively communicate this complexity.

In addition, we suggest that Chapter 10 discusses reporting of any misstatements in the description or identification of the criteria used to prepare the EER, as set out in the basis of preparation in the EER report.

Other information: Whilst consideration of “other information”, contained within an EER but which has not been assured, is addressed in Chapter 8, we suggest it needs further consideration in Chapter 10 on reporting. In particular, this would include setting out the other information to be presented with the EER report, and its consideration for consistency, with the assured EER information by the practitioner.

### **FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas**

Given these difficulties, as an alternative solution, we consider that it is possible to think about issuing more than one professional report that allows us to solve, at least partially, some of the observations we make

We are concerned with how complex it is to reach a single conclusion in a report that may cover different issues or topics, which due to their nature and objectives make it difficult to represent the findings or mistakeness detected in a single conclusion.

The previous situation, originated in the diversity of topics that may be in the content of an EER, the fact that it is not possible to know a priori all the topics to be covered, makes the construction of a regulation to contemplate all the situations that are covered more complex. can present.

On the other hand, the diversity of criteria that could be used to define the information to be incorporated into the EER and its content, as well as the application of professional judgment, to choose and apply procedures to obtain evidence, affect and will continue to affect the comparability of the EER of different issuers, making it difficult for stakeholders to evaluate.

It is not included in the Guide the possibility that the engagement partner is not the one who takes full responsibility in the case of needing to form a multidisciplinary team when the underlying element is of such complexity that it prevents the accountant from obtaining sufficient knowledge and adequate on the field of expertise of an expert, which does not allow the accountant to determine the scope, nature and objective of the work to be carried out or to evaluate its conclusions, which leads us to propose its inclusion, reviewreviewing, where appropriate, the NIEA 3000 in this and other aspects deemed necessary. In this case, we recommend that the accountant assume the leadership of a multidisciplinary team determining the overall assurance strategy, but separating the responsibility by allowing the expert to issue a separate report with the opinion or conclusion on their evaluation.

### **FAR - Institute for the Accountancy Profession in Sweden**

Paragraph 375: is there a specific reason that there is a specific percentage in the example “5% of ABC PLC’s reported scope 1”. From FARs experience examples many times become principles. Unless it is the guidance intention to require a specific percentage, we would suggest changing “5%” into “X%”.

### **ISCA - Institute of Singapore Chartered Accountants**

Communicating Effectively in the Assurance Report

Paragraphs 334 and 337(b) state that ISAE 3000 (Revised) does not require a standardised format for assurance reports and the EER assurance report should convey sufficiently clearly to intended users what information has been assured and what has not been. These messages should be highlighted as the intended users will need to know which parts of the EER report has been assured, especially the qualitative sections.

In this regard, we suggest that the Guidance further reinforces and underscores the importance of effective communication in the assurance report in the following two ways:

Firstly, caution must be given to the risk of being misleading in conveying what has been assured and what has not been in the assurance report, especially when it could be challenging to describe clearly and precisely the extent of both in the EER context. Practical guidance and illustrative examples would be helpful to demonstrate the considerations in paragraphs 336 to 338 for effective communication in the assurance report, including whether it is relevant and complete.

Secondly, the Guidance could provide templates for assurance reports that would both illustrate the relevant principles and align meaningfully the assurance reports issued by different practitioners.

#### **MIA - Malaysian Institute of Accountants**

Chapter 10: Preparing the assurance report

It would be useful to have an illustration on the combined wording of the assurance report where there is assurance done on both historical non-financial information and forward-looking information as the wording is expected to be different.

It would be also be useful to illustrate the impact on the assurance report where insufficient evidence is obtained or available to support the assertions made by a reporting entity.

### **10.1.4 Q1 - Other Comments and Recommendations**

#### **5. Member Bodies and Other Professional Organizations**

##### **SAICA - South African Institute of Chartered Accountants**

Paragraphs 337(b) and 346 emphasise that there is a need to clearly identify both information subject to assurance and information excluded from assurance. SAICA suggests that, from a practical perspective and in the spirit of keeping the assurance report user friendly and succinct, as long as the information “in scope for assurance” is clearly identified it should not be necessary or required to also identify information excluded from assurance.

### **10.1.5 Q1 - No comment**

#### **4. Public Sector Organizations**

##### **AGNZ - Auditor-General of New Zealand**

We did not have any comments on this Chapter.

##### **AGSA - Auditor-General of South African**

No additional comments

#### **5. Member Bodies and Other Professional Organizations**

##### **ACCA-CAANZ - Chartered Accountants Australia and New Zealand and Association of Chartered Certified Accountants**

No comments

##### **AE - Accountancy Europe**

No comment

### **AICPA - The American Institute of Certified Public Accountants**

No comment on chapter

### **BRLF - Australian Business Reporting Leaders Forum**

No comment on Questions 1 and 2 on a chapter by chapter basis

### **ICAS - Institute of Chartered Accountants Scotland**

No comments on a chapter-by-chapter basis

No comment on Supplement A

No response to General questions

### **IIA - Institute of Internal Auditors**

No responses to Question 1 or Question 2 on a chapter by chapter basis

### **IIRC - International Integrated Reporting Council**

No response to Question 1 and Question 2 on a chapter by chapter basis

### **MICPA - Malaysian Institute of Certified Public Accountants**

No comment for this chapter

### **SASB - Sustainability Accounting Standards Board**

No comment on chapter

## **6. Academics**

### **DEAKIN - Deakin University Integrated Reporting Centre**

No comment on Question 1 or 2 on a chapter by chapter by chapter basis.

No comment on Introduction.

## **Question 2: Is the draft Guidance structured in a way that is easy to understand**

### **10.2.1 Q2 - The Guidance is structured in a way that is easy to understand**

#### **2. National Auditing Standard Setters**

##### **IDW - Institut der Wirtschaftsprüfer**

With one exception we believe that the guidance is structured in a way that is easy for practitioners to understand and use.

#### **3. Accounting Firms**

##### **CG - Crowe Global**

The draft Guidance is structured in a way that is easy for practitioners to understand and use. The structure is logical, and the order of chapters makes sense

### **EYG - Ernst & Young Global Limited**

Although the EER Guidance is long, we believe that the structure works well. The structure appears logical, flows well, and the use of diagrams and examples is helpful.

### **GTI - Grant Thornton International Ltd**

We are of the view the draft Guidance is structured in a way that practitioners will be able to navigate and use in performing EER assurance engagements. As noted in our comments above, we found the table in the Introduction to be particularly helpful. We are also supportive of the behavioural aspects being located at the beginning of the draft Guidance with the following chapters being structured in the manner of an engagement. As noted above we recommend that chapter 6 is located earlier in the structure, but otherwise find this ordering of the topics to be very helpful.

Further, the use and presentation of examples and diagrams overall enhance the understandability of the proposed draft Guidance.

To help navigate within each individual chapter within the draft Guidance, we would recommend including an index or contents table at the beginning of each chapter that includes the main topics discussed within the chapter with hyperlinks to where that topic is discussed.

### **KPMG - KPMG Network**

We believe the document is structured in a clear and helpful way, with distinct chapters and additional material in Supplements A and B for ease of use. With the exception of our recommendations below regarding smart technology, we do not suggest other modifications as to structure and layout, such as further grouping together of particular chapters into sections

### **PwC - PriceWaterhouseCoopers**

Where chapters are not listed below, we have no specific comments.

### **RSMI - RSM International Limited**

The draft guidance is easy to understand and the form and structure as suggested in paragraph 18 are appropriate. The diagrams are generally well presented. The guidance is, though, very long and this may deter practitioners from using it.

## **5. Member Bodies and Other Professional Organizations**

### **BICA - Botswana Institute of Chartered Accountants**

The draft Guidance is structured in a way that is easy for practitioners to understand and use during EER assurance engagements.

### **FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas**

The structure as designed makes it easy to access and understand its content.

The volume achieved in development represents a difficulty that can be solved with the automatic relationship through links to other related regulations such as ISAE 3000 and related example

### **GRI - Global Reporting Initiative**

The consultation paper suggests some different ways of structuring or ordering the chapters, but the order in which they are currently given is satisfactory, in that they provide a sequential order of moving through the various stages of an assurance engagement.

### **IAAA - Inter-American Accounting Association**

Yes, the guide draft is structured in a way that is easy to understand and, we are certain, that once the professionals become familiar with its use, it will be user-friendly. In our opinion the document is excellent; especially the examples and diagrams will help a lot in its application and for a proper understanding of the purpose of the guide.

### **ICPAR - Institute of Certified Public Accountants of Rwanda**

Yes. We agree that the draft Guidance is structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements.

### **ICPAU - Institute of Certified Public Accountants of Uganda**

ICPAU believes that the draft Guidance is structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements. The structure addresses specific issues per chapter and this will make it easy for practitioners to quickly navigate through the Guidance to the exact information they require as they perform the EER Assurance engagements.

### **MICPA - Malaysian Institute of Certified Public Accountants**

The structure is clear for practitioners to understand and use in performing EER assurance engagement

### **SAICA - South African Institute of Chartered Accountants**

The Draft Guidance is written in a manner that is easily understandable and consistent with ISAE 3000 (Revised). We believe that it will be of great use to EER assurance engagement providers, irrespective of their experience in performing EER assurance engagements. The IAASB has made exemplary use of diagrams and short examples to elaborate on the principles contained in the Draft Guidance.

### **SVI - Social Value International**

The guidance is structured in a way that is easy for practitioners to understand and use

## **10.2.2 Q2 - The Guidance is not structured in a way that is easy to understand**

None

## **10.2.3 Q2 - Mixed views on the structure of the Guidance**

### **1. Investors and Analysts**

#### **ICGN - International Corporate Governance Network**

The draft Guidance is well structured. The structure of the discussion of “What” is addressed in the chapter, “Why” they are relevant and “How” to overcome the challenges for each chapter is clear and consistent across all chapters.

We, however, observe that while some in some chapters of the Guidance (Ch1, 3, 4, 5, 6, 8, 9), the relevant paragraphs of the Standards are listed right at the beginning, in the other chapters (Ch2, 7, 10) the reference to the Standard paragraphs are blended in the explanatory text. It would be helpful for users of the Guidance if all chapters consistently start with the reference to the relevant Standard's paragraphs. Detailed reference to the Standards can still be kept in the discussion text of the chapters

## 2. National Auditing Standard Setters

### AUASB - Australian Auditing and Assurance Standards Board

The AUASB considers this chapter to be disproportionately long compared to a number of the other chapters. Flowing a typical example Assurance Report for publication in an EER through this chapter may help to reduce the length and condense the guidance under the “Assurance Report Content” paragraphs 340 to 375, which could also be linked to ISAE 3000. Highlighting or colour-coding could be used to identify how parts of the Assurance Report relate to the guidance in this chapter. This could aid the flow of the chapter and avoid confusion for practitioners regarding what an Assurance Report should typically include, alongside its potential structure.

### CAASB - Canadian Auditing and Assurance Standards Board

Circumstances in which the Guidance in this Chapter May be of Assistance to Practitioners

Paragraphs 330 and 331 seem to emphasize the importance of clear communication in the assurance report but do not address when the Chapter applies. The guidance under this heading should be very straight forward to say this Chapter applies when writing the assurance report. It could reference the application material in paragraph A160 of ISAE 3000 that says the standard does not require a standardized format for reporting and that this guidance assists the practitioner in providing more detail on the basic elements to include in the assurance report. Paragraph 330 could then move under the heading “Communicating Effectively in the Assurance Report”.

An addressee (S.69.b)

We believe the guidance in this section, specifically paragraph 342 and the example provided, seems to be linked to the incorrect requirement in the standard. Paragraph 342 seems aligned with paragraph A168 of the standard that says:

“In addition to the alert required by paragraph C69(f), the practitioner may consider it appropriate to indicate that the assurance report is intended solely for specific users. Depending on the engagement circumstances, for example, the law or regulation of the particular jurisdiction, this may be achieved by restricting the distribution or use of the assurance report. While an assurance report may be restricted in this way, the absence of a restriction regarding a particular user or purpose does not itself indicate that a legal responsibility is owed by the practitioner in relation to that user or for that purpose. Whether a legal responsibility is owed will depend on the legal circumstances of each case and the relevant jurisdiction.”

Therefore, the material in paragraph 342, and the second sentence in the example box below the paragraph, would be better placed as guidance to (S. 69.f) near paragraph 360 in the guidance.

We also suggest that the guidance in this paragraph should be more consistent with the text in paragraph A168 from ISAE 3000. For example, the second sentence is not needed as the reference to “if users are not identified” is confusing. ISAE 3000 makes it clear that the intended users are one of three parties needed in an assurance engagement. Our response to question 1 on Chapter 9 suggests this second sentence of

paragraph 342 may fit better in paragraph 302 of the guidance. Paragraph 342 guidance should instead focus on considerations for communicating when the applicable criteria are designed for a specific purpose, i.e., that the assurance report is intended solely for specific users.

### **CNCC-CSOEC - Compagnie Nationale des Commissaires aux Comptes and Conseil Supérieur de l'Ordre des Experts-Comptables**

We have the following comments:

Paragraph 349 deals with the identification of the applicable criteria in the assurance report

reference to G.352 and 353 should be added to the existing one (S.A51);

For a better readability, we consider that each of the 3 examples should be framed individually.

We do not understand the sentence in italics: “the absence of a significant body of established practice on which to draw to evaluate and measure the subject matter information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time”. It should be deleted or clarified;

Example C of paragraph 349 deals with the case when the entity has selected criteria from one or more frameworks and has developed its own criteria. Hybrid framework is very common in practice. We consider that the criteria should be disclosed and a reference provided as to where they are accessible and where they are accessible;

Paragraph 355 should follow paragraph 351, for a better fluidity;

Example of paragraph 362: “A statement as follows is acceptable” and “ Statements ... of the standard” should not be put in italics, since these sentences are not intended to be maintained in the final report;

Paragraph 370 is too vague. Examples should be provided of acceptable drafting of work performed;

Paragraph 372 states that when experts are used, it may be helpful to include information relating to the extent of specialized skill or knowledge. We consider that example of wording should be provided

## **5. Member Bodies and Other Professional Organizations**

### **ACCA-CAANZ - Chartered Accountants Australia and New Zealand and Association of Chartered Certified Accountants**

Chapter 10, “Preparing the Assurance Report,” should come last after Chapter 11, “Addressing Qualitative EER Information” and Chapter 12, “Addressing Future-Oriented EER Information.” We do recognise that an explanation was added in paragraph 80 of the Explanatory Memorandum. However, we still believe that it should be the last chapter, as a practitioner considers Chapters 11 and 12 before preparing the assurance report.

### **AE - Accountancy Europe**

It may be worth considering moving chapter 10 after chapters 11 and 12. If chapters 11 and 12 are applicable for a particular assurance engagement, it would make sense to consider matters addressed under these chapters before chapter 10 which relates to preparing the assurance report.

## **10.2.4 Q2 - Other comments and recommendations**

None

## **10.2.5 Q2 - No comment**

### **2. National Auditing Standard Setters**

#### **HKICPA - Hong Kong Institute of Certified Public Accountants**

No comment

#### **JICPA - Japanese Institute of Certified Public Accountants**

No comment

#### **NZAASB - New Zealand Auditing and Assurance Standards Board**

Response

### **3. Accounting Firms**

#### **BDO - BDO International Limited**

No comment

#### **DTT - Deloitte Touche Tohmatsu Limited**

No comment on structure of chapter

### **4. Public Sector Organizations**

#### **AGA - Office of the Auditor General Alberta**

No comment

#### **AGNZ - Auditor-General of New Zealand**

We did not have any comments on this Chapter.

#### **AGSA - Auditor-General of South African**

. No additional comments.

#### **GAO - United States Government Accountability Office**

GAO's

### **5. Member Bodies and Other Professional Organizations**

#### **AICPA - The American Institute of Certified Public Accountants**

No comment on chapter

#### **Assirevi**

No comment on structure.

**BRLF - Australian Business Reporting Leaders Forum**

No comment on Questions 1 and 2 on a chapter by chapter basis

**CPAA - CPA Australia**

No comment on chapter

**FAR - Institute for the Accountancy Profession in Sweden**

No comment on structure

No comment on structure

**ICAS - Institute of Chartered Accountants Scotland**

No comments on a chapter-by-chapter basis

No comment on Supplement A

No response to General questions

**IIA - Institute of Internal Auditors**

No responses to Question 1 or Question 2 on a chapter by chapter basis

**IIRC - International Integrated Reporting Council**

No response to Question 1 and Question 2 on a chapter by chapter basis

**ISCA - Institute of Singapore Chartered Accountants**

No comment on chapter

**MIA - Malaysian Institute of Accountants**

No comment

**SASB - Sustainability Accounting Standards Board**

No comment on chapter

**6. Academics**

**DEAKIN - Deakin University Integrated Reporting Centre**

No comment on Question 1 or 2 on a chapter by chapter by chapter basis.

No comment on Introduction.