Question 1: Does the draft Guidance address the challenges for practitioners

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The Guidance has addressed the challenges for practitioners that have been identified as within the scope of the draft Guidance.

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

The AUASB considers that this chapter will serve the public interest by promoting consistency in practice, as the suitability and availability of criteria represents a top priority to our stakeholders. The use of examples is especially helpful, as are paragraphs 124, 142-43, 165 and 179.

Determining the suitability of the criteria and considering the entity’s process to identify reporting topics are preconditions for acceptance and it is recommended that Diagram 1 reflects this accordingly.

The AUASB commends the IAASB for the comprehensive way in which the characteristics of suitable criteria are presented, in particular in the integration of examples.

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The draft Guidance does adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance

PwC - PriceWaterhouseCoopers

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

4. Public Sector Organizations

AGSA - Auditor-General of South African

The guidance paper provides very good practical application guidance and examples covering the range of assurance engagements that can fall within the ambit of ISAE 3000R, especially in relation to the pre-engagement and planning stages of the engagements.

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We believe that the draft guidance addresses the challenges for practitioners that have been identified as within the scope of the draft guidance.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

**BICA - Botswana Institute of Chartered Accountants**

The draft Guidance adequately addresses challenges identified by practitioners. In particular the guidance gives clarification to practitioners in dealing with qualitative information and assessing material misstatements in relation to entity prepared non-financial information.

Assurance of non-financial information in Botswana is not developed mainly because majority of companies do not report non-financial information. That notwithstanding there has recently been reforms to enhance non-financial information reporting in the country and this guidance will be of significant assistance to the practitioners.

**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).

**ISCA - Institute of Singapore Chartered Accountants**

Diagram 6 (paragraph 135) is very useful. Suitability of criteria is fundamental to an assurance engagement, and this diagram clarifies what is required during the acceptance stage, and what can be done later during the planning stage.

**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.
Overall we are supportive of the draft.

04.1.2 Q1 - The Guidance does not address the challenges

None

04.1.3 Q1 - Mixed views on the Guidance addressing the challenges

2. National Auditing Standard Setters

CAASB - Canadian Auditing and Assurance Standards Board

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

Further to our comments in response to question 1 on Chapter 3 on the definition of "criteria", Chapter 4 should focus only on the suitability of criteria as expressed in paragraph 124 and the first sentence of paragraph 132. Paragraphs 125, 128 and 130 confuse this by mentioning criteria for identifying reporting topics, as covered in Chapter 6. We suggest that the term criteria not be used in the context of identifying reporting topics.

Qualitative characteristics of EER information required by an EER Framework

The box in the top left corner in Diagram 6 should refer to “availability of criteria expected to be applied” as in the acceptance stage the criteria may not have been fully finalized. Similarly, in the first box in the top row under planning, the reference to “expected to be applied” should be removed as in paragraph 41 of ISAE 3000, which is referenced in the box, the practitioner must determine whether the criteria are suitable. They are no longer “expected to be applied” at that stage.

The last two blue boxes in Diagram 6 reference criteria being made available "in a suitable manner". This phrase is not in ISAE 3000 and there is no reference to the standard in the top right blue box. If this is referring to what is in paragraph A51-A52 of ISAE 3000 this should be made clearer. We suggest adding a reference to “S.A51-A52” in Diagram 6.

Also, we believe paragraphs 136-138 should be clarified in what they discuss about qualitative characteristics of information / disclosures called for in an EER framework. We believe these paragraphs are addressing situations when the framework uses different qualitative criteria than the five characteristics listed in the standard in paragraph 24(b)(ii). In these situations, the practitioner would either map the additional specific characteristic back to one of the five listed in the standard or note them as an additional characteristic from the five listed in the standard. It should be clear the practitioner cannot substitute any of the five characteristics of suitable criteria with the criteria specified in the framework. We suggest the descriptions in paragraphs 136–138 could be improved to explain this using plainer language.

Characteristics of suitable criteria - Relevance

We support the example following paragraph 143. It does raise a practical challenge that when the practitioner accepts the engagement, the preparer’s report typically is not yet prepared, so it is hard for the practitioner to know if the criteria are well enough developed. Gaps in the suitability of criteria are often filled by asking the preparer to disclose more in the report. It is often taken in good faith that the preparer will agree to the additional disclosure in the report. We suggest this could be useful to acknowledge in this section of the guidance.
Characteristics of suitable criteria - Completeness

We believe there is a gap in paragraphs 149 to 151 in that they do not discuss whether the subject matter information is complete when it includes only part of a report or is rolling or cyclical. This section of the guidance should articulate that completeness is in relation to what is within the agreed upon boundary for assurance. It could use the example of an entity that reports on greenhouse gas emissions scope 1 (sources owned or controlled) and scope 2 (sources purchased by the entity) in the first year and then in year 2 brings in scope 3 (sources not owned or directly controlled) into the report. The subject matter information changes over time and therefore the characteristic of completeness may vary depending on the agreed upon scope of the report.

Considering Changes to Criteria Over Time

Our outreach indicated practitioners were uncomfortable with the example below paragraph 175. The description indicates the criteria initially used were not suitable because they did not result in consistent measurements. The last sentence on additional information indicated the numbers reported using the previous criteria may have been incorrect. The example should be adjusted so that it is clear the criteria the preparer used in the first year were suitable and the reports were capable of being assured, and the additional information applied in the second year improves the measurement method.

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

The concept of “criteria” and “suitable criteria” are part of preconditions for agreeing the scope of the EER assurance engagement and for planning it. However, the Guidance does not provide any practical information on what is called “criteria” in ISAE 3000.

As a matter of fact, in some cases, the first challenge of a practitioner is to determine what constitutes the criteria, as some information may be established without formal and unique protocol or identified guidelines. We therefore consider that the Guidance should state, between paragraphs 124 & 125 for instance, that:

- the criteria constitute the basis for preparation of the EER information, as are the accounting principles for the preparation of the financial statements;
- the criteria may be supported by multiple information or methodological precisions; for instance, some precisions presented in the methodological note disclosed together with the EER, some explanations within an internal reporting tool (e.g. precision on units or scope within an Excel sheet…) or within an internal policy;
- the criteria may not be a single document even if getting a unique or few protocols or guidelines by issues (Environment, HR…) may be a good practice;
- the issuer should clearly identify and formalize what elements constitute the criteria;
- the differences between the concept of “criteria” and other concepts such as “methodological note” or “entity’s procedures”.

In other cases, some information, especially qualitative or future-oriented, may not need any criteria to be established. Or it could be considered that the criteria are part of the EER information itself and is assessed in the same time (e.g. number of Committee meetings during the year…). The Guidance could state, for instance after paragraph 131 that:

- this kind of situation should be limited to some specific information and mention which ones;
the relevant information should be assessed with the same 5 characteristics than the criteria, i.e. relevance, completeness, reliability, neutrality and understandability.

Considering Neutrality (paragraph 155 and after), the Guidance could also address the question of the graphic presentation of some information, as performance indicators (charts, diagrams, index, comparisons...). Issuers could use some significant bias to modify the perception of the performance even if the underlying calculation methodology could be assessed as neutral (e.g. starting a graph at 100, to present a performance going from 100 to 105 to emphasize the difference between both values; or compare the company’s performance with an incomparable universe).

Concerning the Availability (paragraph 179 to 184), the Guidance consider the criteria as a whole. It should rather mention which minimum information should be available, especially as aspects concerning the internal organization, governance or responsibilities are sometimes considered as confidential and may not be useful for intended users. Yet, it could be specified that some part of the criteria concerning the definition, the scope of reporting and the key methodological aspects (estimations, methodological changes over years...) should be disclosed with the EER report or, as stated in paragraph 182, outside the EER report (e.g. website).

**IDW - Institut der Wirtschaftsprüfer**

Chapter 4: Determining the Suitability and Availability of Criteria

124. To ensure that the following examples are not regarded as a list of possible requirements, we suggest that in the last sentence the word “may” be inserted in between “Criteria” and “include”.

132. In the second sentence the verb “judged” should be replaced with “determined” in line with the verb used in the standard. In the second sentence, in line with the International Framework for Assurance Engagements (hereinafter referred to as the “Framework”), the words “conclusions about the” should be inserted in between the words “suitable criteria” and “the subject matter information”.

133. The second sentence states that the five characteristics of suitable criteria are inter-related. Based on our reading of both the Framework and the standard, we certainly believe that they interact, but they are not inter-related, which suggests that the characteristics cannot be fully distinguished from one another. We suggest that the word “inter-related” be replaced with “interact”.

135. We have the following comments on the diagram following this paragraph:

In the second box under acceptance, the positioning at the end of the words “follow the requirements of S.25” suggests that the requirements of S.25 should be followed in addition to the matters addressed previously in the box, when in fact those matters reflect S.25. For this reason, we suggest moving those words to the beginning of the box and ending them with a colon.

The way the phrase in the second box under planning uses the words “taking into account the process to develop them and their source” suggests there is a requirement to always do this. We suggest inserting the words “and, where needed,” prior to the phrase noted to remedy this.

Item (iii) in the last box under planning suggests that if (i) and (ii) do not lead to satisfaction, then the requirements in S.42-43 are to be followed, when in fact (i) and (ii) largely reflect what S.42-43 require. For this reason, we suggest moving the words “follow the requirements of S.42-43” to the beginning of the box and ending those words with a colon. We also suggest that the then following text be more closely aligned to that in S.42-43.
138. The word “respectively” at the end of the last sentence suggests that comparability relates to understandability and conciseness relates to relevance. The reverse is the case: comparability is a relevance issue and conciseness an understandability issue. We therefore suggest reversing the order of the words understandability and relevance.

141. The last sentence in the example box suggests that integrated reports are always required to report about certain matters as set forth in the following examples. We therefore suggest that the word “may” be inserted in between the words “report” and “require”.

144. Since the word “Its” refers to the criteria, which is plural, we suggest the word “Its” be replaced with “Their”.

145. Beyond understandability, the requirements in criteria to aggregate or disaggregate information are a relevance consideration. For this reason and because this section of the chapter deals with relevance, the word “suitable” in the first sentence should be replaced with “relevant”.

146. Since comparability is an aspect of relevance, and in line with the statement that comparability is an aspect of relevance in paragraph 156 of the guidance, we suggest that the word “and” at the beginning of the first sentence be changed to “in the sense of being”. We also recommend that the word “valid” be replaced with “appropriate”, since validity under measurement theory is a broader concept than relevance.

152. We welcome the attempt in this paragraph to properly distinguish accuracy from precision and that subject matter information needs to be as precise as needed to be relevant. However, the wording in this paragraph continues to confuse the concepts somewhat. For this reason, we suggest that the wording be changed to read as follows:

“Reliable criteria are likely to result in subject matter information that is capable of reasonably consistent measurement or evaluation. Measurement or evaluation is reasonably consistent when it can be undertaken with the necessary degree of precision. Precision is not the same as accuracy. Accuracy refers to systematic error in measurement or evaluation and is directly related to the relevance and neutrality of the criteria (the criteria measure or evaluate what is intended to be measured or evaluated and do so in an unbiased manner). Precision refers to the unsystematic (random) error in measurement or evaluation and is directly related to reliability. Nevertheless, criteria that lead to insufficient precision would not be relevant. Subject matter information can be sufficiently precise if it is as precise as needed to be relevant (which is more likely if the measurement or evaluation results from a well-defined process that reduces unsystematic error) and if it includes information about the inherent limitations in its precision.”

154. In the first sentence, the words “the assertions that” should be replaced with “content of” and the word “contains” deleted because the sentence as written without the proposed changes presupposes that the use of assertions is required, which Chapter 7 of the guidance clarifies is not the case. The second sentence makes a number of claims that the words “This requires” set forth as a requirement even though the standard contains no such requirement. We recognize what the sentence is trying to achieve, but the issue being addressed (that the information being used as a basis for the preparation of the subject matter information needs to be relevant, reliable and neutral and therefore its collection and processing needs to reflect this) actually belongs to Chapter 8 on the guidance on obtaining evidence – not to this chapter dealing with the suitability of criteria, and in particular, in this case, the reliability of criteria. We suggest that the sentence be moved and redrafted accordingly.
157. Since this section in the chapter deals with neutrality, we suggest that the word “suitability” be replaced with “neutrality”. Furthermore, being careful to determine such neutrality involves the exercise of professional skepticism, so we suggest changing “and apply” to “by exercising”.

158. Since this section in the chapter deals with understandability and whether a report is coherent, easy to follow, clear and logical also relates to understandability, we suggest that the word “The” at the beginning of the sentence be replaced with “understandable”.

165. We believe the reference to “significantly lacking in specificity” needs to be changed to “lacking in adequate specificity”, since the issue is whether the framework is specific enough – not if it lacks significant specificity.

171. To avoid setting a requirement, we suggest changing the word “would” to “may”.

172. The word “any” in both places sets an inappropriate bar: we suggest that the first “Any” be replaced with “such” and the second “any” be deleted. To avoid setting a requirement, we suggest changing “would” to “would normally”.

175. There is no requirement or any application material (other than in relation to the level of detail to be provided in the report) in the standard “to meet intended users’ expectations” as set forth in the last sentence. We suggest deleting the noted phrase.

178. In line with the second and third sentences in this paragraph and because reference to the intended users should not be misused, the words “it may be useful to intended users” should be replaced with “the criteria may be relevant”.

181. The word “not” in the second sentence should be changed to “no”.

184. In line with the second sentence and the applicability of S.42, the words “or available” should be added after the words “not suitable” in the first sentence.

NZAASB - New Zealand Auditing and Assurance Standards Board

Some of the language in this chapter is very dense and complex. This may be unavoidable given the complex nature of the challenge. Refer to our comments on terminology in response to question 2.

The NZAuASB considers that this chapter will serve the public interest by promoting consistency in practice. The NZAuASB has previously indicated suitability and availability of criteria as a top priority and therefore considers that this chapter will be very helpful in a challenging area. The use of examples is especially helpful. Paragraphs 124, 142-43, 165 and 179 were also considered to be especially helpful paragraphs. However, the NZAuASB considers that this chapter should be positioned after chapter 6 (noting also our submission that chapter 6 be moved to the front of the document). Determining the suitability of the criteria and considering the entity’s process to identify reporting topics is a precondition for acceptance. Therefore, Diagram 1 should reflect that both chapters 4 and 6 are a part of the acceptance and continuance phase. Based on our experience in developing NZ AS 1, we consider that the phrase “suitable criteria” may pose a barrier to a practitioner’s understanding and use of the guidance. Even the most experienced practitioner, based our work in developing NZ AS 1, does not engage with this phrase. It may be helpful to define upfront that in an EER engagement the term “criteria” as described in the applicable standard encompasses many layers, firstly the identification of the reporting topics, and then more granularly to include in some detail the most appropriate techniques to measure or evaluate those topics and also to present and disclose the outcome of the evaluation. Some reporting frameworks address all of these layers, specifically and more granularly (as is typical in financial reporting frameworks), whereas many EER frameworks only address
these elements at the high principled level, necessitating the entity to develop their own specific basis of reporting, applicable to them. These layers could be referenced at appropriate times, to overcome the barrier that the phrase “criteria” might create. An onion analogy was used, to describe the layers that form the overarching “criteria”. One progressively peels the layers of an onion to get further into it. Simpler language that references the specific layer of the “onion” at the appropriate time in the guidance may promote a better understanding of this term. The additional material on considering whether criteria will be made available in a suitable manner is also useful and responds to the request raised by the NZAuASB in response to the first exposure draft.

The most difficult challenge remains completeness. The NZAuASB encourages the IAASB to consider the addition of an example to demonstrate the determination of completeness as discussed in paragraphs 149-151. (Perhaps a cross reference to para 251 here too.) In addition, the NZAuASB recommends that relevance should also be clearly linked back to the rational purpose of the report as a whole. This step comes after the consideration of the process for determining the reporting topics.

If an entity is developing their own criteria, the practitioner might also consider how these relate to the entity’s own decision making together with input from external stakeholders.

3. Accounting Firms

BDO - BDO International Limited

Question 1: Paragraph 127 could be enhanced by providing the practitioner with an overview of existing EER principles and Guidance for non-financial reporting used frequently by preparers and users including SASB, GRI, AA1000 and <IR>.

DTT - Deloitte Touche Tohmatsu Limited

Pars. 127, 166-169 cover situations where preparers use high-level principles and/or entity-developed criteria for preparing an EER report. Green bond issuers usually provide self-developed green bond frameworks and obtain a “second party opinion” that this framework is in accordance with the underlying principles, e.g., by the International Capital Market Association (ICMA). These frameworks often lack suitable criteria, though the green bond issuer will refer to the second party opinion. It would be helpful if the guidance would provide clarity on this issue.

Pars. 151 & 160 mention trade-offs between completeness and understandability of an EER report. The interconnections between some of the characteristics are referred to within the guidance. In order to give practitioners a better understanding of these interrelationships, we recommend providing a more detailed and consolidated view on this, possibly in the form of a diagram.

Par. 163-165 cover an important point about an established criteria not being suitable. There can be a degree of complexity in assessing whether a criterion is suitable. Therefore, we recommend additional examples are given to support practitioners in understanding the indications that may exist to demonstrate that an established criterion is not suitable. Furthermore, while a general definition of ‘established criteria’ is provided on page 8 and in paragraph 125, we recommend providing specific examples of what the IAASB consider to be ‘established criteria.’

Par. 182 concerns the public availability of entity-developed criteria. Some preparers may develop their own criteria, which they feel have elements of intellectual property in, and as such may not want to readily share
this in the public domain. While paragraph 184 refers to criteria that are not available, it does not refer to this specific situation. Additional discussion of this situation may be helpful for practitioners and could include a consideration of how stakeholders may view the non-availability of the criteria (for example, to the negative impact on understandability and comparability).

**EYG - Ernst & Young Global Limited**

EER Guidance Chapter 4 paragraph 126 states that “Established criteria (S.A49) are presumed to be suitable, in the absence of indications to the contrary,” which we believe is not always the case (e.g., in the case of green bond principles). Paragraph 126 is an absolute statement with a presumption that would need to be evaluated to be confirmed. This sentence also appears to be inconsistent with EER Guidance paragraph 163. We believe that even established criteria should be evaluated for suitability, as stated in EER Guidance paragraph 163. We suggest changing the sentence in EER Guidance paragraph 126 to “Established criteria are more likely to be suitable where there is a transparent and comprehensive due process followed in their development”.

EER Guidance Chapter 4 paragraph 170 states that in considering entity-developed criteria on a narrower scope engagement, in addition to understanding the entity-developed criteria for subject matter information within the proposed scope, the practitioner may need to extend his or her understanding to entity-developed criteria for the preparation of any other parts of the information included in the EER report that are not in the scope of the engagement and, similarly, the entity’s process to develop such criteria (“the wider process”). We believe that, on its own, paragraph 170 unnecessarily overstates the effort needed to assess the suitability of criteria and that, in many cases, this implied level of work would not be practical or necessary. Paragraph 172 does help to clarify that the work effort on the wider process is at a lower level of detail, and we therefore suggest that paragraphs 170 and 172 be combined, and edited to clarify that the lower work effort may pertain to both the wider process and the related criteria.

EER Guidance Appendix 1 defines the term “Perimeter of the subject matter information”, a term which is used throughout the EER Guidance, as “Subject matter information for the engagement that is only part(s) of entity’s EER report.” We note that, in several of the occurrences of “perimeter of the subject matter information” within the body of the EER Guidance, this could be replaced with “[subject matter] within the scope of the assurance engagement”, which is more understandable. For example, in EER Guidance Chapter 4 paragraph 95, we recommend rewording “perimeter of the subject matter information” to “within the scope of the assurance engagement each year.” We suggest that IAASB challenge whether it is necessary to introduce a new defined term, particularly one which may be hard to understand for someone for whom English is not their native language. In addition, we note the use of the term “boundary” in EER Guidance Chapter 4 paragraph 172, which we assume is a synonym for “perimeter” in this context, but which carries a defined meaning within the standards of the Global Reporting Initiative (GRI).

**GTI - Grant Thornton International Ltd**

We view this aspect of an assurance engagement as the one where the application of the most professional judgment is needed and one that could benefit from more application guidance. For example, in the section of the paragraph discussing characteristics of suitable criteria, the discussion of the criteria of completeness appears somewhat curtailed. We view this as a particularly important criteria that warrants further discussion, particularly in relation to the completeness of the characteristics or elements of the criteria in addition to determining that there is a ‘complete set’ of criteria. Without a proper understanding of all the elements of suitable criteria, it is more difficult to get the planning of the engagement correct.
We noted there are a limited number of frameworks that practitioners are able to reference when performing these assurance engagements and that these frameworks are evolving as they become more established. However, we do think it would be beneficial to practitioners to include an overview of the landscape of frameworks that are currently widely recognised around the world. We appreciate it may not be appropriate to include this in the proposed draft Guidance itself, and as such, would recommend that consideration be given to incorporating in Supplement A to the draft Guidance.

Where an entity has developed its own criteria, it is even more important that the practitioner is able to appropriately exercise professional judgment and professional scepticism; to consider whether the entity is attempting to manipulate the conclusion of the assurance engagement through the selection and determination of the criteria on which it is requesting the engagement. We believe the draft Guidance could focus on encouraging such a mindset and such behaviours. Further, we also recommend additional guidance is provided for practitioners to reference other sources that other practitioners may have used in establishing their own criteria, for example, other data, indices or key performance indicators.

KPMG - KPMG Network

Suitability of Criteria

We welcome the enhancements made to this chapter. We recognise that the chapter notes that criteria to be used for EER assurance engagements may be principles-based, and may be less prescriptive than criteria for more established engagement types, e.g. an audit of financial statements, even in cases where the criteria have been developed by a recognised body, further to extensive due process. Such principles-based frameworks may allow for criteria to evolve and develop over time as practice matures, in a similar way to financial reporting frameworks, which have been developed over the long term, mainly in response to matters identified in practice. We note that this is different to a more fundamental change in the criteria themselves, as described in the guidance. Additionally, an entity may enhance/further develop recognised criteria to ensure they are fit for purpose and are suitable for the entity and its circumstances.

As a result, “criteria” may provide a form of high-level guidance that is enhanced by the entity to be capable of providing a suitable basis for consistent measurement/evaluation, and for the practitioner to have sufficient confidence to be able to form a conclusion.

The Guidance Document appears to focus on the above in a somewhat negative context, i.e. that information may not be comparable across entities or reporting periods as a result of gradual improvement/adaptation. We recommend that the Guidance Document provide more information regarding this, in terms of application of the criteria themselves as they are developing, as well as the reporting consequences of this, including the importance of making the criteria available to users; including “basis of preparation” information to explain updates, enhancements or particular interpretations made, as well as restatements/adjustments and related disclosure within the subject matter information, similar to the requirements of financial reporting frameworks, aspects of which are subject to update/enhancement from time to time and therefore give rise to restatements/adjustments and additional disclosure within the financial statements. The emphasis of guidance should be on usefulness and transparency to the user.

Such considerations are particularly important in respect of EER Frameworks that are principles-based and therefore there is a greater degree of inherent subjectivity in preparing the subject matter information. In particular, the Neutrality aspect of suitable criteria is critical in ensuring that information is balanced, and negative information is included to an appropriate extent, such that the subject matter information is free from bias. As a result, an assurance engagement over such subject matter information would necessarily
draw on the professional experience and expertise of an assurance practitioner, and require the exercise of professional scepticism and professional judgement to a significant extent, whilst still remaining objective.

We recommend, therefore, that the IAASB describe more fully the value to a user of assurance by a practitioner in accordance with ISAE 3000 (Revised) as compared to other market offerings that are performed in accordance with other “frameworks” that do not support engagements that are conducted with such a high degree of rigour, including the fact that they do not require such a robust evaluation of the suitability of the criteria, and which may draw on practitioners with subject matter expertise but not expertise and experience in assurance skills and techniques, which are critical to ISAE 3000 (Revised) assurance engagements.

We also recommend that this chapter acknowledge more directly that a key innovation in some EER frameworks is the emphasis on determining subject matter information, in accordance with the EER framework principles, by reference to the unique features of the organisation’s business model/strategy (also referred to as “linkage”). We highlight that frameworks such as the IASB’s Management Commentary Practice Statement; the UK’s Strategic Report Guidance, and the Integrated Reporting (IR) Framework represent significant departures from traditional prescriptive frameworks, as under these frameworks disclosures are to be determined by reference to the company’s business model. Accordingly, we suggest that the Guidance Document cross-refer to the above sources of information and guidance.

We believe that a rigorous approach to assurance engagements on such linkage-based disclosures is possible, but we recognise the more significant level of professional judgement required by assurance practitioners in this scenario, particularly in relation to the completeness of disclosures for frameworks where there is no prescriptive set of disclosures available to practitioners. For EER Frameworks that define disclosure criteria by reference to an organisation’s business model, we highlight that it is critical for practitioners to have a deep understanding of the entity’s business model in such circumstances. We recommend that the Guidance Document discuss the above.

RSMI - RSM International Limited

This chapter provides useful insights into determination of the suitability and availability of criteria; diagram 6 is particularly useful. We believe that this chapter would additionally benefit from more practical examples around the process for developing criteria. In circumstances where criteria are not determined by a particular framework and the entity develops its own criteria, illustrations of practical considerations that should be taken into account by the practitioner could be included.

4. Public Sector Organizations

AGNZ - Auditor-General of New Zealand

This Chapter covers an important topic but the language is overly technical, complex, and confusing. The term “criteria” is not easily understood, and it is defined and used in different ways throughout this Chapter and the rest of the document.

The Chapter should clarify what “criteria” means and how it applies to other concepts, such as the nature of the assurance report, underlying subject matter, reporting topic, subject matter information, or all of these. This is important as the practitioner needs to assure the information against the “applicable criteria”.

The importance of the practitioner developing an independent expectation of the criteria based on subject matter competence should be strengthened to mitigate the risks of a preparer choosing criteria that are
applied to the underlying subject matter and/or reporting topics to produce biased subject matter information.

In the discussion on disclosing criteria, it would be clearer to describe this in terms of disclosing the basis, method, or standards for preparing the subject matter information.

In the discussion on “Completeness” (page 92), we suggest rewording the explanation of this term to clarify that the resulting subject matter information needs to be complete and not that the criteria are required to be complete.

5. Member Bodies and Other Professional Organizations

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

Perimeter of subject matter information

We agree in principle with the content of paragraphs 170-171. The practitioner should understand all the information paragraph 170 refers to. Some preparers believe that in practice, practitioners do not do this due to fee pressures. The Guidance should also address this issue and whether fee pressures are a valid consideration or not.

Scope limitations

Further to our above comments under “Limited vs reasonable assurance” and “Perimeter of subject matter information,” preparers believe that, because practitioners are used to the datasets (eg in an audit of financial information), they tend to scope out assurance on qualitative information, while users demand assurance thereon. The Guidance should clarify whether and when a practitioner is compelled to include in the scope of the EER assurance engagement the qualitative content of the EER report, or whether and under which circumstances may they choose to scope it out. The question has arisen whether this is relevant when considering the total purpose of the EER report and decision-making of users. Some constituents believe that until mandatory, practitioners will be reluctant to provide assurance on qualitative information.

AE - Accountancy Europe

Additionally, some of the technical topics would need to be further developed, for instance:

the differences between the work effort needed for a reasonable versus limited assurance criteria, especially providing further explanation of the differences between criteria and the manual of procedures

AICPA - The American Institute of Certified Public Accountants

• The subheading above paragraph 132 in Chapter 4 references the suitability of the criteria, yet the discussion in this section includes both suitability and availability of the criteria (see, for example, the text in paragraph 135 and Diagram 6, "Considering Suitability and Availability of Criteria.") We suggest that the word “Availability” be added to the subheading.

7. Language In Chapter 4 That Addresses The Suitability Of Criteria
The following highlighted paragraphs or portions of paragraphs in Chapter 4, under the subheading “Determining the Suitability of Criteria,” are difficult to understand and likely to cause practitioners to come to varying conclusions about what is being said:

133 The explanations of the five characteristics of suitable criteria (S.A.45) describe attributes of subject matter information that results from applying criteria that have such characteristics (see G.139-160). The five characteristics are in many cases inter-related. Although each characteristic must be exhibited, the relative importance of each and the degree to which they are exhibited by individual criteria may vary with the engagement circumstances.

134 In addition to exhibiting the characteristics of suitable criteria, an overarching principle is that criteria developed by the entity would not be suitable if they result in subject matter information that is misleading to the intended users (S.AS0). The subject matter information could be misleading if the characteristics of suitable criteria are not sufficiently exhibited by some of the criteria, for example reliability may be insufficiently exhibited if the measurement or evaluation criteria, taken together with related disclosure criteria, are overly subjective.

136 When the applicable criteria are not established criteria or prescribed by law or regulation, or the framework includes high-level principles but those principles are not expressed at a sufficient level of detail to comprise suitable criteria in themselves, the practitioner may find it helpful to consider the extent to which the criteria include qualitative characteristics of the required EER information and, if so, how they compare with the attributes of subject matter information that results from applying criteria that exhibit the characteristics of suitable criteria.

137 Many of the commonly used EER frameworks use different terms to describe qualitative characteristics of EER information that are similar to such attributes of subject matter information. Additionally, some qualitative characteristics of the EER information required by a framework may be implicit in the reporting requirements rather than being explicitly identified in the EER framework.

138 The engagement circumstances may include use of an EER framework that implicitly or explicitly requires different or more specific characteristics of the applicable criteria than the characteristics of suitable criteria required by the Standard. Where an EER framework includes such additional or more specific characteristics of criteria, it is still necessary for the applicable criteria to exhibit each of the five required characteristics of suitable criteria. For instance, when an EER framework requires characteristics of EER information such as comparability and conciseness (see G.156, G.160), the criteria may be seen as requiring characteristics that are more specific aspects of understandability and relevance, respectively.

The discussion of suitable criteria in ISAE 3000 (Revised) is much clearer. If the specified paragraphs in the Guidance contain new information that is not covered by ISAE 3000 (Revised) it is difficult to determine what that new information is.

Assirevi

Considering paragraphs 129 and 167, it would be useful to have a guidance on how to deal with possible inconsistencies and/or contradictions between different EER frameworks and how this could impact the work of the practitioner.

No comment on structure.
CPAA - CPA Australia

Preparer’s responsibility for the Criteria: We suggest that Chapter 4 should clearly state that the criteria will usually need to be referenced in the basis of preparation of the EER report, which would set out the reporting frameworks and other criteria applied in preparing the report. It is easy to overlook that it is the preparer’s responsibility to make the criteria available to users. Therefore, we suggest that the Guidance in Chapter 4 states that the practitioner can expect the preparer to identify the frameworks applied in preparation of the EER report, as well as making any additional criteria available to users in the basis of preparation in that report. Chapter 10 spells out more clearly the preparer’s responsibility for communicating the criteria. Normally the practitioner would not be expected to provide the criteria. If the preparer did not make that criteria available and identify it in the EER report, the practitioner may need to revisit whether the preconditions have been met or whether a qualification in their report is needed.

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.

FAR - Institute for the Accountancy Profession in Sweden

Chapter 4

Paragraph 149-151: Completeness is one of the more complex areas, and is very briefly explained, it should be considered to expand this section and give examples.

MIA - Malaysian Institute of Accountants

Chapter 3: Determining preconditions and agreeing the scope of EER engagements
Chapter 4: Determining the suitability and availability of criteria

For assurance work on key performance indicators (KPIs), it would be useful to have benchmarks of KPIs for specific industries to enable comparability of entities within similar industries.

04.1.4 Q1 - Other comments and recommendations

None

04.1.5 Q1 - Comments on Diagram 6

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board

During our outreach, we introduced the guidance using Diagram 6 to more effectively engage with a broader stakeholder group. This Diagram helped the different stakeholder groups present to understand the roadmap and role of the preparer in getting ready for an assurance engagement. If the entity is not ready for assurance, it may be that the practitioner can assist with other services, as explored in paragraph 107. These options, however, are buried too deep in the guidance and would more usefully be positioned up front and considered before, not within, the assurance process.
NZAASB - New Zealand Auditing and Assurance Standards Board
Diagram 6 Considering Suitability and Availability of Criteria is a useful diagram however we recommend consideration as to whether this appears overly prescriptive. In our discussions, as an entity’s journey to develop its EER report, the criteria are in most instances more likely to be “somewhat suitable”, and will continue to evolve with time. This has implications for the perimeter of the engagement and scope to factor in. The paragraphs on the characteristics of suitable criteria recognise a scale of suitability but this diagram seems overly binary i.e. either a pass or fail. We recommend linking this with the concepts expressed in paragraphs 279-281. A more flexible reporting approach, including more long form reporting about the balance that is achieved between the qualitative characteristics may overcome this perceived rigidity. E.g., In the first year the EER report may lack comparability but this might be achieved over time.

3. Accounting Firms
RSMI - RSM International Limited
diagram 6 is particularly useful

5. Member Bodies and Other Professional Organizations
ISCA - Institute of Singapore Chartered Accountants
Diagram 6 (paragraph 135) is very useful. Suitability of criteria is fundamental to an assurance engagement, and this diagram clarifies what is required during the acceptance stage, and what can be done later during the planning stage.

04.1.6 Q1 - 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

4. Public Sector Organizations
AGA - Office of the Auditor General Alberta
No comment

5. Member Bodies and Other Professional Organizations
BRLF - Australian Business Reporting Leaders Forum
No comment on Questions 1 and 2 on a chapter by chapter basis

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas
No comment on chapter
ICAS - Institute of Chartered Accountants Scotland
No comments on a chapter-by-chapter basis

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 basis.
No comment on Introduction.

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

04.2.1 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

04.2.2 Q2 - The Guidance is not structured in a way that is easy to understand
None

04.2.3 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

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

Paragraph 130 covers both opportunity for management bias and the practitioner’s need for subject matter competence. These two concepts should be separated into two distinct paragraphs as they cover different points.

Also, if Chapter 6 is retained as a separate chapter (see our suggestions in response to the questions on Chapter 6 to move it before Chapter 4), there is an opportunity to insert a reference in paragraph 130 because it refers to the identification of reporting topics.

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

Concerning the use of examples within the “characteristics of suitable criteria” parts (paragraphs 141 to 160), there are very helpful and useful for practitioners. However, we encourage the IAASB to also provide examples for the criteria Completeness (paragraph 149) and Understandability (paragraph 158)

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

However, the NZAuASB considers that this chapter should be positioned after chapter 6 (noting also our submission that chapter 6 be moved to the front of the document). Determining the suitability of the criteria and considering the entity’s process to identify reporting topics is a precondition for acceptance. Therefore, Diagram 1 should reflect that both chapters 4 and 6 are a part of the acceptance and continuance phase.

3. Accounting Firms

**DTT - Deloitte Touche Tohmatsu Limited**

Par. 141 states considerations on how the practitioner can develop an understanding of how subject matter information that could assist intended users’ decision-making. The use of examples is helpful and clarifies possible misinterpretations of the characteristics. However, the example in this paragraph could be clearer on how or why the characteristic has been met.

Par. 149: While examples are provided for the other four characteristics of suitable criteria, 'completeness' is the only characteristic that does not have an accompanying example in the main guidance document. An example for completeness would give further clarity to practitioners.

Par. 174 covers considerations of changes to criteria over time. Though the section is generally comprehensive, it would benefit from the provision of an example of how and when criteria may change, and then also how practitioners should act in the case of any changes to the criteria.

4. Public Sector Organizations

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

re-structuring the discussion on the suitability of criteria: Chapters 3, 4, and 6 all discuss the suitability of criteria, which results in duplication and confusion. We recommend that this material be more clearly structured in terms of what guidance is needed to make a preliminary assessment during the acceptance phase versus a more comprehensive assessment during the planning phase.
5. Member Bodies and Other Professional Organizations

AICPA - The American Institute of Certified Public Accountants

10. Placement of Discussion Of Suitability And Availability Of Criteria

Paragraph 24 of ISAE 3000 (Revised) identifies the preconditions for an assurance engagement, including that the criteria the practitioner expects to be applied in the preparation of the subject matter information are suitable and will be available to the intended users. Chapter 4 of the Guidance addresses the practitioner’s evaluation of the suitability and availability of criteria. We suggest moving the material in Chapter 4 related to the evaluation of the suitability and availability of criteria to Chapter 3, “Determining Preconditions and Agreeing the Scope of the EER Assurance Engagement.” Additional support for moving this material to Chapter 3 is that Diagram 5, “Acceptance and Continuance Considerations,” in paragraph 69 of Chapter 3, identifies suitable and available criteria as a precondition for an assurance engagement. If the IAASB concludes that the discussion of preconditions and the discussion of evaluating the suitability and availability of criteria should remain in separate chapters, we suggest that paragraphs 78–81, which are currently in Chapter 3 and address considering whether criteria are suitable, be moved to Chapter 4.

04.2.4 Q2 - Other comments
None

04.2.5 -Q2 - No comment

2. National Auditing Standard Setters

AUASB - Australian Auditing and Assurance Standards Board
No comment on structure

HKICPA - Hong Kong Institute of Certified Public Accountants
No comment

JICPA - Japanese Institute of Certified Public Accountants
No comment

3. Accounting Firms

BDO - BDO International Limited
No comments.

4. Public Sector Organizations

AGA - Office of the Auditor General Alberta
No comment

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

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

ICAS - Institute of Chartered Accountants Scotland
No comments on a chapter-by-chapter basis

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.