

Proposed International Standard on Sustainability Assurance™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

Part 3: Acceptance and Continuance of the Engagement

Key Issues Identified in the Project Proposal Relevant to this Part

Key issue	References to where the issue is addressed in the drafting in this Part
The suitability of the reporting criteria, including addressing concepts such as “double materiality.”	Paragraphs 2(b)(ii), 5, 6, A15; A22-A42
The scope of the assurance engagement.	Paragraphs 1, 2(c), A11-A15
Evidence, including the reliability of information and what comprises sufficient appropriate evidence.	Paragraphs 2(b)(iv), A9-A10 and A39
The entity’s system of internal control and its impact on the ability of the practitioner to obtain sufficient appropriate evidence.	Paragraphs A6(b), A7(b), A18-A19 and A45-A46

Key Feedback from the Reference Groups Relevant to this Part

The Reference Groups provided feedback on the practitioner’s assessment of the scope of the sustainability information reported, the scope of the assurance engagement and criteria. Key points they raised included:

1. The importance of establishing that the engagement has a rational purpose, which addresses the information needs of intended users.
2. The importance of considering the suitability of the criteria, including because it may give rise to the risk of greenwashing (i.e., entities’ practices vary widely in identifying criteria). In considering the suitability of criteria, they emphasized the characteristics of relevance to users’ information needs, completeness to avoid “cherry picking,” and reliability.
3. That the criteria may comprise layers or a combination of framework criteria and entity-developed criteria, to provide sufficient granularity to measure, evaluate, present or disclose the information consistently.
4. The importance of the practitioner understanding the entity’s process to identify topics included in the sustainability information, as a basis for understanding the sustainability information and the scope of the assurance engagement.

5. The importance of understanding the reporting boundaries. They noted that the reporting boundaries can extend beyond the entity, may not align with the “group” for financial reporting purposes, and may be upstream or downstream in the value chain. They also explained that the reporting boundaries may differ across the sustainability information, because the applicable criteria may specify different reporting boundaries (either a framework establishes different boundaries for different types of disclosures, or the reporting boundaries may vary because various frameworks or entity-developed criteria are being used).
6. That criteria need to be at an appropriate level of specificity to support the basis of preparation of the sustainability information, particularly when framework criteria are high level and need to be supplemented by the entity. They noted that criteria which are too high level may cause “cherry-picking” and inconsistent application.

Key Issues for the Board’s Consideration

Part 3: Acceptance and Continuance of the Engagement

7. Sustainability reporting is still maturing, with frameworks and criteria being developed at a rapid pace, and entities’ processes, systems and controls continually evolving to support the preparation of the sustainability information. Accordingly, determining whether the preconditions have been met, including the appropriateness of the underlying subject matter, suitability of criteria, a rational purpose for the engagement, and whether the practitioner expects to be able to obtain the evidence needed, is critical in sustainability assurance engagements.

Scope of the Assurance Engagement

8. The Sustainability Assurance Task Force (SATF) has added a new requirement (see paragraph 1 of the drafting) to obtain preliminary knowledge of the assurance engagement circumstances. The following summarizes the key considerations:

(a)	The requirement intends to drive the practitioner to obtain a preliminary knowledge of the engagement circumstances, to provide a foundation for determining whether the preconditions are present.	<ul style="list-style-type: none"> • This preliminary knowledge of the engagement circumstances is not specifically required in ISAE 3000 (Revised)¹ or ISAE 3410,² however paragraph 24 of ISAE 3000 (Revised) assumes this knowledge is obtained as it refers to “on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies).” • The SATF is of the view that it is more robust to be explicit about what is expected.
(b)	The requirement intends to emphasize two critical matters with respect to sustainability assurance	<ul style="list-style-type: none"> • The sustainability information reported may comprise multiple topics, aspects of the topics and information disclosed about them, or may comprise very limited information

¹ International Standard on Assurance Engagement (ISAE) 3000 Revised, *Assurance Engagements Other Than Audits or Review of Historical Financial Information*

² International Standard on Assurance Engagement (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*

<p>engagements that the practitioner needs to have knowledge of before determining whether the preconditions are present and accepting the engagement:</p> <p>(i) The sustainability information reported by the entity; and</p> <p>(ii) The scope of the assurance engagement.</p> <p>Both of these may vary significantly between engagements.</p>	<p>focused on a particular matter. The reporting boundary of the sustainability information may be complex (e.g., may include the value chain), may differ across disclosures (the applicable criteria may require different reporting boundaries), or may be subject to management bias when the entity determines the reporting boundary.</p> <ul style="list-style-type: none"> • As explained in Agenda Item 7, the scope of the assurance engagement varies in sustainability assurance engagements. In some cases, the practitioner may be engaged to assure only certain disclosures, and in other cases, the practitioner may be engaged to assure all of the sustainability information. Furthermore, the practitioner may be engaged to only assure sustainability information for particular activities, regions, or operations within the reporting boundary. • Having an understanding of the sustainability information reported by the entity and the scope of the assurance engagement may support judgments about whether the: <ul style="list-style-type: none"> ○ underlying subject matter is appropriate; ○ criteria are suitable; ○ practitioner has the competence to perform the engagement; ○ practitioner is able to obtain evidence; ○ scope of the assurance engagement is appropriate; ○ engagement has a rational purpose; and ○ entity has a reasonable basis for the sustainability information. • Although the practitioner may be engaged to assure only certain disclosures, it is important to still have knowledge of the sustainability information not within the scope of the assurance engagement, to ensure the practitioner will not be associated with information that is materially false or misleading. Furthermore, understanding what has not been included within the scope of the engagement may assist in determining whether the scope of the engagement is appropriate.
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9. Paragraph 17(a) of ISAE 3410 explicitly addresses whether the scope of the assurance engagement is appropriate. There is not a similar explicit requirement in ISAE 3000 (Revised), although it is addressed in application material (paragraph A44 of ISAE 3000 (Revised)). The SATF is of the view that the appropriate

scope of the assurance engagement is a critical consideration in sustainability assurance, and therefore has introduced a requirement for the practitioner to determine whether the sustainability information within the scope of the assurance engagement is appropriate (see paragraph 2(c)).

Suitability of the criteria

10. The criteria in sustainability reporting may be complex and without suitable criteria, it is not possible to perform the assurance engagement. The following matters that are particularly relevant in sustainability assurance have been addressed in the drafting:
 - (a) Criteria may comprise multiple frameworks and entity-developed criteria. Furthermore, when the framework criteria lack specificity, the entity may need to develop its own criteria, or use other frameworks to supplement the preparation of the sustainability information. This has been addressed in paragraphs A22-A25 of the drafting.
 - (b) “Greenwashing”: Given the entity often has the opportunity to identify, select or develop criteria (i.e., unlike financial reporting frameworks that are more established), there is an increased risk of management bias in the selection of the criteria, which could give rise to misleading information, or “greenwashing.” This has been addressed in paragraphs A40-A41 of the drafting.
 - (c) As the criteria may comprise multiple frameworks and entity-developed criteria, it is important that the practitioner understands (i) the entity’s process to identify, select or develop criteria and (ii) reasons for selecting those criteria. This has been addressed in paragraph A2-A3 and A26-A27 of the drafting.
 - (d) The entity’s process to identify topics or aspects of the topics to be included in the sustainability information, and how this is applied when the sustainability information is addressing the needs of users with different focus (referred to as “double materiality” to explain the relevance of information for intended users when intended users are focused on (i) the impacts of sustainability matters on the entity, and (ii) the impact of the entity on sustainability matters. This is addressed in paragraph A37 of the drafting.
11. The SATF has highlighted the characteristics of suitable criteria and clarified their meaning further by providing:
 - (a) A separate requirement for suitable criteria which exhibits the 5 characteristics of suitable criteria as set forth in ISAE 3000 (Revised) (see paragraph 6 of the drafting).
 - (b) Application material to further explain each of the characteristics of suitable criteria (see paragraphs A30-A31 and A36-A42 of the drafting).
 - (c) Application material that expands on the suitability of criteria for information with different characteristics (e.g., qualitative, processes, systems and controls, performance, and forward-looking) (see paragraphs A32-A35 of the drafting).

Other Areas that Focus on Sustainability Assurance Engagements

12. The entity’s process to identify topics, aspects of the topics and information to be disclosed about them for inclusion in the sustainability information is an important consideration for the practitioner in a sustainability assurance engagement because it:

- (a) Relates to the suitability of criteria and whether the criteria are appropriately specific about what is included in the sustainability information; and
- (b) Determines what sustainability information is reported (in particular, whether it is complete, topics or aspects of the topics have been identified in an unbiased manner, and the information is not misleading), and what is included in the scope of the assurance engagement.

This is addressed in paragraphs A3-A5 and A15 of the drafting.

- 13. Recognizing evidence is a priority area for this project and consistent with ISAE 3000 (Revised), the preconditions address the availability of evidence. Additional emphasis has been added for some of the challenges for sustainability assurance engagements, such as evidence in the value chain outside of the entity's control (see paragraphs A9-10 and A39 of the drafting).
- 14. Many entities' internal controls are still being developed, which impacts the reliability of evidence and also whether the information is assurable. The application material addresses how this may impact the practitioner's considerations in determining whether the preconditions are present (see paragraphs A6(b), A7(b), A18 and A45-A46 of the drafting).

Part 8.2: Evaluating the Description of Applicable Criteria

- 15. There are no specific matters for the IAASB's consideration in this Part.

Questions for the IAASB:

(Please note these questions will be asked in 3 separate rounds – Question 4, Questions 5 and 6 together, and Question 7 separately)

Part 3:

- 4. Does the Board support how the scope of the assurance engagement and the preliminary knowledge of the sustainability information has been addressed in Part 3?
- 5. Does the Board support how criteria have been addressed? In particular:
 - (a) Do the proposals appropriately reflect considerations related to suitable criteria in sustainability reporting, including matters such as framework and entity-developed criteria, and the entity's process for selecting criteria and reasons for the criteria used (see paragraphs 5, 6, A15 and A22-A42 of the drafting)?
 - (b) Are the requirements and application material for the characteristics of the criteria appropriate (see paragraphs 6, A30-A31 and A36-A42 of the drafting)?
- 6. Is the Board of the view that issues related to sustainability assurance engagements have been appropriately addressed in this Part, including matters such as:

- (a) The process to identify reporting topics (see paragraphs A2-A5 and A15 of the drafting).
- (b) The complexity of reporting boundaries (see paragraphs A5 and A12 of the drafting).
- (c) The evolving maturity of entities' processes for reporting sustainability information (see paragraphs A6(b), A18-A19 and A45 of the drafting).

Parts 3 and 8.2:

7. General questions for the Board:

- (a) Does the IAASB believe that the requirements and application material in Part 3 and 8.2 are at an appropriate degree of specificity for an overarching standard?
- (b) Are there any other significant comments regarding matters addressed in Part 3 and 8.2, for example:
 - (i) Are there concepts or issues the Board expected to be addressed that have not been addressed?
 - (ii) Are there any proposals in this Part that were not addressed by the questions above on which the Board has significant comments?

Requirements and Application Material

Color coding for requirements and application material		If a requirement or application material only applies to either limited or reasonable assurance: <ul style="list-style-type: none"> • The letter “L” is used in the paragraph number for limited assurance. • The letter “R” is used in the paragraph number for reasonable assurance.
Green	Reasonable and limited assurance	
Blue	Reasonable assurance only	
Orange	Limited assurance only	

Par #	Requirements	Par #	Application Material
Part 3: Acceptance and Continuance of the Assurance Engagement			
	<i>3.1 Establishing the Preconditions are Present</i>		<i>3.1 Establishing the Preconditions are Present</i>
	3.1.1 Obtaining a Preliminary Knowledge of the Engagement Circumstances		3.1.1 Obtaining a Preliminary Knowledge of the Engagement Circumstances
1.	The practitioner shall obtain a preliminary knowledge of the engagement circumstances, including: <ul style="list-style-type: none"> (a) With respect to the sustainability information expected to be reported: <ul style="list-style-type: none"> (i) The topics, aspects of the topics and the information disclosed about the topics or aspects of the topics; and (ii) Reporting boundary(ies). 	A1.	The practitioner’s preliminary knowledge of the engagement circumstances, in addition to the matters in the definition in [Agenda Item 7-A, line 7] may include knowledge about: <ul style="list-style-type: none"> (a) With respect to the level of assurance to be obtained, whether there are different levels of assurance for different disclosures, for example: <ul style="list-style-type: none"> (i) Limited assurance on disclosures related to the social topic and reasonable assurance on disclosures related to the environmental topic. (ii) Limited assurance on disclosures about risks and opportunities related to the social topic, and reasonable assurance on the process to prepare the disclosures related to the social topic.

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	(b) Whether the scope of the proposed assurance engagement encompasses all or part of the sustainability information in (a).		<p>(b) The relationship of the topics and aspects of the topics to other underlying subject matters the entity reports on, such as the financial statements;</p> <p>(c) How the applicable criteria were selected or developed;</p> <p>(d) Other matters, for example, events, transactions, conditions and practices, that may have a significant effect on the assurance engagement;</p> <p>(e) If the sustainability information within the scope of the assurance engagement is not all of the sustainability information reported, the reasons why the practitioner is being requested to assure only part of the sustainability information to be reported; and</p> <p>(f) Where the sustainability information is to be presented, for example, included in a regulatory filing or in a standalone report.</p> <p>[Adapted from EER³ Para. 113]</p>
			Obtaining a Preliminary Knowledge of the Sustainability Information to be Reported
		A2.	<p>Criteria are applied by the entity to determine the topics, aspects of the topics and information about them to be included in the sustainability information to be reported. If the framework criteria do not specify the sustainability information to be reported in sufficient detail, the entity needs to undertake a process to determine the content of its sustainability information to meet the information needs of intended users. In such cases, the entity's process results in entity-developed criteria for determining the topics, aspects of the topics and information about them to be included in the sustainability information, which form part of the applicable criteria for the assurance engagement. The process for developing the entity-developed criteria in these circumstances may</p>

³ Non-Authoritative Guidance on Sustainability and Other Extended External Reporting Assurance Engagements (EER)

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			involve significant management judgment, and could be subject to management bias. [Adapted from EER Para.125-164]
		A3.	The criteria to identify and select topics, aspects of the topics and information disclosed about them for inclusion in the sustainability information to be reported, may often be referred to as the entity’s “process to identify reporting topics”, “materiality assessment”, or “ materiality process“, among other terms. The practitioner’s determination of materiality for the assurance engagement is addressed in paragraph 7 of Part 5. [Adapted from EER Para.125-164]
		A4.	If the practitioner becomes aware that there are deficiencies in the entity’s process to prepare the sustainability information that is not within the proposed scope of the assurance engagement and is therefore other information, this may indicate that the entity does not have a reasonable basis for reporting this information. In these circumstances, the implications of the requirements in this standard for other information (see paragraph XX (Part 9)) will have an impact on the practitioner’s acceptance of the proposed engagement. [Adapted from EER Para.97]
		A5.	<p>The reporting boundary(ies) may be consistent across the sustainability information or may vary between topics, aspects of the topics or disclosures. In obtaining preliminary knowledge of the reporting boundary(ies), the practitioner may consider whether the reporting boundary(ies):</p> <ul style="list-style-type: none"> (a) Relates to the entity, multiple entities, the entity’s value chain(s), specific jurisdictions, activities, operations, locations or facilities. (b) Extend beyond the operational control of the entity. (c) Are established in framework criteria or entity-developed criteria. (d) Are consistent between different topics, aspects of those topics or disclosures, and if inconsistent, whether such inconsistency is appropriate based on the applicable criteria.

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	3.1.2 Determining Whether the Preconditions are Present		3.1.2 Determining Whether the Preconditions are Present
2.	<p>The practitioner shall determine whether the preconditions for an assurance engagement are present, on the basis of a preliminary knowledge of the engagement circumstances and discussion with the appropriate party(ies). In making this determination, the practitioner shall evaluate whether:</p> <p>(a) The roles and responsibilities of management, those charged with governance and the engaging party, if different, are suitable in the circumstances;</p> <p>(b) The engagement exhibits all of the following characteristics:</p> <p>(i) The underlying subject matter is appropriate;</p> <p>(ii) The criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances.</p> <p>(iii) The criteria that the practitioner expects to be applied in the preparation of the sustainability information will be available to the intended users;</p>	A6.	<p>The practitioner may consider whether additional knowledge is needed to determine whether the preconditions are present if the engagement circumstances indicate the following:</p> <p>(a) The underlying subject matter is complex and diverse, and the disclosures are more qualitative than quantitative, or more forward-looking than historical;</p> <p>(b) The entity’s process to prepare the sustainability information or other components of the entity’s system of internal control relevant to the preparation of the sustainability information do not appear to be fully developed;</p> <p>(c) The criteria comprise only aspects of a framework (i.e., not the entire framework), have been selected from numerous frameworks, or include a significant element of entity-developed criteria;</p> <p>(d) The sustainability information reported only covers a part of the information which could reasonably be expected to be reported in the circumstances; or</p> <p>(e) The proposed scope of the assurance engagement is limited to certain sustainability information and has been determined by management or those charged with governance (i.e., there may be management bias in selecting the sustainability information within the scope of the assurance engagement).</p> <p>[Adapted from EER Chapter 3 para.68-69]</p>

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	<p>(iv) The practitioner expects to be able to obtain the evidence needed to support the practitioner’s conclusion;</p> <p>(v) The practitioner’s conclusion, in the form appropriate to either a reasonable assurance engagement or a limited assurance engagement, is to be contained in a written report;</p> <p>(vi) A rational purpose, including, in the case of a limited assurance engagement, that the practitioner expects to be able to obtain a meaningful level of assurance; and</p> <p>(c) The sustainability information within the scope of the assurance engagement is appropriate, when evaluating whether the engagement exhibits the characteristics in (b) above.</p> <p>[ISAE 3000 (Revised) Para. 24]</p>		
		A7.	<p>Additional knowledge of the engagement circumstances for more complex engagements may include obtaining knowledge about:</p> <p>(a) The criteria that address the topics, aspects of the topics or information disclosed about them that is to be included in the sustainability information, and how the entity has identified and applied such criteria; and</p> <p>(b) The entity’s systems, processes and controls that provide a reasonable basis for the sustainability information.</p> <p>[Adapted from EER Para. 111-112]</p>

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		A8.	For less complex engagements, a discussion with management may be sufficient to obtain a preliminary knowledge of the engagement circumstances. [Adapted from EER Para. 113]
			Ability to Obtain Evidence Needed
		A9.	<p>In determining whether the evidence needed to support the practitioner’s conclusion can be expected to be obtained, the practitioner may consider whether:</p> <ul style="list-style-type: none"> (a) The characteristics of the aspects of the topics or the disclosures will impact the persuasiveness of available evidence; (b) Evidence that could reasonably be expected to exist is not available because of, for example, the timing of the practitioner’s appointment, the entity’s document retention policy, inadequate information systems, or a restriction imposed by the appropriate party(ies). (c) The nature of relationship between the appropriate party(ies) may affect the practitioner’s ability to access records, documentation and other information the practitioner may require as evidence to complete the engagement. (d) Evidence is likely to be needed from organizations not controlled by the entity, such as organizations outside the control of the entity, but within the value chain. In such cases, the practitioner may determine whether the entity has contractual arrangements with those organizations to provide access to persons or information or to provide independent assurance reports on relevant internal controls or the measurement or evaluation of relevant underlying subject matter, or whether the entity has plans to put such arrangements in place. <p>[ISAE 3000 (Revised) Para. A53-55]</p>
		A10.	The evidence that the practitioner gathers in a limited assurance engagement is more limited than a reasonable assurance engagement. However, if the practitioner becomes

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			<p>aware in a limited assurance engagement of a matter(s) that causes the practitioner to believe that the subject matter may be materiality misstated the practitioner is required to design and perform additional procedures to obtain further evidence as required by paragraph XX of Part 7. In such circumstances, the evidence that the practitioner may need to be able to obtain on a specific matter may be the same in the limited assurance and reasonable assurance engagement. Therefore, the need for availability and accessibility to evidence is the same regardless of the level of assurance. [ISAE 3000 (Revised) para. 49L]</p>
			<p>Sustainability Information within the Scope of the Assurance Engagement is Appropriate</p>
		A11.	<p>The scope of the assurance engagement may vary, for example, it may be limited to specific disclosures (e.g., assurance on key performance indicators) or cover the entity’s entire sustainability information (e.g., the entity’s sustainability report). In obtaining a preliminary knowledge of the scope of the proposed assurance engagement, the practitioner may consider whether the assurance engagement encompasses:</p> <ul style="list-style-type: none"> (a) The entity’s entire sustainability information, or only specific disclosures; (b) Specific topics (e.g., environmental or social matters), or aspects of the topics (e.g., risks and opportunities on social matters); or (c) The entire reporting boundary covered by the sustainability information, or only certain aspects of the reporting boundary. <p>[Adapted from EER Para.89]</p>
		A12.	<p>In some circumstances, the scope of the assurance engagement may be limited to certain aspects of the entity’s reporting boundary, for example, certain jurisdictions, or only sustainability information related directly to the entity and to activities or relationships that have as specific proximity to the entity upstream or downstream in the value chain. The reporting boundary within the scope of the assurance engagement</p>

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			may be established in law, regulation or professional requirements, or it may be determined by the appropriate party(ies).
		A13.	In determining whether the sustainability information within the scope of the engagement is appropriate, the practitioner may consider: <ul style="list-style-type: none"> (a) Whether the sustainability information within the scope of the assurance engagement is likely to meet the information needs of intended users; and (b) How the sustainability information will be presented and whether intended users may misinterpret what has, and has not, been assured. [ISAE 3000 (Revised) Para. A44]
		A14.	Examples of circumstances when the sustainability information within the scope of the assurance engagement may not be appropriate include: <ul style="list-style-type: none"> (a) The assurance engagement excludes sustainability information that can be readily measured or evaluated and the exclusion of this sustainability information may be misleading to intended users. (b) The assurance engagement excludes sustainability information that may be significant to intended users' decisions. (c) The assurance engagement only includes sustainability information that may be perceived by intended users as positive, and excludes sustainability information that is negative (e.g., areas where the entity has not met targets or has not taken action to achieve goals). (d) The reporting boundaries within the scope of the assurance engagement excludes significant entities, operations or facilities which may be misleading to intended users. [Adapted from ISAE 3000 (Revised) Para. A44; ISAE 3410 Para.17(a); EER Para.94]

Par #	Requirements	Par #	Application Material
		A15.	<p>Understanding the criteria that address the scope of the sustainability information to be reported, including how the topics, aspects of the topics and disclosures are identified and selected, and understanding how the entity has applied such criteria may:</p> <ul style="list-style-type: none"> (a) Enable the practitioner to determine whether the preconditions have been met; and (b) Indicate that the sustainability information to be reported does not meet the needs of intended users, or is misleading because: <ul style="list-style-type: none"> (i) The entity has not appropriately identified sustainability information to be reported in accordance with the criteria; or (ii) The criteria applied do not exhibit the characteristics of suitable criteria and may result in sustainability information that is misleading to the intended users. <p>[Adapted from EER Para.125-164]</p>
	3.1.3 Roles and Responsibilities		3.1.3 Roles and Responsibilities
			Suitability of the Roles and Responsibilities
3.	<p>When evaluating whether the roles and responsibilities are suitable in the circumstances in accordance with paragraph 2(a), the practitioner shall evaluate whether management, and those charged with governance, when appropriate, have a reasonable basis for the sustainability information.</p> <p>[Based on ISAE 3000 (Revised) Para. A37-A39, the elements of an assurance engagement in the</p>	A16.	<p>The three parties for an assurance engagement are:</p> <ul style="list-style-type: none"> (a) Management, those charged with governance or the engaging party, as applicable; (b) The practitioner, and (c) The intended users. <p>[ISAE 3000 (Revised) Para. A37]</p>

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	Assurance Framework and the definition of assurance engagement]		
		A17.	<p>If the engagement does not have at least three parties, it is unable to satisfy all of the elements of an assurance engagement. The practitioner’s responses may include:</p> <ul style="list-style-type: none"> (a) Asking the engaging party to change the terms of engagement to reflect a three-party relationship; (b) Conducting the engagement as a consulting engagement; or (c) Performing an agreed-upon procedures engagement or declining the engagement. <p>[ISAE 3000 (Revised) Para. A3]</p>
		A18.	<p>In evaluating whether management or those charged with governance, as appropriate, have a reasonable basis for the sustainability information, the practitioner may consider whether they have a formal process with robust internal controls to enable the preparation of the sustainability information that is free from material misstatement. The fact that the practitioner will report on the sustainability information is not a substitute for management’s own processes to have a reasonable basis for the preparation of the sustainability information. [ISAE 3000 (Revised) Para.A39]</p>
		A19.	<p>The entity may be at an early stage of developing processes to prepare the sustainability information, and the process for preparing the sustainability information may be at various stages of maturity across different topics or aspects of the topics. Whether the entity’s process to prepare the sustainability information within the scope of the assurance engagement is, in the practitioner’s professional judgment, able to support the preparation of the sustainability information may depend on the nature, characteristics, extent and complexity of the underlying subject matter and applicable criteria. [Adapted from EER Para.75-77]</p>

Par #	Requirements	Par #	Application Material
	3.1.4 Appropriate Underlying Subject Matter		3.1.4 Appropriate Underlying Subject Matter
4.	In evaluating the underlying subject matter in accordance with paragraph 2(b)(i), the practitioner shall consider whether the underlying subject matter is identifiable and capable of consistent measurement or evaluation against the criteria, such that the resulting sustainability information can be subjected to procedures for obtaining sufficient appropriate evidence. [ISAE 3000 (Revised) Para. 24(b)(i), A40-41]	A20.	The appropriateness of an underlying subject matter is not affected by the level of assurance, that is, if an underlying subject matter is not appropriate for a reasonable assurance engagement, it is also not appropriate for a limited assurance engagement, and vice versa. [ISAE 3000 (Revised) Para. A41]
		A21.	<p>In considering the appropriateness of the underlying subject matter, and whether sufficient appropriate evidence can be obtained, the practitioner may consider matters such as the characteristics of the aspects of the topics (i.e., the degree to which they are qualitative versus quantitative, factual versus judgmental, historical versus forward-looking, and relate to a point in time or cover a period) and the reporting boundary. For example:</p> <ul style="list-style-type: none"> (a) The underlying subject matter may comprise forward-looking information that is less likely to be precisely measured or evaluated than historical information, and the practitioner may determine that in the circumstances it may not be possible to obtain sufficient appropriate evidence to support the practitioner’s conclusion. (b) The underlying subject matter may relate to an activity in the value chain that is outside the control of the entity and the practitioner may anticipate that it may not be possible to access the source of information intended to be used as evidence to establish that the information is reliable (e.g., that the controls over its preparation are effective). <p>[ISAE 3000 (Revised) Para. A42-A43]</p>

Par #	Requirements	Par #	Application Material
	3.1.5 Suitability and Availability of Criteria		3.1.5 Suitability and Availability of Criteria
			Sources of the Criteria
5.	<p>In evaluating whether the criteria are suitable and will be available to the intended users in accordance with paragraph 2(b)(ii) and (iii), the practitioner shall evaluate:</p> <p>(a) The sources of the criteria, including whether they are framework criteria, entity-developed criteria or a combination of both;</p> <p>(b) Whether there are criteria for all of the sustainability information within the scope of the assurance engagement; and</p> <p>(c) How the criteria will be made available to the intended users.</p> <p>[ISAE 3000 (Revised) Para. 24(b)(ii)-(iii)]</p>	A22.	<p>Criteria may be either:</p> <p>(a) Framework criteria, that is:</p> <ul style="list-style-type: none"> (i) Embodied in law or regulation. (ii) Issued by authorized or recognized bodies of experts that follow a transparent due process. (iii) Developed collectively by a group that does not follow a transparent due process. (iv) Published in scholarly journals or books. (v) Developed for sale on a proprietary basis. <p>(b) Entity-developed criteria.</p> <p>[ISAE 3000 (Revised) Para. A48]</p>
		A23.	In determining the sources of the criteria, the practitioner may consider whether the entity identified and selected criteria from one or more frameworks or developed some or all of the criteria. [ISAE 3000 (Revised) Para.A48-52]
		A24.	When criteria are selected from multiple frameworks or entity-developed criteria are to be used, the practitioner's determination of the suitability of the criteria may be more extensive and the practitioner may need to consider subjectivity or opportunity for management bias in selecting or developing the criteria. [EER Para.165]

Par #	Requirements	Par #	Application Material
		A25.	<p>The framework criteria may establish principles and concepts regarding the measurement, evaluation, presentation and disclosure of the underlying subject matter, but may lack specificity because the entity is expected to apply the framework criteria in the circumstances of the entity. Accordingly, even if the criteria are contained in law or regulation or are issued by authorized or recognized bodies of experts that follow a transparent due process, the criteria may not be considered suitable on their own. In such cases, the criteria may need to be supplemented by additional framework or entity-developed criteria that are more specific about how the underlying subject matter is measured, evaluated, presented and disclosed. In considering whether the criteria are sufficiently specific to be suitable, the practitioner may consider factors such as whether the criteria:</p> <ul style="list-style-type: none"> (a) Are sufficiently prescriptive about the scope of the underlying subject matter to be addressed in the sustainability information. (b) Provide appropriate specificity relevant to the entity's industry or jurisdictions in which the entity operates, or other factors pertinent to the sustainability information to be reported. (c) Avoid vague descriptions of expectations or judgments. <p>[Adapted from ISAE 3000 (Revised) Para. A46 and A49, EER Para. 83]</p>
			The Process to Develop Criteria
		A26.	<p>The practitioner may consider the process followed by regulators, standard-setters or other parties in developing the framework criteria or the process followed by the entity to identify framework criteria or develop entity-developed criteria. For example, matters the practitioner may consider include the extent to which the process addresses the purpose of the sustainability information, whether the process is transparent, and whether it involves engagement with intended users or their representatives in</p>

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			identifying their information needs for decision-making. [Adapted from EER Para. 201-204]
		A27.	The practitioner also may consider the following: <ul style="list-style-type: none"> (a) The entity’s process for evaluating the suitability of the criteria, and determining how the criteria will be applied in the entity’s circumstances; (b) The entity’s reason for using the criteria (e.g., the criteria are required to be used or the entity has elected to use the criteria for a particular reason); (c) Whether the criteria are appropriately specific regarding how the underlying subject matter should be measured, evaluated, presented and disclosed.
			Suitable Criteria not Available
		A28.	If suitable criteria are not available for all of the underlying subject matter, but there are specific topics or aspects of the topics for which there are suitable criteria, then the practitioner may agree with the appropriate party(ies) to limit the scope of the assurance engagement to those topics or aspects of the topics. [ISAE 3000 (Revised) Para. A36]
			Availability of the Criteria to Users
		A29.	Criteria need to be available to the intended users in sufficient detail and be sufficiently clear to allow the intended users to understand how the underlying subject matter has been measured, evaluated, presented or disclosed. Criteria may be made available to the intended users in a number of ways, such as: <ul style="list-style-type: none"> (a) Publicly, for example, in published criteria or a general-purpose framework that is readily available on a website. (b) Through inclusion in the sustainability information reported.

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			<p>(c) By general understanding, for example, the criterion for measuring time in hours and minutes.</p> <p>[ISAE 3000 (Revised) Para. A51-A52, EER Para. 216-220]</p>
	Suitability of Criteria		Suitability of Criteria
6.	<p>In evaluating whether the criteria are suitable in accordance with paragraph 2(b)(ii), the practitioner shall evaluate whether the criteria exhibit the following characteristics:</p> <ul style="list-style-type: none"> (a) Relevance; (b) Completeness; (c) Reliability; (d) Neutrality; and (e) Understandability. <p>[ISAE 3000 (Revised) Para.A45]</p>	A30.	<p>Suitable criteria are required for reasonably consistent measurement, evaluation, presentation and disclosure of an underlying subject matter within the context of professional judgment. Without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. The suitability of criteria is context-sensitive, that is, it is determined in the context of the engagement circumstances. Even for the same underlying subject matter there may be different criteria that will yield a different measurement, evaluation, presentation or disclosure. Suitable criteria exhibit the characteristics in paragraph 6, which result in:</p> <ul style="list-style-type: none"> (a) Relevant sustainability information that assists decision-making by the intended users; (b) Complete sustainability information which does not omit relevant information that could reasonably be expected to affect decisions of intended users made on the basis of that sustainability information; (c) Reliable sustainability information which is based on reasonably consistent measurement, evaluation, presentation and disclosure of the underlying subject matter when used in similar circumstances by different practitioners; (d) Neutral sustainability information that is free from bias as appropriate in the engagement circumstances; and (e) Understandable sustainability information that can be understood by the intended users. <p>[ISAE 3000 (Revised) Para. A10]</p>

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		A31.	<p>The relative importance of each characteristic of the criteria to a particular engagement is a matter of professional judgment. The suitability of criteria is not affected by the level of assurance, that is, if criteria are unsuitable for a reasonable assurance engagement, they are also unsuitable for a limited assurance engagement, and vice versa. [ISAE 3000 (Revised) Para. A45-A47]</p>
			<p>Specific Considerations for Determining the Suitability of Criteria for Qualitative Information</p>
		A32.	<p>In some circumstances, the practitioner may determine that the criteria for qualitative information is not suitable, for example, not all the characteristics for suitable criteria are exhibited because the criteria lacks specificity or criteria for the qualitative information does not exist. In such circumstances, the practitioner may consider:</p> <ul style="list-style-type: none"> (a) Requesting the entity to develop suitable criteria; (b) Requesting the entity to remove the information; (c) Clearly identifying the information as “other information” that is not within the scope of the assurance engagement, treating that information as “other information” and conducting procedures in accordance with paragraph XX of Part 9; (d) Whether the information may be misleading, and the impact on acceptance and continuance of the engagement; or (e) The impact on the assurance conclusion. <p>[Adapted from EER Para. 332-336]</p>
			<p>Specific Considerations for Determining the Suitability of Criteria for Processes, Systems and Controls</p>

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		A33.	<p>The disclosure may include a description of the entity's processes, systems or controls regarding the underlying subject matter. In determining whether the criteria to measure, evaluate, present and disclose the processes, systems or controls are suitable, the practitioner may consider the scope of the assurance engagement (i.e., what the practitioner has been requested to conclude with respect to those processes, systems or controls). For example, whether the practitioner's conclusion will encompass:</p> <ul style="list-style-type: none"> (a) The description of the entity's process, systems or controls. In this case, suitable criteria may include the controls as designed and implemented at the entity either at a point in time or over a period (e.g., the description fairly presents the controls designed and implemented). (b) The suitability of the design of the controls to meet relevant control objectives, In this case, suitable criteria may include the control objectives and criteria to evaluate the risks to achieving the control objectives. (c) The operating effectiveness of the controls in achieving the relevant control objectives over the period. In this case, suitable criteria may include the control objectives, criteria to evaluate the risks to achieving the control objectives and the controls as designed and consistently applied at the entity throughout the specified period. <p>These may be entity-developed criteria, framework criteria or a combination of both.</p>
			Specific Considerations for Determining the Suitability of Criteria for Performance
		A34.	<p>In determining whether the criteria to evaluate the entity's performance are suitable, the practitioner may consider:</p> <ul style="list-style-type: none"> (a) The measures or benchmarks used to set the targets, key performance indicators, commitments or other goals against which performance is to be measured;

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			(b) The source of the criteria, whether contained in regulation, contractual arrangements, public commitments or set voluntarily; and (c) The methods of measurement or evaluation of the entity's performance.
			Specific Considerations for Determining the Suitability of Criteria for Forward-looking Sustainability Information
		A35.	In determining whether the criteria to evaluate the entity's forward-looking information are suitable, the practitioner may consider whether the criteria encompass: (a) The basis for the underlying assumptions made; (b) The nature, sources and extent of uncertainty inherent in those assumptions and whether those will be conveyed to the intended users through adequate disclosure; and (c) The measurement or evaluation methods to be used for the forward-looking sustainability information to be determined on the basis of those assumptions. [Adapted from EER Para.370-372]
			Relevance of the Criteria
		A36.	In determining whether the criteria are relevant, the practitioner may consider whether the criteria: (a) Reflect the information needs of the intended users in terms of the impact the underlying subject matter has on the entity, the impacts the entity has on the underlying subject matter or both. (b) Were developed through a process, by the entity or an external party, that focused on identifying or evaluating the sustainability information needs of the intended users to assist their decision-making, including the general types of

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			<p>decisions that intended users are expected to make based on the purpose of the sustainability information.</p> <p>(c) Address the inherent level of measurement or evaluation uncertainty in applying the criteria in the circumstances of the engagement, including whether the sustainability information that is subject to high inherent measurement or evaluation uncertainty will be accompanied by disclosures that make the nature and extent of the uncertainty clear.</p> <p>(d) Specify the level of disaggregation or aggregation of the information or include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances.</p> <p>(e) Are consistent with those generally recognized to be appropriate in the context of the entity’s industry or sector or there are justifiable reasons not to use such criteria (e.g., the entity develops more relevant criteria).</p> <p>(f) Permit omissions of sustainability information only in circumstances when it is appropriate to do so. For example, the criteria may allow the entity to exclude certain information if:</p> <p>(i) The reporting processes have not yet fully matured and the criteria require the entity to disclose this fact and their reasons therefore.</p> <p>(ii) In extremely rare circumstances, the sustainability information is confidential or the adverse consequences of disclosure would reasonably be expected to outweigh the public interest benefits of doing so, such as information that might prejudice an investigation into an actual, or suspected, illegal act.</p> <p>(iii) It enables, when relevant, comparability of the sustainability information reported between reporting periods.</p>

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			<p>(g) Are specific to the topics and aspects of the topics and the characteristics of the aspects of the topics, which will result in information meaningful to users, such as whether the criteria for:</p> <ul style="list-style-type: none"> (i) Forward-looking information includes the basis for evaluating the reasonableness of the underlying assumptions and methods of preparation based on those assumptions; (ii) Processes, systems or controls includes, for example, control objectives to evaluate the suitability of their design; (iii) Performance includes the targets, key performance indicators, commitments or goals against which performance is measured and methods of measurement or evaluation of that performance; or (iv) Historical information includes methods of measurement or evaluation of the entity's activities. <p>(h) Are relevant to the preparation of any other part(s) of the sustainability information not within the scope of the assurance engagement, that may help to identify matters that have not been, but should have been, included within the scope of the assurance engagement.</p> <p>[Adapted from EER Para.180-186, 208]</p>
		A37.	<p>The information needs of the intended users may relate to:</p> <ul style="list-style-type: none"> (a) The impact of the underlying subject matter on the entity; (b) The impacts of the entity on the underlying subject matter; or (c) Both. <p>When the information needs of the intended users relate to both, it may be described by the applicable criteria as “double materiality” in the context of identifying topics or aspects of topics to be included in the sustainability information (see paragraph A36).</p>

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			Completeness of the Criteria
		A38.	<p>In determining the completeness of the criteria, the practitioner may consider whether they address:</p> <ul style="list-style-type: none"> (a) The basis for selection of topics or aspects of the topics that address the information needs of intended users, for example, the criteria are not biased towards including topics or aspects of topics that can be more readily measured or evaluated; (b) The basis for significant judgments in preparing the sustainability information; (c) The source of significant inherent uncertainties in applying the criteria; (d) The reporting boundary(ies); and (e) Entity-developed criteria to interpret or supplement any framework criteria used. <p>[ISAE 3000 (Revised) Para. A45; EER Para. 187-190]</p>
			Reliability of the Criteria
		A39.	<p>In determining whether the criteria are reliable, the practitioner may consider:</p> <ul style="list-style-type: none"> (a) Whether the measurement or evaluation of the underlying subject matter can be undertaken with the necessary degree of precision to be relevant in the engagement circumstances; (b) Whether the criteria are based on definitions with little or no ambiguity; (c) Whether applying the criteria is expected to result in sustainability information that is capable of being subjected to an assurance engagement; and(d) The sources of the criteria and the process used to develop them. <p>[ISAE 3000 (Revised) Para. A45; EER Para. 191-193]</p>

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			Neutrality of the Criteria
		A40.	<p>In determining whether the criteria are neutral the practitioner may consider whether the criteria:</p> <ul style="list-style-type: none"> (a) Require a balanced disclosure of both favorable and unfavorable information; (b) Do not result in information that is misleading to the intended users in the interpretation of the sustainability information; (c) Are consistent between reporting periods, unless there is a reasonable basis for the change; (d) Address how the information is presented and disclosed, to reduce the opportunity for management bias; (e) Are entity-developed (e.g., the practitioner may exercise professional skepticism to mitigate the risk of management bias). <p>[ISAE 3000 (Revised) Para.45; EER Para. 194-197]</p>
		A41.	<p>In circumstances when the criteria are not consistent with previous reporting periods, the practitioner may consider whether:</p> <ul style="list-style-type: none"> (a) The entity has a reasonable basis for the change, for example the entity may be developing and improving its process to prepare the sustainability information and the entity-developed criteria may have been changed to reflect more appropriate or modern approaches, data or methods. (b) The basis for the change is sufficiently disclosed and explained in the sustainability information. (c) The criteria are different from those commonly used in the entity's industry or sector, as this may be an indicator of management bias.

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			(d) The change results in information that is always positive (e.g., management changes the criteria year on year so that the outcome looks more positive). [Adapted from EER Para. 211-215]
			Understandability of the Criteria
		A42.	In determining whether the criteria are understandable the practitioner may consider whether the criteria: <ul style="list-style-type: none"> (a) Are clear and unambiguous; (b) Will enable the intended users to identify readily the main points being made and to infer appropriately whether they affect their decision-making; (c) Will result in a presentation that does not obscure relevant information; (d) Will result in clear presentation and disclosure of the sustainability information in a way that effectively summarizes and draws attention to key features of the information reported; (e) Will result in the sustainability information being coherent, easy to follow, clear and logical; (f) Will result in sustainability information that can be readily located, particularly if it is spread across different locations or included by reference; (g) Will result in sustainability information that is appropriately balanced between conciseness to be understandable and relevance; and (h) Will result in logical and comparable time periods whether those be a point in time (e.g., for description or implementation of a process not covering the period), periods which have ended (e.g., for historical information), or periods which end in the future (e.g., for strategy, targets or commitments). [Adapted from EER Para. 198-200]

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	3.1.6 Rational Purpose		3.1.6 Rational Purpose
7.	In evaluating whether the engagement exhibits a rational purpose in accordance with paragraph 2(b)(vi), the practitioner shall consider whether the engagement as a whole will be useful and not misleading to intended users. [ISAE 3000 (Revised) Para. A56]	A43.	The practitioner may draw on the practitioner’s understanding of the engagement circumstances gained in determining whether the scope of the engagement is appropriate and the other preconditions are present, in accordance with paragraph 2(a), (b)(i)-(v) and (c) to determine whether the engagement has a rational purpose.
		A44.	If the scope of the assurance engagement includes only certain sustainability information (e.g, the entity has excluded certain information from the assurance engagement), the practitioner may consider whether the reasons for the scope of the engagement are appropriate and the proposed engagement has a rational purpose. [EER Para. 95]
		A45.	The entity may not have a reasonable basis for all aspects of the sustainability information, such as when the entity’s processes to prepare some or all of the sustainability information are at an early stage of development. In such cases, it may be possible to include only those areas of the sustainability information where the processes are more developed within the scope of the assurance engagement, because the preconditions have been met for those areas. The entity may disclose in the sustainability information that for the sustainability information not within the scope of the assurance engagement, they are still developing the processes to prepare the information, and when appropriate, these areas will be included in the scope of the assurance engagement in future periods. [EER Para. 96]
		A46.	Other matters the practitioner may consider in evaluating whether the engagement has a rational purpose, include whether:

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			<p>(a) A robust process to identify reporting topics in accordance with the applicable criteria has been conducted and, if so, how the information needs of the intended users have been identified and addressed;</p> <p>(b) In circumstances when the engagement is a limited assurance engagement, the level of assurance is meaningful (see paragraphs A47-49);</p> <p>(c) In circumstances when the engagement is a combination of reasonable and limited assurance on different topics, aspects of the topics or disclosures, there is sufficient justification for the different levels of assurance;</p> <p>(d) Management and those charged with governance, if different from the engaging party, have consented to the use of the sustainability information;</p> <p>(e) In circumstance where the criteria were selected or developed by the entity, how the intended users were identified in selecting the criteria;</p> <p>(f) The degree of judgment and scope for bias in applying the criteria;</p> <p>(g) There are any significant limitations on the scope of the practitioner's work; or</p> <p>(h) The engaging party intends to associate the practitioner's name with the underlying subject matter or the sustainability information in an inappropriate manner.</p> <p>[ISAE 3000 (Revised) Para. A56]</p>
			<p>Meaningful Level of Assurance in a Limited Assurance Engagement</p>
		A47.	<p>The level of assurance the practitioner plans to obtain is not ordinarily susceptible to quantification. Whether the level of assurance is meaningful is a matter of professional judgment for the practitioner to determine in the circumstances of the engagement. In a limited assurance engagement, the practitioner performs procedures that are limited compared with those necessary in a reasonable assurance engagement but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be</p>

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			<p>meaningful the level of assurance obtained by the practitioner is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential. [ISAE 3000 (Revised) Para. A4]</p>
		A48.	<p>Across the range of all limited assurance engagements, what is meaningful assurance can vary from just above assurance that is likely to enhance the intended users' confidence about the sustainability information to a degree that is clearly more than inconsequential to just below reasonable assurance. What is meaningful in a particular engagement represents a judgment within a range from more than inconsequential but less than reasonable assurance that depends on the engagement circumstances, including the information needs of intended users as a group, the criteria, and the underlying subject matter of the engagement. [ISAE 3000 (Revised) Para. A5]</p>
		A49.	<p>Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include:</p> <ul style="list-style-type: none"> (a) The characteristics of the underlying subject matter and the criteria. (b) Instructions or other indications from the appropriate party(ies) about the nature of the assurance. For example, the terms of the engagement may stipulate particular procedures that the appropriate party(ies) considers necessary or particular aspects the appropriate party(ies) would like the practitioner to focus on within the sustainability information that is within the scope of the assurance engagement. However, the practitioner may consider that other procedures are required to obtain sufficient appropriate evidence to obtain meaningful assurance. (c) Generally accepted practice, if it exists, with respect to assurance engagements for sustainability information. (d) The information needs of intended users. Generally, the greater the consequence to intended users of receiving an inappropriate conclusion when the sustainability information is materially misstated, the greater the assurance that would be needed in order to be meaningful to them. For example, in some cases, the

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			<p>consequence to intended users of receiving an inappropriate conclusion may be so great that a reasonable assurance engagement is needed for the practitioner to obtain assurance that is meaningful in the circumstances.</p> <p>(e) The expectation by intended users that the practitioner will form the limited assurance conclusion on the sustainability information within a short timeframe and at a low cost.</p> <p>[ISAE 3000 (Revised) Para. A7]</p>
	<p><i>3.2 Deciding whether to Accept or Continue the Assurance Engagement</i></p>		<p><i>3.2 Deciding whether to Accept or Continue the Assurance Engagement</i></p>
8.	<p>The engagement leader shall be satisfied that the firm’s policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed by the firm and shall determine that conclusions reached in this regard are appropriate. [ISAE 3000 (Revised) Para. 21]</p>	A50.	<p>Under ISQM 1⁴, for acceptance and continuance decisions, the firm is required to make judgments about the firm’s ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. The engagement leader may use the information considered by the firm in this regard in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and assurance engagements are appropriate. If the engagement leader has concerns regarding the appropriateness of the conclusions reached, the engagement leader may discuss the basis for those conclusions with those involved in the acceptance and continuance process. [ISA 220 (Revised)⁵ Para. A51]</p>
		A51.	<p>If the engagement leader is directly involved throughout the firm’s acceptance and continuance process, the engagement leader will be aware of the information obtained or used by the firm in reaching the related conclusions. Such direct involvement may also provide a basis for the engagement leader’s determination that the firm’s policies or</p>

⁴ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

⁵ ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

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			procedures have been followed and that the conclusions reached are appropriate. [ISA 220 (Revised) Para. A52]
9.	<p>The practitioner shall only accept or continue the assurance engagement, unless required to do so by law or regulation, when:</p> <p>(a) The practitioner has determined that the preconditions for the assurance engagement are present in accordance with paragraph 2.</p> <p>(b) The basis upon which the assurance engagement is to be performed has been agreed, through confirming that there is a common understanding between the practitioner and the appropriate party(ies) of the terms of the assurance engagement, including the practitioner’s reporting responsibilities.</p> <p>(d) The terms of the proposed assurance engagement do not impose a limitation on the scope of the practitioner’s work such that the practitioner believes the limitation will result in the practitioner disclaiming a conclusion on the sustainability information.</p> <p>[ISAE 3000 (Revised) Para. 22 and 26]</p>		[PLACEHOLDER: Include references relevant to acceptance and continuance in the IESBA Code ⁶ that arise from IESBA’s project on sustainability]
		A52.	The preconditions for an assurance engagement in paragraph 2 are not affected by the level of assurance, that is, if the preconditions are not present for a reasonable

⁶ IESBA International Code of Ethics for Professional Accountants (including International Independence Standards)

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			assurance engagement, then they are not met for a limited assurance engagement, and vice versa. The preconditions not being present for a reasonable assurance engagement cannot be overcome by changing the engagement to a limited assurance engagement. [Adapted from ISAE 3000 (Revised) Para. A41; ISAE 3410 A26]
	3.2.1 Assurance Report Prescribed by Law or Regulation		
10.	<p>If law or regulation prescribes the layout or wording of the assurance report, the practitioner shall evaluate:</p> <ul style="list-style-type: none"> (a) Whether intended users may misunderstand the assurance conclusion; and (b) If so, whether additional explanation in the assurance report can mitigate the possible misunderstanding. <p>If the practitioner concludes that additional explanation in the assurance report cannot mitigate the possible misunderstanding, the practitioner shall not accept the assurance engagement, unless required by law or regulation to do so. An assurance engagement conducted in accordance with such law or regulation does not comply with this ISSA. Accordingly, the practitioner shall not include any reference within the assurance report to the assurance engagement having been conducted in accordance with this ISSA (see also paragraph XX of Part 9). [ISAE 3000 (Revised) Para.25 and 30]</p>		

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	3.2.2 Considerations after Acceptance of the Assurance Engagement		3.2.2 Considerations after Acceptance of the Assurance Engagement
11.	The engagement leader shall take into account information obtained in the acceptance and continuance process in planning and performing the assurance engagement in accordance with this ISSA. [ISA 220 (Revised) Para.23]	A53.	<p>If the engagement leader discovers the preconditions in paragraph 2 are not met, but continues with the engagement, the engagement leader’s assurance report may address the matter. For example:</p> <ul style="list-style-type: none"> (a) When, in the practitioner’s professional judgment, the applicable criteria are unsuitable or the underlying subject matter is inappropriate and likely to mislead the intended users, a qualified conclusion or adverse conclusion may be appropriate, depending on how material and pervasive the matter is. (b) A qualified conclusion or a disclaimer of conclusion may be appropriate in other circumstances depending on, in the practitioner’s professional judgment, how material and pervasive the matter is. <p>[ISAE 3000 (Revised) Para. A90]</p>
12.	<p>If the engagement leader discovers after the assurance engagement has been accepted or continued:</p> <ul style="list-style-type: none"> (a) That one or more preconditions for an assurance engagement are not present in accordance with paragraph 2; or (b) Information that may have caused the firm to decline the assurance engagement had that information been known by the firm prior to accepting or continuing the engagement, <p>the engagement leader shall communicate that information promptly to the firm, so that the firm or</p>		

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	the engagement leader can take the necessary action.		
13.	<p>In taking the necessary action in accordance with paragraph 12, the firm or engagement leader shall:</p> <p>(a) Discuss the matter with management or those charged with governance, as appropriate; and</p> <p>(b) Determine:</p> <p>(i) Whether the matter can be resolved to the practitioner’s satisfaction;</p> <p>(ii) Whether it is appropriate to continue with the assurance engagement; and</p> <p>(iii) Whether to communicate the matter in the assurance report as a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances.</p> <p>(c) Withdraw from the engagement, if the matter cannot be resolved and withdrawal is possible under applicable law or regulation.</p> <p>[Adapted from ISAE 3000 (Revised) Para. 23, 42 and 43]</p>	A54.	Information that the engagement leader may discover after accepting or continuing the assurance engagement may include, for example, that the appropriate resources to perform the engagement have not been assigned or made available (e.g., the engagement team does not have appropriate sustainability competence), which may lead to withdrawal from the engagement. [ISAE 3000 (Revised) Para.A91]
	<i>3.3 Terms of the Assurance Engagement</i>		<i>3.3 Terms of the Assurance Engagement</i>
	3.3.1 Agreeing the Terms of the Assurance Engagement		3.3.1 Agreeing the Terms of the Assurance Engagement

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14.	<p>The practitioner shall agree the terms of the assurance engagement with the appropriate party(ies). The agreed terms of the assurance engagement shall be specified in sufficient detail in an engagement letter or other suitable form of written agreement, written confirmation, or in law or regulation, and shall include:</p> <p>(a) The following matters related to the scope of the assurance engagement:</p> <ul style="list-style-type: none"> (i) The sustainability information within the scope of the assurance engagement, and the sustainability information that is not within the scope of the assurance engagement; (ii) The reporting boundary(ies) within the scope of the assurance engagement; and (ii) Whether the engagement is a limited assurance engagement or reasonable assurance engagement, or if it is a combination of both, which sustainability information will be within the scope of limited assurance, and which sustainability information will be within the scope of reasonable assurance <p>(b) The responsibilities of the practitioner;</p>	A55.	<p>It is in the interests of both the engaging party and the practitioner that the practitioner communicates in writing the agreed terms of the engagement before the commencement of the engagement to help avoid misunderstandings. The form and content of the written agreement or contract will vary with the engagement circumstances. For example, if law or regulation prescribes in sufficient detail the terms of the engagement, the practitioner need not record them in a written agreement, except for the fact that such law or regulation applies and that the appropriate party(ies) acknowledges and understands its responsibilities under such law or regulation.</p> <p>Law or regulation, particularly in the public sector, may mandate the appointment of a practitioner and set out specific powers, such as the power to access an appropriate party(ies)'s records and other information, and responsibilities, such as requiring the practitioner to report directly to a minister, the legislature or the public if an appropriate party(ies) attempts to limit the scope of the engagement. [ISAE 3000 (Revised) Para A57-58]</p>

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	<p>(c) The responsibilities of management or those charged with governance, as appropriate:</p> <ul style="list-style-type: none"> (i) For designing, implementing and maintaining such processes, systems or internal control that the entity determines is necessary to enable the preparation of sustainability information in accordance with the applicable criteria that is free from material misstatement, whether due to fraud or error; (ii) For referring to or describing in its sustainability information, the applicable criteria it has used and, when it is not readily apparent from the engagement circumstances, who developed them; (iii) For providing the practitioner with: <ul style="list-style-type: none"> a. Access to all information of which management is aware that is relevant to the preparation of the sustainability information; b. Additional information that the assurance practitioner may request for the purpose of the assurance engagement; and c. Unrestricted access to persons within the entity, from whom the practitioner determines it necessary to obtain evidence; 		

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	<p>(d) Reference to the expected form and content of the report or reports to be issued by the practitioner and a statement that there may be modifications to that report in certain circumstances; and</p> <p>(e) An acknowledgement that management agrees to provide written representations at the conclusion of the assurance engagement.</p> <p>[ISAE 3000 (Revised) Para. 27, A91, ISAE 3410 Para.17(c) and 18, ISA 210 Para. 6(b)(iii)⁷]</p>		
15.	<p>On recurring assurance engagements, the practitioner shall evaluate whether circumstances require the terms of the assurance engagement to be revised and whether there is a need to remind the appropriate party(ies) of the existing terms of the assurance engagement.</p> <p>[ISAE 3000 (Revised) Para. 28]</p>		
	3.3.2 Changing the Terms of the Assurance Engagement		3.3.2 Changing the Terms of the Assurance Engagement

⁷ International Standard on Auditing (ISA) 210, *Agreeing the Terms of Audit Engagements*

Par #	Requirements	Par #	Application Material
16.	<p>The practitioner shall not agree to a change in the terms of the assurance engagement when there is no reasonable justification for doing so. If the practitioner is unable to agree to a change in the terms of the assurance engagement and is not permitted by the appropriate party(ies) to continue the assurance engagement, the practitioner shall:</p> <ul style="list-style-type: none"> (a) Withdraw from the assurance engagement, when possible, under applicable law or regulation; and (b) Determine whether there is any obligation, either contractual or otherwise, to report the circumstances to other parties, such as those charged with governance, owners or regulators. 	A56.	<p>Examples of when the appropriate party(ies) may request a change to the terms of the assurance engagement and there may not be reasonable justification for doing so include:</p> <ul style="list-style-type: none"> (a) The change is to limited assurance from reasonable assurance because of an inability to obtain sufficient appropriate evidence; or (b) The change is to remove sustainability information from the scope of the assurance engagement, to avoid a modification of the assurance conclusion.
		A57.	<p>A change in circumstances that affects the intended users' needs, or a misunderstanding concerning the nature of the engagement, may justify a request for a change in the engagement, for example, from an assurance engagement to a non-assurance engagement, or from a reasonable assurance engagement to a limited assurance engagement. [ISAE 3000 (Revised) Para. A59]</p>

Par #	Requirements	Par #	Application Material
17.	<p>If the terms of the assurance engagement are changed:</p> <p>(a) The practitioner and the appropriate party(ies), shall agree on and record the new terms of the assurance engagement in an engagement letter or other suitable form of written agreement; and</p> <p>(b) The practitioner shall not disregard evidence that was obtained prior to the change.</p> <p>[ISA 210 Para16, ISAE 3000 (Revised) Para.29, ISA 210 Para.17]</p>		