

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

Part 8.2: Evaluating the Description of Applicable Criteria

Please see Agenda Item 7-B.1 for key issues for the Board's consideration.

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
	8.2 Evaluating the Description of Applicable Criteria		8.2 Evaluating the Description of Applicable Criteria
1.	The practitioner shall evaluate whether the sustainability information adequately references or describes the applicable criteria and the sources of those criteria.	A1.	The preconditions for an assurance engagement to be present under paragraph 2 of Part 3 require that the criteria that the practitioner expects to be applied in the preparation of the sustainability information be available to the intended users. This may be done by references to a description of the applicable criteria, which is available to the intended users, or the inclusion of a description of the applicable criteria and the sources of those criteria in the sustainability information, to enable intended users to understand how:

Par #	Requirements	Par #	Application Material
	[ISAE 3000 (Revised) ¹ Para.63]		(a) The content of the sustainability information, such as the topics and aspects of the topics, has been identified and selected; (b) The intended users' information needs were identified; and (c) The underlying subject matter has been measured, evaluated, presented and disclosed. [Adapted from ISAE 3410 ² Para. A131]
		A2.	Framework criteria may need to be supplemented by entity-developed criteria, or the entity may need to develop criteria to interpret the framework. The intended user is unlikely to be able to consider whether their needs have been met or to be able to base decisions on the sustainability information without access to both the framework criteria and any entity-developed criteria supplementing or interpreting the framework criteria. [EER ³ Para. 216-220]
		A3.	Referencing or describing the applicable criteria and their sources is particularly important when: (a) There are significant differences between criteria applied by equivalent entities. (b) The underlying subject matter is subject to a high degree of measurement or evaluation uncertainty, such as forward-looking sustainability information, as there may be more variability, or it may be open to greater interpretation than when there is less uncertainty. This may result in sustainability information that could be misunderstood or misinterpreted by intended users.

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*

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

Par #	Requirements	Par #	Application Material
			[Adapted from ISAE 3410 Para. A131 and EER Para. 393]
		A4.	<p>In evaluating whether the reference or description of the criteria is adequate, the practitioner may consider whether it addresses:</p> <ul style="list-style-type: none"> (a) The source of the applicable criteria, and whether the applicable criteria are framework criteria embodied in law or regulation or issued by authorized or recognized bodies of experts that follow a transparent due process, or entity-developed criteria. (b) How framework criteria have been applied. (c) For entity-developed criteria, how the determination was made that these, together with any framework criteria, are suitable. (d) When applicable framework criteria were not applied, the reasons therefore. (e) The specific aspects of the criteria related to particular types of sustainability information, for example: <ul style="list-style-type: none"> (i) The basis for evaluating the reasonableness of the underlying assumptions for forward-looking information. (ii) Control objectives for design and operating effectiveness of processes, systems or controls. (iii) Targets, key performance indicators, commitments or goals for evaluating or measuring performance. (f) Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods. (g) Any significant judgments made in applying the applicable criteria in the engagement circumstances.

Par #	Requirements	Par #	Application Material
			<p>(h) The inherent limitations, if any, associated with the measurement or evaluation of the underlying subject matter against the applicable criteria.</p> <p>(i) Other matters relevant to intended users understanding of the basis for the preparation of the sustainability information, including uncertainties.</p> <p>(j) Any changes in the measurement or evaluation methods used, and the reasons therefore.</p> <p>(k) Any deviations from the applicable criteria identified, for example, deviations from a framework that the entity has referred to as being the basis for preparing the sustainability information.</p> <p>[Adapted from ISAE 3410 Para. A131-133 and A165; EER Para. 216-220]</p>
		A5.	<p>The preconditions for an assurance engagement to be present under paragraph 2 of Part 3 requires the criteria that the practitioner expects to be applied in the preparation of the sustainability information be suitable. In determining whether the criteria referenced or described in the sustainability information exhibit the characteristics of suitable criteria under paragraph 6 of Part 3, the engagement leader may consider whether the criteria are presented in a clear manner, providing sufficient detail and clarity to be understandable.</p>