

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

Part 5 Planning

Key Issues Identified in the Project Proposal Relevant to this Part

- The difference in work effort between limited and reasonable assurance, including sufficiency of evidence.
- Materiality in the context of the assurance engagement, including materiality in the context of narrative and qualitative information.

Key Feedback from the Reference Groups Relevant to this Part

Reference Groups #1 and #2 provided feedback on the practitioner's determination of materiality. Key points raised through meetings and emails included:

1. Determining materiality is typically focused on the *disaggregated* level. The *aggregation* of the sustainability information is mostly relevant when evaluating misstatements, and therefore the notion of materiality for the sustainability information as a whole is typically only used for this purpose.
2. It may be impracticable to *determine* materiality at the *aggregated* level in planning the engagement, because of the dissimilar nature of the sustainability information being assured.
3. As materiality is based on the matters which would influence the decisions of intended users, an understanding of users' needs is necessary, which may be different for each sustainability topic or aspect of the topic or may vary by jurisdiction, entity or activity.
4. Although the practitioner does not determine materiality at the aggregate level when planning and performing the engagement, the practitioner would "have in mind" what would be regarded as a material misstatement. Related to this point, it was noted that the concept of performance materiality cannot be applied to all sustainability information (e.g., it may be possible for historical quantitative information but usually cannot be applied for qualitative information).
5. It is important to evaluate whether individual misstatements, although immaterial individually, are material when aggregated together in the context of the sustainability information as a whole.
6. Aggregating misstatements, whether quantitative or qualitative can be challenging, due to different basis for measurement or evaluation and different materiality thresholds depending on users' tolerance for misstatements relating to the disclosures. Aggregation may be possible if quantitative misstatements have a common basis for measurement or qualitative misstatements relate to matters with similar characteristics.

Key Issues for the Board's Consideration

7. As discussed in **Agenda Item 7**, the practitioner has a responsibility to determine the aggregation or disaggregation of the sustainability information in a way that is appropriate in the circumstances of the engagement. These requirements are included in paragraphs 5L, 5R and 6 of this Part.

Part 5: Planning

Determining Materiality

8. In establishing the requirements for materiality at the planning stage of the engagement, the SATF considered the following:

(a)	Should there be a difference between the materiality requirements for limited and reasonable assurance engagements?	The SATF noted the concept of materiality should be the same for limited and reasonable assurance, as described in paragraph A92 of ISAE 3000 (Revised). ¹ This is because materiality is based on the information needs of intended users, i.e., what is material to intended users and impacts their decisions does not change depending on the level of assurance. This has been highlighted in paragraph A15 of the drafting.
(b)	Should the practitioner be required to determine or consider materiality?	<p>The SATF noted various approaches under the existing IAASB Standards regarding whether the practitioner or auditor “determines” or “considers” materiality. In ISA 320,² ISRE 2400 (Revised),³ and ISAE 3410,⁴ the practitioner or auditor <i>determines</i> materiality. In ISAE 3000 (Revised), the practitioner <i>considers</i> materiality.</p> <p>The verbs are described in the Complexity, Understandability, Scalability and Understandability (CUSP) Drafting Principles and Guidelines as follows:</p> <ul style="list-style-type: none"> • Determine: Conclude or ascertain, as after reasoning, observations, etc. • Consider: Thinking carefully about something but not concluding. <p>On balance, the SATF is of the view that “determining” materiality is appropriate for sustainability assurance engagements, because of the importance of materiality in performing the engagement (i.e., in the context of the needs of the intended users).</p> <p>Furthermore, as the engagement progresses, the practitioner may determine that materiality needs to be revised, due to new information available to the practitioner that was not available at the time the materiality was determined. Paragraphs 8 and A18 of the drafting explain this.</p>
(c)	At what level should materiality be determined, e.g., for the sustainability information as a whole, or at the disclosure level?	<p>The SATF has proposed that materiality is determined for each disclosure (i.e., at the disaggregated level) (see paragraph 7 of the drafting). There is no requirement to determine materiality for the aggregated disclosures.</p> <p>The SATF noted that given the varying nature of topics, and aspects of the topics comprising the sustainability information, it may not be practicable to determine materiality at an aggregated level in the</p>

		same way the ISAs require the auditor to determine materiality for the financial statements as a whole. This view was confirmed in the discussions with Reference Group, who suggested that it is not possible in all cases to determine materiality for the information as a whole at the planning stage, and that the notion of materiality for the aggregated information is generally only relevant when evaluating the materiality of misstatements.
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9. The SATF noted that materiality in the context of narrative and qualitative information was a focus in the key issues highlighted in the Project Proposal. The SATF has included application material to explain considerations in determining materiality for qualitative disclosures (see paragraphs A22-A25 of the drafting).

Aggregation Risk

10. The SATF considered whether to include a requirement to determine performance materiality, similar to the ISAs and paragraph 21 of ISAE 3410. ISAE 3000 (Revised) does not include a requirement to consider or determine performance materiality because it is not always possible to determine an amount lower than materiality for the various types of information covered by ISAE 3000 (Revised).
11. Recognizing the feedback from the Reference Groups highlighted above, the SATF does not believe that it would be appropriate to require a practitioner to determine performance materiality. Nevertheless, the SATF has emphasized the importance of considering aggregation risk at the planning phase, and in designing and performing procedures by explaining how aggregation risk may arise, and how this may be considered by the practitioner (see paragraph A30 of the drafting).

Part 8.1: Accumulation and Consideration of Identified Misstatements

12. Building on the considerations regarding materiality, the SATF considered the level at which misstatements should be evaluated. The proposal is that the practitioner would evaluate misstatements (see paragraph 8 of Part 8.1):
- (a) For each disclosure – For example, in performing procedures on the disclosure for “work-related injuries”, the practitioner identifies more than one misstatement. The practitioner determines whether the disclosure “work-related injuries” is materially misstated by evaluating the individual and combined effect of the identified misstatements on that disclosure.
 - (b) For the disclosures in aggregate – For example, the practitioner is providing a conclusion in the assurance report on whether the sustainability information related to “occupational health and safety” is prepared in all material respects in accordance with the applicable criteria. Accordingly, the practitioner

¹ ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

² ISA 320, *Materiality in Planning and Performing an Audit*

³ ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁴ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

determines whether all of the misstatements related to the topic of occupational health and safety, including the misstatements identified regarding “work-related injuries”, are material.

13. As with materiality, qualitative information, and information that is of a dissimilar nature, are key challenges in evaluating misstatements in sustainability assurance engagements. The SATF has included application material to explain considerations:
- (a) In accumulating and evaluating misstatements for qualitative disclosures (see paragraphs A18–A20 of Part 8.1). Much of this material was adapted from the *Non-Authoritative guidance on Sustainability and Other Extended External Reporting Assurance Engagements* (EER Guidance).
 - (b) In aggregating misstatements when they relate to aspects of topics, or topics, that are not comparable (see paragraph A6 of Part 8.1).
14. Other material that specifically addresses sustainability assurance engagements includes paragraphs A3, A4, A5, A7, A8, A9, A15, A17 and A21–A24 of Part 8.1.

Questions for the IAASB:

(Please note these questions will be asked in two separate rounds – Questions 11 and 12 together, and Questions 13, 14 and 15 together)

Part 5:

11. For the requirement to determine materiality (see paragraph 7 of the drafting), does the Board support:
- (a) The approach to materiality being the same for limited and reasonable assurance;
 - (b) The work effort, i.e., that the practitioner is required to “determine” materiality; and
 - (c) That materiality is determined for each disclosure (i.e., not in aggregate across all sustainability information)?
12. Does the Board support the approach to addressing aggregation risk at the planning stage of the engagement (see paragraph A30)?

Part 8.1:

13. Does the Board support the levels at which misstatements are evaluated (see paragraph 8 of Part 8.1)?

Parts 5 and 8.1:

14. Does the Board believe that sustainability-related issues have been appropriately addressed in Parts 5 and 8.1, such as qualitative materiality, qualitative misstatements and how to aggregate misstatements?
15. General questions for the Board:

<p>(a) Does the IAASB believe that the requirements and application material in Parts 5 and 8.1 are at an appropriate degree of specificity for an overarching standard?</p> <p>(b) Are there any other significant comments regarding matters addressed in Parts 5 and 8.1, for example:</p> <p>(i) Are there concepts or issues the Board expected to be addressed that have not been addressed?</p> <p>(ii) Are there any proposals in this Part that were not addressed by the questions above on which the Board has significant comments?</p>

Requirements and Application Material

Color coding for requirements and application material		<p>If a requirement or application material only applies to either limited or reasonable assurance:</p> <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 5: Planning		
	<i>5.1 Planning Activities</i>		<i>5.1 Planning Activities</i>
1.	<p>The practitioner shall obtain an understanding of the engagement circumstances, including:</p> <p>(a) With respect to the sustainability information to be reported:</p> <p>(i) The topics, aspects of the topics and the information disclosed about the topics or aspects of the topics; and</p>	A1.	<p>In understanding the engagement circumstances and determining whether the criteria are suitable for the assurance engagement circumstances, the practitioner may take into account:</p> <p>(a) The preliminary knowledge obtained in determining whether the preconditions for the engagement have been met (Part 3), which may have been obtained through discussions with the entity or appropriate parties; and</p>

Par#	Requirements	Par #	Application Material
	<p>(ii) Reporting boundary(ies).</p> <p>(b) Whether the scope of the assurance engagement encompasses all or part of the sustainability information in (a).</p>		<p>(b) Additional knowledge gained and discussions with the entity and appropriate parties following the acceptance or continuance of the engagement.</p>
2.	<p>The practitioner shall determine whether the criteria are suitable for the assurance engagement circumstances, including that they exhibit the characteristics identified in paragraph 6 of Part 3. [ISAE 3000 (Revised) Para. 41]</p>		
3.	<p>The practitioner shall plan the assurance engagement so that it will be performed in an effective manner, including setting the scope, timing and direction of the assurance engagement. [ISAE 3000 (Revised) Para. 40 (in part)].</p>	A2.	<p>Adequate planning helps to:</p> <ul style="list-style-type: none"> (a) Devote appropriate attention to important areas of the engagement; (b) Identify potential problems on a timely basis and properly organize and manage the engagement in order for it to be performed in an effective and efficient manner; (c) Properly assign work to engagement team members, and facilitate the direction and supervision of engagement team members and the review of their work; and (d) Assist, when applicable, the coordination of work done by other practitioners and experts. <p>[Adapted from ISAE 3000 (Revised) Para. A86]</p>
		A3.	<p>Planning may involve the engagement leader, other key members of the engagement team, and any key practitioner’s external experts developing:</p> <ul style="list-style-type: none"> (a) An overall strategy for the scope, timing and direction of the assurance engagement; and (b) An engagement plan, consisting of a detailed approach for the nature, timing and extent of procedures to be performed, and the reasons for selecting them.

Par#	Requirements	Par #	Application Material
			[Adapted from ISAE 3000 (Revised) Para. A86]
		A4.	<p>The nature and extent of planning activities will vary with the engagement circumstances, for example, the complexity of the underlying subject matter and applicable criteria. Examples of matters that may be considered include:</p> <ul style="list-style-type: none"> (a) The characteristics of the entity and its activities; (b) Whether the engagement is a limited assurance engagement, reasonable assurance engagement or a combination of both. (c) The topics, aspects of the topics and disclosures comprising the sustainability information. (d) The expected timing and the nature of the communications required. (e) The results of engagement acceptance activities and, when applicable, whether knowledge gained on other engagements performed by the engagement team for the entity is relevant. (f) The engagement process. (g) The reporting boundary. (h) The practitioner’s understanding of the entity and its environment, including the risks that the disclosures may be materially misstated. (i) The intended users and their information needs. (j) The extent to which the risk of fraud is relevant to the engagement. (k) The nature, timing and extent of resources necessary to perform the engagement, such as expertise required, including the nature and extent of experts’ involvement. (l) If the entity has an internal audit function, the impact on the engagement.

Par#	Requirements	Par #	Application Material
			[Adapted from ISAE 3000 (Revised) Para. A86]
		A5.	The practitioner may decide to discuss elements of planning with the entity when determining the scope of the engagement or to facilitate the conduct and management of the engagement (e.g., to coordinate some of the planned procedures with the work of the entity's personnel). Although these discussions often occur, the overall engagement strategy and the engagement plan remain the practitioner's responsibility. When discussing matters included in the overall engagement strategy or engagement plan, care is needed in order not to compromise the effectiveness of the engagement. For example, discussing the nature and timing of detailed procedures with the entity may compromise the effectiveness of the engagement by making the procedures too predictable. [ISAE 3410 Para. A40]
		A6.	Planning is not a discrete phase, but rather a continual and iterative process throughout the engagement. As a result of unexpected events, changes in conditions, or evidence obtained, the practitioner may revise the overall strategy and engagement plan, and thereby the resulting planned nature, timing and extent of procedures. [ISAE 3000 (Revised) Para. A88]
			<i>Scalability</i>
		A7.	In less complex engagements, the entire engagement may be conducted by a very small engagement team, possibly involving the engagement leader (who may be a sole practitioner) working without any other engagement team members. With a smaller team, coordination of, and communication between, team members is easier. Establishing the overall engagement strategy in such cases need not be a complex or time-consuming exercise; it varies according to the size of the entity, the complexity of the engagement, including the underlying subject matter (i.e., the topics and aspects of the topics) and applicable criteria, the scope of the assurance engagement, and the size of the engagement team. For example, in the case of a recurring engagement, a

Par#	Requirements	Par #	Application Material
			brief memorandum prepared at the completion of the previous engagement, based on a review of the working papers and highlighting issues identified in the engagement just completed, updated in the current period based on discussions with appropriate parties, may be appropriate as the engagement strategy for the current engagement. [ISAE 3000 (Revised) Para.A89]
4.	The practitioner shall determine the nature, timing and extent of planned procedures that are required to be carried out based on the scope of the engagement, and the conclusion(s) to be expressed in the practitioner's report. [Adapted from ISAE 3000 (Revised) Para.40 (in part)].	A8.	The level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement. Accordingly, the procedures the practitioner performs in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The primary differences between the procedures for a reasonable assurance engagement and a limited assurance engagement include: <ul style="list-style-type: none"> (a) The emphasis placed on the nature of various procedures. For example, in a limited assurance engagement the practitioner may determine that it is appropriate to place greater emphasis on inquiries of the entity's personnel and analytical procedures, and less emphasis, if any, on testing of controls than may be the case for a reasonable assurance engagement. (b) In a limited assurance engagement, the practitioner may: <ul style="list-style-type: none"> (i) Select less items for examination; or (ii) Perform fewer procedures (e.g., perform only analytical procedures in circumstances when, in a reasonable assurance engagement, both analytical procedures and other procedures would be performed). (c) In a reasonable assurance engagement, analytical procedures performed in response to risks of material misstatement may involve developing expectations that are sufficiently precise to identify material misstatements. In a limited assurance engagement, analytical procedures may be designed to support expectations regarding the direction of trends, relationships and ratios rather than

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			<p>to identify misstatements with the level of precision expected in a reasonable assurance engagement.</p> <p>(d) In a limited assurance engagement, when undertaking analytical procedures:</p> <ul style="list-style-type: none"> (i) If significant fluctuations, relationships or differences are identified, appropriate evidence may be obtained by making inquiries and considering responses received in light of known engagement circumstances. (ii) The practitioner may, for example, use data that is more highly aggregated, or use data that has not been subjected to separate procedures to test its reliability to the same extent as it would be for a reasonable assurance engagement. <p>[Adapted from ISAE 3000 Para. A3]</p>
5L.	<p>The practitioner shall determine the appropriate disaggregation of disclosures for the purposes of:</p> <ul style="list-style-type: none"> (a) Determining materiality; (b) Identifying disclosures in the sustainability information where material misstatements are likely to arise and design and perform procedures to address those disclosures; and (c) Evaluating misstatements identified during the engagement. 	A9.	<p>Understanding how the entity disaggregates or aggregates, the information for purposes of reporting the sustainability information may assist the practitioner in identifying the disclosures at an appropriate level of disaggregation for purposes of the assurance engagement. Matters that may be relevant to the practitioner's understanding of how the entity disaggregates or aggregates the sustainability information, include:</p> <ul style="list-style-type: none"> (a) Whether the applicable criteria addresses how the sustainability information should be presented, and how the entity has applied such criteria. (b) The extent to which sustainability information is processed using common information systems and controls.
5R.	<p>The practitioner shall determine the appropriate disaggregation of disclosures for the purposes of:</p> <ul style="list-style-type: none"> (a) Determining materiality; (b) Identifying and assess the risks of material misstatement at the assertion level for each 		<ul style="list-style-type: none"> (c) How sustainability information is communicated internally to management or those charged with governance. (d) Whether the disclosures relate to similar or interconnected topics, aspects of the topics, or characteristics of the disclosures. (e) How the entity's industry peers present the sustainability information.

Par#	Requirements	Par #	Application Material
	disclosure, and design and perform procedures to respond to those risks; and (c) Evaluating misstatements identified during the engagement.		
		A10.	Examples of how the practitioner may disaggregate the disclosures about topics or aspects of the topics include the following: (a) By topics: All disclosures on climate; all disclosures on labor practices. (b) By aspects of topics: All disclosures regarding risks and opportunities (regardless of the topic); all disclosures regarding targets. (c) By topic and aspect of topic: All disclosures regarding targets for climate; all disclosures regarding scenario analysis for climate. (d) By characteristics: All disclosures that are qualitative; all disclosures that are forward-looking; all disclosures that are historical. (e) By characteristics by aspect of topic: All disclosures regarding targets that are judgmental; all disclosures regarding targets that are historical.
6.	The practitioner shall determine the appropriate aggregation of disclosures for the purposes of expressing the conclusion(s) in the practitioner's report.	A11.	The scope of the assurance engagement may vary, for example, it may be limited to specific sustainability information (e.g., assurance of key performance indicators) or cover the entity's entire sustainability information (e.g., the entity's sustainability report). When the scope of the assurance engagement covers a range of sustainability information, the sustainability information may comprise a broad range of topics, aspects of the topics, and disclosures. The disclosures may be dissimilar, largely unrelated to each other, and measured in different units of measure. How the entity classifies, organizes and presents the disclosures may also vary in order to provide information that is meaningful and understandable for the intended users.
		A12.	The practitioner's conclusion(s) may comprise an overall conclusion for all the sustainability information within the scope of the assurance engagement, or multiple

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			<p>conclusions on various disclosures within the sustainability information. The nature and form of the practitioner’s conclusion(s) may be affected by:</p> <ul style="list-style-type: none"> (a) The applicable criteria; (b) Requirements of law, regulation or professional requirements; (c) The agreed terms of engagement and discussions with management and those charged with governance; and (d) What conclusion(s) would be meaningful to intended users.
		A13.	<p>Unless required by the applicable criteria, law, regulation or professional requirements, the practitioner may use professional judgment in determining the appropriate aggregation of the disclosures for purposes of expressing a conclusion(s) about whether the sustainability information within the scope of the assurance engagement is free from material misstatement. In doing so, the practitioner may consider factors such as:</p> <ul style="list-style-type: none"> (a) How the entity has classified, organized and presented the disclosures in the sustainability information. (b) The level of aggregation that would result in a conclusion(s) that would be meaningful to intended users. (c) Similarities in the disclosures, for example, quantitative or qualitative; historic or forward-looking. (d) Whether the disclosures are subject to comparable units of measure, and therefore can be aggregated.
		A14.	<p>The aggregation of the disclosures for the purposes of expressing a conclusion in the practitioner’s report affects the performance of the engagement, including when determining materiality and evaluating misstatements.</p>

Par#	Requirements	Par #	Application Material
	<i>5.2 Materiality</i>		<i>5.2 Materiality</i>
7.	When establishing the overall assurance engagement strategy, the practitioner shall determine materiality for each disclosure identified in accordance with paragraphs 5L or 5R. [Adapted from ISAE 3410 Para. 20]	A15.	Professional judgments about materiality are made in light of surrounding circumstances, but are not affected by the level of assurance. That is, for the same intended users and purpose, materiality for a reasonable assurance engagement is the same as for a limited assurance engagement because materiality is based on the information needs of intended users. [ISAE 3000 (Revised) Para. A92]
		A16.	The applicable criteria may include principles to assist the entity in identifying information relevant to users, which may include terms that refer to materiality (e.g., double materiality). The practitioner considers materiality in the context of misstatements of the sustainability information within the scope of the assurance engagement. The applicable criteria may also discuss the concept of materiality in the context of misstatements of the sustainability information, which may provide a frame of reference for the practitioner in considering materiality for the engagement.
		A17.	<p>The concept of materiality generally includes the following principles:</p> <p>(a) Judgments about matters that are material to intended users of the sustainability information are based on a consideration of the common information needs of intended users as a group.</p> <p>(b) Misstatements, including omissions, are considered to be material in individual disclosures or for the disclosures in aggregate, if they could reasonably be expected to influence decisions of intended users taken on the basis of the sustainability information.</p> <p>[Adapted from ISAE 3410 Para. A44]</p>
		A18.	The practitioner's determination of materiality at the planning stage of the assurance engagement is based on the information available to the practitioner at the time.

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			<p>During the performance of the assurance engagement, changes in circumstances or new information may cause the practitioner to revise materiality (see paragraph 8).</p>
		A19.	<p>The practitioner’s determination of materiality is a matter of professional judgment, and is affected by the practitioner’s perception of the common information needs of intended users as a group. In this context, it is reasonable for the practitioner to assume that intended users:</p> <ul style="list-style-type: none"> (a) Have a reasonable knowledge of the underlying subject matter, and a willingness to study the sustainability information with reasonable diligence; (b) Understand that the sustainability information is prepared and assured to appropriate levels of materiality, and have an understanding of any materiality concepts included in the applicable criteria; (c) Understand any inherent uncertainties involved in measuring or evaluating the underlying subject matter; and (d) Make reasonable decisions on the basis of the sustainability information taken as a whole. <p>[Adapted from ISAE 3000 (Revised) Para.A94]</p>
		A20.	<p>Examples of intended users include shareholders, investors, lenders and other creditors who may use sustainability information to make resource allocation decisions. Other intended users who may be interested in the impact of the organization include consumers, taxpayers, employees, competition, prudential authorities, central banks and bodies in charge of financial stability oversight, those granting public contracts, partners, suppliers, community, indigenous peoples, government, regulators, and interest groups. Matters that would influence the decisions of these intended users may relate to:</p> <ul style="list-style-type: none"> (a) Financial performance; (b) Impacts of the topics on the entity, or

Par#	Requirements	Par #	Application Material
			(c) The entity's impact on the topics. [Adapted from ISAE 3410 Para. A47]
		A21.	Materiality relates to the sustainability information within the scope of the assurance engagement. Therefore, when the engagement covers some, but not all, of the sustainability information, materiality is considered in relation to only the sustainability information that is within the scope of the assurance engagement. [Adapted from ISAE 3000 (Revised) Para. A99]
		A22.	Not all disclosures involve the same materiality considerations. For different disclosures, the same intended users may have different information needs, and a different tolerance for misstatement. Considering qualitative factors may help the practitioner to identify disclosures that may be more significant to the intended users. For example, intended users may place more importance on information about food or drug safety than they do on information about the recycling of non-hazardous waste because the consequences of poor safety standards in food or drug production are likely to be more serious to human health than those for not recycling non-hazardous waste. They may, therefore, have a lower tolerance for misstatement of information about food or drug safety than about recycling of non-hazardous waste. [EER Para. 302 and example from EER Para. 303]
		A23.	Materiality is determined in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when determining materiality for each of the disclosures as disaggregated is a matter for the practitioner's professional judgment. Qualitative disclosures are more judgmental, which may heighten the need for the practitioner to exercise professional judgment in determining materiality. [Adapted from ISAE 3000 (Revised) Para. A95]
			<i>Qualitative Materiality Considerations</i>

Par#	Requirements	Par #	Application Material
		A24.	<p>Examples of qualitative factors that may be considered by the practitioner in determining materiality for the disclosures include:</p> <ul style="list-style-type: none"> (a) The number of persons or entities affected by the underlying subject matter. (b) The interaction between, and relative importance of, various topics or aspects of the topics when it is made up of multiple topics and aspects of the topics, such as a report that includes numerous performance indicators. (c) The wording chosen with respect to disclosures that are expressed in narrative form. (d) The characteristics of the presentation of the sustainability information when the applicable criteria allow for variations in the presentation. (e) The nature of a potential misstatement in the disclosure and when it would be considered material, for example, the nature of observed deviations from a control when the sustainability information is a statement that a process exists, or the control is effective. (f) Whether a potential misstatement in the disclosure could affect compliance with law or regulation. (g) In the case of periodic reporting on an underlying subject matter, the effect of an adjustment that affects past or current sustainability information or is likely to affect future sustainability information. (h) Whether a misstatement is the result of an intentional act or is unintentional. (i) Whether a potential misstatement would be significant having regard to the practitioner's understanding of known previous communications to users, for example, in relation to the expected outcome of the measurement or evaluation of the underlying subject matter.

Par#	Requirements	Par #	Application Material
			<p>(j) When the underlying subject matter is a governmental program or public sector entity, whether a particular aspect of the program or entity is significant with regard to the nature, visibility and sensitivity of the program or entity.</p> <p>(k) If the applicable criteria include the concept of due diligence regarding impacts, the nature and extent of those impacts. For example, a practitioner may consider it a misstatement if an entity's disclosures about actions to prevent or mitigate negative impacts omitted or distorted the actions taken or ignored additional negative impacts, or the entity's actions were not effective to prevent or mitigate negative impacts.</p> <p>(l) When the disclosures are narrative, the level of detail of the description, significant aspects of the underlying subject matter, and the impact if the practitioner identified that information was omitted or distorted.</p> <p>[Adapted from ISAE 3000 (Revised) Para. A96]</p>
		A25.	<p>Considering qualitative factors may also be important for the way in which the sustainability information is presented. For example, when the preparer presents the disclosures in the form of graphs, diagrams or images, materiality considerations may include whether using different scales for the x- and y-axes of a graph may result in materially misstated or misleading information. [EER Para. 304]</p>
			<p><i>Quantitative Materiality Considerations</i></p>
		A26.	<p>Quantitative factors relate to the magnitude of misstatements relative to the disclosures, if any, that are:</p> <p>(a) Expressed numerically; or</p> <p>(b) Otherwise related to numerical values (e.g., the number of observed deviations from a control may be a relevant quantitative factor when the sustainability information is a statement that the control is effective).</p>

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			[Adapted from ISAE 3000 (Revised) Para. A97]
		A27.	For disclosures that are quantitative (e.g., a key performance indicator expressed in numerical terms), materiality may be determined by applying a percentage to the reported metric, or to a chosen benchmark related to the disclosure. If the applicable criteria specify a percentage threshold for materiality, this may provide a frame of reference to the practitioner in determining materiality for the disclosure. Examples of thresholds may include x% of investment in community projects (in hours or monetary terms), y% of energy consumed (in kWh), or z% of land rehabilitated (in hectares) [Adapted from EER Para. 299-300]
		A28.	Misstatements of amounts smaller than the quantitative materiality threshold may have a material effect on the reported sustainability information from a qualitative perspective. For example, if an error were to prevent an entity from achieving regulatory requirements, this may be considered material, even if the quantitative error is smaller than the quantitative threshold. [Adapted from EER Para.301]
		A29.	The applicable criteria may require disclosures of historical cost financial information. For example, topics reported may include community investment, training expenditures, or taxes by jurisdiction. These may also be reported in the entity's financial statements. The practitioner, or another practitioner, may be engaged to audit those financial statements. The materiality used for these aspects of the disclosures need not be the same as the materiality used in the audit of the entity's financial statements.
		A30.	When quantitative factors are applicable, planning the engagement solely to detect individually material misstatements overlooks aggregation risk, which is the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. Aggregation risk arises because the sustainability information may be disaggregated by the preparer, for the purposes of applying the applicable criteria, and paragraphs

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			<p>5L and 5R require the practitioner to determine the disclosures that are appropriately disaggregated, for the purpose of performing the assurance engagement. It may therefore be appropriate when planning the nature, timing and extent of procedures for the practitioner to:</p> <p>(a) Determine an amount less than materiality as a basis for determining the nature, timing and extent of procedures, referred to as “performance materiality”; or</p> <p>(b) Consider what types of errors or omissions would potentially constitute a material misstatement when aggregated with other misstatements.</p> <p>[Adapted from ISAE 3000 (Revised) Para. A98 and EER Para. 279-281]</p>
	<p>5.2.1 <i>Revision as the Assurance Engagement Progresses</i></p>		<p>5.2.1 <i>Revision as the Assurance Engagement Progresses</i></p>
<p>8.</p>	<p>The practitioner shall revise materiality for a disclosure(s) in the event of becoming aware of information during the assurance engagement that would have caused the practitioner to have determined a different materiality initially. [ISAE 3410 Para.22]</p>	<p>A31.</p>	<p>Materiality may need to be revised as a result of a change in circumstances during the assurance engagement (for example, the disposal of a major part of the entity’s business), new information, or a change in the practitioner’s understanding of the entity and its operations as a result of performing procedures. For example, it may become apparent during the engagement that actual emissions are likely to be substantially different from those used initially to determine materiality. If during the engagement the practitioner concludes that a different materiality for a disclosure(s) than that initially determined is appropriate, it may be necessary to consider the impact on aggregation risk, and to revise the nature, timing and extent of the further procedures. [Adapted from ISAE 3410 Para. A51]</p>