

**PROPOSED INTERNATIONAL STANDARD ON SUSTAINABILITY
ASSURANCE (ISSA) 5000 GENERAL REQUIREMENTS FOR
SUSTAINABILITY ASSURANCE ENGAGEMENTS**

APPLICATION MATERIAL (Clean)

Application and Other Explanatory Material

Scope of this ISSA

[Not yet drafted. To be discussed with the IAASB in June 2023.]

Definitions

Assertions (Ref: Para. 1(a))

A1R. Assertions are used by practitioners to consider the different types of potential misstatements that may occur when identifying and assessing, and responding to, the risks of material misstatement. Examples of assertions are provided in Part 6 paragraph A60R.

Criteria (Ref: Para. 1(f))

A2. The criteria may specify or include guidance about the sustainability information to be presented. The criteria also may define metrics or other terms to support the evaluation or measurement of the underlying subject matter, as well as the measurement or evaluation basis to be used.

Disclosures (Ref: Para. 1(g))

A3. Sustainability information may relate to a number of topics (e.g., climate, labor practices, biodiversity). The information presented by the entity may relate to different aspects of those topics (e.g., risks and opportunities, targets, metrics and key performance indicators). The disclosures about the aspects of the topics can be in various forms (e.g., narrative descriptions, tables with key performance indicators or other quantitative information) and may be limited to a single paragraph or table or may span multiple pages in the sustainability report.

Engagement Leader (Ref: Para. 1(i))

A4. The individual appointed as the engagement leader may be a partner or another senior staff member in the firm (e.g., a director or principal) I. Whether the individual is permitted to be an engagement leader in accordance with this standard depends on how the firm assigns responsibilities, and whether law, regulation or professional requirements include requirements that specify who may be permitted to accept responsibility for the engagement (e.g., law, regulation or professional requirements may include requirements for the professional licensing of engagement leaders, including requirements regarding their professional education and continuing professional development).

- A5. The term engagement leader in this ISSA is intended to be the equivalent of “engagement partner” in ISQM 1.¹

Engagement Risk (Ref: Para. 1(j))

- A6. Engagement risk does not refer to, or include, the practitioner’s business risks, such as loss from litigation, adverse publicity, or other events arising in connection with particular subject matter information.
- A7. In general, engagement risk can be represented by the following components:
- (a) Risks that the practitioner does not directly influence, which consist of:
 - (i) The susceptibility of the sustainability information to a material misstatement before consideration of any related controls applied by the entity (inherent risk); and
 - (ii) The risk that a material misstatement that occurs in the sustainability information will not be prevented, or detected and corrected, on a timely basis by the entity’s internal control (control risk); and
 - (b) The risk that the practitioner does directly influence, which is the risk that the procedures performed by the practitioner will not detect a material misstatement (detection risk).
- A8. Reducing engagement risk to zero is very rarely attainable or cost beneficial and, therefore, reasonable assurance is less than absolute assurance, as a result of factors such as the following:
- The use of selective testing.
 - The inherent limitations of internal control.
 - The fact that much of the evidence available to the practitioner is persuasive rather than conclusive.
 - The use of professional judgment in gathering and evaluating evidence and forming conclusions based on that evidence.
 - In some cases, the characteristics of the underlying subject matter when evaluated or measured against the criteria.

Entity (Ref: Para. 1(m))

- A9. An example of an identifiable portion of a legal or economic entity is a single factory or other form of facility, such as a landfill site.

Firm (Ref: Para. 1(o))

- A10. The legal nature of the entity performing the assurance engagement may take many forms and may not be described as a firm.

¹ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, paragraph 16(c)

Partner (Ref: Para. 1(bb))

A11. As noted in paragraph A10, the entity performing the assurance engagement may not be described as a firm. Therefore, the individual with authority to bind the firm with respect to the performance of the engagement may not carry the title of partner.

Reporting Boundary (Ref: Para. 1(kk))

A12. Although the entity's sustainability information and financial statements may relate to the same reporting entity, the reporting boundary for sustainability information may differ from the boundary for purposes of preparing financial statements. For example, the reporting boundary may include activities, operations, relationships or resources up and down the entity's value chain. An entity's supply chain is part of the value chain.

A13. The reporting boundary is determined by the applicable criteria. In some cases, framework criteria may specify the reporting boundary. In other circumstances, the reporting boundary may need to be determined by the entity, in which case the reporting boundary will be part of the entity-developed criteria. The reporting boundary may vary across underlying subject matter (e.g., some key performance indicators may have different boundaries from other key performance indicators because of the nature of the underlying subject matter).

A1. [Deleted]

Objectives

Engagements with Sustainability Information Comprising a Number of Aspects (Ref: Para. 1(b))

A1. When the sustainability information comprises a number of topics or aspects of topics, separate conclusions may be provided on each aspect. All such separate conclusions do not need to relate to the same level of assurance. Rather, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in this ISSA to the conclusion in the assurance report include each conclusion when separate conclusions are provided.

Part 1: Conduct of an Assurance Engagement in Accordance with this ISSA

Complying with this ISSA (Ref: Para. 2)

A1. In some cases, another ISSA is also relevant to the engagement. Another ISSA is relevant to the engagement when the ISSA is in effect, the subject matter of the ISSA is relevant to the engagement, and the circumstances addressed by the ISSA exist. [ISAE 3000 (Revised)², Para. A21]

A2. The ISAs³ and ISREs⁴ have been written for audits and reviews of historical financial information, respectively, and do not apply to other assurance engagements. They may, however, provide guidance in relation to the engagement process for practitioners undertaking a sustainability assurance engagement in accordance with this ISSA. [ISAE 3000 (Revised), Para. A22]

² ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

³ ISA, *International Standards on Auditing*

⁴ ISRE, *International Standards on Related Services*

Text of an ISSA (Ref: Para. 3)

A3. ISSAs contain the objectives of the practitioner in following the ISSA, and requirements designed to enable the practitioner to meet those objectives. In addition, they contain related guidance in the form of application and other explanatory material, introductory material that provides context relevant to a proper understanding of the ISSA, and definitions.

A4. The objectives in an ISSA provide the context in which the requirements of the ISSA are set, and are intended to assist in:

(a) Understanding what is to be accomplished; and

(b) Deciding whether more needs to be done to achieve the objectives.

The proper application of the requirements of an ISSA by the practitioner is expected to provide a sufficient basis for the practitioner's achievement of the objectives. However, because the circumstances of assurance engagements vary widely and all such circumstances cannot be anticipated in the ISSA, the practitioner is responsible for determining the procedures necessary to fulfill the requirements of relevant ISSAs and to achieve the objectives stated therein. In the circumstances of an engagement, there may be particular matters that require the practitioner to perform procedures in addition to those required by relevant ISSAs to meet the objectives specified in those ISSAs.

A5. The requirements of ISSAs are expressed as "shall."

A6. Where necessary, the application and other explanatory material provides further explanation of the requirements and guidance for carrying them out. In particular, it may:

(a) Explain more precisely what a requirement means or is intended to cover; and

(b) Include examples that may be appropriate in the circumstances.

While such guidance does not in itself impose a requirement, it is relevant to the proper application of the requirements. The application and other explanatory material may also provide background information on matters addressed in an ISSA. Where appropriate, additional considerations specific to public sector audit organizations or smaller firms are included within the application and other explanatory material. These additional considerations assist in the application of the requirements in the ISSA. They do not, however, limit or reduce the responsibility of the practitioner to apply and comply with the requirements in an ISSA.

A7. Definitions are provided in the ISSA to assist in the consistent application and interpretation of the ISSA, and are not intended to override definitions that may be established for other purposes, whether by laws, regulations or otherwise.

- A8. Appendices form part of the application and other explanatory material. The purpose and intended use of an appendix are explained in the body of the related ISSA or within the title and introduction of the appendix itself. [ISAE 3000 (Revised), Paras. A23-A28]

Complying with Relevant Requirements (Ref: Para. 4)

- A9. Although some procedures are required only for reasonable assurance engagements, they may nonetheless be appropriate in some limited assurance engagements. [ISAE 3000 (Revised) Para. A29]

Part 2: Fundamental Concepts, General Principles and Overarching Requirements

Relevant Ethical Requirements, Including Those Related to Independence (Ref: Para. 1 and Para 2)

- A1. The IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of an assurance practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IESBA Code also specifies the approach that a professional accountant is required to apply to comply with the fundamental principles and, when applicable, the International Independence Standards. In addition, the IESBA Code addresses specific topics relevant to complying with the fundamental principles. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information. [ISQM 1 Para. A62]
- A2. Professional requirements, or requirements imposed by law or regulation, are at least as demanding as the provisions of the IESBA Code related to assurance engagements when they address all the matters referred to in the IESBA Code and impose obligations that achieve the aims of the requirements set out in the IESBA Code related to such engagements. [ISAE 3000 (Revised) Para. A34]
- A3. Statutory measures may provide safeguards for the independence of public sector practitioners. However, public sector practitioners or firms carrying out public sector assurance engagements may, depending on the terms of the mandate in a particular jurisdiction, need to adapt their approach to promote compliance with paragraph 1. This may include, where the public sector mandate does not permit withdrawal from the engagement, disclosure through a public report of circumstances that have arisen that would, if they were in the private sector, lead the practitioner to withdraw. [ISA 220 (Revised)⁵ Para. A48]

Assurance Skills and Techniques, Professional Skepticism and Professional Judgment (Ref: Para. 5 and 6)

- A4. Professional skepticism is an attitude that includes being alert to, for example:
- Evidence that is inconsistent with other evidence obtained.
 - Information that calls into question the reliability of responses to inquiries or information intended to be used as evidence.
 - Circumstances that suggest the need for procedures in addition to those required by relevant ISSAs.

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

- Conditions that may indicate likely misstatement.
- Conditions that may indicate possible fraud.

[ISAE 3000 (Revised) Para. A76]

A5. Professional skepticism is necessary to the critical assessment of evidence. This includes questioning inconsistent evidence and the reliability of responses to inquiries and information intended to be used as evidence. It also includes consideration of the sufficiency and appropriateness of evidence obtained in the light of the circumstances. Maintaining professional skepticism throughout the engagement is necessary if the practitioner is, for example, to reduce the risks of:

- Overlooking unusual circumstances.
- Overgeneralizing when drawing conclusions from observations.
- Using inappropriate assumptions in determining the nature, timing, and extent of the procedures, and evaluating the results thereof.

[ISAE 3000 (Revised) Para. A77 & A78]

A6. Unless the engagement involves assurance about whether documents are genuine, the practitioner may accept records and documents as genuine unless the practitioner has reason to believe the contrary. Nevertheless, the practitioner is required by Part 4 paragraph 2 of this ISSA to consider the reliability of information to be used as evidence. [ISAE 3000 (Revised) Para. A79]

A7. The practitioner cannot be expected to disregard past experience of the honesty and integrity of those who provide evidence. Nevertheless, a belief that those who provide evidence are honest and have integrity does not relieve the practitioner of the need to maintain professional skepticism.

[ISAE 3000 (Revised) Para. A80]

A8. Impediments to the exercise of professional skepticism at the engagement level may include, but are not limited to:

- Budget constraints, which may discourage the use of sufficiently experienced or technically qualified resources, including experts, when needed.
- Tight deadlines, which may negatively affect the behavior of those who perform the work as well as those who direct, supervise and review.
- Lack of cooperation or undue pressures imposed by management, which may negatively affect the engagement team's ability to resolve complex or contentious issues.
- Insufficient understanding of the entity and its environment, its system of internal control and the applicable criteria.
- Difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others, which may cause the engagement team to bias the selection of sources of evidence and seek evidence from sources that are more easily accessible.
- Overreliance on automated tools and techniques, which may result in the engagement team not critically assessing evidence.
- When there is no one generally accepted way in which to measure or evaluate and report the sustainability information, which may result in practitioners being less willing to question management's approach.

[ISA 220 (Revised) Para. A34]

A9. Possible actions that the engagement team may take to mitigate impediments to the exercise of professional skepticism at the engagement level may include:

- Remaining alert to changes in the nature or circumstances of the engagement that necessitate requesting additional or different resources for the engagement.
- Explicitly alerting the engagement team to instances or situations when vulnerability to unconscious or conscious biases may be greater (e.g., areas involving greater judgment).
- Changing the composition of the engagement team, for example, requesting that more experienced individuals with greater skills or knowledge or specific expertise are assigned to the engagement.
- Involving more experienced members of the engagement team in more complex areas of the engagement or when dealing with members of management who are difficult or challenging to interact with.
- Involving members of the engagement team with specialized skills and knowledge or a practitioner's expert to assist the engagement team with complex or subjective areas of the engagement.
- Modifying the nature, timing and extent of direction, supervision or review, for example, by more in-person oversight on a more frequent basis or more in-depth reviews of certain working papers.
- Communicating with those charged with governance when management imposes undue pressure or the engagement team experiences difficulties in obtaining access to records, facilities, certain employees, customers, vendors or others from whom evidence may be sought.

[ISA 220 (Revised) Para. A36]

A10. Professional judgment is essential to the proper conduct of an assurance engagement. This is because interpretation of relevant ethical requirements and this ISSA, and the informed decisions required throughout the engagement, cannot be made without the application of relevant training, knowledge, and experience to the facts and circumstances. Professional judgment is necessary in particular regarding decisions about:

- The presence of the preconditions for an assurance engagement.
- Materiality and engagement risk.
- The nature, timing and extent of procedures used to meet the requirements of this ISSA and obtain evidence.
- Evaluating whether sufficient appropriate evidence has been obtained, and whether more needs to be done to achieve the objectives of this ISSA. In particular, in the case of a limited assurance engagement, professional judgment is required in evaluating whether a meaningful level of assurance has been obtained.
- The appropriate conclusions to draw based on the evidence obtained.
- The actions to take in exercising professional skepticism.

[ISAE 3000 (Revised) Para. A81]

- A11. The distinguishing feature of the professional judgment expected of a practitioner is that it is exercised by a practitioner whose training, knowledge and experience have assisted in developing the necessary competencies to achieve reasonable judgments. [ISAE 3000 (Revised) Para. A82]
- A12. The exercise of professional judgment in any particular case is based on the facts and circumstances that are known by the practitioner. It needs to be exercised throughout the engagement and be appropriately documented. Professional judgment can be evaluated based on whether the judgment reached reflects a competent application of assurance and measurement or evaluation principles and is appropriate in the light of, and consistent with, the facts and circumstances that were known to the practitioner up to the date of the practitioner’s assurance report. Professional judgment is not to be used as the justification for decisions that are not otherwise supported by the facts and circumstances of the engagement or sufficient appropriate evidence. [ISAE 3000 (Revised) Para. A83-A85]

Firm-level Quality Management (Ref: Para. 7)

- A13. This ISSA has been written in the context of a range of measures taken to ensure the quality of assurance engagements. Such measures include:
- Competency requirements, such as education and experience, and ongoing continuing professional development as well as life-long learning requirements.
 - A system of quality management implemented across the firm. ISQM 1 applies to all firms in respect of assurance and related services engagements.
 - A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

[ISAE 3000 (Revised) Para.A60]

- A14. ISQM 1 deals with the firm’s responsibilities to design, implement and operate a system of quality management for assurance engagements. It sets out the responsibilities of the firm for establishing quality objectives that address the fulfillment of responsibilities in accordance with relevant ethical requirements, including those related to independence. ISQM 1 also deals with the firm’s responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews. ISQM 2⁶ deals with the appointment and eligibility of the engagement quality reviewer, and the performance and documentation of the engagement quality review.

A system of quality management addresses the following eight components:

- (a) The firm’s risk assessment process;
- (b) Governance and leadership;
- (c) Relevant ethical requirements;
- (d) Acceptance and continuance of client relationships and specific engagements;
- (e) Engagement performance;
- (f) Resources;

⁶ ISQM 2, *Engagement Quality Reviews*

- (g) Information and communication; and
- (h) The monitoring and remediation process.

Firms or national requirements may use different terminology or frameworks to describe the components of the system of quality management. [ISAE 3000 (Revised) Para. A61]

- A15. Other professional requirements, or requirements in law or regulation that deal with the firm's responsibilities to design, implement, and operate a system of quality management, are at least as demanding as ISQM 1 when they address the requirements of ISQM 1 and impose obligations on the firm to achieve the objective of ISQM 1. [ISAE 3000 (Revised) Para. A62]
- A16. A firm's system of quality management includes establishing a monitoring and remediation process designed to:
- (a) Provide the firm with relevant, reliable and timely information about the design, implementation and operation of the system of quality management.
 - (b) Take appropriate actions to respond to identified deficiencies such that deficiencies are remediated by the firm on a timely basis.

[ISAE 3000 (Revised) Para. A64]

- A17. Ordinarily, the engagement team may depend on the firm's system of quality management unless:
- The engagement team's understanding or practical experience indicates that the firm's policies or procedures will not effectively address the nature and circumstances of the engagement; or
 - Information provided by the firm or other parties, about the effectiveness of such policies or procedures suggests otherwise.

For example, the engagement team may depend on the firm's system of quality management in relation to:

- (a) Competence and capabilities of personnel through their recruitment and formal training.
- (b) Independence through the accumulation and communication of relevant independence information.
- (c) Maintenance of client relationships through the firm's policies or procedures for acceptance and continuance of client relationships and assurance engagements.
- (d) Adherence to regulatory and legal requirements through the firm's monitoring and remediation process.

In considering deficiencies identified in the firm's system of quality management that may affect the engagement, the engagement leader may consider the remedial actions undertaken by the firm to address those deficiencies. [ISAE 3000 (Revised) Para. A65]

- A18. A deficiency in the firm's system of quality management does not necessarily indicate that an assurance engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements, or that the practitioner's report was not appropriate. [ISAE 3000 (Revised) Para. A66]

Engagement-level Quality Management (Ref: Para. 8–28)

Overall Responsibility for Managing and Achieving Quality (Ref: Para. 8–9)

A19. Taking overall responsibility for managing and achieving quality on the engagement and being sufficiently and appropriately involved throughout the engagement may be demonstrated by the engagement leader in various ways, including:

- Being satisfied that the firm’s policies or procedures for the acceptance and continuance of client relationships and assurance engagements have been followed;
- The engagement being planned and performed (including appropriate direction and supervision of engagement team members) in accordance with professional requirements and applicable legal and regulatory requirements;
- Reviews being performed in accordance with the firm’s policies or procedures and reviewing the engagement documentation on or before the date of the assurance report;
- Appropriate engagement documentation being maintained to provide evidence of achievement of the practitioner’s objectives, and that the engagement was performed in accordance with this ISSA and relevant legal and regulatory requirements.; and
- Appropriate consultation being undertaken by the engagement team on difficult or contentious matters.

[Reclassified to AM from ISAE 3000 (Revised) Para. 33]

A20. The engagement leader remains ultimately responsible, and therefore accountable, for compliance with the requirements of this ISSA. The term “the engagement leader shall take responsibility for...” is used for those requirements that the engagement leader is permitted to assign the design or performance of procedures, tasks or actions to appropriately skilled or suitably experienced members of the engagement team. For requirements in this ISSA that state “the engagement leader shall...”, this ISSA expressly intends that the requirement or responsibility be fulfilled by the engagement leader. In such circumstances, the engagement leader may obtain information from the firm or other members of the engagement team in fulfilling the requirement. [ISA 220 (Revised) Para. 9]

A21. ISQM 1 requires the firm to establish quality objectives that address the firm’s governance and leadership that supports the design, implementation and operation of the system of quality management. The engagement leader’s responsibility for managing and achieving quality is supported by a firm culture that demonstrates a commitment to quality. A culture that demonstrates a commitment to quality is further shaped and reinforced by the engagement team members as they demonstrate expected behaviors when performing the engagement. [ISA 220 (Revised) Para. A28]

A22. The actions of the engagement leader, and appropriate messages to the other members of the engagement team, emphasize the fact that quality is essential in performing an assurance engagement, and the importance to the quality of the assurance engagement of:

- (a) Performing work that complies with professional requirements and regulatory and legal requirements.
- (b) Complying with the firm’s policies or procedures as applicable.
- (c) Issuing a report for the engagement that is appropriate in the circumstances.

(d) The engagement team's ability to raise concerns without fear of reprisals.

[ISAE 3000 (Revised) Para. A63]

A23. Being sufficiently and appropriately involved throughout the engagement when procedures, tasks or actions have been assigned to other members of the engagement team may be demonstrated by the engagement leader in different ways, including:

- Informing assignees about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and to provide any other necessary instructions and relevant information.
- Direction and supervision of the assignees.
- Review of the assignees' work to evaluate the conclusions reached, in addition to the requirements in paragraphs 21-24.

[ISA 220 (Revised) Para. A37]

Application of Firm Policies or Procedures by Members of the Engagement Team_(Ref: Para. 9)

A23A. Within the context of the firm's system of quality management, engagement team members from the firm are responsible for implementing the firm's policies or procedures that are applicable to the engagement. As engagement team members from another firm are neither partners nor staff of the engagement leader's firm, they may not be subject to the firm's system of quality management or the firm's policies or procedures. Further, the policies or procedures of another firm may not be similar to that of the engagement leader's firm. For example, policies or procedures regarding direction, supervision and review may be different, particularly when the other firm is in a jurisdiction with a different legal system, language or culture than that of the engagement leader's firm. Accordingly, if the engagement team includes individuals who are from another firm, different actions may need to be taken by the firm or the engagement leader to implement the firm's policies or procedures in respect of the work of those individuals. For example, individuals who are not personnel may not be able to complete independence declarations directly on the firm's independence systems. The firm's policies or procedures may state that such individuals can provide evidence of their independence in other ways, such as written confirmation. [ISA 220 (Revised) Para. A23]

Characteristics of the Engagement Leader (Ref: Para. 10)

A24. ISQM 1 requires the firm to establish quality objectives that engagement team members are assigned to each engagement, including an engagement leader, who have appropriate competence and capabilities to consistently perform quality engagements.

A25. The engagement leader is required to have sufficient competence in the underlying subject matter, in addition to having competence in assurance skills and techniques, to be able to:

- (a) When needed, ask appropriate questions of a practitioner's expert and evaluate whether the answers make sense in the engagement circumstances;
- (b) Evaluate a practitioner's expert's work and, to the extent needed, integrate it with the work of the engagement team as a whole; and
- (c) Take responsibility for the conclusions reached on the engagement.

[EER⁷ Para. 38]

- A26. What constitutes sufficient subject matter competence depends on the engagement circumstances and differs from engagement to engagement. Whether the engagement leader has sufficient subject matter competence in order to accept responsibility for the assurance conclusion is a matter of professional judgment for the engagement leader, and may involve taking account of factors such as:
- (a) The judgment involved in identifying the reporting topics for inclusion in the entity's sustainability information;
 - (b) The judgment involved in agreeing the sustainability information that is within the scope of the assurance engagement;
 - (c) The nature and complexity of the underlying subject matter and its measurement or evaluation;
 - (d) The extent to which the underlying subject matter lends itself to precise measurement or whether there is a high degree of measurement uncertainty that may need significant knowledge and judgment in relation to the underlying subject matter; and
 - (e) The engagement leader's and engagement team's competence and previous experience in relation to the underlying subject matter.

[EER Para. 32]

- A27. A practitioner may be requested to perform assurance engagements with respect to a wide range of underlying sustainability topics. Some may require specialized skills and knowledge beyond those ordinarily possessed by a particular individual. See also paragraph 17 addressing the competence and capabilities of the engagement team. [ISAE 3000 (Revised) Para. A67 supplemented by ISQM 1 Para. A88]

Other Responsibilities of the Engagement Leader (Ref: Para. 11–12)

Acceptance and Continuance (Ref: Para. 11-12)

- A28. Under ISQM 1, 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 requirements 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 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) Para. A51]
- A29. 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 procedures have been followed and that the conclusions reached are appropriate. [ISA 220 (Revised) Para. A52]

⁷ *Non-Authoritative Guidance on Sustainability and Other Extended External Reporting Assurance Engagements (EER)*

A30. In circumstances when the firm is obligated by law or regulation to accept or continue an assurance engagement, the engagement leader may take into account information obtained by the firm about the nature and circumstances of the engagement. [ISA 220 (Revised) Para. A56]

Relevant Ethical Requirements, Including Those Related to Independence (Ref: Para. 13–15)

A31. Open and robust communication between the members of the engagement team about relevant ethical requirements may also assist in:

- Drawing the attention of engagement team members to relevant ethical requirements that may be of particular significance to the assurance engagement; and
- Keeping the engagement leader informed about matters relevant to the engagement team's understanding and fulfillment of relevant ethical requirements and the firm's related policies or procedures.

[ISA 220 (Revised) Para.A42]

A32. [Not used]

A33. In accordance with ISQM 1, the firm's responses to address the quality risks in relation to relevant ethical requirements, including those related to independence for engagement team members, include policies or procedures for identifying, evaluating and addressing threats to compliance with the relevant ethical requirements. [ISA 220 (Revised) Para. A43]

A34. Appropriate actions may include, for example:

- Following the firm's policies or procedures regarding breaches of relevant ethical requirements, including communicating to or consulting with the appropriate individuals so that appropriate action can be taken, including as applicable, disciplinary action(s).
- Communicating with those charged with governance.
- Communicating with regulatory authorities or professional bodies. In some circumstances, communication with regulatory authorities may be required by law or regulation.
- Seeking legal advice.
- Withdrawing from the assurance engagement, when withdrawal is possible under applicable law or regulation.

[ISA 220 (Revised) Para. A46]

Engagement Resources (Ref: Para. 16–20)

A35. Resources include human, technological and intellectual resources. Human resources include members of the engagement team and, where applicable, a practitioner's external expert. Technological resources include technological tools that may allow the practitioner to more effectively and efficiently manage the engagement. Intellectual resources include, for example, assurance methodologies, implementation tools, assurance guides, model programs, templates, checklists or forms. [ISA 220 (Revised) Para. A62, A63 & A68]

A36. In determining whether sufficient and appropriate resources to perform the engagement have been assigned or made available to the engagement team, the engagement leader ordinarily may depend

on the firm's related policies or procedures (including resources). For example, based on information communicated by the firm, the engagement leader may be able to depend on the firm's technological development, implementation and maintenance programs when using firm-approved technology to perform procedures.

[ISA 220 (Revised) Para. A70]

A37. When determining that the engagement team has the appropriate competence and capabilities, the engagement leader may take into consideration such matters as the team's:

- Understanding of, and practical experience with, sustainability assurance engagements of a similar nature and complexity through appropriate training and participation.
- Understanding of professional requirements and applicable legal and regulatory requirements.
- Expertise in the specific subject matter of the engagement.
- Expertise in IT used by the entity or automated tools or techniques that are to be used by the engagement team in planning and performing the engagement.
- Knowledge of relevant industries in which the entity operates.
- Ability to exercise professional skepticism and professional judgment.
- Understanding of the firm's policies or procedures.

[ISA 220 (Revised) Para. A71]

A38. Some of the assurance work may be performed by a multi-disciplinary team that includes one or more practitioner's expert(s), particularly on relatively complex engagements when competence in one or more underlying subject matters included in the sustainability information is likely to be required. For example, a practitioner's expert may be needed to assist the practitioner in one or more of the following:

- Obtaining an understanding of the entity and its environment, including its internal control.
- Performing risk procedures, including (in a reasonable assurance engagement) identifying and assessing the risks of material misstatement.
- Responding to risks, including (in a reasonable assurance engagement) determining and implementing overall responses to assessed risks of misstatement of the sustainability information.
- Evaluating the sufficiency and appropriateness of evidence obtained in forming a conclusion on the sustainability information.

[ISA 620⁸ Para. A4]

A39. The more complex the engagement, the more necessary it may be to consider how the work of practitioners and the work of practitioner's experts is to be integrated across the engagement. The appropriate application of competence in performing the engagement depends on the practitioners and practitioner's experts who are to perform the engagement:

⁸ ISA 620, *Using the Work of an Auditor's Expert*

- Both having the appropriate competence to perform the roles assigned to them; and
- Working together effectively as a multidisciplinary team in performing the engagement.

[EER Para. 35]

A40. Considerations when deciding whether to use a practitioner's expert may include:

- Whether management has used a management's expert in preparing the sustainability information (see paragraph A41).
- The nature and significance of the sustainability information, including its complexity.
- The risks of material misstatement in the disclosures.
- The expected nature of procedures to respond to identified risks, including: the practitioner's knowledge of and experience with the work of experts in relation to such matters; and the availability of alternative sources of evidence.

[ISA 620 Para. A8]

A41. When management has used a management's expert in preparing the sustainability information, the practitioner's decision on whether to use a practitioner's expert may also be influenced by such factors as:

- The nature, scope and objectives of the management's expert's work.
- Whether the management's expert is employed by the entity, or is a party engaged by it to provide relevant services.
- The extent to which management can exercise control or influence over the work of the management's expert.
- The management's expert's competence and capabilities.
- Whether the management's expert is subject to technical performance standards or other professional or industry requirements.
- Any controls within the entity over the management's expert's work.
- Part 4 includes requirements and guidance regarding the effect of the competence, capabilities and objectivity of management's experts on the reliability of evidence.

[ISA 620 Para. A9]

A42. Paragraph 8 requires the engagement leader to be sufficiently and appropriately involved throughout the engagement such that the engagement leader has the basis for determining whether the significant judgments made, and the conclusions reached, are appropriate given the nature and circumstances of the engagement. Such involvement extends to the work performed by a practitioner's external expert or another practitioner (see paragraph 18). Sufficient involvement includes the ability to direct and supervise the work of a practitioner's external expert or another practitioner and review their work, based on the cooperation of the practitioner's external expert or other practitioner and effective communication between the practitioner and such individuals.

- A43. There may be circumstances when the practitioner cannot be sufficiently involved in the work of another practitioner, including situations when that other practitioner has already performed work. For example, another practitioner may have conducted a separate assurance engagement that is relevant to the practitioner's engagement (e.g., an assurance engagement on an entity's greenhouse gas emissions, removals and storage). In such circumstances paragraph 28 explains relevant considerations for the practitioner with respect to whether, and to what extent, the practitioner may be able to use that work for the practitioner's purposes.
- A44. The engagement leader's determination of whether additional engagement level resources are required is a matter of professional judgment and is influenced by the requirements of this ISSA and the nature and circumstances of the engagement. In certain circumstances, the engagement leader may determine that the firm's responses to quality risks are ineffective in the context of the specific engagement, including that certain resources assigned or made available to the engagement team are insufficient. In those circumstances, the engagement leader is required to take appropriate action, including communicating such information to the appropriate individuals in accordance with paragraph 19. For example, if an assurance software program provided by the firm has not incorporated new or revised procedures in respect of sustainability disclosures required by new or revised reporting standards, timely communication of such information to the firm enables the firm to take steps to update and reissue the software promptly or to provide an alternative resource that enables the engagement team to comply with the new regulation in the performance of the engagement. [ISA 220 (Revised) Para.A77]
- A45. In an engagement addressing consolidated sustainability information, the engagement's leader's determination whether the resources assigned or made available are sufficient and appropriate may include considering whether there is a need to involve another practitioner at one or more locations to obtain evidence.
- A46. If the resources assigned or made available are insufficient or inappropriate in the circumstances of the engagement and additional or alternative resources have not been made available, appropriate actions may include:
- Changing the planned approach to the nature, timing and extent of direction, supervision and review (see also paragraph 22).
 - Discussing an extension to reporting deadlines with management or those charged with governance, when an extension is possible under applicable law or regulation.
 - Following the firm's policies or procedures for resolving differences of opinion if the engagement leader does not obtain the necessary resources for the engagement.
 - Following the firm's policies or procedures for withdrawing from the engagement, when withdrawal is possible under applicable law or regulation.

[ISA 220 (Revised) Para.A78]

- A47. The firm's policies or procedures may include required considerations or responsibilities for the engagement team when using firm approved technological tools to perform procedures and may require the involvement of individuals with specialized skills or expertise in evaluating or analyzing the output. The engagement team may be required, in accordance with the firm's policies or procedures, to use the firm's assurance methodology and specific tools and guidance. The engagement team may also consider whether the use of other intellectual resources is appropriate and relevant based on the nature and circumstances of the engagement, for example, an industry

specific assurance methodology or related guides and performance aids.
[ISA 220 (Revised) Para.A64 & A69]

Direction, Supervision and Review (Ref: Para. 21–24)

- A48. ISQM 1 requires that direction, supervision and review is planned and performed on the basis that the work performed by less experienced engagement team members is directed, supervised and reviewed by more experienced engagement team members. [ISAE 3000 (Revised) Para. A74]
- A49. Direction and supervision of the engagement team and the review of their work are firm-level responses that are implemented at the engagement level, of which the nature, timing and extent may be further tailored by the engagement leader in managing the quality of the engagement. Accordingly, the approach to direction, supervision and review will vary from one engagement to the next, taking into account the nature and circumstances of the engagement. The approach will ordinarily include a combination of addressing the firm's policies or procedures and engagement specific responses. [ISA 220 (Revised) Para. A82]
- A50. When an engagement is not carried out entirely by the engagement leader, or in an engagement of an entity whose nature and circumstances are more complex, it may be necessary for the engagement leader to assign direction, supervision, and review to other members of the engagement team. However, as part of the engagement leader's overall responsibility for managing and achieving quality on the engagement and to be sufficiently and appropriately involved, the engagement leader is required to determine that the nature, timing and extent of direction, supervision and review is undertaken in accordance with paragraph 22. In such circumstances, personnel or members of the engagement team may provide information to the engagement leader to enable the engagement leader to make the determination required by paragraph 22. [ISA 220 (Revised) Para.A80]
- A51. The approach to the direction and supervision of the members of the engagement team and the review of their work provides support for the engagement leader in fulfilling the requirements of this ISSA, and in concluding that the engagement leader has been sufficiently and appropriately involved throughout the engagement in accordance with Part 8 paragraph 29. [ISA 220 (Revised) Para.A83]

Direction

- A52. Direction of the engagement team may involve informing the members of the engagement team of their responsibilities, such as:
- Contributing to the management and achievement of quality at the engagement level through their personal conduct, communication and actions.
 - Maintaining a questioning mind and being aware of unconscious or conscious biases in exercising professional skepticism when gathering and evaluating evidence.
 - Addressing threats to the achievement of quality, and the engagement team's expected response. For example, budget constraints or resource constraints should not result in the engagement team members modifying planned procedures or failing to perform planned procedures.
 - Fulfilling relevant ethical requirements.
 - Understanding the objectives of the work to be performed and the detailed instructions

regarding the nature, timing and extent of planned assurance procedures as set forth in the overall engagement strategy and plan.

- The responsibilities of respective engagement team members to perform procedures and of more experienced engagement team members to direct, supervise and review the work of less experienced engagement team members.

[ISA 220 (Revised) Para. A85]

Supervision

A53. Supervision may include matters such as:

- Tracking the progress of the engagement, which includes monitoring:
 - The progress against the engagement plan;
 - Whether the objective of work performed has been achieved; and
 - The ongoing adequacy of assigned resources.
- Taking appropriate action to address issues arising during the engagement, including for example, reassigning planned procedures to more experienced engagement team members when issues are more complex than initially anticipated.
- Identifying matters for consultation or consideration by more experienced engagement team members during the engagement.
- Providing coaching and on-the-job training to help engagement team members develop skills or competencies.
- Creating an environment where engagement team members raise concerns without fear of reprisals.

[ISA 220 (Revised) Para. A86]

Review

A54. Review of the engagement team's work consists of consideration of whether, for example:

- The work has been performed in accordance with the firm's policies or procedures, professional requirements and applicable legal and regulatory requirements;
- Significant matters have been raised for further consideration;
- Appropriate consultations have taken place and the resulting conclusions have been documented and implemented;
- There is a need to revise the nature, timing and extent of work performed;
- The work performed supports the conclusions reached and is appropriately documented;
- The evidence obtained is sufficient and appropriate to provide a basis for the practitioner's conclusion; and
- The objectives of the procedures have been achieved.

[ISA 220 (Revised) Para. A88]

Nature, Timing & Extent (Ref. Para. 22 – 23)

A55. The approach to direction, supervision and review may be tailored depending on, for example:

- The engagement team member’s previous experience with the entity and the subject matter.
- The complexity of the engagement.
- The assessed risks of material misstatement (in a reasonable assurance engagement).
- The competence and capabilities of the individual engagement team members performing the work.
- The manner in which the reviews of the work performed are expected to take place (remote or in-person).
- The structure of the engagement team and the location of engagement team members.

[ISA 220 (Revised) Para. A95]

A56. Timely review of documentation by the engagement leader at appropriate stages throughout the engagement enables significant matters to be resolved to the engagement leader’s satisfaction on or before the date of the practitioner’s report. The engagement leader need not review all engagement documentation. [ISA 220 (Revised) Para.A91]

A57. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Examples of significant matters include:

- Matters, in a reasonable assurance engagement, that give rise to higher assessed risks of material misstatement.
- Results of procedures indicating that the sustainability information could be materially misstated.
- Circumstances that cause the practitioner significant difficulty in applying necessary procedures.
- Findings that could result in a modification to the assurance conclusion or the inclusion of an Emphasis of Matter paragraph in the assurance report.

[ISA 230⁹ Para. A8]

A58. The engagement leader exercises professional judgment in identifying the areas of significant judgment made by the engagement team. The firm’s policies or procedures may specify certain matters that are commonly expected to be significant judgments. Significant judgments may include matters related to planning and performing the engagement, as well as the conclusions reached by the engagement team, for example:

- Planning the engagement, such as matters related to determining materiality.
- The composition of the engagement team, including:
 - Personnel using expertise in a specific subject matter;

⁹ ISA 230, *Audit Documentation*

- The use of personnel from service delivery centers.
- The decision to involve a practitioner's expert, including the decision to involve an external expert.
- The engagement team's consideration of information obtained in the acceptance and continuance process and proposed responses to that information.
- The engagement team's risk procedures, including situations when the identification of risks of material misstatement (in a reasonable assurance engagement) or areas of the sustainability information where material misstatements are likely to arise (in a limited assurance engagement) requires significant judgment by the engagement team.
- Results of the procedures performed by the engagement team on areas of the engagement involving significant management judgment.
- The engagement team's evaluation of the work performed by experts and conclusions drawn therefrom.
- In engagements addressing consolidated sustainability information:
 - The proposed overall engagement strategy and plan for addressing the consolidated sustainability information; and
 - Decisions about the involvement of other practitioners, including how to direct and supervise them and review their work, including, for example, when, in a reasonable assurance engagement, another practitioner performs work on areas of higher assessed risk of material misstatement of the sustainability information
- The significance and disposition of corrected and uncorrected misstatements identified during the engagement.
- The evaluation of matters that may give rise to a modification of the assurance conclusion.

[ISA 220 (Revised) Para. A92]

A59. The engagement leader exercises professional judgment in determining other matters to review, for example based on:

- The nature and circumstances of the engagement.
- Which engagement team member performed the work.
- Matters relating to recent inspection findings.
- The requirements of the firm's policies or procedures.

[ISA 220 (Revised) Para. A93]

A60. The engagement leader uses professional judgment in determining which written communications to review, taking into account the nature and circumstances of the engagement. For example, it may not be necessary for the engagement leader to review communications between the engagement team and management in the ordinary course of the engagement. [ISA 220 (Revised) Para. A98]

Monitoring and Remediation (Ref: Para. 25)

A61. In considering information communicated by the firm through its monitoring and remediation process and how it may affect the engagement, the engagement leader may consider the remedial actions designed and implemented by the firm to address identified deficiencies and, to the extent relevant to the nature and circumstances of the engagement, communicate accordingly to the engagement team. The engagement leader may also determine whether additional remedial actions are needed at the engagement level. For example, the engagement leader may determine that:

- A practitioner's expert is needed; or
- The nature, timing and extent of direction, supervision and review needs to be enhanced in an area of the engagement where deficiencies have been identified.

If an identified deficiency does not affect the quality of the engagement (e.g., if it relates to a technological resource that the engagement team did not use) then no further action may be needed. [ISA 220 (Revised) Para. A111]

Work Performed by Others (Ref: Para. 27–29)

Work Performed by a Practitioner's External Expert (Ref: Para. 27)

A62. The practitioner has sole responsibility for the assurance conclusion expressed, and that responsibility is not reduced by the practitioner's use of the work of a practitioner's external expert. Nonetheless, if the practitioner using the work of a practitioner's external expert, having followed this ISSA, concludes that the work of that expert is adequate for the practitioner's purposes, the practitioner may accept that expert's findings or conclusions in the expert's field as appropriate evidence. [ISAE 3000 (Revised) Para. A68]

A63. The nature, timing and extent of procedures with respect to the requirement in paragraph 27 of this ISSA will vary depending on the circumstances. Relevant considerations may include:

- (a) The significance of that expert's work in the context of the engagement (see also paragraphs A64-A66);
- (b) The nature of the matter to which that expert's work relates;
- (c) The risks of material misstatement of the sustainability information (in a reasonable assurance engagement) or the areas of the sustainability information in which material misstatements are likely to arise (in a limited assurance engagement) to which that expert's work relates; and
- (d) The practitioner's knowledge of and experience with previous work performed by that expert;

[ISAE 3000 (Revised) Para.A121]

A64. Sustainability assurance engagements may be performed on a wide range of underlying subject matters that require specialized skills and knowledge beyond those possessed by the engagement leader and other members of the engagement team and for which the work of a practitioner's external expert is used. In some situations, the practitioner's external expert will be consulted to provide advice on an individual matter, but the greater the significance of the practitioner's external expert's work in the context of the engagement, the more likely it is that expert will work as part of a multi-disciplinary team comprising subject matter experts and other assurance personnel. The more that expert's work is integrated in nature, timing and extent with the overall work effort, the more important effective two-

way communication is between the practitioner's external expert and other assurance personnel. Effective two-way communication facilitates the proper integration of the expert's work with the work of others on the engagement. [ISAE 3000 (Revised) Para.A122]

A65. When the work of a practitioner's external expert is to be used, it may be appropriate to perform some of the procedures required by paragraph 27 at the engagement acceptance or continuance stage. This is particularly so when the work of the practitioner's external expert will be fully integrated with the work of other assurance personnel and when the work of the practitioner's external expert is to be used in the early stages of the engagement, for example during initial planning and risk procedures. [ISAE 3000 (Revised) Para.A123]

A66. The competence, capabilities and objectivity of a practitioner's external expert are factors that significantly affect whether the work of the practitioner's external expert will be adequate for the practitioner's purposes. Information regarding the competence, capabilities and objectivity of a practitioner's external expert may come from a variety of sources, such as:

- Personal experience with previous work of that expert.
- Discussions with that expert.
- Discussions with other practitioners or others who are familiar with that expert's work.
- Knowledge of that expert's qualifications, membership of a professional body or industry association, license to practice, or other forms of external recognition.
- Understanding whether that expert's work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body.
- Published papers or books written by that expert.

[ISAE 3000 (Revised) Para.A126]

A67. The evaluation of whether the threats to objectivity are at an acceptable level may depend upon the role of the practitioner's external expert and the significance of the expert's work in the context of the engagement. In some cases, it may not be possible to eliminate circumstances that create threats or apply safeguards to reduce threats to an acceptable level, for example, if a proposed practitioner's external expert is an individual who has played a significant role in preparing the sustainability information. [ISAE 3000 (Revised) Para.A128]

A68. When evaluating the objectivity of a practitioner's external expert, it may be relevant to:

- Inquire of the appropriate party(ies) about any known interests or relationships that the appropriate party(ies) has with the practitioner's external expert that may affect that expert's objectivity.
- Discuss with that expert any applicable safeguards, including any professional requirements that apply to that expert, and evaluate whether the safeguards are adequate to reduce threats to an acceptable level. Interests and relationships that it may be relevant to discuss with the practitioner's expert include:
 - Financial interests.

- Business and personal relationships.
- Provision of other services by the expert, including by the organization in the case of an external expert that is an organization.

In some cases, it may also be appropriate for the practitioner to obtain a written representation from the practitioner's external expert about any interests or relationships with the entity or engaging party of which that expert is aware. [ISAE 3000 (Revised) Para.A129]

A69. Having a sufficient understanding of the field of expertise of the practitioner's external expert enables the practitioner to:

- (a) Agree with the practitioner's expert the nature, scope and objectives of that expert's work for the practitioner's purposes;
- (b) Understand what assumptions, data and methods, including models where applicable, are used by the practitioner's expert, and whether they are generally accepted within that expert's field and appropriate in the circumstances of the engagement; and
- (c) Evaluate the adequacy of that work for the practitioner's purposes.

[ISAE 3000 (Revised) Para.A130]

A70. It may be appropriate for the practitioner's agreement with the practitioner's expert to also include matters such as the following:

- (a) The respective roles and responsibilities of the practitioner and that expert;
- (b) The nature, timing and extent of communication between the practitioner and that expert, including the form of any report to be provided by that expert; and
- (c) The need for the practitioner's expert to observe confidentiality requirements.

[ISAE 3000 (Revised) Para.A132]

Work Already Performed by Another Practitioner for a Different Purpose (Ref: Para. 28)

A71. In planning and performing the engagement, the practitioner may become aware of work performed by another practitioner, which may be relevant to, and provide a potential source of evidence, for the practitioner's engagement. The practitioner exercises professional judgment in determining whether the work of another practitioner is relevant to and is appropriate for purposes of the engagement, and the nature and extent to which the work of another practitioner can be used in the circumstances.

[ISA 610 (Revised)¹⁰ Para. A5]

A72. The extent to which another practitioner's policies and procedures support the objectivity of the other practitioner and the level of competence of the other practitioner are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of another practitioner that is appropriate in the circumstances. [ISA 610 (Revised) Para. A6]

¹⁰ ISA 610 (Revised 2013), *Using the Work of Internal Auditors*

- A73. Evaluating whether the nature, scope and objectives of another practitioner's work are appropriate for the practitioner's purposes ordinarily includes obtaining an understanding of:
- The nature of the engagement and whether it exhibited a rationale purpose;
 - The applicable criteria;
 - The scope of the engagement;
 - Whether it was a limited or reasonable assurance engagement.
- A74. Relevant matters that the engagement team may request another practitioner to communicate include:
- Whether the other practitioner has complied with ethical requirements that are relevant to the engagement, including independence and professional competence.
 - Information on instances of non-compliance with law or regulation that could give rise to a material misstatement of the sustainability information.
 - A list of uncorrected misstatements identified by the other practitioner during the engagement that are not clearly trivial.
 - Indicators of possible bias in the preparation of relevant information.
 - Description of any identified significant deficiencies in internal control identified by the other practitioner during the engagement.
 - Other significant matters that the other practitioner has communicated or expects to communicate to the entity, including fraud or suspected fraud.
 - Any other matters that may be relevant to the sustainability information, or that the other practitioner wishes to draw to the attention of the engagement team, including exceptions noted in any written representations that the other practitioner requested from the entity.
 - The other practitioner's overall findings, conclusion or opinion.

[ISAE 3410¹¹ Para. A114]

- A75. While paragraphs A62-A70 have been written in the context of using work performed by a practitioner's expert, they may also provide helpful guidance with respect to using work performed by another practitioner, or the internal audit function. [ISAE 3000 (Revised) Para. A136]

Work Performed by the Internal Audit Function (Ref: Para. 29)

- A76. In determining whether the work of the internal audit function can be used for purposes of the engagement, a first consideration is whether the planned nature and scope of the work of the internal audit function that has been performed, or is planned to be performed, is relevant to the overall engagement strategy and plan that the practitioner has established. [ISA 610 (Revised) Para. A15]

¹¹ ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

- A77. The extent to which the internal audit function's organizational status and relevant policies and procedures support the objectivity of the internal auditors and the level of competence of the function are particularly important in determining whether to use and, if so, the nature and extent of the use of the work of the function that is appropriate in the circumstances. [ISA 610 (Revised) Para. A6]
- A78. Factors that may affect the practitioner's determination of whether the internal audit function applies a systematic and disciplined approach include the following:
- The existence, adequacy and use of documented internal audit procedures or guidance covering such areas as risk assessments, work programs, documentation and reporting, the nature and extent of which is commensurate with the size and circumstances of an entity.
 - Whether the internal audit function has appropriate quality control policies and procedures, for example, policies and procedures that would be applicable to an internal audit function (such as those relating to leadership, human resources and engagement performance) or quality control requirements in standards set by the relevant professional bodies for internal auditors. Such bodies may also establish other appropriate requirements such as conducting periodic external quality assessments.

[ISA 610 (Revised) Para. A11]

Fraud (Ref: Para. 30)

- A79. Maintaining professional skepticism requires an ongoing questioning of whether the information and evidence obtained suggests that a material misstatement due to fraud may exist. It includes considering the reliability of the information to be used as evidence and the controls over its preparation and maintenance where relevant. Due to the characteristics of fraud, the practitioner's professional skepticism is particularly important when considering material misstatement due to fraud, which may include omission of information and/or deliberate bias.
- A80. When the reporting of sustainability information is less mature, this may increase the risk of fraud, particularly when there are pressures to conform to publicly announced goals. Misstatements due to fraud in sustainability information may relate to matters such as:
- (a) Misstating sustainability information to avoid penalties or fines, potentially aggressive or over-optimistic internal or external goals, intentionally inaccurate or misleading product or corporate public statements or claims.
 - (b) Misstating sustainability information to enable the entity to be favorably considered in relation to future endeavors, or to be a factor in funding, supplier or customer arrangements or negotiations.
 - (c) Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way in order to influence the outcome of the performance reward or compensation.
 - (d) Pressures linked to obtaining certain credentials or recognitions (e.g., a 'green' seal or rating), or to meet certain contractual conditions

[EER Para 311-312]

A81. The practitioner may:

- Consider the extent to which the risk of material misstatement due to fraud is relevant to the engagement;
- Remain alert, throughout the engagement including when considering accumulated misstatements, to the possibility that misstatements due to fraud may occur; and
- Respond appropriately if there are indicators that there may be material misstatements of the subject matter information due to fraud.

[EER Para 313]

Law and Regulation (Ref: Para. 31–36)

A81A. The effect on the sustainability information of laws and regulations will vary. Those laws and regulations to which an entity is subject constitute the legal and regulatory framework. The provisions of some laws or regulations may have a direct effect on the sustainability information, in that they may determine the disclosures required to be included in an entity's sustainability report.

[ISA 250 (Revised)¹² Para.2]

A82. To obtain a general understanding of the legal and regulatory framework, and how the entity complies with that framework, the practitioner may, for example:

- Use the practitioner's existing understanding of the entity's industry, regulatory and other external factors;
- Update the understanding of those laws and regulations that establish criteria, frameworks, standards or guidance;
- Inquire of management as to other laws or regulations that may be expected to have a fundamental effect on the operations of the entity; and
- Inquire of management concerning the entity's policies and procedures regarding compliance with laws and regulations.

[ISA 250 (Revised) Para.A11]

A83. Examples of circumstances that may cause the practitioner to evaluate the implications of identified or suspected non-compliance on the reliability of written representations received from management and, where applicable, those charged with governance include when:

- The practitioner suspects or has evidence of the involvement or intended involvement of management and, where applicable, those charged with governance in any identified or suspected non-compliance.
- The practitioner is aware that management and, where applicable, those charged with governance have knowledge of such non-compliance and, contrary to legal or regulatory requirements, have not reported, or authorized reporting of, the matter to an appropriate authority within a reasonable period. [ISA 250 (Revised) Para.A24]

¹² ISA 250 (Revised), *Consideration of Laws and Regulations in an Audit of Financial Statements*

Communication with Management, Those Charged with Governance and Others (Ref: Para. 37)

A84. Significant matters that may be appropriate to communicate with the engaging party, those charged with governance or others include identified fraud or suspected fraud, identified deficiencies in internal control, bias in the preparation of the subject matter information, or other identified significant matters. The practitioner may also communicate significant difficulties encountered during the engagement. [ISAE 3000 (Revised) Para. A193]

A85. Other significant matters discussed, or subject to correspondence with management may include such matters as:

- Significant events or transactions that occurred during the year.
- Concerns about management's use of work of an expert or information obtained from external sources.
- Significant matters on which there was disagreement with management.

[ISA 260 (Revised)¹³ Para A22]

A86. Significant difficulties encountered during the engagement may include such matters as:

- Significant delays by management, the unavailability of entity personnel, or an unwillingness by management to provide information necessary for the practitioner to perform procedures.
- An unreasonably brief time within which to complete the engagement.
- Extensive unexpected effort required to obtain sufficient appropriate evidence.
- The unavailability of expected information.
- Restrictions imposed on the practitioner by management.

In some circumstances, such difficulties may constitute a scope limitation that leads to a modification of the practitioner's assurance conclusion.

[ISA 260 (Revised) Para A21]

A87. Relevant ethical requirements may include a requirement to report identified or suspected non-compliance with laws and regulations to an appropriate level of management or those charged with governance. In some jurisdictions, law or regulation may restrict the practitioner's communication of certain matters with the responsible party, management or those charged with governance. Law or regulation may specifically prohibit a communication, or other action, that might prejudice an investigation by an appropriate authority into an actual, or suspected, illegal act, including alerting the entity, for example, when the practitioner is required to report the identified or suspected non-compliance to an appropriate authority pursuant to anti-money laundering legislation. In these circumstances, the issues considered by the practitioner may be complex and the practitioner may consider it appropriate to obtain legal advice. [ISAE 3000 (Revised) Para. A194]

¹³ ISA 260 (Revised), *Communication with Those Charged with Governance*

- A88. Law, regulation or relevant ethical requirements may:
- (a) Require the practitioner to report identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity.
 - (b) Establish responsibilities under which reporting to an appropriate authority outside the entity may be appropriate in the circumstances.

[ISAE 3000 (Revised) Para. A195]

- A89. Reporting identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be required or appropriate in the circumstances because:

- (a) Law, regulation or relevant ethical requirements require the practitioner to report;
- (b) The practitioner has determined reporting is an appropriate action to respond to identified or suspected non-compliance in accordance with relevant ethical requirements; or
- (c) Law, regulation or relevant ethical requirements provide the practitioner with the right to do so.

[ISAE 3000 (Revised) Para. A196]

- A90. The reporting of identified or suspected non-compliance with laws and regulations in accordance with law, regulation or relevant ethical requirements may include non-compliance with laws and regulations that the practitioner comes across or is made aware of when performing the engagement but which may not affect the sustainability information. Under this ISAA, the practitioner is not expected to have a level of understanding of laws and regulations beyond those affecting the sustainability information. However, law, regulation or relevant ethical requirements may expect the practitioner to apply knowledge, professional judgment and expertise in responding to such non-compliance. Whether an act constitutes actual non-compliance is ultimately a matter to be determined by a court or other appropriate adjudicative body. [ISAE 3000 (Revised) Para. A197]

- A91. In some circumstances, the reporting of identified or suspected non-compliance with laws and regulations to an appropriate authority outside the entity may be precluded by the practitioner's duty of confidentiality under law, regulation, or relevant ethical requirements. In other cases, reporting identified or suspected non-compliance to an appropriate authority outside the entity would not be considered a breach of the duty of confidentiality under the relevant ethical requirements.

[ISAE 3000 (Revised) Para. A198]

- A92. A public sector practitioner may be obliged to report on identified or suspected non-compliance to the legislature or other governing body or to report them in the practitioner's report.

[ISA 250 (Revised) Para. A34]

Documentation (Ref: Para. 38-39)

- A93. When dealing with circumstances that may pose risks to achieving quality on the engagement, the exercise of professional skepticism, and the documentation of the practitioner's consideration thereof, may be important. For example, if the engagement leader obtains information that may have caused the firm to decline the engagement (see paragraph 12), the documentation may include explanations of how the engagement team dealt with the circumstance. [ISA 220 (Revised) Para. A119]

Part 3: Acceptance and Continuance of the Assurance Engagement

Establishing the Preconditions are Present

Obtaining a Preliminary Knowledge of the Engagement Circumstances (Ref: Para.1)

A1. The practitioner's preliminary knowledge of the engagement circumstances described in Definitions paragraph 1(h) may be different in nature and less in extent than the understanding required for performing risk procedures. In addition to the matters in paragraph 1, the engagement circumstances may also include

- (a) With respect to the level of assurance to be obtained, whether there are different levels of assurance for different disclosures, for example:
 - (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.
- (b) How the applicable criteria were selected or developed;
[Moved to (e) below]
- (c) If the sustainability information within the scope of the assurance engagement is not all of the sustainability information expected to be reported, the reasons why the practitioner is being requested to assure only part of the sustainability information to be reported;
- (d) Where the sustainability information is to be presented, for example, included in a regulatory filing or in a standalone report; and
- (e) Other matters, for example, events, transactions, conditions and practices, that may have a significant effect on the assurance engagement.

[EER Para. 113]

A2. [Moved to paragraph A49A]

A3. [Moved to paragraph A49B]

A4. [Moved to paragraph A49C]

A5. [Moved to paragraph A6B]

A6. When obtaining the preliminary knowledge of the engagement circumstances, the practitioner may become aware of matters that may be relevant to determining whether the preconditions for an assurance engagement are present, such as:

- (a) The underlying subject matter is complex and diverse, and the disclosures are more qualitative than quantitative, or more forward-looking than historical;
- (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;
- (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;

- (d) The sustainability information only covers a part of the information which could reasonably be expected to be reported in the circumstances; or
- (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).

[EER Chapter 3 para.68-69]

Obtaining a Preliminary Knowledge of the Scope of the Proposed Assurance Engagement (Ref: Para.1(b))

A6A. The scope of the assurance engagement may vary, for example, it may be limited to specific disclosures (e.g., assurance on key performance indicators for product recycling rates) 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:

- (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 jurisdictions, entities, operations or facilities within the reporting boundary. [Moved from paragraph A11]

[EER Para. 89]

A6B. 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):

- (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.

[Moved from paragraph A5]

A6C. 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 may be established in law, regulation or professional requirements, or it may

be determined by the appropriate party(ies). In determining whether the sustainability information within the scope of the engagement is appropriate, the practitioner may consider:

- (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.

[Moved from paragraph A12 and A13] [ISAE 3000 (Revised) Para. A44]

Determining Whether the Preconditions are Present (Ref: Para. 2)

A6D. The preconditions for an assurance engagement are not affected by the level of assurance, that is, if the preconditions are not present for a reasonable assurance engagement, then they are not present 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. [Moved from paragraph A52]

[ISAE 3000 (Revised) Para. A41; ISAE 3410 A26]

A7. [Deleted]

A8. [Deleted]

A9. [Moved to paragraph A42C and A42D]

A10. [Moved to paragraph A42F]

A11. [Moved to paragraph A6A]

A12. [Moved to paragraph A6C]

A13. [Moved to paragraph A49D]

A14. [Moved to paragraph A49E]

A15. [Deleted]

Suitability of the Roles and Responsibilities (Ref: Para. 2(a), 3)

A16. The three parties for an assurance engagement are:

- (a) Management, those charged with governance or the engaging party, as applicable;
- (b) The practitioner, and
- (c) The intended users.

[ISAE 3000 (Revised) Para. A37]

A17. 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:

- (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.

[ISAE 3000 (Revised) Para. A3]

A18. 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]

Reasonable Basis for the Sustainability Information (Ref: Para.2(a) and 3)

A19. 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. [EER Para.75-77]

Appropriate Underlying Subject Matter (Ref: Para.2((b)(i), 4))

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. In evaluating 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:

- (a) The underlying subject matter may comprise forward-looking events or conditions that are less likely to be capable of being precisely measured or evaluated than historical events or conditions, 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).

[ISAE 3000 (Revised) Para. A42-A43]

Suitability and Availability of Criteria (Ref: Para. 2(b)(ii)-(iii) and 5)

Sources of the Criteria (Ref: Para. 5(a))

A22. Criteria may be either:

- (a) Framework criteria, that is:
 - (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.
- (b) Entity-developed criteria.

[ISAE 3000 (Revised) Para. A48]

A23. In evaluating 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 evaluation 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]

A25. In some cases, law or regulation prescribes the criteria to be used for the engagement. In the absence of indications to the contrary, such criteria are presumed to be suitable, as are criteria issued by authorized or recognized bodies of experts that follow a transparent due process if they are relevant to the intended users' information needs. Such criteria are referred to as framework criteria in this ISSA. 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 or evaluated. In considering whether the criteria are sufficiently specific to be suitable, the practitioner may consider factors such as whether the criteria:

- (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.

[ISAE 3000 (Revised) Para. A46 and A49, EER Para. 83]

The Process to Develop Criteria (Ref: Para. 5(a))

A26. 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 identifying their information needs for decision-making. [EER Para. 201-204]

A27. The practitioner also may consider the following:

- (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 or evaluated.

A28. [Moved to paragraph A42A]

A29. [Moved to paragraph A42B]

Suitability of Criteria (Ref: Para. 2(b)(ii) and 5)

A30. Suitable criteria are required for reasonably consistent measurement or evaluation of 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 outcome.. Suitable criteria exhibit the characteristics in paragraph 6, as follows:

- (a) Relevant criteria result in sustainability information that assists decision-making by the intended users;
- (b) Criteria are complete when sustainability information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of intended users made on the basis of that sustainability information. Complete criteria include, where relevant, benchmarks for presentation and disclosure;
- (c) Reliable criteria allow reasonably consistent measurement or evaluation of the underlying subject matter, when used in similar circumstances by different practitioners;
- (d) Neutral criteria result in sustainability information that is free from bias as appropriate in the engagement circumstances; and
- (e) Understandable criteria result in sustainability information that can be understood by the intended users.

[ISAE 3000 (Revised) Para. A10]

- A31. 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]

Specific Considerations for Determining the Suitability of Criteria for Qualitative Information

- A32. In some circumstances, the practitioner may determine that the criteria for qualitative information are not suitable, for example, not all the characteristics for suitable criteria are exhibited because the criteria lack specificity or criteria for the qualitative information do not exist. In such circumstances, the practitioner may consider:

- (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 Part 8 paragraph 18-23;
- (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.

[EER Para. 332-336]

Specific Considerations for Determining the Suitability of Criteria for Processes, Systems and Controls

- A33. In evaluating whether the criteria for processes, systems and controls are suitable the practitioner may consider whether the criteria encompass::

- (a) The fair presentation of the description of the entity’s process, systems or controls, including the control objectives, information about the controls as designed and implemented at the entity to meet those objectives and either the point in time or the period covered
- (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 whether the controls as designed were consistently applied throughout the specified period.

Specific Considerations for Determining the Suitability of Criteria for Performance

- A34. In determining whether the criteria to evaluate the entity’s performance are suitable, the practitioner may consider:

- (a) The measures or benchmarks used to set the targets, key performance indicators, commitments or other goals against which performance is to be measured;
- (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 evaluating whether the criteria to be applied in preparing the entity's forward-looking information are suitable, the practitioner may consider whether the criteria encompass:

- (a) Disclosure criteria for the assumptions made and the nature, sources and extent of uncertainty inherent in those assumptions;
- (b) The measurement or evaluation methods to be used for the forward-looking sustainability information to be prepared on the basis of those assumptions.

[EER Para.370-372]

Relevance of the Criteria (Ref: Para. 5(b)(i))

A36. In evaluating 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 whether the sustainability information assists decision making by the intended users, including the general types of decisions that intended users are expected to make based on the purpose of the sustainability information.
- (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.
- (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.
- (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).
- (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:
 - (i) The reporting processes have not yet fully matured and the criteria require the entity to disclose this fact and its reasons therefore.

- (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.
 - (iii) It enables, when relevant, comparability of the sustainability information between reporting periods.
- (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:
- (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.
- (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.

[EER Para.180-186, 208]

A37. The information needs of the intended users may relate to:

- (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.

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).

Completeness of the Criteria (Ref: Para. 5(b)(ii))

A38. In evaluating the completeness of the criteria, the practitioner may consider whether they address:

- (a) Topics or aspects of the topics that could reasonably be expected to affect decisions of intended users, even if those topics or aspects of topics are not as readily measured or evaluated as others;
- (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.

[ISAE 3000 (Revised) Para. A45; EER Para. 187-190]

Reliability of the Criteria (Ref: Para. 5(b)(iii))

A39. In evaluating whether the criteria are reliable, the practitioner may consider:

- (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 allows for reasonably consistent measurement or evaluation of the underlying subject matter when used in similar circumstances by different parties; and
- (d) The sources of the criteria and the process used to develop them.

[ISAE 3000 (Revised) Para. A45; EER Para. 191-193]

Neutrality of the Criteria (Ref: Para. 5(b)(iv))

A40. In evaluating whether the criteria are neutral the practitioner may consider whether the criteria:

- (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., may be subject to management bias).

[ISAE 3000 (Revised) Para.45; EER Para. 194-197]

A41. In circumstances when the criteria are not consistent with previous reporting periods, the practitioner may consider whether:

- (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.
- (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).

[EER Para. 211-215]

Understandability of the Criteria (Ref: Para. 5(b)(v))

A42. In evaluating whether the criteria are understandable the practitioner may consider whether the criteria:

- (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).

[EER Para. 198-200]

Suitable Criteria for Only Some of the Underlying Subject Matter (Ref: Para.2(b)(iii), 5(c)-5(d))

A42A. If there are specific topics or aspects of the topics for which there are suitable criteria, but not for all of the underlying subject matter, 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 for which suitable criteria are available. [Moved from paragraph A28] [ISAE 3000 (Revised) Para. A36]

Availability of the Criteria to Users (Ref: Para. 2(b)(iii) and 5(d))

A42B. Criteria need to be available to the intended users in writing, with sufficient detail and be sufficiently clear, including the version of the criteria applied, to allow the intended users to understand how the underlying subject matter has been measured or evaluated. The applicable criteria may be made available to the intended users in a number of ways, in a form that cannot be altered, such as:

- (a) Publicly, for example, in published framework criteria or a general-purpose framework that is readily available, such as on a website.
- (b) Through inclusion in the sustainability information, in particular for entity-developed criteria.
- (c) By general understanding, for example, the criterion for measuring time in hours and minutes.

[Moved from paragraph A29] [ISAE 3000 (Revised) Para. A51-A52, EER Para. 216-220]

Ability to Obtain Evidence Needed (Ref: Para. 2(b)(iv))

A42C. In determining whether the evidence needed to support the practitioner's conclusion can be expected to be obtained, the practitioner may consider:

- (a) The nature of the evidence expected to be available given the characteristics of the underlying subject matter and the potential sources of evidence; and
- (b) Other factors including whether evidence that could reasonably be expected to exist is not available due to the engagement circumstances.

[Moved from paragraph A9]

A42D. Examples of the nature and availability of evidence that may impact the practitioner's ability to obtain evidence, include:

- (a) Due to 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).
- (b) The nature of the 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.
- (c) 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.

[Moved from paragraph A9] [ISAE 3000 (Revised) Para. A53-55]

A42E. In some circumstances, the practitioner may conclude that, due to the nature of the condition and reliability of an entity's records, that it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information. This may occur when the entity has little experience with the preparation of sustainability information. In such circumstances, it may be more appropriate for the sustainability information to be subject to an agreed-upon procedures engagement or a consulting engagement in preparation for an assurance engagement in a later period. [ISAE 3410 Para.A35]

A42FL. The evidence that the practitioner gathers in a limited assurance engagement is more limited than in a reasonable assurance engagement. However, if the practitioner becomes aware in a limited assurance engagement of a matter(s) that causes the practitioner to believe that the subject matter may be materially misstated the practitioner is required to design and perform additional procedures to obtain further evidence as required by Part 7 paragraph 18L. 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. [Moved from paragraph A10] [ISAE 3000 (Revised) para. 49L]

Rational Purpose (Ref: Para.2(b)(vi) and 7)

- 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:
- (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;
 - (b) In circumstances when the engagement is a limited assurance engagement, the level of assurance is meaningful (see paragraphs A47L-A49L);
 - (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;
 - (d) Management and those charged with governance, if different from the engaging party, have consented to the use of the sustainability information;
 - (e) In circumstance where the criteria were selected or developed by the entity, how the intended users were identified in selecting the criteria;
 - (f) The degree of judgment and scope for bias in applying the criteria;
 - (g) There are any significant limitations on the scope of the practitioner's work; or
 - (h) The engaging party intends to associate the practitioner's name with the underlying subject matter or the sustainability information in an inappropriate manner.

[ISAE 3000 (Revised) Para. A56]

Meaningful Level of Assurance in a Limited Assurance Engagement (Ref: Para. 2(b)(vi) and 7)

A47L. 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 procedures performed vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement, but are, nonetheless, planned to obtain a level of assurance that is meaningful. To be 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]

A48L. 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]

A49L. Some of the factors that may be relevant in determining what constitutes meaningful assurance in a specific engagement include:

- (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 as a group. 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 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.
- (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.

[ISAE 3000 (Revised) Para. A7]

Appropriateness of the Scope of the Sustainability Information Expected to be Reported (Ref: Para. 2(c) and 7A)

A49A. The sustainability information expected to be reported, is the result of the entity applying criteria to determine the topics, aspects of the topics and disclosures to be included in the sustainability information. If the framework criteria do not specify the sustainability information to be reported in sufficient detail, the entity may identify or develop additional criteria to determine the sustainability information to be reported. The process for developing the entity-developed criteria in these circumstances may involve significant management judgment, and could be subject to management bias. [Moved from paragraph A2] [EER Para.125-164]

A49B. In some circumstances, the entity will need to establish a process to identify and select topics, aspects of the topics and disclosures for inclusion in the sustainability information expected to be reported. This may often be referred to as the entity’s “process to identify reporting topics”, “materiality assessment”, or “materiality process”, among other terms. However, the concept of materiality in this regard is not the same as the practitioner’s determination of materiality. For the purposes of this ISSA, materiality refers only to a threshold of significance to user decision-making considered by the practitioner in relation to potential and identified misstatements, in the circumstances of the engagement. (see Part 5 paragraph 7). [Moved from paragraph A3] [EER Para.125-164]

A49C. 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 Part 8 paragraph 20-22) will have an impact on the practitioner’s acceptance of the proposed engagement. [Moved from paragraph A4] [EER Para.97]

Appropriateness of the Scope of the Assurance Engagement (Ref: Para.2(c) and 7B)

A49D. In jurisdictions in which there are no laws or regulations requiring assurance on sustainability information, in particular for sustainability information that is reported voluntarily, there may be legitimate reasons for not including all of the sustainability information reported, within the scope of an assurance engagement. In determining whether the sustainability information within the scope of the engagement is appropriate, the practitioner may consider:

- (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 subject to the assurance engagement.

[Moved from paragraph A13] [ISAE 3000 (Revised) Para. A44]

A49E. Examples of circumstances when the sustainability information within the scope of the assurance engagement may not be appropriate include:

- (a) Inadequate justification for not including sustainability information expected to be reported within the scope of the engagement.

- (b) The assurance engagement excludes sustainability information that can be readily measured or evaluated and the exclusion of this sustainability information from the assurance engagement may be misleading to intended users.
- (c) The assurance engagement excludes sustainability information that may be significant to intended users' decisions.
- (d) 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).
- (e) The reporting boundaries within the scope of the assurance engagement excludes significant entities, operations or facilities which may be misleading to intended users.

[Moved from paragraph A14] [ISAE 3000 (Revised) Para. A44; ISAE 3410 Para.17(a); EER Para. 94]

A50. [Moved to Part 2, paragraph A27]

A51. [Moved to Part 2, paragraph A28]

A52. [Moved to paragraph A6D]

A53. [Moved to Part 5 paragraph A10B]

A54. [Deleted]

Terms of the Assurance Engagement

Agreeing the Terms of the Assurance Engagement (Ref: Para.14-15)

A55. 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.

A55A. 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]

Changing the Terms of the Assurance Engagement (Ref: Para.16-17)

A56. 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:

- (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. 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]

Part 4: Evidence and Documentation

Designing and Performing Procedures to Obtain Sufficient Appropriate Evidence (Ref: Para. 1)

- A1. Evidence is necessary to support the practitioner's conclusion and assurance report. It is cumulative in nature and is primarily obtained from procedures performed during the course of the engagement. It may, however, also include information obtained from other sources, such as previous engagements (provided the practitioner has determined whether changes have occurred since the previous engagement that may affect the relevance of the information to the current engagement) or a firm's quality policies or procedures for acceptance and continuance of client relationships and assurance engagements. Evidence comprises both information that supports and corroborates disclosures in the sustainability information, and any information that contradicts disclosures in the sustainability information. [ISAE 3000 (Revised) Para. A147]
- A2. The practitioner obtains evidence by designing and performing procedures, including risk procedures, further procedures, and other procedures to comply with this ISSA. The nature of a procedure refers to its purpose and its type. Types of procedures include inquiries, inspection, observation, confirmation, recalculation, reperformance and analytical procedures. [ED-500¹⁴ Para. A15 and the Appendix]

Designing and Performing Procedures in a Manner that is not Biased (Ref: Para. 1(a))

- A3. Unconscious or conscious biases may affect the engagement team's professional judgments in designing and performing procedures, which may impede the exercise of professional skepticism. An awareness of such biases when designing and performing procedures may help to mitigate impediments to the practitioner's exercise of professional skepticism in critically assessing evidence and determining whether sufficient appropriate evidence has been obtained. Such awareness may also enable the practitioner to design and perform procedures that seek to avoid:
- (a) Corroborating the practitioner's expectations about disclosures where material misstatements are likely to arise (in a limited assurance engagement) or risks of material misstatement (in a reasonable assurance engagement), or excluding evidence that may contradict such expectations or risks.
 - (b) Placing more weight on evidence that corroborates disclosures than evidence that contradicts or casts doubt on such disclosures (confirmation bias).
 - (c) Using an initial piece of information or evidence as an anchor against which subsequent information or evidence is assessed (anchoring bias).
 - (d) Placing more weight on information that immediately comes to mind or uses information from sources that are more readily available or accessible (availability bias).

¹⁴ ED-500, Proposed International Standard on Auditing 500 (Revised), *Audit Evidence*

- (e) Placing weight or undue reliance on output from automated systems or information in digital format, or assuming it is relevant and reliable, without performing appropriate procedures (automation bias).

[ED-500 Para. A19-A20]

A4R. In a reasonable assurance engagement, obtaining evidence in an unbiased manner may involve obtaining information from multiple sources (see also paragraphs A28-A30).

Procedures that are Appropriate in the Circumstances (Ref: Para. 1(b))

A5. Procedures are appropriate in the circumstances when the nature, timing and extent of such procedures are designed, performed and executed in a manner that achieves the intended purpose of the procedures. The purpose of performing a procedure may be related to risk procedures, further procedures or another procedure to comply with this ISSA. For example, the purpose may be to obtain evidence about whether an event affecting the sustainability information has occurred or whether the sustainability information is complete. [ED-500 Para. A25]

A6. In designing and performing procedures that are appropriate in the circumstances to provide evidence, the practitioner's considerations may include whether information intended to be used as evidence:

- (a) Is expected to be available in digital, written or oral form, related to a point in time or for a period, and is to be obtained from internal or external sources.
- (b) Is needed across multiple disclosures and how that affects the nature, timing and extent of evidence needed. For example, the nature and availability of appropriate evidence may vary based on whether the disclosures relate to an entity's processes, governance, controls or key performance indicators, and the characteristics of the disclosures, such as whether they are quantitative, qualitative, historical or forward-looking (see also paragraphs A14-A18).
- (c) Relates to disclosures that include information from the entity's value chain, and how that may affect the ability to obtain sufficient appropriate evidence.
- (d) Will need to be obtained across multiple locations. [ISAE 3410 Para.31]
- (e) Relates to disclosures that are factual, judgmental or subject to estimation uncertainty.

[EER Para. 273-274]

A7. In designing and performing procedures, the appropriateness of an approach or technique in selecting items for testing depends on several factors, such as:

- (a) The intended purpose of the procedure;
- (b) How the procedure is designed;
- (c) Whether the practitioner is performing the procedure manually or using automated tools and techniques;
- (d) The matters described in paragraph A6 relating to information intended to be used as evidence; and
- (e) The persuasiveness of evidence that is needed in the circumstances. [ED-500 Para. A28]

Sufficiency and Appropriateness of Evidence

- A8. The practitioner is required to obtain sufficient appropriate evidence to provide a basis for the assurance conclusion. The sufficiency and appropriateness of evidence are interrelated and together affect the persuasiveness of evidence. In both limited and reasonable assurance engagements the collective persuasiveness of the evidence obtained establishes the level of assurance obtained. The practitioner aims to obtain evidence that is collectively persuasive to respond to risk considerations. Ordinarily, evidence will be persuasive rather than conclusive. [ED-500 Para. A6 and EER Para. 269-270]
- A9. Sufficiency is the measure of the quantity of evidence. The quantity of evidence needed is affected by the risks of the sustainability information being materially misstated (the more likely, or higher, the risks, the more evidence is likely to be required) and also by the quality of such evidence (the higher the quality, the less may be required). Obtaining more evidence, however, may not compensate for its poor quality. [ISAE 3000 (Revised) Para. A148]
- A10. The appropriateness of evidence refers to its quality. The quality of evidence depends on the relevance and reliability of the information intended to be used as evidence as well as the effectiveness of the design of the assurance procedures and the practitioner's application of those procedures. Information that is more relevant and reliable ordinarily is of a higher quality and, therefore, may provide more persuasive evidence. If the evidence is more persuasive, the practitioner may determine that the evidence is sufficient in providing support for the conclusions that form the basis for the practitioner's assurance conclusion. Alternatively, when evidence is less persuasive, the practitioner may determine that additional evidence is needed to provide support for the practitioner's conclusions. However, increasing the quantity of evidence by performing the same type of procedures may not provide more persuasive evidence in all circumstances. [ED-500 Para. A13]
- A11. The practitioner uses professional judgment and exercises professional skepticism in evaluating the sufficiency and appropriateness of evidence to support the assurance conclusion. [EER Para. 276]
- A12. Factors that affect the evidence that may be available in the circumstances, in terms of quantity or quality, and therefore impact its sufficiency or appropriateness, include the following:
- (a) The characteristics of the underlying subject matter or disclosures. For example, less objective evidence might be expected when the disclosures are forward-looking rather than historical.
 - (b) Other circumstances, such as when evidence that could reasonably be expected to exist is not available because of, for example, the timing of the practitioner's appointment, an entity's document retention policy, inadequate information systems, or a restriction imposed by management.
- [ISAE 3000 (Revised) Para. A53]
- A13. The procedures designed and performed by the practitioner may also affect the persuasiveness of the evidence obtained. For example, in a reasonable assurance engagement, inspection of an entity's processes and related controls that support the preparation of the sustainability information, or external confirmation procedures to obtain evidence over information used by management in preparing the sustainability information, may provide more persuasive evidence than inquiry of management. In a reasonable assurance engagement, inquiry alone ordinarily does not provide sufficient appropriate evidence. [ED-500 Para. A24]

Qualitative Information

- A14. Some qualitative disclosures may be factual and directly observable or otherwise able to be subject to evidence-gathering procedures. However, some qualitative disclosures may be inherently judgmental, not directly observable and may be susceptible to management bias. The practitioner may need to exercise significant professional judgment in evaluating what constitutes sufficient appropriate evidence in these circumstances. [EER Para. 331]
- A15. Although the processes and control activities within the entity’s information system may be sufficient to provide the preparer with a reasonable basis for the sustainability information, they may not be sufficient to provide the practitioner with the evidence needed to support the practitioner’s assurance conclusion. This may have implications for the practitioner’s planned procedures, their ability to obtain the evidence needed about the qualitative sustainability information, and the assurance conclusion. For example, when designing and performing procedures for qualitative sustainability information, the practitioner may consider:
- (a) Whether, in the case of a reasonable assurance engagement, substantive testing alone will provide sufficient appropriate evidence regarding the occurrence, completeness or neutrality of the sustainability information. If not, the practitioner may need to perform tests of controls over the integrity of data, or other control activities within the entity’s information system that support the preparation of the qualitative information.
 - (b) The source of the information intended to be used as evidence, how such information has been captured and processed by the entity’s information system, and how this may affect the reliability of the information. For example, information may be captured directly into the entity’s information system on a real-time basis without supporting documentation or may be obtained through informal communication.

[EER Para. 327 and 337]

Forward-looking Information

- A16. Forward-looking information, by its nature, is predictive and may be expressed in both quantitative and qualitative terms. Disclosures about future conditions or outcomes relates to events and actions that have not yet occurred and may not occur, or that have occurred but are still evolving in unpredictable ways. While forward-looking information may result from applying criteria to the underlying subject matter, the underlying subject matter (a future event, occurrence or action) may be subject to greater uncertainty, and ordinarily able to be evaluated with less precision than historical underlying subject matter(s). Uncertainty and the need for judgment are also likely to increase the further into the future the period to which the disclosures relate. Unlike historical information, it is not possible for the practitioner to determine whether the results or outcomes forecasted or projected have been or will be achieved or realized. In seeking evidence, the practitioner may obtain evidence about whether the forward-looking information has been prepared in accordance with the applicable criteria on the basis of the assumptions used by the entity, and:
- (a) In the case of forecasts, there is a reasonable basis for the assumptions used in preparing the sustainability information; or
 - (b) In the case of hypothetical assumptions, such assumptions are consistent with the purpose of the information. [EER Para. 379]

- A17. Evidence may be available to support the assumptions on which the forward-looking sustainability information is based, but such evidence itself may also be forward-looking and, therefore, speculative in nature. Accordingly, the practitioner may need to exercise professional judgment in determining the persuasiveness of the evidence. In some circumstances, the evidence available may support a range of possible outcomes with the disclosure falling within that range. The practitioner's evaluation of whether the disclosure is reasonable based on the evidence obtained is further addressed in Part 8 paragraphs 1 and A1-A7. [EER Paras. 364-65]
- A18. The nature and availability of evidence for forward-looking information, and what constitutes sufficient appropriate evidence, will likely vary by topics, aspects of topics and disclosures, and the practitioner's consideration of potential material misstatements. For example:
- (a) When disclosures relate to future strategy, a target, or other intentions of an entity the practitioner may focus evidence gathering activities on whether management or those charged with governance have an intention to follow that strategy, the target or intention exists, or there is a reasonable basis for the intended strategy or target (e.g., the practitioner may obtain evidence to support that the entity has the ability to carry out its intent, or is building the means to do so by considering the processes, systems and controls over the development of the assumptions, and the source data on which they are based). [EER Para. 374]
 - (b) When disclosures relate to future risks and opportunities, the practitioner may focus evidence gathering activities on information available from the entity's risk register or records of discussions of those charged with governance if the entity's processes and controls in place over the maintenance of the risk register and the minuting of discussions provide a reasonable basis for using these sources as evidence. In a reasonable assurance engagement, the practitioner may need to consider obtaining evidence over the effectiveness of internal controls. [EER Para. 377]

Information Intended to be Used as Evidence (Ref: Para. 2)

- A19. In planning and performing a sustainability assurance engagement, the practitioner may obtain information from a variety of sources and in different forms. Such information ordinarily is expected to result in evidence to support the conclusions that form the basis for the practitioner's assurance conclusion and report. However, such information can become evidence only after procedures are applied to it, including evaluating its relevance and reliability. For purposes of this ISSA, this information is referred to as "information intended to be used as evidence." [ED-500 Para. A34]
- A20. Evaluating the relevance and reliability of information intended to be used as evidence involves performing procedures. Factors that may influence the nature, timing and extent of such procedures, include:
- (a) The source of the information; and
 - (b) The attributes of relevance and reliability of the information that are considered applicable in the circumstances.

[ED-500 Para. A36]

- A21. In some circumstances, the procedures to evaluate relevance and reliability may be straightforward (e.g., comparing information used by management to published information from a national government body). In other circumstances, procedures, including tests of controls, may be performed to evaluate the reliability of information (e.g., the accuracy and completeness of information generated internally from the entity's information system). [ED-500 Para. A37]
- A22. Evidence from performing other procedures in accordance with this ISSA also may assist the practitioner in evaluating the relevance and reliability of information intended to be used as evidence. For example, evidence obtained from:
- (a) The practitioner's understanding of the entity and its environment, the applicable criteria and the entity's system of internal control.
 - (b) Tests of controls over the preparation and maintenance of the information.
 - (c) Procedures performed when using the work of a practitioner's expert. [ED-500 Para. A38]

Form, Availability, Accessibility and Understandability of Information

- A23. The form, availability, accessibility and understandability of the information intended to be used as evidence may affect:

- (a) The design and performance of the procedures in which the information will be used; and
- (b) In the practitioner's evaluation of the relevance and reliability of the information.

For example, information may only be available in digital form on a continuous basis. In such circumstances, the practitioner may use automated tools and techniques that are designed to operate on a real-time basis to evaluate the relevance and reliability of the information. [ED-500 Para. A42]

- A24. The practitioner may receive information intended to be used as evidence in many forms, ranging from information generated from highly complex automated systems to information manually prepared by management and others within the entity. The practitioner may have an expectation of the form in which information intended to be used as evidence will be received. Remaining alert for information intended to be used as evidence that is received in a form different from the expected form may assist the practitioner in mitigating unconscious biases that may impede the practitioner's exercise of professional skepticism. In addition, receiving information in a form different from that expected may also be relevant to the practitioner's evaluation of the reliability of that information. [ED-500 Para. A44]

- A25. Information intended to be used as evidence may exist, but access to such information may be restricted, for example, due to restrictions imposed by law or regulation or the source providing the information, or due to war, civil unrest or outbreaks of disease. In some cases, the practitioner may be able to overcome restrictions on access to information. For example, the practitioner may request management or those charged with governance of the entity to assist in requesting information from a source when contractual obligations exist between an information source and the entity, or the practitioner may choose to visit a location to inspect information that is available but cannot be transferred outside of a jurisdiction. [ED-500 Para. A45]

- A26. The practitioner may be unable to obtain sufficient appropriate evidence if the practitioner determines that it is not practicable to obtain or understand information intended to be used as evidence. For example, if the practitioner does not have a sufficient basis to evaluate the relevance and reliability

of information from a source external to the entity, the practitioner may have a limitation on scope if sufficient appropriate evidence cannot be obtained through alternative procedures. The practitioner's inability to obtain sufficient appropriate evidence requires the practitioner to express a qualified conclusion or disclaim a conclusion on the sustainability information in accordance with Part 9 of this ISSA. [ED-500 Para. A46]

- A27 In some circumstances, specialized skills or knowledge may be needed to understand or interpret the information intended to be used as evidence, for example, emissions data. Accordingly, the practitioner may consider using a practitioner's expert to assist in understanding or interpreting the information intended to be used as evidence if the engagement team does not have the appropriate competence and capabilities to do so. [ED-500 Para. A47]

[Placeholder for any examples deemed necessary]

Sources of Information

- A28. Information intended to be used as evidence may come from internal sources or external sources and may affect the availability, accessibility and understandability of the information intended to be used as evidence. For example, information may come from:

- (a) The entity's records, management or other sources internal to the entity.
- (b) A management's expert.
- (c) A practitioner's expert.
- (d) Independent sources external to the entity, other than a management's or practitioner's expert, that provide information, such as the entity's bank, legal counsel, customers, suppliers, or general data providers (e.g., entities providing macro-economic, industry or social data).
- (e) A service organization

[ED-500 Para. A48]

- A29. The practitioner is not required to perform an exhaustive search to identify all possible sources of information to be used as evidence. The practitioner's understanding of the entity and its environment, the applicable criteria and the entity's system of internal control may assist the practitioner in identifying appropriate sources of information. [ED-500 Para. A51]

- A30. The practitioner ordinarily obtains more assurance from consistent evidence obtained from different sources or of a different nature than from items of evidence considered individually. In addition, obtaining information intended to be used as evidence from different sources or of a different nature may indicate that an individual item of information intended to be used as evidence is not reliable. [ISAE 3000 (Revised) Para. A150]

Attributes of Relevance and Reliability of Information

- A31. The quality of evidence depends on the relevance and reliability of the information upon which it is based. Whether, and the degree to which, certain attributes of relevant and reliable information are considered applicable in the circumstances is a matter of professional judgment. [ED-500 Para. A53]

Relevance

A32. The principal attribute of the relevance of information intended to be used as evidence deals with the logical connection with, or bearing upon, the purpose of the procedure, including, in a reasonable assurance engagement, the assertion being tested. The degree to which the information relates to meeting the purpose of the procedure may also be a consideration. [ED-500 Para. A54]

Reliability

A33. The reliability of information intended to be used as evidence deals with the degree to which the practitioner may depend on such information. Common attributes that may be applicable when considering the degree to which information intended to be used as evidence is reliable may include whether the information is:

- (a) Accurate (free from error).
- (b) Complete (reflecting all applicable events, conditions and circumstances).
- (c) Authentic (genuine, authorized and not inappropriately altered).
- (d) Free from bias (whether intentional or unintentional).
- (e) Credible (generated by a competent, capable and trustworthy source).

[ED-500 Para. A56]

Factors That Affect the Practitioner's Professional Judgment Regarding the Attributes of Relevance and Reliability

A34. Factors that may affect the practitioner's professional judgment about the relevance and reliability of information intended to be used as evidence, including which attributes of reliability may be applicable in the circumstances, include:

- (a) The disclosures and, for reasonable assurance engagements, the assertions, for which the information will be used as evidence. Information may be relevant to multiple disclosures. Some information may be relevant for certain assertions but not others.
- (b) The period of time to which the information relates.
- (c) The controls over the preparation and maintenance of the information.
- (d) The practitioner's assessment of disclosures where material misstatements are likely to arise (in a limited assurance engagement) or the assessed risks of material misstatement (in a reasonable assurance engagement).
- (e) The intended purpose of the procedure in which the information will be used.

[ED-500 Para.A59]

- (f) The level of detail of the information needed given the intended purpose of the procedure. For example, information related to key performance indicators used by management may not be precise enough to detect material misstatements at the assertion level and therefore may not, in a reasonable assurance engagement, be appropriate for use by the practitioner in performing further procedures.

- (g) The level of precision within the applicable criteria regarding what is to be reported and how it is to be measured or evaluated. For example, when the applicable criteria require more granular quantitative disclosures, the practitioner may consider the attributes of accuracy and completeness to be important.
- (h) The source of the information. For example, accuracy and completeness ordinarily will be applicable attributes for information generated internally from the entity's information system (such as when performing further procedures). For information obtained from a source external to the entity, the practitioner may be more focused on other attributes of reliability, including the credibility of the source providing the information.
- (i) The ability of the reporting entity to influence information obtained from external sources with whom they have relationships.
- (j) Evidence of general market acceptance by users of the relevance and reliability of information from an external source.

[ED-500 Para. A55, A59, A60 and A63; EER Para. 277]

- A35. The reliability of information, in particular the attributes of accuracy, completeness and authenticity, when deemed to be applicable in the circumstances, may also be affected by whether the integrity of the information has been maintained through all stages of processing through the entity's information systems. For example, an entity's information system may include general information technology controls to safeguard and maintain the integrity of the sustainability information. In a reasonable assurance engagement, the practitioner may determine, based on the practitioner's understanding and evaluation of the entity's information system and control activities, that the integrity of the sustainability information has been maintained through all stages of information processing, including when information is extracted for reporting purposes. [ED-500 Para. A58]
- A36. The source of the information intended to be used as evidence may affect the nature and extent of the practitioner's evaluation of the relevance and reliability of the information. It may also affect how the practitioner responds to matters such as doubts about the reliability of the information, or inconsistencies in evidence. For example:
- (a) If the information comes from a highly reputable external source, such as an authorized jurisdictional environmental agency, the practitioner's work effort in considering the reliability of the information may not be extensive.
 - (b) If the information is provided by management, such as information generated internally from the entity's information system, the practitioner may need to consider obtaining evidence about the accuracy and completeness of the information.

[ED-500 Para. A50]

Work Performed by a Management's Expert (Ref: Para. 3)

- A37. When evaluating the relevance and reliability of information intended to be used as evidence prepared by a management's expert:
- (a) The competence and capabilities of that expert may inform the practitioner's consideration of the attribute of credibility. The credibility of the source providing the information affects the degree to which information intended to be used as evidence is reliable.

- (b) The objectivity of that expert may inform the practitioner’s consideration of the attribute of bias. A broad range of circumstances may influence the professional judgments of the management’s expert, which may threaten the management expert’s objectivity, for example, self-interest threats, advocacy threats, familiarity threats, self-review threats and intimidation threats. Bias in the information intended to be used as evidence also affects the degree to which information is reliable. In some cases, information prepared by a management’s expert may be subject to bias, as management may have an influence on the professional judgments of the management’s expert.

[ED-500 Para. A69 and A72]

Competence and Capabilities (Ref: Para. 3(a))

A38. Competence relates to the nature and level of expertise of the management’s expert. Factors that may affect whether the management’s expert has the appropriate competence include:

- (a) Whether the expert’s work is subject to technical performance standards or other professional or industry requirements, for example, ethical standards and other membership requirements of a professional body or industry association, accreditation standards of a licensing body, or requirements imposed by law or regulation.
- (b) The matter for which the management expert’s work will be used, and whether they have the appropriate level of expertise applicable to the matter, including expertise in a particular area of specialty.
- (c) The management’s expert’s competence with respect to relevant underlying subject matter, for example, knowledge of assumptions and methods, including models when applicable, that are consistent with the applicable criteria.

[ED-500 Para. A70]

A39. Capabilities relates to the ability of the management’s expert to exercise the competence in the circumstances. Factors that may influence capabilities may include geographic location, and the availability of time and resources. [ED-500 Para. A71]

Obtain an Understanding of the Work Performed by the Management’s Expert (Ref: Para. 3(b))

A40. Matters relevant to the practitioner’s understanding of the work performed by the management’s expert may include:

- (a) The relevant field of expertise;
- (b) The nature, scope and objectives of the management’s expert’s work;
- (c) Whether there are professional or other standards, and regulatory or legal requirements that apply in preparing the information;
- (d) How the information has been prepared by the management’s expert, including:
 - (i) The assumptions and methods used by the management’s expert, and whether they are generally accepted within that expert’s field and appropriate in the context of the applicable criteria and the underlying subject matter; and
 - (ii) The underlying information used by the management’s expert; and

- (e) The relevance and reasonableness of that expert's findings or conclusions, and their consistency with other evidence.

[ED-500 Para. A74]

Obtain an Understanding of How the Information Prepared by the Management's Expert Has Been Used by Management in the Preparation of the Sustainability Information (Ref: Para. 3(c))

A41. Obtaining an understanding about how the information prepared by a management's expert has been used by management in the preparation of the sustainability information may include understanding:

- (a) How management has considered the appropriateness of the information prepared by the management's expert; and
- (b) The modifications made by management to the information prepared by the management's expert.

This understanding may assist the practitioner in:

- (a) Evaluating the relevance and reliability of the information intended to be used as evidence; and
- (b) Understanding whether the expert's findings or conclusions have been appropriately reflected in the sustainability information. For example, in some circumstances, management may need to modify the information prepared by the management's expert, such as when the information provided is too general and requires adjustment to reflect the circumstances unique to the entity. Management's adjustments may give rise to bias, or management may not have the appropriate competence and capabilities to adapt or adjust the information, which may cause the information to be inaccurate, incomplete or lack credibility.

[ED-500 Para. A77]

Doubts About the Relevance and Reliability of Information Intended to be Used as Evidence

(Ref: Para. 4-5)

A42. Unless the practitioner has reason to believe the contrary, the practitioner may accept records and documents as genuine. When the practitioner identifies conditions that give cause to believe that a document may not be authentic or that terms in a document have been modified but not disclosed to the practitioner, possible procedures to investigate further may include:

- (a) Confirming directly with the third party.
- (b) Using the work of an expert to assess the document's authenticity.

[ISA 240¹⁵ Para. A10]

A43. Factors or circumstances that may give rise to doubts about the reliability of information intended to be used as evidence include:

- (a) An inability to evaluate the relevance and reliability of the information, including, for example, whether the information is authentic.
- (b) Misstatements identified during the assurance engagement.

¹⁵ ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*

- (c) Deficiencies in internal control identified by the practitioner, particularly when there is a significant deficiency in internal control.
- (d) When procedures performed on a population result in a higher rate of deviation than expected.
- (e) When information intended to be used as evidence is inconsistent with other information or evidence.

[ED-500 Para. A80]

A44. The relevance of information intended to be used as evidence may be affected by the period of time to which the information relates. For example, the relevance of such information may change based on the passage of time or due to events or conditions, such as the identification of new information. Such circumstances may occur when the practitioner identifies information from an alternative or more credible source which negates, or causes doubt about, the relevance of the initial information intended to be used as evidence. [ED-500 Para. A79]

A45. In cases of doubt about the reliability of information or indications of possible fraud, this ISSA requires the practitioner to investigate further and determine what modifications or additions to procedures are necessary to resolve the matter. Doubts about the reliability of information from management may indicate a risk of fraud. [ED-500 Para. A82–A83]

A46. [Moved to Part 8 Para. A44]

A47. [Moved to Part 8 Para. A45]

A48. [Moved to Part 8 Para. A46]

A49. [Deleted]

A50. [Moved to Part 8 Para. A47]

A51. [Moved to Part 8 Para. A48]

A52. [Moved to Part 8 Para. A49L and A50R]

Documentation

Form, Content and Extent of Assurance Engagement Documentation (Ref: Para. 8-10)

A53. A practitioner experienced in sustainability assurance refers to an individual (whether internal or external to the firm) who has practical experience in sustainability assurance, and a reasonable understanding of:

- (a) Assurance processes;
- (b) ISSAs and applicable legal and regulatory requirements;
- (c) The business environment in which the entity operates; and
- (d) Assurance and sustainability reporting matters relevant to the entity's industry.

[ISA 230 Para. 6(c)]

A54. Preparing sufficient and appropriate assurance engagement documentation on a timely basis helps to enhance the quality of the assurance engagement and facilitates the effective review and evaluation of the evidence obtained and conclusions reached before the practitioner's report is finalized. Documentation prepared after the assurance engagement work has been performed is likely to be less accurate than documentation prepared at the time such work is performed.

[ISA 230 Para. A1]

A55. The form, content and extent of assurance engagement documentation depend on factors such as:

- (a) The size and complexity of the entity.
- (b) The scope of the assurance engagement and nature of the procedures to be performed. For example, the extent of documentation would ordinarily be less:
 - (i) For a limited assurance engagement compared to a reasonable assurance engagement.
 - (ii) When the assurance engagement addresses only certain aspects of the sustainability information, rather than all of the sustainability information that comprises multiple disclosures.
- (c) The extent of disclosures where material misstatements are likely to arise (in a limited assurance engagement) or the identified and assessed risks of material misstatement (in a reasonable assurance engagement).
- (d) The significance of the evidence obtained.
- (e) The nature and extent of exceptions identified.
- (f) The need to document a conclusion or the basis for a conclusion not self-evident from the documentation of the work performed or evidence obtained.
- (g) The assurance methodology and tools used.

[ISA 230 Para. A2]

A56. Judging the significance of a matter requires an objective analysis of the facts and circumstances. Examples of significant matters include:

- (a) Matters that give rise to higher assessed risks (in a reasonable assurance engagement).
- (b) Results of procedures indicating that the sustainability information could be materially misstated or, in a reasonable assurance engagement, a need to revise the practitioner's previous assessment of the risks of material misstatement and the practitioner's responses to those risks.
- (c) Circumstances that cause the practitioner significant difficulty in applying necessary procedures.
- (d) Findings that could result in a modification to the assurance conclusion or the inclusion of an Emphasis of Matter paragraph in the Assurance report.

[ISA 230 Para. A8]

- A57. An important factor in determining the form, content and extent of assurance engagement documentation of significant matters is the extent of professional judgment exercised in performing the work and evaluating the results. Documentation of the professional judgments made, when significant, serves to explain the practitioner’s conclusions and to reinforce the quality of the judgment. [ISA 230 Para. A9]
- A58. Examples of circumstances in which, in accordance with paragraph 8, it is appropriate to prepare assurance engagement documentation relating to the use of professional judgment include matters and judgments that are significant to:
- (a) The rationale for the practitioner’s conclusion when a requirement provides that the practitioner “shall consider” certain information or factors, and that consideration is significant in the context of the particular engagement.
 - (b) The basis for the practitioner’s conclusion on the reasonableness of areas of judgments (for example, the reasonableness of significant estimates).
 - (c) The basis for the practitioner’s conclusions about the authenticity of a document when further investigation is undertaken in response to conditions identified during the assurance engagement that caused the practitioner to believe that the document may not be authentic.
- [ISA 230 Para. A10]
- A59. It is neither necessary nor practical to document every matter considered, or professional judgment made, during an engagement. Further, it is unnecessary for the practitioner to document separately (e.g., through a checklist) compliance with matters for which compliance is demonstrated by documents included within the assurance engagement file. [ISAE 3000 (Revised) Para. A201]
- A60. The requirement to document who reviewed the work performed does not imply a need for each specific working paper to include evidence of review. The requirement, however, means documenting what work was reviewed, who reviewed such work, and when it was reviewed. [ISA 230 Para. A13]
- A61. Documentation is not limited to records prepared by the practitioner but may include other appropriate records such as minutes of meetings prepared by the entity’s personnel and agreed by the practitioner. Others with whom the practitioner may discuss significant matters may include other personnel within the entity, and external parties, such as persons providing professional advice to the entity. [ISA 230 Para. A14]
- A62. The requirement to document how the practitioner addressed inconsistencies in information does not imply that the practitioner needs to retain documentation that is incorrect or superseded. [ISA 230 Para. A15]

Departure from a Relevant Requirement (Ref: Para. 11)

- A63. The requirements of this ISSA are designed to enable the practitioner to achieve the objectives specified in this ISSA, and thereby the overall objectives of the practitioner. Accordingly, other than in exceptional circumstances, this ISSA calls for compliance with each requirement that is relevant in the circumstances of the assurance engagement. [ISA 230 Para. A18]

- A64. The documentation requirement applies only to requirements that are relevant in the circumstances. A requirement is not relevant only in the cases when the requirement is conditional and the condition does not exist (for example, the requirement to modify the practitioner's conclusion when there is an inability to obtain sufficient appropriate evidence, and there is no such inability). [ISA 230 Para. A19]

Matters Arising After the Date of the Practitioner's Report (Ref: Para. 12)

- A65. Examples of exceptional circumstances include facts that become known to the practitioner after the date of the assurance report but which existed at that date and which, if known at that date, might have caused the sustainability information to be amended or the practitioner to modify the conclusion in the assurance report, for example, the discovery of a significant uncorrected error. The resulting changes to the assurance engagement documentation are reviewed in accordance with the firm's policies or procedures with respect to the nature, timing and extent of the review of engagement team members' work as required by ISQM 1, with the engagement leader taking final responsibility for the changes. [ISAE 3410 Para. A128]

Assembly of the Final Engagement File (Ref: Para. 13)

- A66. ISQM 1 (or other professional requirements, or requirements in law or regulation that are at least as demanding as ISQM 1) requires firms to establish a quality objective that addresses the assembly of engagement documentation on a timely basis after the date of the engagement report. An appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the assurance report. [ISAE 3000 (Revised) Para. A205]
- A67. The completion of the assembly of the final engagement file after the date of the assurance report is an administrative process that does not involve the performance of new procedures or the drawing of new conclusions. Changes may, however, be made to the documentation during the final assembly process if they are administrative in nature. Examples of such changes include:
- (a) Deleting or discarding superseded documentation.
 - (b) Sorting, collating and cross-referencing working papers.
 - (c) Signing off on completion checklists relating to the file assembly process.
 - (d) Documenting evidence that the practitioner has obtained, discussed and agreed with the relevant members of the engagement team before the date of the assurance report.

[ISAE 3000 (Revised) Para. A206]

- A68. ISQM 1 (or national requirements that are at least as demanding as ISQM 1) requires firms to establish a quality objective that addresses the maintenance and retention of engagement documentation to meet the needs of the firm and comply with law, regulation, relevant ethical requirements, or professional standards. The retention period for assurance engagements ordinarily is no shorter than five years from the date of the assurance report. [ISAE 3000 (Revised) Para. A207]

Part 5: Planning

Planning Activities (Ref. Para. 3-4A)

- A1. [Deleted]

A2. Adequate planning helps to:

- (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.

[ISAE 3000 (Revised) Para. A86]

A3. Planning involves the engagement leader, other key members of the engagement team, and any key practitioner's external experts developing:

- (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.

[ISAE 3000 (Revised) Para. A86]

A3A. Information obtained in the acceptance and continuance process may assist the engagement leader in planning and performing the engagement. Such information may include:

- Information about the size, complexity and nature of the entity, including the industry in which it operates and the applicable criteria;
- The entity's timetable for reporting, such as at interim and final stages;
- If the assurance engagement relates to consolidated sustainability information, the nature and extent of the control relationships between the parent and its entities and business units and others within the reporting boundary; and
- Whether there have been changes in the entity or in the industry in which the entity operates since the previous assurance engagement that may affect the nature of resources required, as well as the manner in which the work of the engagement team will be directed, supervised and reviewed.

[ISA 220¹⁶, para. A53]

A4. 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:

- (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 disclosures comprising the sustainability information.

¹⁶ ISA 220, *Quality Management for An Audit of Financial Statements*

- (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 reporting boundary.
- (g) The practitioner's understanding of the entity and its environment, including the risks that the disclosures may be materially misstated.
- (h) The intended users and their information needs.
- (i) The extent to which the risk of fraud is relevant to the engagement.
- (j) The nature, timing and extent of resources necessary to perform the engagement, such as expertise required, including the nature and extent of experts' involvement.
- (k) If the entity has an internal audit function, the impact on the engagement.

[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]

Scalability (Ref. Para. 3)

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 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 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]

Nature, Timing and Extent of Planned Procedures (Ref: Para. 4)

- 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:
- (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:
 - (i) Select fewer 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 to identify misstatements with the level of precision expected in a reasonable assurance engagement.
 - (d) In a limited assurance engagement, when undertaking analytical procedures:
 - (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.

[ISAE 3000 (Revised) Para. A3]

- A9. The practitioner uses professional judgment in identifying the appropriate approach to planning and performing assurance procedures to obtain sufficient appropriate evidence. Understanding how the entity disaggregates or aggregates the sustainability information for purposes of reporting (i.e. how management has grouped the information for purposes of presentation), may assist the practitioner in planning the assurance engagement. Matters that may be relevant in this regard include:
- (a) Whether the applicable criteria addresses how the sustainability information should be presented, and how the entity has applied such criteria. Also see paragraph A10 below.
 - (b) The entity's reporting policies regarding preparation of the sustainability information.
 - (c) The reporting objectives of the entity, including its policies for classification and presentation of the sustainability information

- (d) The extent to which sustainability information:
 - (i) is processed using common information systems and controls, and
 - (ii) has a common unit of measure.
- (e) How sustainability information is communicated internally to management or those charged with governance.
- (f) Whether the disclosures relate to similar or interconnected topics, aspects of the topics, or characteristics of the disclosures.
- (g) How the entity's industry peers present the sustainability information.

[EER para. 183]

A10. Applicable criteria do not always specify in detail the required level of aggregation or disaggregation. They may, however, include principles for determining an appropriate level of aggregation or disaggregation in particular circumstances. For example, the applicable criteria may require the entity to report information that is sufficiently detailed to allow an assessment of the organization's impacts. The applicable criteria also may require or provide guidance for information:

- (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.

A10A. The practitioner may consider that the manner in which management has grouped the information for purposes of presentation is the most appropriate approach for the engagement. The practitioner may also decide that grouping the sustainability information differently may be more appropriate for the purposes of planning and performing the assurance engagement in a more effective and efficient manner. Factors that may be relevant to the practitioner's determination may include:

- the scope of the assurance engagement and the nature of the assurance conclusion(s)
- preliminary expectation of risk characteristics
- common systems of internal control.

[EER para. 183]

A10B. If the practitioner discovers that the preconditions in Part 3 paragraph 2 are not met, but is required to continue the engagement under law or regulation, the assurance report may address the matter. For example:

- (a) When, in the practitioner’s professional judgment the intended users are likely to be misled, since either the applicable criteria are unsuitable, or the underlying subject matter is inappropriate, 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, the materiality and pervasiveness of the matter. [Moved from Part 3 paragraph A53] [ISAE 3000 (Revised) Para. A90 and A91]

A11. [Deleted]

A12. [Deleted]

A13. [Deleted]

A14. [Deleted]

Materiality (Ref. Para. 7)

- 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. The concept of materiality ordinarily includes the following principles:
- (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.
 - (b) Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence decisions of intended users taken on the basis of the sustainability information.

[ISAE 3410 Para. A44]

A18. [Deleted]

- A19. 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:
- (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.

[ISAE 3000 (Revised) Para.A94]

A20. 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

[ISAE 3410 Para. A47]

A20A. In some cases, there may be intended users other than those to whom the assurance report is addressed. The practitioner may not be able to identify all those who will read the assurance report, particularly where a large number of people have access to it. In such cases, particularly where possible users are likely to have a broad range of interests in the underlying subject matter, intended users may be limited to major stakeholders with significant and common interests. Intended users may be identified in different ways, for example, by agreement between the practitioner and management or those charged with governance, or by law or regulation. [ISAE 3000 (Revised) Para. A16]

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. [ISAE 3000 (Revised) Para. A99]

A21A. Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering materiality 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 considering materiality. [Moved from paragraph A23] [ISAE 3000 (Revised) Para. A95]

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 - 303]

A23. [Moved to paragraph A21A]

Qualitative Materiality Considerations

A24. Examples of qualitative factors that may be relevant to the practitioner's consideration of materiality include:

- (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 characteristics of the presentation of the sustainability information when the applicable criteria allow for variations in the presentation.
- (d) The nature of a potential misstatement 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.
- (e) Whether a potential misstatement could affect compliance with law or regulation.
- (f) 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.
- (g) Whether a potential misstatement is the result of an intentional act or is unintentional.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) When the disclosures are narrative, the level of detail of the description, the overall tone of the words used to describe the matter, significant aspects of the underlying subject matter, and the impact if the practitioner identified that information was omitted or distorted.

[ISAE 3000 (Revised) Para. A96]

A25. Qualitative factors may also be important in considering 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]

Quantitative Materiality Considerations

A26. Quantitative factors relate to the magnitude of misstatements relative to the disclosures, if any, that are:

- (a) Expressed numerically; or
- (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).

[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).

[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 results in a reversal of a declining trend in an indicator, or if an error prevents an entity from achieving regulatory requirements, these may be considered material, even if the quantitative error is smaller than the quantitative threshold. [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.

Reconsideration of Materiality as The Engagement Progresses

A29A. 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 expected during planning. If during the engagement the practitioner concludes that a different materiality is appropriate, it may be necessary to revise the nature, timing and extent of further procedures. [Moved from paragraph A31] [ISAE 3410 Para. A51]

Performance Materiality (Ref: Para. 7A)

A29B. Performance materiality may be used during different stages of the assurance engagement. For example, performance materiality may be useful to help identify disclosures where material misstatements are likely to arise (in a limited assurance engagement), or to help identify and assess

risks of material misstatement at the assertion level for each disclosure (in a reasonable assurance engagement) and, to determine the nature, timing and extent of further procedures.

[ISAE 3410 Para. 21]

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 purposes of applying the applicable criteria, or by the practitioner for the purpose of designing and performing assurance procedures. It may therefore be appropriate when planning the nature, timing and extent of procedures for the practitioner to:

- (a) Consider setting performance materiality for quantitative disclosures to reduce aggregation risk to an appropriately low level; or
- (b) Consider what types of errors or omissions would potentially constitute a material misstatement when aggregated with other misstatements.

[ISAE 3000 (Revised) Para. A98 and EER Para. 279-281, 284]

A30A. Performance materiality does not address misstatements that would be material solely or principally due to qualitative factors that affect their significance. However, designing procedures to increase the likelihood that misstatements that are material solely or principally because of qualitative factors, to the extent it is possible to do so, may also assist the practitioner in addressing aggregation risk.

[EER Para. 287]

A31. [Moved to paragraph A29A]

Part 6: Risks of Material Misstatement

Obtaining an Understanding to Identify Disclosures where Material Misstatements are Likely to Arise (Limited Assurance) or Identify and Assess Risks of Material Misstatement (Reasonable Assurance)

Risk Procedures to Obtain an Understanding (Ref: Para. 1L, 1R, 1A)

A1L. Identifying the disclosures where a material misstatement is likely to arise enables the practitioner to focus further procedures on those disclosures. For example, the practitioner may be engaged to provide assurance over different aspects of a topic (e.g., accuracy of a description, the design and operating effectiveness of controls). In other circumstances, a group of disclosures within the sustainability information may be interrelated such that, in order to obtain meaningful assurance, the disclosures need to be considered as a whole. The practitioner may design and perform procedures over the entire sustainability information when it consists of only a single disclosure or when obtaining assurance over all disclosures is necessary to obtain meaningful assurance. For example, the practitioner may be engaged to provide assurance over different aspects of a topic (e.g., accuracy of a description, the design and operating effectiveness of controls). In other circumstances, a group of disclosures within the sustainability information may be interrelated such that, in order to obtain meaningful assurance, the disclosures need to be considered as a whole.

[ISAE 3000 (Revised) Para. A104 & A105]

- A1R. Understanding the underlying subject matter and the sustainability information, the entity and its environment and the applicable criteria helps the practitioner to identify the susceptibility of the sustainability information to misstatement. For example, the aspects of the topics comprising the underlying subject matter and the disclosures may be affected by complexity, judgment, change, uncertainty, or susceptibility to misstatement due to management bias or fraud, thus resulting in a risk of material misstatement, whether due to fraud or error. [ISA 315 (Revised 2019)¹⁷ Para.19 (c)]
- A1AL. In rare circumstances, in performing risk procedures, the practitioner may not identify any disclosures where a material misstatement of the sustainability information is likely to arise. Irrespective of whether any such disclosures have been identified, the practitioner designs and performs procedures to obtain a meaningful level of assurance. In such cases, the practitioner may
- Consider whether the risk procedures performed provide an appropriate basis to identify disclosures where a material misstatement is likely to arise,
 - Perform additional risk procedures,
 - Design and perform further procedures on disclosures that are material to the sustainability information. [Moved from paragraph A6L] [ISAE 3000 Para. 112]
- A1B. Risk procedures are part of an iterative and dynamic process. In obtaining an understanding, initial expectations about disclosures where material misstatements are likely to arise (in a limited assurance engagement) or risks of material misstatement (in a reasonable assurance engagement) may be developed, which may be further refined as the practitioner progresses through the engagement, or if new information is obtained. Risk procedures by themselves do not provide sufficient appropriate evidence on which to base the assurance conclusion. [Moved from paragraph A7] [ISAE 3410 Para. A53 and ISA 315 (Revised 2019) Para. A19]
- A1C. The practitioner may perform further procedures concurrently with risk procedures when it is efficient to do so. For example:
- In a limited assurance engagement, evidence obtained that supports the identification of disclosures where the risk of material misstatement is likely to arise may also support the practitioner’s conclusion that the matter is not likely to cause the subject matter information to be materially misstated.
 - In a reasonable assurance engagement, evidence obtained that supports the identification and assessment of risks of material misstatement may also support the evaluation of the operating effectiveness of controls. [First sentence of lead-in moved from paragraph A6R]
- [ISA 315 (Revised 2019) Para. A19]
- A1D. Part 3 paragraph 1 requires the practitioner to obtain a preliminary knowledge of the engagement circumstances to provide an appropriate basis for determining whether the preconditions for the engagement are present. This preliminary knowledge ordinarily is not sufficient to fulfill the requirements in paragraphs 1L and 1R.

¹⁷ ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

- A1E. For example, the practitioner’s preliminary knowledge of the engagement circumstances includes an understanding of the sustainability information expected to be reported sufficient for the practitioner to determine that the engagement team collectively has the appropriate competence and capabilities to perform the engagement. The understanding required to identify disclosures where material misstatements are likely to arise (for limited assurance) or to identify and assess the risks of material misstatement (for reasonable assurance) ordinarily requires a more detailed understanding of the sustainability information, including understanding characteristics of conditions, events, circumstances, actions, or inactions that could give rise to risks of material misstatement and may be different for different disclosures.
- A2. The practitioner uses professional judgment to determine the extent of the understanding and the nature, timing and extent of risk procedures that are required to obtain reasonable or limited assurance as appropriate. The depth of understanding that is required by the practitioner is less than that possessed by management in managing the entity. [ISAE 3410 Para. A52]
- A3L. [Deleted]
- A4. The type of risk procedures performed by the practitioner may include the following:
- (a) Inquiries of management, of appropriate individuals within the internal audit function (if the function exists), and of others within the entity who, in the practitioner’s judgment, may have information that is likely to assist in identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying risks of material misstatement (reasonable assurance), whether due to fraud or error;
 - (b) Analytical procedures;
 - (c) Observation and inspection.
- [ISA 315 (Revised 2019) Para. 14]
- A5. Designing and performing risk procedures to obtain evidence in an unbiased manner may involve obtaining evidence from multiple sources including:
- (a) Interactions with management, those charged with governance, and other key entity personnel, which may include personnel within the entity who work in functions relevant to the sustainability information (such as Human Resources) or internal auditors.
 - (b) Certain external parties such as regulators, whether obtained directly or indirectly.
 - (c) Publicly available information about the entity and its industry, for example, entity-issued press releases, materials for analysts or investor group meetings, analysts’ reports, or information about sustainability impact.
- [ISA 315 (Revised 2019) Para. A15]
- A6L. [Moved to paragraph A1L]
- A6R. [Lead in paragraph moved to paragraph A1C; Remainder deleted]
- A7. [Moved to paragraph A1B]
- A8. [Moved to paragraph A13A]

A9. Preliminary understanding of the underlying subject matter and the sustainability information, the entity and its environment and the applicable criteria obtained in the engagement acceptance and continuance process may provide important evidence to support the required understanding. For example, one of the preconditions for accepting the engagement is determining the suitability of the criteria. The practitioner may have already obtained an extensive understanding of the applicable criteria in accepting the engagement and may supplement this understanding for the purpose of performing risk procedures. Information the practitioner may also consider in obtaining an understanding include:

- (a) When applicable, other engagements performed by the engagement leader for the entity, such as the audit of financial statements or verification of specific matters (e.g., verification of water consumption for a significant operation within the entity).
- (b) Previous experience with the entity, if such information remains relevant and reliable as evidence for the current engagement.

[ISA 315 (Revised 2019) Para. 15-16]

A10. The nature and extent of risk procedures will vary based on the nature and circumstances of the entity (e.g., the formality of the entity's policies and procedures, and processes and systems), the nature and complexity of the underlying subject matter and the characteristics of the disclosures. The practitioner uses professional judgment to determine the nature and extent of the risk procedures to be performed to meet the requirements of this ISSA as appropriate to the level of assurance to be obtained. [ISA 315 (Revised 2019) Para. A16]

Inquiries and Discussion with Appropriate Parties, the Engagement Team and the Practitioner's External Experts (Ref: Para. 2-3)

A11. Inquiries of appropriate parties and, when appropriate, others within the entity may offer the practitioner varying perspectives in performing risk procedures. For example:

- (a) Inquiries directed towards those charged with governance may help the practitioner understand the extent of oversight by those charged with governance over the preparation of the sustainability information.
- (b) Inquiries of management may help the practitioner to evaluate the appropriateness of the selection and application of the applicable criteria.
- (c) Inquiries directed towards in-house legal counsel may provide information about matters such as litigation, compliance with laws and regulations, knowledge of fraud or suspected fraud affecting the sustainability information.
- (d) Inquiries directed towards the risk management function (or inquiries of those performing such roles) may provide information about operational and regulatory risks that may affect the sustainability information.
- (e) Inquiries directed towards IT personnel may provide information about system changes, system or control failures, or other IT-related risks.

[ISA 315 (Revised 2019) Para. A23]

A12. If an entity has an internal audit function, inquiries of the appropriate individuals within the function may assist the practitioner in understanding the entity and its environment and the entity's system of internal control, in identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement (reasonable assurance).

[ISA 315 (Revised 2019) Para. A25]

A13. Discussions between the engagement leader and other key members of the engagement team, and any key practitioner's external experts may assist the engagement team in planning and performing the engagement. It is also useful to communicate relevant matters to members of the engagement team, and to any practitioner's external experts not involved in the discussion.

[ISAE 3000 (Revised) Para. A101]

A13A. Information obtained by the practitioner through inquiries of an appropriate party(ies), or others may provide important evidence to support the required understanding; however, inquiry alone ordinarily does not provide sufficient evidence to meet the objective stated in this standard. [Moved from A8]

[ISA 315 (Revised 2019) Para. A22]

Understanding the Underlying Subject Matter and the Sustainability Information (Ref: Para. 4)

A14L. [Deleted]

A14R. [Deleted]

A14. The characteristics of conditions, events, circumstances, actions, or inactions that could give rise to risks of material misstatement may be different for different disclosures. For example:

(a) The risks of material misstatement related to information about the entity's waste generated in the entity's own activities may be different from the risks of material misstatement related to information about the waste generated upstream or downstream in entity's value chain .

[Moved from paragraph A14R]

(b) The risks of material misstatement in historical quantitative information may be different from the risks of material misstatement in forward-looking qualitative information.

A15R. Because of the nature of the underlying subject matter described in paragraph A1R, it may be complex to measure or evaluate or be subject to uncertainties. For example, potential climate-related risks, the likelihood of their occurrence, and their expected short, medium, and long-term impacts on an entity and its supply chain may be both complex to measure and evaluate and subject to a high degree of uncertainty. As a result of the inherent uncertainties, the risk of material misstatement of the sustainability information may be higher, or it may be difficult to identify and assess the risks of material misstatement of the sustainability information. [EER Para. 51, 363, 365]

A16. [Moved to paragraph A23A]

A17. [Moved to paragraph A23B]

A18. [Moved to paragraph A23C]

A19. [Moved to paragraph A23D]

Understanding the Applicable Criteria (Ref: Para. 6 and 7)

A20. Understanding the applicable criteria assists the practitioner in identifying the susceptibility of the disclosures to misstatement. For example, the practitioner may:

- (a) Identify elements of the applicable criteria that may be more susceptible to incorrect interpretation and application by the entity in preparing the sustainability information.
- (b) Identify where the entity has the ability to exercise judgment in applying the applicable criteria, and therefore may give rise to risks of material misstatement due to inappropriate judgments in the circumstances of the entity.
- (c) Identify aspects of the applicable criteria that may be more susceptible to manipulation, for example, when the entity is permitted to prepare the information on a comply or explain basis, provided the entity has a reasonable basis for doing so.
- (d) Determine that the entity's process for identifying, evaluating and applying the applicable criteria is lacking, which may give rise to a heightened risk that the applicable criteria are not appropriately applied by the entity.

A21. The understanding of the applicable criteria may include:

- (a) The uncertainties and complexities associated with identifying the framework criteria, and the entity-developed criteria used to interpret the framework.
- (b) The criteria for identifying the relevant topics and aspects of the topics to be presented and disclosed in the sustainability information.
- (c) The criteria for identifying the reporting boundary, and whether this differs for each disclosure.
- (d) How the entity develops its own criteria, including criteria used to interpret the framework criteria (e.g., the selection and application of quantification methods and reporting policies), and controls over the entity's process.

[ISA 315 (Revised 2019) Para. 19 (a) and (b) and ISAE 3410 Para. 23]

A22. [Deleted]

A23. Framework criteria may not be considered suitable on their own (e.g., may be incomplete or subject to interpretation in application). Therefore, the entity may supplement the framework criteria so that the applicable criteria are suitable. The process of developing the applicable criteria and applying it to the underlying subject matter may be complex, require judgment, and may be susceptible to bias. The evaluation required in paragraph 7 may result in the practitioner identifying disclosures where there is an increased susceptibility to misstatement or cause the practitioner to re-evaluate the suitability of the applicable criteria.

Understanding the Entity and Its Environment and Components of its Internal Control

Understanding the Entity and Its Environment (Ref: Para. 7A)

A23A. The practitioner uses professional judgment to determine the characteristics of the entity and its environment that are relevant to the sustainability information and therefore are necessary to understand. The practitioner's primary consideration is whether the understanding that has been obtained is sufficient to meet the objective of the risk procedures. The practitioner may be required

to understand fewer attributes of the entity and its environment in the case when the scope of the assurance engagement is limited to certain sustainability information (e.g., discrete metrics). On the other hand, an understanding across a broader range of the attributes of the entity and its environment may be necessary if the scope of the assurance engagement addresses multiple topics or aspects of the topics. [Moved from paragraph A16]

A23B. The practitioner's understanding of the entity and its environment may include an understanding of the following:

- (a) The nature of the entity, and its sustainability-related business risks, including:
 - (i) The nature of the operations included in the reporting boundary, including:
 - a. Whether the activities or operations within the reporting boundary are internal or external to the entity;
 - b. The contribution of each activity or operation to the sustainability information disclosed, including entities or operations within the value chain, if material to the sustainability information; and
 - c. The uncertainties associated with the quantities reported in the sustainability information.
 - (ii) Changes from the prior period in the nature of the entity, its business risks, or the reporting boundary, including whether there have been any mergers, acquisitions, disposals, or outsourcing of functions.
 - (iii) The frequency and nature of interruptions to operations.
- (b) The entity's governance and oversight, strategy, goals, and targets with respect to topics, and changes from the prior period (e.g., new commitments to goals and targets).
- (c) The maturity of the systems, processes and controls over sustainability information and the extent to which they integrate the use of IT.
- (d) The measures used, internally and externally, to assess the entity's performance with respect to topics and aspects of topics. [Moved from paragraph A17]

[ISA 315 (Revised 2019) Para.19 (a) and (b) and ISAE 3410 Para 23]

A23C. Understanding the reporting boundary may require the analysis of complex organizational structures (e.g., multiple operating units in different jurisdictions), contractual relationships and activities within the entity's value chain. Operational boundaries may also have implications for the reporting boundary. For example, a facility may be owned by one party, operated by another, and process materials solely for a third party, but the sustainability activities of all three entities may be within the reporting boundary. [Moved from paragraph A18]

A23D. The entity's organizational boundary may be different from the reporting boundary. The organizational boundary relates to operations owned or controlled by the entity. The reporting boundary relates to the activities, operations, relationships, or resources covered by the sustainability information. [Moved from paragraph A19]

Understanding the Entity’s Internal Control (Ref: Para. 8L, 8R)

- A24. Understanding internal control relevant to the preparation of the sustainability information assists the practitioner in identifying the types of misstatements that may occur and factors that affect disclosures where material misstatements are likely to arise (limited assurance) or risks of material misstatement in the disclosures (reasonable assurance).
- A25. The practitioner's understanding of relevant components of internal control may raise doubts about the practitioner's ability to obtain sufficient appropriate evidence on which to base the assurance conclusion or may indicate a need to withdraw from the engagement when withdrawal is possible under applicable law or regulation. For example:
- (a) Concerns about the integrity of those preparing the sustainability information may be so serious as to cause the practitioner to conclude that the risk of management misrepresentation in the sustainability information is such that an engagement cannot be conducted.
 - (b) Concerns about the condition and reliability of an entity's records may cause the practitioner to conclude that it is unlikely that sufficient appropriate evidence will be available to support an unmodified conclusion on the sustainability information.

[ISAE 3410 Para. A70 and ISA 315 (Revised 2019) Para. A198]

- A26L. In a limited assurance engagement, the practitioner is not required to obtain an understanding of all the components of internal control relevant to the preparation of the sustainability information as is required in a reasonable assurance engagement. Therefore, in a limited assurance engagement, while it may often be appropriate to inquire of the entity about control activities and monitoring of controls relevant to the preparation of the sustainability information, it will often not be necessary to obtain a detailed understanding of these components of the entity's internal control. [ISAE 3410 Para. A69]

- A27. In some circumstances, the underlying subject matter may be related to controls (i.e., the controls are the aspects of the topics),. For example, the sustainability information may comprise disclosures that describe the design, implementation, or effectiveness of controls over occupational health and safety. Paragraph 4 requires the practitioner to understand the underlying subject matter (in this case, controls over occupational health and safety). Paragraphs 8L and 8R require a different level of understanding of internal control related to the processes used to design, implement, or operate the controls over occupational health and safety and the processes to prepare information about those controls.

- A28. The level of formality of the entity's system of internal control, including the control environment, the entity's risk assessment process and process to monitor the system of internal control, may vary by size and complexity of the entity, and the nature and complexity of the underlying subject matter and the applicable criteria. [EER Para. 234]

A29. The nature and extent of the practitioner’s understanding of the elements of the system of internal control may vary depending on the complexity of the assurance engagement and the nature and complexity of the topics and aspects of the topics comprising the underlying subject matter. As the entity, the topics and the aspects of the topics become more complex, more extensive procedures may be necessary to understand the elements of internal control, for example, by performing a walkthrough to confirm inquiries of personnel. A walkthrough involves selecting events or conditions and tracing them through the applicable process in the information system. [EER Para. 247]

The Control Environment (Ref: Para. 9L, 9R)

A30L. The practitioner’s understanding of the control environment, such as how the entity demonstrates behavior consistent with the entity’s commitment to integrity and ethical values, may assist the practitioner in identifying disclosures where material misstatements are likely to arise. For example, deficiencies in the control environment may increase the risk of material misstatement in the sustainability information. [ISA 315 (Revised 2019) Para. A103].

A30R. The practitioner’s evaluation of the control environment may assist the practitioner in identifying potential issues in the other components of the system of internal control. This is because the control environment is foundational to the other components of the system of internal control. This evaluation may also assist the practitioner in understanding risks faced by the entity and identifying and assessing the risks of material misstatement at the assertion level for the disclosures.

[ISA 315 (Revised 2019) Para. A103]

A31. The practitioner may obtain an understanding of the control environment relevant to the preparation of the sustainability information by understanding the set of controls, processes and structures that address:

- (a) How management’s oversight responsibilities are carried out, such as the entity’s culture and management’s commitment to integrity and ethical values;
- (b) When those charged with governance are separate from management, the independence of, and oversight over, the system of internal control by those charged with governance;
- (c) The entity’s assignment of authority and responsibility;
- (d) How the entity attracts, develops, and retains competent individuals; and
- (e) How the entity holds individuals accountable for their responsibilities in the pursuit of the objectives of the system of internal control.

[ISA 315 (Revised 2019) Para. 21]

A32. Information about components of the control environment in less complex entities may not be available in documentary form, in particular when communication between management and other personnel is informal, but the information may still be appropriately relevant and reliable in the circumstances. For example, the practitioner may observe the entity’s past and current practices, informational statements and engagement with stakeholders that allow the practitioner to draw inferences, even if policies have not been documented formally. [ISA 315 (Revised 2019) Para. A100]

The Information System (Ref: Para. 10L, 10R)

- A33. The entity's information system and communication are likely to involve the use of IT to collect or process data and information. Entities may use complex IT applications, simple spreadsheets or paper-based records, or a combination of these. The practitioner's understanding of the information system includes the IT environment, IT applications and other aspects of the IT environment that are relevant to the flows and processing of sustainability information in the information system. The entity's use of IT applications or other aspects of the IT environment may give rise to risks arising from the use of IT. For example, Changes in the flow of information within the information system may result from program changes to IT applications, or direct changes to data in databases involved in processing or storing that information. [ISA 315 (Revised 2019) Para. A140 and A142]
- A34. Obtaining an understanding of the information system relevant to the preparation of the sustainability information assists the practitioner in designing and performing procedures that address the disclosures where material misstatements are likely to arise (limited assurance) or identifying risks of material misstatement (reasonable assurance). The practitioner uses professional judgment to determine which aspects of the information system are relevant to the engagement and may make inquiries of the appropriate party about those aspects. [ISAE 3000 (Revised) Para. A107]
- A35. An understanding of the information system relevant to the preparation of the sustainability information may include an understanding of the following aspects:
- (a) The entity's information processing activities, including its data and information, the resources to be used in such activities and the policies or procedures that define, for the sustainability information:
 - (i) The selection or development of criteria, including the entity's process to identify topics and aspects of topics to be addressed in the sustainability information;
 - (ii) The measurement or evaluation of the underlying subject matter;
 - (iii) The review of the disclosures, including whether they are appropriate and complete, and, where necessary, include disclosure of changes to the criteria since the previous reporting period;
 - (iii) How data and information, including qualitative information, are captured, recorded, processed, corrected, and presented in the sustainability information. Such policies and procedures may include internal verification processes whereby the data and information are checked by a reviewer for accuracy and completeness, and signed off to evidence that the review has taken place;
 - (iv) Specific information and other supporting records relating to the flow of sustainability information in the information system;
 - (v) The processes used to prepare the entity's sustainability information; and
 - (vi) How the entity uses IT to support the preparation of the entity's sustainability information.
 - (b) How the entity communicates significant matters that support the preparation of the sustainability information and related reporting responsibilities in the information system and other components of the system of internal control:

- (i) Between people within the entity, including how sustainability information roles and responsibilities are communicated;
 - (ii) Between management and those charged with governance;
 - (iii) With intended users; and
 - (iiii) With external parties, such as regulatory authorities.
- (c) The entity's policies or procedures and controls that address the reliability of information. For example, the entity's controls may address the reliability of information from external sources by:
- (i) Monitoring information provided to, and received back from, the external source;
 - (ii) Considering the reputation of the external source; and
 - (iii) Considering whether there are other sources of similar information, and whether the information from such different available sources is aligned.

[ISA 315 (Revised 2019) Para. 25 and EER Para. 237]

A36. The practitioner's understanding of the information system may be obtained in various ways and may include:

- (a) Inquiries of relevant personnel about the procedures used to initiate, record, process and report events and conditions related to the topics and aspects of the topics;
- (b) Inspection of policy or process manuals or other documentation of the information system;
- (c) Observation of the performance of the policies or procedures by the entity's personnel; or
- (d) Selecting events or conditions and tracing them through the applicable process in the information system (i.e., performing a walk-through).

[ISA 315 (Revised 2019) Para. A136]

A37. The information system and how the entity communicates in less complex entities are likely to be less sophisticated than in larger entities and are likely to involve a less complex IT environment; however, the role of the information system is just as important. Less complex entities with direct management involvement may not need extensive descriptions of procedures, sophisticated records, or written policies. Understanding the relevant aspects of the entity's information system may therefore require less effort in an engagement for a less complex entity and may involve a greater amount of inquiry than observation or inspection of documentation. The need to obtain an understanding, however, remains important to provide a basis for the design of further procedures and may further assist the practitioner in identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement (reasonable assurance). [ISA 315 (Revised 2019) Para. A131]

The Entity's Risk Assessment Process (Ref: Para. 11L, 11R)

A38. In both a reasonable assurance and a limited assurance engagement, the results of the entity's risk assessment process may assist the practitioner in

- (a) Identifying disclosures where material misstatements are likely to arise (limited assurance) or identifying and assessing risks of material misstatement in the disclosures (reasonable assurance); and
- (b) Obtaining an understanding of the underlying subject matter and other engagement circumstances.

[ISAE 3000 (Revised) Para. A108]

A39R. The practitioner's evaluation of the entity's risk assessment process allows the practitioner to understand where the entity has identified risks that may occur, and how the entity has responded to those risks. The practitioner's evaluation of how the entity identifies its risks, and how it assesses and addresses those risks assists the practitioner in understanding whether the risks faced by the entity have been identified, assessed, and addressed as appropriate to the nature and complexity of the entity. This evaluation may also assist the practitioner with identifying and assessing risks of material misstatement at the assertion level for the disclosures. [ISA 315 (Revised 2019) Para. A111]

A40R. Under some applicable criteria, the entity is required to identify and provide information about sustainability-related risks and opportunities, including the process(es) by which sustainability-related risks and opportunities are identified, assessed and managed. Therefore, understanding and evaluating the entity's risk assessment process may also assist the practitioner in identifying and assessing risks of material misstatement related to the appropriate application of the applicable criteria by the entity. For example, if the practitioner identifies potential deficiencies in the entity's risk assessment process the practitioner may determine that there is a heightened risk that sustainability-related risks and opportunities may not have been identified by the entity and are therefore incomplete in the sustainability information.

A41R. Not all risks identified by the entity give rise to risks of material misstatement. In understanding how management and those charged with governance have identified risks relevant to the preparation of the sustainability information, and decided about actions to address those risks, the practitioner may consider how management or, as appropriate, those charged with governance, have:

- (a) Specified the entity's objectives with sufficient precision and clarity to enable the identification and assessment of the risks relating to the objectives;
- (b) Identified the risks to achieving the entity's objectives and analyzed the risks as a basis for determining how the risks should be managed; and
- (c) Considered the potential for fraud when considering the risks to achieving the entity's objectives.

[ISA 315 (Revised 2019) Para. A109]

A42R. If the practitioner identifies risks of material misstatement that the entity failed to identify, and those risks are of a kind that the practitioner expects would have been identified by the entity's risk assessment process, it may be an indicator that the entity's risk assessment process is not appropriate to the entity's circumstances considering the nature and complexity of the entity.

[ISA 315 (Revised 2019) Para. 23]

Control Activities (Ref: Para. 12L, 12R)

A42AL. Other controls for which it may be appropriate for the practitioner to obtain an understanding include controls that may, for example, provide information to the practitioner about:

- Disclosures where management believes the risks of material misstatement may arise; or
- Documents and records that may be available for the purpose of designing and performing further procedures.

A42AR. Other controls for which it may be appropriate for the practitioner to obtain an understanding include controls that may, for example:

- Address assessed risks of material misstatement based on their likelihood and magnitude;
- Provide information to the practitioner about disclosures where management believes the risks of material misstatement may arise; or
- Provide information to the practitioner about documents and records that may be available for the purpose of designing and performing further procedures.

A43R. **[Moved to paragraph A58A]**

A44R. **[Moved to paragraph A58B]**

A45. The control activities include controls that are designed to ensure the proper application of policies (which are also controls) in all the other components of the entity's system of internal control and includes both direct and indirect controls. Examples of controls in the control activities component include authorizations and approvals, reconciliations, verifications (such as edit and validation checks or automated calculations), segregation of duties, and physical or logical controls.

[ISA 315 (Revised 2019) Para. A147 and A153]

A46. The practitioner's identification and evaluation of controls in the control activities component may focus on information processing controls, which are controls applied during the processing of information in the entity's information system that directly address risks to the integrity of information (i.e., the completeness, accuracy, and validity of information). However, the practitioner is not required to identify and evaluate all information processing controls.

[ISA 315 (Revised 2019) Para. A148]

Design and Implementation of Controls (Ref: Para. 12AL, 12AR)

A47. Evaluating the design of an identified control involves the practitioner's consideration of whether the control, individually or in combination with other controls, is capable of effectively preventing, or detecting and correcting, material misstatements (i.e., the control objective).

[ISA 315 (Revised 2019) Para. A175]

A48. The practitioner determines the implementation of an identified control by establishing that the control exists and that the entity is using it. There is little point in the practitioner assessing the implementation of a control that is not designed effectively. Therefore, the practitioner evaluates the design of a control first. An improperly designed control may represent a control deficiency.

[ISA 315 (Revised 2019) Para. A176]

A49L. The practitioner may conclude that a control, which is effectively designed and implemented, may be appropriate to test in order to take its operating effectiveness into account in designing procedures focused on the disclosures where the risk of material misstatement is likely to arise. However, when a control is not designed or implemented effectively, there is no benefit in testing it.

[ISA 315 (Revised 2019) Para. A179]

A49R. The practitioner may conclude that a control, which is effectively designed and implemented, may be appropriate to test in order to take its operating effectiveness into account in designing procedures to respond to the risk of material misstatement. However, when a control is not designed or implemented effectively, there is no benefit in testing it. When the practitioner plans to test a control, the information obtained about the extent to which the control addresses the risk(s) of material misstatement is an input to the practitioner's risk assessment at the assertion level.

[ISA 315 (Revised 2019) Para. A179]

A50. Evaluating the design and determining the implementation of control activities is not sufficient to test their operating effectiveness. However, for automated controls, the practitioner may plan to test the operating effectiveness of automated controls by identifying and testing general IT controls that provide for the consistent operation of an automated control instead of performing tests of operating effectiveness on the automated controls directly. [ISA 315 (Revised 2019) Para. A180]

A51A. The practitioner may expect more formal documentation of the information system and control activities when the information system and control activities form part of the underlying subject matter (e.g., when the sustainability information is about the entity's controls).

A51R. [Deleted]

The Entity's Process for Monitoring the System of Internal Control (Ref: Para. 13R)

A52R. Understanding the entity's process for monitoring the system of internal control relevant to the preparation of the sustainability information may involve understanding:

- (a) Those aspects of the entity's process that address:
 - (i) Ongoing and separate evaluations for monitoring the effectiveness of controls, and the identification and remediation of control deficiencies identified;
 - (ii) The entity's internal audit function, if any, including its nature, responsibilities, and activities; and
- (b) The sources of information used in the entity's process to monitor the system of internal control, and the basis upon which management considers the information to be sufficiently reliable for the purpose.

[ISA 315 (Revised 2019) Para.24(a)]

A53R. The practitioner's evaluation of the entity's process for monitoring the system of internal control assists the practitioner in understanding whether the other components of the system of internal control are present and functioning, and therefore assists with understanding the other components of the system of internal control. This evaluation may also assist the practitioner with identifying and

assessing risks of material misstatement at the assertion level for the disclosures. [ISA 315 (Revised 2019) Para. A121]

A54R. Matters that may be relevant for the practitioner to consider when understanding how the entity monitors its system of internal control include:

- (a) The design of the monitoring activities, for example, whether it is periodic or ongoing monitoring;
- (b) The performance and frequency of the monitoring activities;
- (c) The evaluation of the results of the monitoring activities, on a timely basis, to determine whether the controls have been effective; and
- (d) How identified deficiencies have been addressed through appropriate remedial actions, including timely communication of such deficiencies to those responsible for taking remedial action.

[ISA 315 (Revised 2019) Para. A116]

A55R. The practitioner may also consider how the entity's process to monitor the system of internal control addresses monitoring information processing controls that involve the use of IT. This may include, for example:

- (a) Controls to monitor complex IT environments that:
 - (i) Evaluate the continuing design effectiveness of information processing controls and modify them, as appropriate, for changes in conditions; or
 - (ii) Evaluate the operating effectiveness of information processing controls.
- (b) Controls that monitor the permissions applied in automated information processing controls that enforce the segregation of duties.
- (c) Controls that monitor how errors or control deficiencies related to the automation of sustainability reporting are identified and addressed.

[ISA 315 (Revised 2019) Para. A117]

A56R. In less complex entities, and in particular owner-manager entities, the practitioner's understanding of the entity's process to monitor the system of internal control is often focused on how management or the owner-manager is directly involved in operations, as there may not be any other monitoring activities. [ISA 315 (Revised 2019) Para. A114]

A57R. For entities where there is no formal process for monitoring the system of internal control, understanding the process to monitor the system of internal control may include understanding periodic reviews of information that are designed to contribute to how the entity prevents or detects misstatements. [ISA 315 (Revised 2019) Para. A115]

Identifying Control Deficiencies (Ref: Para. 14L, 14R)

A58A. If controls are not designed effectively or implemented, control deficiencies may create an opportunity for misstatement due to fraud or error. Accordingly, understanding the control activities and evaluating the design and implementation of identified controls may assist the practitioner in identifying and assessing risks of material misstatement due to fraud or error. [Moved from paragraph A43R]

A58B. If deficiencies are identified related to the control environment, this may affect the practitioner's overall expectations about the operating effectiveness of control activities, and therefore the practitioner's plans to test the operating effectiveness of controls. [Moved from paragraph A44R]

[ISA 315 (Revised 2019) Para. A164]

A58R. Unless the practitioner is engaged to express an opinion the effectiveness of controls, the practitioner obtains an understanding of controls relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. However, in performing the evaluations of each of the components of the entity's system of internal control, the practitioner may determine that certain of the entity's policies are not appropriate to the nature and circumstances of the entity. Such a determination may be an indicator that assists the practitioner in identifying control deficiencies. If the practitioner has identified one or more control deficiencies, the practitioner may consider the effect of those control deficiencies on the design of further procedures.

[ISA 315 (Revised 2019) Para. A182]

A59. The practitioner's understanding of the control environment and other components of the system of internal control may raise doubts about the practitioner's ability to obtain evidence on which to base the assurance conclusion or be cause for withdrawal from the engagement when withdrawal is possible under applicable law or regulation. [ISA 315 (Revised 2019) Para. A198]

A59A. If the practitioner's understanding (for limited assurance) or evaluation (for reasonable assurance) of the entity's control environment or other components of internal control raise doubts about the ability to obtain evidence on which to base the assurance conclusion, the practitioner may:

- Perform additional risk procedures until evidence has been obtained to alleviate the practitioner's doubts;
- Withdraw from the engagement when permitted by law or regulation;
- Consider the implications for the practitioner's report.

A59B. For example, based on the understanding of the information system, the practitioner may determine that there are significant concerns about the condition and reliability of the entity's records. In such circumstances, the practitioner may determine that it is unlikely that sufficient appropriate evidence will be available to support an unmodified opinion on the sustainability information. Part 8 paragraph 28 establishes requirements and provides guidance in determining whether there is a need for the practitioner to express a qualified opinion or disclaim an opinion or to withdraw from the engagement where withdrawal is possible under applicable law or regulation.

[ISA 315 Para. A198-A199]

Identifying Disclosures where Material Misstatements are Likely to Arise (Limited Assurance) / Identifying and Assessing the Risks of Material Misstatement (Reasonable Assurance)
(Ref: Para. 15L, 15R)

A59CR. Risks of material misstatement are assessed on a spectrum ranging from low to high, based on the likelihood of a misstatement occurring and its potential magnitude were it to occur.

A60L. In a limited assurance engagement, the practitioner is not required to identify and assess risks of material misstatement at the assertion level for each disclosure. However, the practitioner may find it useful to use assertions to identify disclosures where material misstatements are likely to arise.

A60R. In identifying and assessing the risks of material misstatement, the practitioner uses assertions to consider the different types of potential misstatements that may occur. Assertions used by the practitioner in considering the different types of potential misstatements that may occur may include the following:

- Occurrence and existence – the sustainability information is related to events or conditions that have occurred or exist.
- Responsibility – the sustainability information pertains to the entity.
- Completeness – all events or conditions that have occurred or exist and pertain to the entity have been included in the sustainability information.
- Accuracy – amounts relating to recorded events or conditions have been recorded appropriately, and information in the related disclosures has been appropriately measured or described.
- Cutoff – information related to events or conditions has been recorded in the correct reporting period and included in the sustainability information for the proper period.
- Classification and understandability – disclosures are appropriately aggregated or disaggregated and presented and described in accordance with the applicable criteria, and are clearly expressed.
- Consistency – quantification policies are consistent with those applied in the prior period, or changes are justified and have been properly applied and adequately disclosed; and comparative information, if any, is as reported in the prior period or has been appropriately restated.

A61. [PLACEHOLDER: for application material and examples of the use of assertions]

A62L. The practitioner's understanding of the system of internal control helps the practitioner identify disclosures for which material misstatements are likely to arise.

Evaluating the Evidence Obtained from the Risk Procedures (Ref: Para. 17R-18R 19L, 19R)

A62R. The practitioner's evaluation of the components of internal control and understanding of control activities, along with any control deficiencies identified, may:

- (a) Influence the identification and assessment of risks of material misstatement at the assertion level for each disclosure; and

- (b) Indicate risks of material misstatement that may affect many assertions or disclosures, and thus may be a risk of material misstatement for the sustainability information as a whole.

[ISA 315 (Revised 2019) Para. A196]

A62AR. If the practitioner identifies risks of material misstatement that affect many assertions or disclosures, and thus may be a risk of material misstatement of the sustainability information as a whole, [Part 7 paragraph 12R] requires the practitioner to design and implement overall responses to address this risk.

A63R. When making assertions about the sustainability information of public sector entities, management may often assert that the entity is in compliance with law, regulation or other authority. Such assertions may fall within the scope of the engagement. [ISA 315 (Revised 2019) Para. A193]

Part 7: Responding to Risks of Material Misstatement

Responding to the Risks of Material Misstatement (Ref: Para. 1L, 1R and 2)

- A1. The planned nature, timing and extent of the procedures the practitioner considers are needed to obtain sufficient appropriate evidence as the basis for a conclusion on the sustainability information is influenced by the circumstances of the limited assurance engagement, including the information needs of intended users as a group, the criteria, and the underlying subject matter of the engagement. The higher the identified likelihood of material misstatement, and the greater the level of assurance the practitioner seeks to obtain, the more persuasive the evidence needed.
- A2. The higher the assessed risk of material misstatement, the more persuasive the evidence needed. To obtain more persuasive evidence, the practitioner may increase the quantity of the evidence, or obtain evidence that is more relevant or reliable, for example, by obtaining corroborating evidence from a number of independent sources. [ISAE 3410 Para. A97]
- A3. Consideration of the reasons for identifying disclosures where material misstatements are likely to arise assists the practitioner in designing and performing further procedures that are focused on those disclosures. Such reasons may include:
- The inherent nature of the underlying subject matter or judgment in its measurement or evaluation— For example, a material misstatement may be more likely to arise in a disclosure where mass balance calculations are involved than when water consumption is read directly from a meter.
 - The complexity of the organization, its ownership and control arrangements, or its geographical spread.
 - Systems and processes that are less automated or still developing, such that there may be a greater likelihood of human error, processing flaws or opportunity for unauthorized intervention.
 - Incentives to misstate; for example, if a particular target performance has to be met to retain a license to operate or to avoid fines.
- A4. Consideration of the reasons for the assessment given to the risk of material misstatement at the assertion level for each disclosure assists the practitioner in designing and performing further procedures that are responsive to those risks. Such reasons may include:

- Inherent limitations in the capabilities of measuring devices (e.g., water meters) or insufficient frequency of their calibration.
- Errors or inappropriate judgments made in measuring, evaluating or disclosing the subject matter information, including in the assumptions used in making estimates, the use of inaccurate or incomplete base data on which estimates are based, or in circumstances when complex calculations are involved (e.g., when a mass balance approach is used to calculate water abstracted).
- The risk that unidentified aspects of the underlying subject matter may be missed, for example because of events or transactions outside of the normal course of business, because the preparer relies on a third party for information (e.g., external meter readers or engineering firms to calculate water abstracted), or because of undetected water or wastewater leaks or similar.
- How weaknesses in the design of controls or the ineffective operation of controls might give rise to errors, processing flaws or opportunity for unauthorized intervention.

A5. Part 4, paragraph A2 describes the types of procedures the practitioner may perform. In addition, to inquiries, further procedures may include, for example:

- Substantive analytical procedures when there is a relationship between the subject matter information and other relevant information such that the practitioner may be able to develop an expectation and compare that expectation with the actual subject matter information.
- Tests of detail, for example:
 - Agreeing emissions factors to appropriate sources (for example, government publications), and considering their applicability in the circumstances.
 - Reviewing joint venture agreements and other contracts relevant to determining the entity's organizational boundary.
 - Reconciling recorded data to, for example, odometers on vehicles owned by the entity.
 - Reperforming calculations and reconciling differences noted.
 - Sampling and independently analyzing the characteristics of materials such as coal, or observing the entity's sampling techniques and reviewing records of laboratory test results.
 - Checking the accuracy of calculations and the suitability of calculation methods used.
 - Agreeing recorded data back to source documents, such as production records, fuel usage records, and invoices for purchased energy.

[ISAE 3410 Para. A94]

A6. Further procedures may include tests of the operating effectiveness of controls or tests of detail when, for example, the practitioner, through the understanding of the entity and its environment and its internal control, has identified:

- An increased focus of users on a topic or aspect of a topic
- The lack of a relationship between the sustainability information and other relevant information that excludes the performance of analytical procedures

- A control environment in which the entity does not demonstrate behavior consistent with a commitment to integrity and ethical values
- Risks of material misstatement in an area that have been identified by the entity's risk assessment process
- Information systems that are not appropriate to the circumstances of the entity
- A lack of maturity in the underlying subject matter or the information systems used to develop the sustainability information.
- Errors in the area in the past
- A new area, topic or aspect of a topic

A7. As explained in Part 5 paragraph A8, because the level of assurance obtained in a limited assurance engagement is lower than in a reasonable assurance engagement, the further 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 differences between the practitioner's further procedures for a reasonable assurance engagement and a limited assurance engagement on sustainability information may include:

- (a) The emphasis placed on the nature of procedures as a source of evidence will likely differ, depending on the engagement circumstances. For example, the practitioner may judge it to be appropriate in the circumstances of a particular limited assurance engagement to place relatively greater emphasis on inquiries of the entity's personnel and analytical procedures, and relatively less emphasis, if any, on tests of controls and obtaining evidence from external sources than may be the case for a reasonable assurance engagement.
- (b) In a limited assurance engagement, the further procedures performed are less than in a reasonable assurance engagement. This may involve:
 - Selecting fewer items for examination;
 - Performing fewer procedures (for example, performing only analytical procedures in circumstances when, in a reasonable assurance engagement, both analytical procedures and tests of detail would be performed); or
 - Performing procedures on location at fewer facilities.
- (c) In a reasonable assurance engagement, substantive analytical procedures performed in response to assessed risks of material misstatement involve developing expectations of quantities or ratios 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 to identify misstatements with the level of precision expected in a reasonable assurance engagement.

In addition, when undertaking analytical procedures in a limited assurance engagement the practitioner may, for example:

- Use data that is more highly aggregated, for example, data at a regional level rather than at a facility level, or monthly data rather than weekly data.

- 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. [ISAE 3410 Para. A90]

A8. The risk of not detecting fraud or suspected fraud or non-compliance or suspected non-compliance with law or regulation is higher than the risk of not detecting one resulting from error. Furthermore, the risk of not detecting fraud or suspected fraud or non-compliance or suspected non-compliance with law or regulation is higher in a limited assurance engagement than in a reasonable assurance engagement. The appropriate response to fraud or suspected fraud or non-compliance or suspected non-compliance with law or regulation is dependent on the circumstances. (Ref: Para. 2)

A9. In responding to fraud or suspected fraud identified during the engagement, it may be appropriate for the practitioner to, for example:

- Discuss the matter with the entity.
- Request the entity to consult with an appropriately qualified third party, such as the entity's legal counsel or a regulator.
- Consider the implications of the matter in relation to other aspects of the engagement, including the practitioner's risk
- assessment and the reliability of written representations from the entity.
- Obtain legal advice about the consequences of different courses of action.
- Communicate with third parties (for example, a regulator).
- Withhold the assurance report.
- Withdraw from the engagement.

[ISAE 3410 Para. A106]

Tests of Controls (Ref: Para. 3-8)

A10. When more persuasive evidence is needed regarding the effectiveness of a control, it may be appropriate to increase the extent of testing of the control. As well as the degree of reliance on controls, matters the practitioner may consider in determining the extent of tests of controls include the following:

- The frequency of the performance of the control by the entity during the period.
- The length of time during the period that the practitioner is relying on the operating effectiveness of the control.
- The expected rate of deviation from a control.
- The relevance and reliability of the evidence to be obtained regarding the operating effectiveness of the control at the assertion level.
- The extent to which evidence is obtained from tests of other controls related to the assertion.

[ISA 330¹⁸ Para. A28]

- A11. Because of the inherent consistency of IT processing, evidence about the implementation of an automated application control, when considered in combination with evidence about the operating effectiveness of the entity's general controls (in particular, change controls), may also provide substantial evidence about its operating effectiveness. [ISA 330 Para A31]
- A12. In certain circumstances, evidence obtained from previous engagements may provide evidence where the practitioner performs procedures to establish its continuing relevance. For example, in performing a previous engagement, the practitioner may have determined that an automated control was functioning as intended. The practitioner may obtain evidence to determine whether changes to the automated control have been made that affect its continued effective functioning through, for example, inquiries of management and the inspection of logs to indicate what controls have been changed. Consideration of evidence about these changes may support either increasing or decreasing the expected evidence to be obtained in the current period about the operating effectiveness of the controls. [ISA 330 Para A35]

Substantive Procedures (Ref: Para. 9R-10R, 11)

- A13. In some circumstances, because of the engagement circumstances, more persuasive evidence is needed as the basis for a conclusion on the sustainability information. In such circumstances, it may be appropriate to increase the quantity of the evidence or obtain evidence by performing substantive procedures. For example, the practitioner may obtain evidence from a number of independent sources.
- A14. To obtain more persuasive evidence because of a higher assessment of risk of material misstatement, the practitioner may increase the quantity of the evidence, or obtain evidence that is more relevant or reliable, for example, by obtaining evidence from a number of independent sources. [ISAE 3410 Para. A97]
- A15. External confirmation procedures may provide relevant evidence about such information as:
- Activity data collected by a third party
 - Industry benchmark data used in calculations.
 - The terms of agreements, contracts, or transactions between the entity and other parties, or information about whether other parties are considered within the entity's organizational boundary.
 - The results of laboratory analysis of samples.
- [ISAE 3410 Para. A99]
- A16. In most cases, evidence from a previous engagement's substantive procedures provides little or no evidence for the current period. There are, however, it may be appropriate to use evidence from a previous engagement's substantive procedures if that evidence and the related subject matter have not fundamentally changed, and procedures have been performed during the current period to establish its continuing relevance. [ISA 330 Para A54]

¹⁸ ISA 330, *The Auditor's Responses to Assessed Risks*

- A17. In some circumstances, the practitioner may determine that it is effective to perform substantive procedures at an interim date, and to compare and reconcile information concerning the balance at the period end with the comparable information at the interim date to:
- (a) Identify amounts that appear unusual;
 - (b) Investigate any such amounts; and
 - (c) Perform substantive analytical procedures or tests of details to test the intervening period.

[ISA 330 Para A55]

- A18. Performing substantive procedures at an interim date without undertaking additional procedures at a later date increases the risk that the practitioner will not detect misstatements that may exist at the period end. This risk increases as the remaining period is lengthened. Factors such as the following may influence whether to perform substantive procedures at an interim date:

- The control environment and other relevant controls.
- The availability at a later date of information necessary for the practitioner's procedures.
- The purpose of the substantive procedure.
- The assessed risk of material misstatement.
- The nature of the class of transactions or account balance and related assertions.
- The ability of the practitioner to perform appropriate substantive procedures or substantive procedures combined with tests of controls to cover the remaining period in order to reduce the risk that misstatements that may exist at the period end will not be detected.

[ISA 330 Para A56]

Overall Responses (Ref: Para. 12R)

- A19. It is possible that the risk of material misstatement may arise in multiple disclosures in the sustainability information; therefore, the practitioner may design and perform overall procedures that focus on disclosures where risks of material misstatements are likely to arise pervasively in the sustainability information.

- A20. Overall responses may include:

- Conducting more procedures as of the period end rather than at an interim date.
- Obtaining more extensive evidence from procedures other than tests of controls.
- Increasing sample sizes and the extent of procedures, such as the number of facilities at which procedures are performed.

[ISAE 3410 Para. A92]

- A21. When performing further procedures focused on multiple disclosures in the sustainability information, the practitioner may consider whether the completeness and accuracy of the information produced by the entity is sufficient to perform substantive analytical procedures.

A22. In the case of very small entities or entities that are in early stages of the development of information systems, or less complex entities, there may not be many control activities that could be identified by the practitioner, or the extent to which their existence or operation have been documented by the entity may be limited. In such cases, it may be more efficient for the practitioner to perform further procedures that are primarily other than tests of controls. In some rare cases, however, the absence of control activities or of other components of control may make it impossible to obtain sufficient appropriate evidence. [ISAE 3410 Para. 41R]

Substantive Analytical Procedures (Ref: Para. 13L-14L, 13R-14R)

A23. In many cases, disclosures and other information allows for the design of powerful analytical procedures (for example, the relationship between fuel consumption and carbon dioxide and nitrous oxide emissions). [ISAE 3410 Para. A100]

A24. Similarly, a reasonably predictable relationship may exist between the sustainability information and financial or operational information (for example, the relationship between Scope 2 emissions from electricity and the general ledger balance for electricity purchases or hours of operation). Other analytical procedures may involve comparisons of information about the entity's sustainability information with external data such as industry averages; or the analysis of trends during the period to identify anomalies for further investigation, and trends across periods for consistency with other circumstances such as the acquisition or disposal of facilities. [ISAE 3410 Para. A101]

A25. Analytical procedures may be particularly effective when disaggregated data is readily available, or when the practitioner has reason to consider the data to be used is reliable, such as when it is extracted from a well-controlled source. In some cases, data to be used may be captured by the financial reporting information system or may be entered in another information system in parallel with the entry of related financial data, and some common input controls applied. For example, the quantity of fuel purchased as recorded on suppliers' invoices may be input under the same conditions that relevant invoices are entered into an accounts payable system. In some cases, data to be used may be an integral input to operational decisions and therefore subject to increased scrutiny by operational personnel, or subject to separate external procedures (for example, as part of a joint venture agreement or oversight by a regulator). [ISAE 3410 Para. A102]

Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement

(Ref: Para. 18L)

A26. When significant fluctuations, relationships or differences are identified using analytical procedures, appropriate evidence in a limited assurance engagement may be obtained by making inquiries of the entity and considering responses received in the light of known engagement circumstances.

[ISAE 3410.43L]

A27. The practitioner may become aware of misstatements that are, after applying professional judgment, clearly not indicative of the existence of material misstatements. Additional procedures may not be needed when, in the practitioner's professional judgment, the identified misstatements are not clearly indicative of the existence of material misstatements. [ISAE 3000 Para.A114]

- A28. If, having performed the additional procedures required by paragraph 18L, the practitioner is not able to obtain sufficient appropriate evidence to either conclude that the matter(s) is not likely to cause the subject matter information to be materially misstated or determine that it does cause the subject matter information to be materially misstated, a scope limitation exists and Part 8 paragraph 28 applies. [ISAE 3000 Para.A117]
- A29. The practitioner’s judgment about the nature, timing and extent of additional procedures that are needed to obtain evidence to either conclude that a material misstatement is not likely, or determine that a material misstatement exists, is, for example, guided by:
- Information obtained from the practitioner’s evaluation of the results of the procedures already performed;
 - The practitioner’s updated understanding of the underlying subject matter and other engagement circumstances obtained throughout the course of the engagement; and
 - The practitioner’s view on the persuasiveness of evidence needed to address the matter that causes the practitioner to believe that the subject matter information may be materially misstated.

[ISAE 3000 Para.A118]

Specific Focus Areas

Estimates, Including Forward-Looking Information (Ref: Para. 19L, 19R-20R)

- A30. In some cases, it may be appropriate for the practitioner to evaluate how the entity has considered alternative assumptions or outcomes, and why it has rejected them. [ISAE 3410 Para. A103]
- A31. In some limited assurance engagements, it may be appropriate for the practitioner to undertake one or more of the procedures identified in paragraph 19L. [ISAE 3410 Para. A104]

The Process for Assembling the Sustainability Information (Ref: Para. 21L, 21R)

- A32. The process to assemble the sustainability information may be very informal when the entity’s information systems are immature. In more sophisticated systems, the process may be more systematic and formally documented. The nature, and also the extent, of the practitioner’s procedures with respect to adjustments and the manner in which the practitioner agrees or reconciles the sustainability information with the underlying records depends on the nature and complexity of the entity’s quantifications and reporting process and the related risks of material misstatement. [ISAE 3410 Para. A108]

Part 8: Concluding

Accumulation and Consideration of Identified Misstatements

Accumulation of Identified Misstatements (Ref: Para. 1)

- A1. The practitioner is required to accumulate misstatements identified during the engagement other than those that are clearly trivial. “Clearly trivial” is not another expression for “not material.” Misstatements that are clearly trivial are of a wholly different (smaller) order of magnitude, or of a wholly different nature than those that would be determined to be material, and are misstatements that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of

size, nature or circumstances. When there is any uncertainty about whether one or more items are clearly trivial, the misstatement is considered not to be clearly trivial. [ISA 450¹⁹ Para. A2]

- A2. For quantitative amounts, the practitioner may designate an amount below which misstatements would be clearly trivial and would not need to be accumulated because the practitioner expects that the accumulation of such amounts clearly would not have a material effect on the sustainability information. [ISAE 3000 (Revised) Para. A120]
- A3. Clearly trivial may be considered in the context of the impact of the misstatement on the intended users' decisions. As explained in paragraph A20 of Part 5, intended users may include users who may use sustainability information to make resource allocation decisions, or users who may be interested in the impact of the entity. The applicable criteria may include principles to assist the entity in identifying information relevant to users, and which may provide a frame of reference for the practitioner in considering materiality.
- A4. Misstatements in sustainability information may arise through:
- (a) An inaccuracy in gathering or processing information used to prepare the sustainability information;
 - (b) Manipulating or obscuring the sustainability information in a manner that would be misleading to the intended users;
 - (c) Management's judgments involving estimates being considered unreasonable by the practitioner;
 - (d) The inclusion of inappropriate information, for example, information that should not be included in accordance with the applicable criteria or that obscures or distorts sustainability information that is required by the applicable criteria;
 - (e) The inclusion of information that is not supported by sufficient appropriate evidence.
 - (f) The omission of sustainability information required by the applicable criteria, for example, sustainability information relating to a significant subsequent event that would likely change the decisions of users but has not been adequately disclosed;
 - (g) Sustainability information that, in the practitioner's judgment, is:
 - (i) Ambiguous; or
 - (ii) Capable of being determined precisely, but is presented in a vague manner;
 - (h) Changes since the previous reporting period to the sustainability information without reasonable justification for doing so or without disclosing the reasons for doing so;
 - (i) The manner in which the sustainability information is presented. For example, it may be presented:
 - (i) Out of context, in an imbalanced manner, or given greater or lesser prominence than is warranted, based on the available evidence and applicable criteria.

¹⁹ ISA 450, *Evaluation of Misstatements Identified during the Audit*

- (ii) Using superlatives and adjectives that describe a more positive outcome than is factually correct.
- (j) Inappropriately drawing conclusions, based on selective information, for example, through statements such as the following:
 - (i) “A large number of companies worldwide,” based on information for only a hundred companies; although a hundred may be large, it is not large compared to the number of companies in the world.
 - (ii) “The numbers have doubled since last year” may be factual, but a small base giving rise to this doubling may not be disclosed.

[ISA 450 Para. A1 and EER Para. 342]

- A5. Determining whether there is a misstatement may require professional judgment. Some framework criteria may allow the entity to omit information, explain what information has been omitted and why. For example, the entity may be permitted to omit information if a requirement is not applicable, information is unavailable or incomplete, there are legal prohibitions, or confidentiality constraints. In such cases, the omitted information may not be a misstatement. The practitioner may discuss the omission, and the reasons for it, with those charged with governance before concluding whether the omission is a misstatement. A relevant factor when evaluating whether an omission of a disclosure is a misstatement is whether the sustainability information is misleading in the context of the engagement without the disclosure. For example, whether the disclosures omit information needed to understand, compare, and use the sustainability information.
- A6. [Moved to A15A]
- A7. The sustainability information may include a description of the entity's processes, systems or controls regarding the underlying subject matter (e.g., the entity's process to identify, assess, and manage current and anticipated sustainability-related risks and opportunities). The scope of the assurance engagement may require the practitioner to conclude:
- (a) Whether the description of the entity's process, systems or controls fairly presents the design and implementation of those processes, systems or controls;
 - (b) Whether the entity's processes, systems or controls are suitable, or operated effectively throughout the period; or
 - (c) A combination of both.

The scope of the assurance engagement, and resulting conclusion in the assurance report, may depend on factors such as the applicable criteria, law, regulation or professional requirements, or the agreed terms of engagement. What constitutes a misstatement in these circumstances depends on the scope of the engagement. For example:

- (a) The scope of the engagement includes whether the entity's processes, systems or controls are suitable and operated effectively throughout the period: If the practitioner determines that the entity's description of the processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, this may constitute a misstatement.

- (b) The scope of the engagement does not include whether the entity's processes, systems or controls are suitable and operated effectively throughout the period: If the practitioner is aware that the entity's description of its processes, systems or controls inaccurately implies that it is suitably designed or operated effectively throughout the period, the practitioner may need to consider whether the disclosure could influence the decisions of intended users. The practitioner may discuss the matter further with management and where appropriate, those charged with governance and request them to amend the disclosure. If the disclosure is not amended, the practitioner may consider:
- (i) The implications for the conclusion, if any; and
 - (ii) The practitioner's responsibilities under relevant ethical requirements regarding association with misleading information.

Remaining Alert for Possible Misstatements Due to Fraud (Ref: Para. 2)

A8. As discussed in [Part 3] of this ISSA, the practitioner is required to determine whether the criteria are suitable. If the criteria are vague and allow manipulation of the sustainability information, then the criteria may not be suitable. However, if the criteria are determined to be suitable but management intentionally did not apply the criteria appropriately, it may be an indication of misstatement due to fraud.

A9. Misstatements due to fraud may result from intentional:

- (a) Manipulation, falsification, or alteration of information or supporting documentation from which the sustainability information is prepared.
- (b) Misrepresentation in, or omission from, the sustainability information.

Examples of misstatement due to fraud in sustainability information include:

- (i) Misstating sustainability information to avoid penalties or fines.
- (ii) Intentionally inaccurate or misleading public statements or claims that will favorably impact share price or an assessment of the entity's sustainability credentials.
- (iii) Intentionally reporting sustainability information relating to performance or compensation incentives in a biased way to influence the outcome of the performance reward or compensation.
- (iv) Emphasizing a product was produced using recycled materials but not report that the product was produced using forced labor.
- (v) Intentionally reporting topics for which the entity has positive impacts and omitting topics for which the entity has negative impacts.
- (vi) Misstating baseline information to make sustainability information look more favorable in subsequent periods.
- (vii) Misstating sustainability information associated with specific project milestones, budget approval, or rights to access certain markets or begin projects in certain markets or geographies.

[ISA 240 Para. A3 and EER Para. 312]

- A10. If the practitioner identifies a misstatement that is indicative of fraud, this may have implications in relation to other aspects of the assurance engagement, particularly:
- (a) The practitioner’s identification of the disclosures where material misstatements due to fraud are likely to arise (in a limited assurance engagement), or the practitioner’s identification and assessment of risks of material misstatement due to fraud at the assertion level for each disclosure (in a reasonable assurance engagement), and the resulting effect on the nature, timing and extent of further procedures;
 - (b) The reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence.

[ISA 240 Para. 36-37]

Consideration of Identified Misstatements as the Engagement Progresses (Ref: Para. 3)

- A11. The practitioner may also consider whether accumulated misstatements relate to control deficiencies. Specifically, the practitioner may consider whether the nature or extent of the accumulated misstatements cause the practitioner to change the practitioner’s understanding of the entity’s system of internal control relevant to the preparation of the sustainability information (see Part 6 paragraphs 8L and 8R). [EER Para. 314]

Communicating and Correcting Misstatements (Ref: Para. 5-6)

- A12. In the case of narrative sustainability information, asking management to correct a misstatement may involve management either re-wording or removing the misstated text. [EER Para. 352]
- A13. The practitioner’s understanding of management’s reasons for not making the corrections may indicate possible bias in management’s judgments. [ISA 450 Para. A13]

Evaluating the Effect of Uncorrected Misstatements (Ref: Para. 8)

- A14. Uncorrected misstatements are accumulated during the engagement for the purpose of determining whether, individually or in the aggregate, they are material when forming the practitioner’s conclusion. [ISAE 3000 (Revised) Para A119]
- A15. Determining whether uncorrected misstatements are material involves professional judgment in the context of the applicable criteria and the engagement circumstances, including who the intended users are and what disclosures are likely to be important. [EER Para. 346]
- A15A. When the sustainability information is measured using a common measurement basis (e.g., monetary amounts or physical units) the practitioner may be able to accumulate all misstatements together (i.e., as being of the same nature quantitatively and capable of being aggregated). However, the disclosures may relate to multiple topics, may comprise several aspects of the topics, and the underlying subject matter may be measured or evaluated using different measurement bases. The practitioner is not required to convert misstatements in different measurement bases into a common base for purposes of accumulating the misstatements and determining whether the sustainability information is materially misstated. [Moved from paragraph A6]

- A16. When the scope of the sustainability assurance engagement is a number of metrics, each relating to a different underlying subject matter, the practitioner may evaluate the materiality of misstatements separately for each metric as intended users may have different tolerances for misstatement in each metric. For example, intended users' tolerance for misstatements is likely to be higher for a disclosure about non-hazardous, degradable waste, than it would be for a disclosure about radioactive or other hazardous waste. [EER Para. 308]
- A17. The sustainability information as a whole may be misstated, even though the misstatements are individually immaterial. Even if there are misstatements that are not able to be accumulated by underlying subject matter or other common factors, they may exhibit a common direction, narrative tone or trend. For example, if the effect of the misstatements is to make the sustainability information as a whole look more favorable than it actually is or all the misstatements overstate the positive aspects of the entity's actions, and downplay the negative aspects, that may add up to give a biased and misleading picture to the users of the sustainability information. [EER Para. 309 and 350]
- A17A. It may be possible, once all non-quantifiable misstatements have been identified, to group them together, for example, by whether they relate, in common, to particular aspects of the underlying subject matter. For example, there may be one or more individually immaterial misstatements in the qualitative statements management has made about occupational health and safety and another immaterial misstatement relating to employee diversity. As occupational health and safety and diversity both relate to the social aspect of sustainability information, the practitioner may be able to group these misstatements together and consider their combined effect on the social dimension of the entity's sustainability information. Similarly, a number of immaterial misstatements in the reported water consumption information and another immaterial misstatement relating to waste generated may be able to be considered together as they both relate to the environmental aspect of the sustainability information. [EER Para. 347]

Other Misstatement Considerations

- A18. Materiality of uncorrected statements is considered in the context of qualitative and, when applicable, quantitative factors. The practitioner may also consider the extent to which users could reasonably be expected to make a different decision if the sustainability information was not misstated. Qualitative factors that may indicate that a misstatement is more likely to be material, include:

Underlying subject matter

- (a) The misstated sustainability information relates to an aspect of the underlying subject matter that has been determined as being significant.
- (b) There are multiple misstatements related to the same topic of the underlying sustainability matter.
- (c) The direction of the misstatements are all positive or all negative.

External factors

- (d) The misstated sustainability information relates to non-compliance with a law or regulation, particularly when the consequence for non-compliance is severe.

- (e) The misstated sustainability information relates to underlying subject matter that has implications for a large number of the entity's stakeholders. However, there may be situations when the underlying subject matter has implications for only a small number of stakeholders but may, nonetheless, have material implications. For example, a small community affected by radioactive contamination of their water supply from effluent from an entity's operations may open a lawsuit which could have a material impact on the entity and its other stakeholders.

Nature of the sustainability information

- (f) The misstatements may indicate doubts as to the feasibility of management's plans, or management's claims about the entity's sustainability credentials,. For example, an entity may disclose its strategic response to mitigate sustainability-related risks in accordance with the applicable criteria, but evidence obtained may indicate these strategies are unrealistic, rely on unproven technologies, or require financing that the entity is unlikely able to obtain.
- (g) The misstatement relates to a particular disclosure that is commonly used to compare the entity to its peers.
- (h) The misstatement relates to a target or threshold, and the error significantly impacts whether the target or threshold is met (in some cases the magnitude of the error may be small but may have significant consequences for meeting the target).
- (j) The misstated information is reporting a significant change in a previously reported position, or a trend that has reversed.

Presentation

- (j) The misstatement that has arisen from the presentation of the sustainability information being misleading because the wording that has been used lacks clarity such that it could be interpreted in widely different ways. Accordingly, intended users might make different decisions depending on their interpretation.

Preparer's behavior

- (k) The misstatement has arisen as a result of fraud by the preparer to mislead intended users.
- (l) The preparer is reluctant to correct the misstatement for reasons other than they consider it immaterial.
- (m) The preparer is reporting aggressive targets or estimates, or is defensive in providing explanations.

[EER Para. 315 and 316]

- A19. Misstatements in qualitative information are as important as misstatements in quantitative information. If the misstatements in qualitative information are not corrected by the preparer, the practitioner may accumulate them by listing them, or marking up or highlighting them in a copy of the sustainability information. When it is not possible to add the misstatements together to determine their effect in the aggregate, the practitioner may consider whether there are any commonalities among the misstatements, such as whether the misstatements reflect a more favorable outcome that is collectively material, or indicate management bias. [EER Para. 343]

A20. Other factors that may help the practitioner evaluate materiality of misstatements include understanding:

- The underlying cause of identified misstatements. For example if the qualitative misstatement is because management has intentionally made a decision to misrepresent facts, this is an indicator of fraud and is considered material.

[EER Para. 351]

- Whether a misstatement may have an indirect effect on misstatements identified in other areas of the engagement. For example, an otherwise immaterial overstatement of an item might indirectly affect a more significant calculation that incorporates the item, causing that calculation to fall below the required minimum threshold included in a contractual requirement, or the qualification criteria for a scheme, grant or funding. Similarly, the lack of a required approval for a relatively unimportant transaction might not be material individually, but it could have implications for the operating effectiveness of controls in areas of the sustainability information that users might consider important.

Measurement or Evaluation Uncertainty

A21. The underlying subject matter may have inherent measurement or evaluation uncertainty (for example, the estimation of climate-related risks in the long term across the entity's value chain). As a result of inherent uncertainties relating to the underlying subject matter(s) there may be a wide range of possible outcomes and it may be difficult to identify whether there is a material misstatement of the sustainability information. In identifying and evaluating the misstatements, the practitioner may consider whether the underlying subject matter is as precise as is required by the applicable criteria, and the information required by the applicable criteria about the inherent uncertainty is disclosed. Without supporting disclosures to help the intended users understand the uncertainty, the applicable criteria may not be suitable, and the sustainability information may not be presented appropriately. Part 9 paragraph 3(f)(iv) and A18 addresses the appropriate descriptions to be included in the assurance report. [EER Para. 320-321, 365]

A22. When the uncertainty is not inherent (i.e., when it results from lack of appropriate application of the applicable criteria) it may give rise to misstatements. For example, management may not have used appropriate information to measure or evaluate the underlying subject matter that has resulted in it not being as precise as required by the applicable criteria. [EER Para. 322]

A23. Forward-looking information is ordinarily subject to greater measurement, estimation and evaluation uncertainty than historical information. As a result, there may be a broad range of possible outcomes, and it may be difficult to identify and evaluate misstatements, including whether the assumptions are:

- (a) Reasonable, in the case of a forecast; or
- (b) Realistic and in line with the purpose of the information, in the case of projections.

The practitioner may consider ways in which misstatements may arise, for example:

- (i) Data or other information used may not be relevant, complete or reliable;
- (ii) Assumptions may include information that is not relevant, may omit important considerations, may be internally inconsistent, or may be given inappropriate weighting;

- (iii) Assumptions may not be consistent with management’s decisions or intent;
- (iv) There may be unintentional or deliberate misapplication of the assumptions to the data or other information, or in calculations of quantifiable information.

In some cases, misstatements may arise as a result of a combination of these circumstances.

[EER Para. 387-389]

A24. The practitioner may also consider whether there are indicators of possible management bias in the selection of assumptions, methods or data in the way in which the sustainability information is presented that may indicate a misstatement, or have implications for the rest of the assurance engagement. For example, when management has:

- (a) Changed the assumptions or methods used, or has made a judgmental assessment that there has been a change in circumstances, without reasonable justification;
- (b) Used assumptions that are inconsistent with observable marketplace assumptions; or
- (c) Selected significant assumptions that favor management’s objectives, or that may indicate a pattern or trend.

[EER Para. 390-391]

Evaluating the Description of Applicable Criteria (Ref: Para. 9)

A25. The preconditions for an assurance engagement to be present under Part 3 paragraph 2 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:

- (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.

[ISAE 3410 Para. A131]

A26. 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 Para. 216-220]

A27. 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.

[ISAE 3410 Para. A131 and EER Para. 393]

A28. In evaluating whether the reference or description of the criteria is adequate, the practitioner may consider whether it addresses:

- (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:
 - (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.
- (h) The inherent limitations, if any, associated with the measurement or evaluation of the underlying subject matter against the applicable criteria.
- (i) Other matters relevant to intended users understanding of the basis for the preparation of the sustainability information, including uncertainties.
- (j) Any changes in the measurement or evaluation methods used, and the reasons therefore.
- (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.

[ISAE 3410 Para. A131-133 and A165; EER Para. 216-220]

A29. The preconditions for an assurance engagement to be present under Part 3 paragraph 2 require 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 Part 3 paragraph 5(b), the engagement leader may consider whether the criteria are presented in a clear manner, providing sufficient detail and clarity to be understandable.

Subsequent Events (Ref: Para. 10-11)

A30. Subsequent events may include, for example:

- The publication of revised factors, assumptions or benchmarks by a body such as a government agency (e.g., revised emissions factors),
- Changes to relevant legislation or regulations,
- Significant improved scientific knowledge,
- Significant structural changes in the entity,
- The availability of more accurate quantification methods,
- The discovery of a significant error [ISAE 3410 Para A117]
- Water pollution resulting in loss of license, or
- Fatality and injury events.

[ISAE 3000 Para. 61, A141–A142, ISAE 3410 Para. 61, A117]

A31R. The procedures performed by the practitioner in accordance with paragraph 1 for the period from the date of the sustainability information to the date of the assurance report, or as near as practicable thereto, may include:

- (a) Obtaining an understanding of any procedures management has established to ensure that subsequent events are identified.
- (b) Inquiring of management, and where appropriate, those charged with governance, as to whether any subsequent events have occurred that may affect the sustainability information.
- (c) Reading minutes of meetings of the owners, those charged with governance and management held after the date of the sustainability information and inquiring about matters discussed at any such meetings for which minutes are not yet available.
- (d) Reading the entity's monthly or quarterly sustainability information, if available.

[LCE Para. 8.4.1]

A31L. The procedures performed by the practitioner in accordance with paragraph 10 for the period from the date of the sustainability information to the date of the assurance report, or as near as practicable thereto, may include inquiring of management, and where appropriate, those charged with governance, as to whether any subsequent events have occurred that may affect the sustainability information. [LCE Para. 8.4.1] The extent of consideration of subsequent events depends on the potential for such events to affect the sustainability information and to affect the appropriateness of the practitioner's conclusion. [ISAE 3000 Revised Para. 61]

- A32. The practitioner has no responsibility to perform any procedures regarding the sustainability information after the date of the assurance report. However, if, after the date of the assurance report, a fact becomes known to the practitioner that, had it been known to the practitioner at the date of the assurance report, may have caused the practitioner to amend the report, the practitioner may need to discuss the matter with the management or those charged with governance or take other action as appropriate in the circumstances. [ISAE 3000 Revised Para A142]

Written Representations from Management and Those Charged with Governance (Ref: Para. 12)

- A33. [Not used]

- A34. Written confirmation of oral representations reduces the possibility of misunderstandings between the practitioner and management, and where appropriate, those charged with governance. The person(s) from whom the practitioner requests written representations will ordinarily be a member of senior management or those charged with governance depending on, for example, the management and governance structure of the entity, which may vary by jurisdiction, reflecting influences such as different cultural and legal backgrounds, and size and ownership characteristics.

[ISAE 3000 Para. A137]

- A35. Representations by the management and, where appropriate, those charged with governance cannot replace other evidence the practitioner could reasonably expect to be available. Although written representations provide necessary evidence, they do not provide sufficient appropriate evidence on their own about any of the matters with which they deal. Furthermore, the fact that the practitioner has received reliable written representations does not affect the nature or extent of other evidence that the practitioner obtains. [ISAE 3000 Para. A139]

Other Information

Obtaining the Other Information (Ref: Para. 18)

- A36. As explained in Part 8 paragraph 18, the entity may plan to issue sustainability information as part of a document or documents (e.g., an annual report or integrated report) that contain information other than the sustainability information. In addition, some sustainability information issued by the entity may not be within the scope of the assurance engagement and therefore not covered by the assurance report. The objective of the required discussion with management is to help the practitioner understand the entirety of the information the entity expects to issue, that will include the sustainability information within the scope of the assurance engagement, to be able to identify the other information required to be read and considered in accordance with Part 8 paragraph 19.

- A37. If the other information is materially inconsistent with the sustainability information subject to the assurance engagement or the practitioner's knowledge obtained in the engagement, it may indicate that there is a material misstatement of the sustainability information or that a material misstatement of the other information exists. This may undermine the credibility of the sustainability information and the assurance report thereon. Such material misstatements may also inappropriately influence the decisions of the users for whom the assurance report is prepared. The practitioner procedures with respect to other information may also assist the practitioner in complying with relevant ethical requirements as required by Part 2 paragraph 1. Relevant ethical requirements require the practitioner to avoid being knowingly associated with information that the practitioner believes contains a materially false or misleading statement, statements or information provided recklessly, or

omits or obscures required information where such omission or obscurity would be misleading. [ISA 720²⁰ Para.3-4]

- A38. As frameworks and practices for reporting sustainability information may be evolving and new laws and regulations may be imposed over time, the location of the sustainability information and the content of the report(s) in which that information is included may change between periods. As a result it may not be clear which document(s) comprises the report in which the sustainability information will be published. As management, or those charged with governance, is responsible for preparing the entity's reports, the practitioner may communicate with management or those charged with governance, the practitioner's expectations in relation to obtaining the final version of the report(s) which will contain the sustainability information in a timely manner prior to the date of the assurance report such that the practitioner can complete the procedures required by this ISSA before the date of the assurance report. [ISA 720 Para. A13]
- A39. Sustainability information subject to the assurance engagement may be included as part of an entity's management report, annual report or integrated report, or included with other governance information such as:
- A strategic analysis, including a statement about the impact sustainability matters have on the entity's strategic objectives.
 - An explanation and qualitative assessment of current and anticipated significant risks and opportunities associated with sustainability topics.
 - Disclosures about the entity's actions, including its long-term and short-term plan to address sustainability-related risks, opportunities and impacts on the entity or to address the entity's impacts on sustainability matters.
 - Disclosures about future outlook, including trends and factors related to sustainability that are likely to affect the entity's strategy or the timescale over which achievement of the strategy is planned.
 - A description of governance processes and the entity's resources that have been assigned to the identification, management and oversight of sustainability-related issues.

[ISAE 3410 Para. 124]

- A40. When other information is only made available to users via the entity's website, the final version of the other information obtained from the entity, rather than directly from the entity's website, is the relevant document on which the practitioner would perform procedures in accordance with this ISSA. The practitioner has no responsibility under this ISSA to search for other information, including other information that may be on the entity's website. In addition, the practitioner has no responsibility to perform any procedures to confirm that other information is appropriately displayed on the entity's website or otherwise has been appropriately transmitted or displayed electronically, unless this is within the scope of the assurance engagement. [ISA 720 Para.A19]

²⁰ ISA 720, *The Auditor's Responsibilities Relating to Other Information*

Reading and Considering the Other Information (Ref: Para. 19)

A41. When considering the consistency of the other information with the sustainability information, the practitioner may compare selected disclosures in the other information (that are intended to be the same as, to summarize, or to provide greater detail about, the disclosures in the sustainability information assured) with disclosures in the sustainability information. However, the practitioner is not required to compare all disclosures in the other information that are intended to be the same as, to summarize, or to provide greater detail about, the disclosures in the sustainability information, with such disclosures in the sustainability information. Selecting the disclosures to compare is a matter of professional judgment. Factors relevant to this judgment include:

- The significance of the disclosure in the context in which it is presented, which may affect the importance that users would attach to the amount or other item.
- If quantitative, the relative size of the amount compared with the disclosure in the sustainability information or the other information to which they relate.
- The sensitivity of the particular disclosure in the other information.

[ISA 720 Para. 14, A26, A27]

Responding When the Practitioner Concludes That a Material Misstatement of the Other Information Exists (Ref: Para. 21)

A42. The practitioner has no obligation to perform any procedures regarding the other information that becomes available after the date the assurance report. However, the practitioner may become aware that a material inconsistency appears to exist between the other information available after the date of the assurance report and the sustainability information or the practitioner's knowledge obtained in the engagement. The practitioner may discuss the matter with management or those charged with governance, as appropriate, and if the other information is not corrected take appropriate action. This may include performing other procedures to conclude whether a material misstatement of the other information or of the sustainability information exists. If the practitioner concludes that a material misstatement exists, but the other information is not corrected, the practitioner may seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom the practitioner's report is prepared, considering the practitioner's legal rights and obligations.

[ISA 720 Para. 19]

Responding When a Material Misstatement in the Sustainability Information Exists or the Practitioner's Understanding of the Entity and Its Environment Needs to Be Updated (Ref: Para. 23)

A43. In reading the other information, the practitioner may become aware of new information that has implications for:

- The practitioner's understanding of the entity and its environment and, accordingly, may indicate the need to revise the practitioner's risk consideration or assessment.
- The practitioner's responsibility to evaluate the effect of identified misstatements on the engagement and of uncorrected misstatements, if any, on the sustainability information.
- The practitioner's responsibilities relating to subsequent events.

[ISA 720 Para. A51]

Forming the Assurance Conclusion (Ref: Para. 24-26)

Evaluating the Evidence Obtained (Ref: Para. 24-25)

A44. An assurance engagement is an iterative process, and information may come to the practitioner's attention that differs significantly from that on which the determination of planned procedures was based. This may particularly be the case when the entity's information system is less mature or when the disclosures, and their characteristics, are subject to greater judgment. As the practitioner performs planned procedures, the evidence obtained may cause the practitioner to perform additional procedures to meet the intended purpose(s) in performing those procedures. In some circumstances, the practitioner may not have obtained the evidence that the practitioner had expected to obtain through the planned procedures. When the practitioner determines that the evidence obtained from the procedures performed is not sufficient and appropriate to be able to form a conclusion on the sustainability information, the practitioner may:

- (a) Extend the work performed; or
- (b) Perform other procedures judged by the practitioner to be necessary in the circumstances.

When neither of these is practicable in the circumstances, the practitioner will not be able to obtain sufficient appropriate evidence to be able to form a conclusion. [Moved from Part 4 para. A46]

[ISAE 3000 (Revised) Para. A113 and A153]

A45. A procedure may be designed to be effective in achieving an intended purpose, but if the performance or execution of the procedure (i.e., its application) is inappropriate the purpose of the procedure may not be met. Part 2 of this ISSA addresses the specific responsibilities of the practitioner regarding quality management at the engagement level, and the related responsibilities of the engagement leader, which may affect the application of procedures. In addition, Part 2 explains that the review of the engagement team's work consists of considering whether, for example:

- (a) The evidence obtained is sufficient and appropriate to provide a basis for the practitioner's assurance conclusion; and
- (b) The objectives of the procedures have been achieved. [Moved from Part 4 para. A47]

[ED-500 Para. A88]

A46. The practitioner performs procedures on the work of a practitioner's expert, another practitioner or the internal audit function in obtaining sufficient appropriate audit evidence, including performing procedures to evaluate the adequacy of the work for the practitioners purpose. The following matters may be relevant when evaluating the adequacy of a practitioner's expert's or another practitioner's work for the practitioner's purpose:

- (a) The relevance and reasonableness of the findings or conclusions from that work, and their consistency with other evidence;
- (b) If that work involves use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods in the circumstances; and
- (c) If that work involves the use of source data that is significant to the work, the relevance, completeness, and accuracy of that source data.

[ISAE 3000 Para. A134]

- A47. When evaluating the work of another practitioner, the practitioner may consider whether, and the extent to which, it is possible to review the other practitioner’s documentation of identified risks of material misstatement, responses to those risks, and conclusions. Such documentation may take the form of a memorandum that reflects the other practitioner’s conclusion with regard to the identified risks. [ISAE 3410 Para. A115]
- A48. If the practitioner determines that the work of a practitioner’s expert or another practitioner is not adequate for the practitioner’s purposes, options available to the practitioner include:
- (a) Agreeing with that expert or another practitioner on the nature and extent of further work to be performed; or
 - (b) Performing additional procedures appropriate to the circumstances.
- [ISAE 3000 Para. A135]
- A49. While paragraphs A47 and A48 have been written in the context of using work performed by a practitioner’s expert or another practitioner, they may also provide helpful guidance with respect to using work performed by management’s expert, or the internal audit function. [ISAE 3000 Para. A136]
- A50. The practitioner’s professional judgment as to what constitutes sufficient appropriate evidence is influenced by such factors as the following:
- Significance of a potential misstatement and the likelihood of its having a material effect, individually or when aggregated with other potential misstatements, on the sustainability information.
 - Effectiveness of management or those charged with governance’s responses to address the known risk of material misstatement.
 - Experience gained during previous assurance engagements with respect to similar potential misstatements.
 - Results of procedures performed, including whether such procedures identified specific misstatements.
 - Source and reliability of the available information.
 - Persuasiveness of the evidence.
 - Understanding of the entity and its environment.
- [ISAE 3000 (Revised) Para. A155]
- A51. The evaluation of the preparation of qualitative information or qualitative aspects of quantitative information, may include consideration of whether:
- (a) There are indicators of possible bias in judgments and decisions in the making of estimates and in preparing the sustainability information;
 - (b) The quantification methods and reporting policies selected and applied are consistent with the applicable criteria and are appropriate;
 - (c) The information presented in the sustainability information is relevant, reliable, complete, comparable and understandable;

- (d) The sustainability information provides adequate disclosure of the applicable criteria, and other matters, including uncertainties, such that intended users can understand the significant judgments made in its preparation; and
- (e) The terminology used in the sustainability information is appropriate.

[ISAE 3410 Para.74]

- A52. When evidence is inconsistent with other evidence, it may indicate that some of the information used as evidence is not reliable. This may be the case, for example, when responses to inquiries of management, those charged with governance, internal auditors, or others are inconsistent. Such inconsistencies may therefore call into question the appropriateness of the practitioner's evaluation of the relevance and reliability of such information, in accordance with Part 4 paragraph 2. Part 4 paragraph 5 addresses the practitioner's responsibilities when the practitioner has doubts about the relevance and reliability of information intended to be used as evidence. The extent to which the practitioner may need to modify or add to the procedures to resolve the doubts and the effect on other aspects of the assurance engagement may vary. [Moved from Part 4 para. A49] [ED 500 Para. A90]
- A53. When performing a procedure, the practitioner may identify items that are inconsistent with the practitioner's expectations or that exhibit characteristics that are unusual. Different terminology may be used to describe these items, for example, exceptions, outliers, notable items, or items of interest. These items may indicate a possible misstatement in the sustainability information. They may also indicate inconsistencies in evidence, particularly when other evidence has not identified similar exceptions or outliers, or cast doubt on the reliability of the information. [Moved from Part 4 para. A50] [ED-500 Para. A91]
- A54L. In considering the effect of inconsistencies in evidence on other aspects of the assurance engagement, the practitioner may consider whether the practitioner's identification of disclosures where material misstatements are likely to arise in a limited assurance engagement remains appropriate. [Moved from Part 4 para. A51] [ED-500 Para. A92]
- A55R. In considering the effect of inconsistencies in evidence on other aspects of the assurance engagement, the practitioner may consider whether the practitioner's risk assessment in a reasonable assurance engagement remains appropriate. [Moved from Part 4 para. A52] [ED-500 Para. A92]
- A56. If the practitioner is unable to obtain sufficient appropriate evidence, the practitioner is required to express a qualified conclusion or disclaim a conclusion on the sustainability information in accordance with Part 8 paragraph 28. [Moved from Part 4 para. A48] [ED-500 Para. A86]

Concluding (Ref: Para. 26-27)

- A57. In regulatory disclosure regimes, disclosures specified in the relevant law or regulation are adequate for reporting to the regulator. However, additional disclosures in the sustainability information may be necessary for other intended users to understand the significant judgments made in preparing the sustainability information, such as:
- (a) Which operations are included in the entity's organizational boundary, and the method used for determining that boundary if the applicable criteria allow a choice between different methods;

- (b) Significant evaluation or quantification methods and reporting policies selected, including:
 - (i) The process used to determine which topics and aspects of topics have been included in the sustainability information (see Part 3 paragraph A49B);
 - (ii) Any significant interpretations made in applying the applicable criteria in the entity's circumstances, including data sources and, when choices between different methods are allowed, or entity-specific methods are used, disclosure of the method used and the rationale for doing so; and
 - (iii) How the entity determines whether previously reported disclosures should be restated.
- (c) A statement regarding the uncertainties relevant to the entity's quantification of its sustainability information, including: their causes; how they have been addressed; their effects on the sustainability information report; and
- (d) Changes, if any, in the matters mentioned in this paragraph or in other matters that materially affect the comparability of the sustainability information with a prior period(s) or base year.

[ISAE 3410 Para. A29]

- A58. A description that the sustainability information is prepared in accordance with particular criteria is appropriate only if the sustainability information complies with all the requirements of those criteria that are effective during the period covered by the sustainability information. [ISAE 3410 Para. A132]
- A59. A description of the applicable criteria that contains imprecise qualifying or limiting language (for example, "the sustainability information is in substantial compliance with the requirements of XYZ") is not an adequate description as it may mislead users of the sustainability information. [ISAE 3410 Para. A133]
- A60. Some applicable criteria acknowledge explicitly or implicitly the concept of fair presentation. A fair presentation framework or criteria not only requires compliance with the requirements of the framework, but also acknowledges explicitly or implicitly that it may be necessary for management to provide disclosures beyond those specifically required by the framework. [ISA 700 (Revised)²¹ Para.A7]
- A61. The practitioner's evaluation about whether the sustainability information achieves fair presentation is a matter of professional judgment. This evaluation takes into account such matters as the facts and circumstances of the entity, including changes thereto, based on the practitioner's understanding of the entity and the evidence obtained. The evaluation also includes consideration, for example, of the disclosures needed to achieve a fair presentation arising from matters that could be material (i.e., in general, misstatements are considered to be material if they could reasonably be expected to influence the economic decisions of the users taken on the basis of the sustainability information as a whole), such as the effect of evolving requirements or the changing environment. [ISA 700 (Revised) Para.A8]

²¹ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

A62. Evaluating whether the sustainability information achieves fair presentation may include, for example, discussions with management and those charged with governance about their views on why a particular presentation was chosen, as well as alternatives that may have been considered. The discussions may include, for example:

- The degree to which the amounts in the sustainability information is aggregated or disaggregated, and whether the presentation of amounts or disclosures obscures useful information, or results in misleading information.
- Consistency with appropriate industry practice, or whether any departures are relevant to the entity's circumstances and therefore warranted.

[ISA 700 (Revised) Para.A9]

Scope Limitation (Ref: Para. 28)

A63. A scope limitation may arise from:

- (a) Circumstances beyond the control of the appropriate party(ies). For example, documentation the practitioner considers it necessary to inspect may have been accidentally destroyed;
- (b) Circumstances relating to the nature or timing of the practitioner's work. For example, a physical process the practitioner considers it necessary to observe may have occurred before the practitioner's engagement; or
- (c) Limitations imposed by management, those charged with governance, or the engaging party on the practitioner that, for example, may prevent the practitioner from performing a procedure the practitioner considers to be necessary in the circumstances. Limitations of this kind may have other implications for the engagement, such as for the practitioner's consideration of engagement risk and the acceptance and continuance of the client relationship and the assurance engagement.

[ISAE 3000 (Revised) Para.A156]

A64. An inability to perform a specific procedure does not constitute a scope limitation if the practitioner is able to obtain sufficient appropriate evidence by performing alternative procedures.

[ISAE 3000 (Revised) Para. A157]

Taking Overall Responsibility for Managing and Achieving Quality (Ref: Para. 29)

A65. Relevant considerations in determining that the engagement leader's involvement has been sufficient and appropriate throughout the engagement to provide a basis for determining that the significant judgments made and conclusions reached are appropriate, given the nature and circumstances of the engagement, include, for example:

- (a) How consultation on difficult, contentious or other matters has been undertaken and conclusions agreed have been implemented;
- (b) How differences of opinion have been addressed and resolved; and
- (c) How the documentation evidences the engagement leader's involvement throughout the engagement.

[ISA 220 Para. 35, 37, 38 and A114]

A66. Indicators that the engagement leader may not have been sufficiently and appropriately involved include, for example:

- Lack of timely review by the engagement leader of the engagement planning, including reviewing the risk procedures performed.
- Evidence that those to whom tasks, actions or procedures have been assigned were not adequately informed about the nature of their responsibilities and authority, the scope of the work being assigned and the objectives thereof; and were not provided other necessary instructions and relevant information.
- A lack of evidence of the engagement leader's direction and supervision of the other members of the engagement team and the review of their work.

[ISA 220 Para. A115]

A67. If the engagement leader's involvement does not provide the basis for determining that the significant judgments made and the conclusions reached are appropriate, the engagement leader will not be able to reach the determination required by paragraph 29. In addition to taking account of firm policies or procedures that may set forth the required actions to be taken in such circumstances, appropriate actions that the engagement leader may take, include, for example:

- Updating and changing the engagement plan;
- Reevaluating the planned approach to the nature and extent of review and modifying the planned approach to increase the involvement of the engagement leader; or
- Consulting with personnel assigned operational responsibility for the relevant aspect of the firm's system of quality management.

[ISA 220 Para. A116]

Documentation (Ref: Para. 30)

A68. Documentation evidencing the involvement of the engagement leader and the engagement leader's determination in accordance with paragraph 30 may be accomplished in different ways depending on the nature and circumstances of the engagement. For example:

- Direction of the engagement team can be documented through signoffs of the engagement plan and project management activities;
- Minutes from formal meetings of the engagement team may provide evidence of the clarity, consistency and effectiveness of the engagement leader's communications and other actions in respect of culture and expected behaviors that demonstrate the firm's commitment to quality;
- Agendas from discussions between the engagement leader and other members of the engagement team, and where applicable the engagement quality reviewer, and related signoffs and records of the time the engagement leader spent on the engagement, may provide evidence of the engagement leader's involvement throughout the engagement and supervision of other members of the engagement team; or

- Signoffs by the engagement leader and other members of the engagement team provide evidence that the working papers were reviewed.

[ISA 200 Para. A118]

Part 9: Reporting

Preparing the Assurance Report (Ref: Para.1-2)

Communicating Effectively in the Assurance Report

A1. The assurance report is the means by which the practitioner communicates the outcome of the assurance engagement to the intended users. Clear communication helps the intended users to understand the assurance conclusion. The practitioner does not report orally or by use of symbols without also providing a written assurance report that is readily available whenever the oral report is provided or the symbol is used, so that the practitioner's conclusion are not misunderstood. For example, a symbol could be hyperlinked to a written assurance report on the Internet. [EER Para. 398, ISAE 3000 (Revised) Para. A159]

A2. [PLACEHOLDER: Illustrative assurance reports to be presented at the June 2023 Board meeting]

The Appendix contains illustrations of assurance reports on sustainability information, incorporating the elements set forth in Part 9 paragraph 3. [ISAE 3410 Para. A134]

Assurance Report Content (Ref: Para.3)

Title of the Assurance Report (Ref: Para.3(a))

A3. This ISSA does not require a standardized format for reporting on all assurance engagements. Instead, it identifies the basic elements the assurance report is to include. Assurance reports are tailored to the specific engagement circumstances. The practitioner may use headings in addition to those required by this ISSA, to avoid misinterpretation of the requirements. [ISAE 3000 (Revised) Para.A160]

A4. [PLACEHOLDER: Revise this paragraph to reflect proposed amendments to the Code for sustainability assurance engagements]

To be independent an assurance report is prepared by a practitioner that meets the independence requirements of the IESBA Code applicable to sustainability assurance engagements or requirements at least as demanding.

Addressee (Ref: Para.3(b))

A5. The addressee is usually the engaging party or those charged with governance of the entity. As well as identifying the addressee of the assurance report, the practitioner may consider it appropriate to include wording in the body of the assurance report that specifies the purpose for which, or the intended users for whom, the report was prepared. [ISAE 3410 Para. A140]

The Practitioner's Conclusion (Ref: Para. 3(c))

The Level of Assurance Obtained (Ref: Para. 3(c)(iii))

A6. When parts of the sustainability information are subject to limited assurance and other parts are subject to reasonable assurance, clear identification in the assurance report of the sustainability information subjected to each level of assurance may aid users' understanding of what has been subject to limited assurance and what has been subject to reasonable assurance, . The conclusions relating to each part of the sustainability information may also be distinguished to assist the intended users. [EER Para.422]

Identification of the Sustainability Information (Ref: Para. 3(c)(iv))

A7. Identification and description of the sustainability information subject to the assurance engagement and, when appropriate, the underlying subject matter may include, for example:

- The title or other identifying features of the sustainability information and, if applicable any broader report (such as an annual report or integrated report) within which the sustainability information is reported.
- If the sustainability information subject to assurance is not the entire sustainability information, identification of the part of the sustainability information that has been assured, and if necessary to assist users' understanding, identification of the sustainability information not subject to the assurance engagement.
- The point in time or period of time to which the measurement or evaluation of the underlying subject matter relates.
- Where applicable, the name of other entity/ies (such as entities in the value chain), facility/ies, location/s, jurisdiction/s or other boundary to which the underlying subject matter relates.
- An explanation of those characteristics of the underlying subject matter or the sustainability information of which the intended users should be aware, and how such characteristics may influence the precision of the measurement or evaluation of the underlying subject matter against the applicable criteria, or the persuasiveness of available evidence. For example:
 - The degree to which the sustainability information is qualitative versus quantitative, narrative versus numeric, objective versus judgmental, or historical versus forward-looking.
 - Changes in the underlying subject matter, criteria or other engagement circumstances that affect the comparability of the sustainability information from one period to the next.

[ISAE 3000 (Revised) Para.A164]

Identification of applicable criteria (Ref: Para. (Ref: Para. 3(c)(v) and (f)(ii))

A8. the applicable criteria against which the underlying subject matter was measured or evaluated so the intended users can understand the basis for the practitioner's conclusion. However, management or those charged with governance are responsible for including the criteria in the sustainability information or referring to the criteria. In order for the intended users to understand the basis of

preparation of the sustainability information, the entity’s disclosures in the sustainability information include matters such as:

- Details of the sources of the applicable criteria, and whether or not 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, , and if they are not, who developed the criteria, the basis for that development (such as how the intended user’s needs were identified) and a description of why they are considered suitable.
- Measurement or evaluation methods used when the applicable criteria allow for choice between a number of methods.
- Any significant interpretations made in applying the applicable criteria in the engagement circumstances.
- Whether there have been any changes in the measurement or evaluation methods used.

[ISAE 3000 (Revised) Para. A165]

A9. Sometimes preparers may report the sustainability information using more than one framework. In such a case, user understanding is likely to be enhanced if management or those charged with governance make available the criteria relating to each framework separately, rather than being summarized or combined. [EER Para. 413]

Expression of the Practitioner’s Conclusion (Ref: Para. 3(c)(vii))

A10L. Examples of conclusions expressed in a form appropriate for a limited assurance engagement include:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [sustainability information] is not prepared in accordance with XYZ criteria, in all material respects.”
 - (ii) Under a fair presentation framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria.”
- (b) When expressed in terms of a statement made by the appropriate party:
 - (i) Under a compliance framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party’s] statement that [the entity] has not complied, in all material respects, with XYZ requirements.”
 - (ii) Under a fair presentation framework: “Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the [appropriate party’s] statement that [sustainability information] is prepared in accordance with XYZ criteria is not, in all material respects, fairly stated.”

[ISAE 3000 (Revised) Para. A181]

A11R. Examples of conclusions expressed in a form appropriate for a reasonable assurance engagement include:

- (a) When expressed in terms of the sustainability information and the applicable criteria:
 - (i) Under a compliance framework: “In our opinion, the entity’s sustainability information is properly prepared, in all material respects, in accordance with XYZ criteria;” or
 - (ii) Under a fair presentation framework: “In our opinion, the entity’s sustainability information is fairly presented, in all material respects, in accordance with XYZ criteria;”
- (b) When expressed in terms of a statement made by the appropriate party:
 - (i) Under a compliance framework: “In our opinion, the [appropriate party’s] statement that the entity has complied with XYZ requirement is properly presented, in all material respects,” or
 - (ii) Under a fair presentation framework: “In our opinion, the [appropriate party’s] statement that the [sustainability information] is prepared in accordance with XYZ criteria is fairly stated, in all material respects”.

[ISAE 3000 (Revised) Para. A179]

A12. Forms of expression that may be useful for underlying subject matters include, for example, one, or a combination of, the following:

- For compliance frameworks—“in compliance with” or “in accordance with.”
- For engagements when the applicable criteria describe a process or methodology for the preparation or presentation of the sustainability information—“properly prepared.”
- For engagements when the principles of fair presentation are embodied in the applicable criteria—“fairly stated.”

[ISAE 3000 (Revised) Para. A182]

A13. It may be appropriate to inform the intended users of the context in which the practitioner’s conclusion is to be read when the assurance report includes an explanation of particular characteristics of the underlying subject matter of which the intended users should be aware. The practitioner’s conclusion may, for example, include wording such as: “This conclusion has been formed on the basis of the matters outlined elsewhere in this independent assurance report.”

[ISAE 3000 (Revised) Para. A180]

Basis for Conclusion Section (Ref: Para. 3(d))

A14. Practitioner’s statements that contain imprecise or limiting language (for example, “the engagement was performed by reference to (or based on) ISSA 5000”) may mislead users of assurance reports. In these circumstances, users may understand that all of the requirements of this ISSA have all been complied with, even if they have not (see Part 1 paragraph 2 and Part 9 paragraph 9).

[EER Para. 417, ISAE 3000 (Revised) Para. A171]

A15. [PLACEHOLDER for AM when IESBA requirements are revised]

Responsibilities for the Sustainability Information (Ref: Para. 3(d)(ii), 3(f) and 3(g))

- A16. In some jurisdictions, it may be appropriate to refer to those charged with governance regarding the responsibilities of the entity. Whether to do so will depend on the engagement circumstances, including the legal framework in the particular jurisdiction. [ISA 700²² Para. 33]
- A17. Identifying relative responsibilities informs the intended users that the entity is responsible for the underlying subject matter, and the measurement or evaluation of the underlying subject matter against the applicable criteria, and that the practitioner's role is to independently express a conclusion about the sustainability information. [ISAE 3000 (Revised) Para. A169]
- A17A. When defining or describing materiality in the assurance report, the practitioner may include whether materiality is considered from the perspective of the impacts of the underlying subject matter on the entity, the entity impacts on the underlying subject matter or both.
- A18. Describing inherent limitations is different from including an Emphasis of Matter paragraph in the assurance report. Inherent limitations are present in the measurement or evaluation of the underlying subject matter, irrespective of whether they have been disclosed by the preparer. However, it may be useful for the preparer to disclose such inherent limitations in greater detail within the sustainability information. For example, there are inherent uncertainties about whether climate change scenarios will materialize and what their impact might be. In some cases, the inherent measurement or evaluation uncertainties may be fundamental to the users' understanding of the sustainability information. In this case, these would then need to be described within the sustainability information. [EER Para. 414]

An Informative Summary of the Work Performed as the Basis for the Practitioner's Conclusion
(Ref: Para. 3(i)-3(j))

- A19. For engagements which require the practitioner to obtain different levels of assurance on different topics, aspects of topics or disclosures within the sustainability information, the practitioner may also delineate the procedures performed for each level of assurance so that it is clear to the users which procedures were performed in relation to the sustainability information.
- A20R. The assurance report in a reasonable assurance engagement normally follows standard wording and only briefly describes procedures performed. This is because, in a reasonable assurance engagement, describing in any level of detail the specific procedures performed would not assist users to understand that, in all cases where an unmodified conclusion is issued, sufficient appropriate evidence has been obtained to enable the practitioner to form a reasonable assurance conclusion. [ISAE 3410 Para.A142]
- A21L. In a limited assurance engagement, an appreciation of the nature, timing and extent of procedures performed is essential for the intended users to understand the conclusion expressed in a limited assurance report. The description of the practitioner's procedures in a limited assurance engagement is therefore ordinarily more detailed than in a reasonable assurance engagement. It also may be appropriate to include a description of procedures that were not performed that would ordinarily be performed in a reasonable assurance engagement. However, a complete identification of all such

²² ISA 700, *Forming an Opinion and Reporting on Financial Statements*

procedures may not be possible because the practitioner's required understanding and assessment of risks of material misstatement are less than in a reasonable assurance engagement.

Factors to consider in making that determination and the level of detail to be provided include:

- Circumstances specific to the entity (e.g., the differing nature of the entity's activities compared to those typical in the sector).
- Specific engagement circumstances affecting the nature and extent of the procedures performed.
- The intended users' expectations of the level of detail to be provided in the report, based on market practice, or applicable law or regulation.

[ISAE 3410 Para.A143, ISAE 3000 (Revised) Para.A176-A177]

A22L. In describing the procedures performed in the limited assurance report, it is important that they are written in an objective way but are not summarized to the extent that they are ambiguous, nor written in a way that is overstated or embellished or that implies that reasonable assurance has been obtained. It is also important that the description of the procedures not give the impression that an agreed-upon procedures engagement has been undertaken, and in most cases will not detail the entire work plan. The procedures for limited assurance may appear to a user to be more comprehensive than the procedures described for a reasonable assurance engagement so it may be helpful for the practitioner to explain why this is the case, by including in the assurance report an indication of the differences between limited assurance and reasonable assurance to aid user understanding, especially when both reasonable and limited assurance are in the same assurance report. [ISAE 3410 Para. A144, ISAE 3000 (Revised) Para. A178, EER Para. 420]

Date of the Assurance Report (Ref: Para 3(l))

A23. Including the assurance report date informs the intended users that the practitioner has considered the effect on the sustainability information and on the assurance report of events that occurred up to that date. [ISAE 3000 (Revised) Para. A185]

Deciding whether to include information in addition to the basic elements of the assurance report (Ref: Para.3)

A24. In considering whether to include information in addition to the basic elements in the assurance report, the practitioner may consider matters that may impact users' understanding of the sustainability information, including:

- (a) Sustainability information may be prepared for diverse groups of users, and may cover aspects of underlying subject matter that are diverse in nature, ranging from a single aspect, such as greenhouse gases emitted by the entity during a period, through to an entity's strategy, business model and performance, which may comprise:
 - Historical information.
 - Forward-looking information.
 - Processes, systems and controls.
 - Performance against targets, goals or commitments [EER Para. 403]

- (b) The underlying subject matter may be complex to measure or evaluate, or be subject to measurement or evaluation uncertainties, which the intended users may not be aware of;
- (c) The criteria used to measure or evaluate them may be set out in an established framework, may be developed by the entity, or may be selected from various frameworks, with or without further development by the entity, making it difficult for a user to understand how the sustainability information has been prepared;
- (d) The sustainability information may be presented in the form of a traditional standalone report, or as part of a larger report or reports. It may also be presented partially in narrative and partially through the use of graphs, images, embedded videos or similar representations. The presentation could support the users' understanding of what is, and what is not, subject to the assurance engagement.

[EER Para. 404]

A25. When the sustainability information is made up of a number of aspects, separate conclusions may be provided on each aspect. All such separate conclusions do not need to relate to the same level of assurance. Rather, each conclusion is expressed in the form that is appropriate to either a reasonable assurance engagement or a limited assurance engagement. References in this ISSA to the conclusion in the assurance report include each conclusion when separate conclusions are provided.

[ISAE 3000 (Revised) Para. A2]

A26. An assurance conclusion expressed in a binary manner (e.g., concludes that the sustainability information either has, or has not, been prepared in accordance with the applicable criteria) may not be able to communicate sufficiently the complexities that may be present in a sustainability assurance engagement without additional contextual information to aid the intended users' understanding. The practitioner may choose a "short-form" or "long-form" style of reporting to facilitate effective communication to the intended users. "Short-form" reports ordinarily include only the basic elements, as required by Part 9 paragraph 3. "Long-form" reports include other information and explanations that are not intended to affect the practitioner's conclusion, such as:

- (a) Detailed description of the terms of the engagement;
- (b) The applicable criteria being used;
- (c) Findings relating to particular aspects of the engagement;
- (d) Details of the qualifications and experience of the practitioner and others involved with the engagement;
- (e) The practitioner's considerations of materiality, and whether those considerations are in respect of qualitative or quantitative sustainability information;
- (f) The intended users of the assurance report and the purpose for which it has been prepared;
- (g) The range of competencies that were needed to perform the engagement and how they have been deployed on the engagement;
- (h) Explanation of why, in an attestation engagement, the practitioner cannot become involved in the preparation of the sustainability information because such an engagement is designed to give a conclusion by an independent practitioner over the sustainability information;

The practitioner may find it helpful to consider the significance of providing such information to the information needs of the intended users. As required by paragraph 2, additional information is clearly separated from the practitioner's conclusion and phrased in such a manner so as to make it clear that it is not intended to detract from that conclusion.

[ISAE 3000 (Revised) Para. A161, EER Para. 399-400, 405, 406]

- A27. Including the practitioner's recommendations on matters, such as improvements to the entity's information system, in the assurance report may imply that those matters have not been appropriately dealt with in preparing the sustainability information. Such recommendations may be communicated, for example, in a management letter or in discussion with those charged with governance. Considerations relevant to deciding whether to include recommendations in the assurance report include whether their nature is relevant to the information needs of intended users, and whether they are worded appropriately to ensure they will not be misunderstood as a qualification of the practitioner's conclusion on the sustainability information. [ISAE 3410 Para. A151]

Name of the Engagement Leader in the Assurance Report (Ref: Para. 4)

- A28. The objective of the firm in ISQM 1 is to design, implement and operate a system of quality management that provides the firm with reasonable assurance that:

- The firm and its personnel fulfill their responsibilities in accordance with professional requirements and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement leaders are appropriate in the circumstances.

Notwithstanding the objective of ISQM 1, naming the engagement leader in the assurance report is intended to provide further transparency to the users of the assurance report on sustainability information of a listed entity. [ISA 700 Para. A61]

- A29. Law, regulation or national standards may require that the practitioner's report include the name of the engagement leader responsible for assurance reports other than those of sustainability information of listed entities. The practitioner may also be required by law, regulation or national standards, or may decide to include additional information beyond the engagement leader's name in the assurance report to further identify the engagement leader, for example, the engagement leader's professional license number that is relevant to the jurisdiction where the engagement leader practices. [ISA 700 Para. A62]
- A30. In rare circumstances, the practitioner may identify information or be subject to experiences that indicate the likelihood of a personal security threat that, if the identity of the engagement leader is made public, may result in physical harm to the engagement leader, other engagement team members or other closely related individuals. However, such a threat does not include, for example, threats of legal liability or legal, regulatory or professional sanctions. Discussions with those charged with governance about circumstances that may result in physical harm may provide additional information about the likelihood or severity of the significant personal security threat. Law, regulation or national standards may establish further requirements that are relevant to determining whether the disclosure of the name of the engagement leader may be omitted. [ISA 700 Para. A63]

Reference to a Practitioner's Expert in the Assurance Report (Ref: Para. 5)

- A31. In some cases, law or regulation may require a reference to the work of a practitioner's expert in the assurance report, for example, for the purposes of transparency in the public sector. It may also be appropriate in other circumstances, for example, to explain the nature of a modification of the practitioner's conclusion, or when the work of an expert is integral to findings included in a long-form report. [ISAE 3000 (Revised) Para. A186]
- A32. A generic reference in a long-form report to the engagement having been conducted by suitably qualified personnel including subject matter experts and assurance specialists is unlikely to be misunderstood as reduced responsibility. The potential for misunderstanding is higher, however, in the case of short-form reports, where minimum contextual information is able to be presented, or when the practitioner's expert is referred to by name. Therefore, additional wording may be needed in such cases to prevent the assurance report implying that the practitioner's responsibility for the conclusion expressed is reduced because of the involvement of the expert. [ISAE 3000 (Revised) Para. A188]

Other Reporting Responsibilities

Assurance Report Prescribed by Law or Regulation (Ref: Para 6-8)

- A33. In some jurisdictions, the practitioner may have additional responsibilities to report on other matters that are additional to the practitioner's responsibilities under this ISSA. For example, the practitioner may be required to provide a conclusion on specific matters, such as compliance of the sustainability information with a digital taxonomy. Assurance standards in the specific jurisdiction often provide guidance on the practitioner's responsibilities with respect to specific additional reporting responsibilities in that jurisdiction. [ISA 700 Para. A58]
- A34. In some cases, the relevant law or regulation may require or permit the practitioner to report on these other responsibilities as part of their assurance report on the sustainability information. In other cases, the practitioner may be required or permitted to report on them in a separate report. [ISA 700 Para. A59]
- A35. Paragraphs 6-7 permit combined presentation of other reporting responsibilities and the practitioner's responsibilities under this ISSA only when they address the same topics, aspects of topics or disclosures and the wording of the assurance report clearly differentiates the other reporting responsibilities from those under this ISSA. Such clear differentiation may make it necessary for the assurance report to refer to the source of the other reporting responsibilities and to state that such responsibilities are beyond those required under ISSA 5000. Otherwise, other reporting responsibilities are required to be addressed in a separate section in the assurance report. [ISA 700 Para. A60]

Unmodified Conclusions

Emphasis of Matter Paragraphs and Other Matter Paragraphs (Ref: Para. 11)

- A36. Inclusion of an 'Emphasis of Matter' paragraph draws the users' attention to matters presented or disclosed in the sustainability information that, in the practitioner's judgment, is of such importance that it is fundamental to a user's understanding of the sustainability information (see Appendix *Illustrative assurance reports*); and

- A37. Inclusion of an ‘Other matter’ paragraph, to communicate a matter, other than those that are presented or disclosed in the sustainability information that, in the practitioner’s judgment, is relevant to intended users’ understanding of the engagement, the practitioner’s responsibilities or the assurance report.

The Difference between Inherent Limitations, Emphasis of Matter and Other Matter paragraphs

- A38. An Emphasis of Matter can only draw attention to a matter which is presented or disclosed by the preparer in the sustainability information. The content of an Emphasis of Matter paragraph includes a clear reference to the matter being emphasized and to where relevant disclosures that fully describe the matter can be found in the sustainability information. It also indicates that the practitioner’s conclusion is not modified in respect of the matter emphasized. An Emphasis of Matter paragraph may be appropriate when, for example:
- (a) Different criteria have been used or the criteria have been revised, updated or interpreted differently than in prior periods and this has had a fundamental effect on the sustainability information.
 - (b) A system breakdown for part of the period impacted the operation of controls or recording of matters material to the engagement.

[EER Para.415, ISAE 3410 Para. A147, ISAE 3410 Para. A149]

- A39. The content of an Other Matter paragraph reflects clearly that such other matter is not required to be presented and disclosed in the sustainability information. An Other Matter paragraph does not include information that the practitioner is prohibited from providing by law, regulation or other professional requirements, for example, ethical standards relating to confidentiality of information. An Other Matter paragraph also does not include information that is required to be provided by management. An Other Matter paragraph may be appropriate when, for example, the scope of the engagement has changed significantly from the prior period and this has not been stated in the sustainability information. [ISAE 3410 Para. A148, A150 and A152]
- A40. A widespread use of Emphasis of Matter or Other Matter paragraphs may diminish the effectiveness of the practitioner’s communication of such matters. Emphasis of Matter or Other Matter paragraphs are not a substitute for a modified assurance conclusion. [ISAE 3410 Para. A146]

Modified Conclusions (Ref: Para. 14-17)

Qualified Conclusion Due to Limitation of Scope (Ref: Para. 14(a), 15 and 16)

- A41. When there is a limitation of scope with respect to a material item in the sustainability information, the practitioner will not have obtained sufficient appropriate evidence about that matter. In these circumstances, the practitioner may be unable to conclude whether or not the disclosures in the other information related to this matter result in a material misstatement of the other information. Accordingly, the practitioner may need to modify the statement required by paragraph 13(e) to refer to the practitioner’s inability to consider management’s description of the matter in the other information in respect of which the assurance conclusion on the sustainability information has been qualified as explained in the Basis for Qualified Conclusion paragraph. The practitioner is nevertheless required to report any other uncorrected material misstatements of the other information that have been identified. [ISA 720 Para. A56]

Disclaimer of Conclusion (Ref: Para. 14(a))

A42. When the practitioner disclaims a conclusion on the sustainability information, providing further details about the engagement, including a section to address other information may overshadow the disclaimer of conclusion on the sustainability information as a whole. Accordingly, in those circumstances the assurance report does not include a section addressing the reporting requirements under this ISSA. [ISA 720 Para. A58]

Impact of Modified Conclusions on the Statement on Other Information (Ref: Para. 13 and 14(b))

A43. A qualified or adverse assurance conclusion on the sustainability information may not have an impact on the statement on other information required by paragraph 13(e) if the matter for which the assurance conclusion has been modified is not included or otherwise addressed in the other information and the matter does not affect any part of the other information. In other circumstances, there may be implications for such reporting as described in paragraphs A44–A45. [ISA 720 Para. A54]

A44. When the assurance conclusion is qualified, consideration may be given as to whether the other information is also materially misstated for the same matter as, or a related matter to, the matter giving rise to the qualified conclusion on the sustainability information. [ISA 720 Para. A55]

A45. An adverse conclusion on the sustainability information relating to a specific matter(s) described in the Basis for Adverse Conclusion paragraph does not justify the omission of reporting of material misstatements of the other information that the practitioner has identified in the assurance report in accordance with paragraph 13(e)(ii). When an adverse conclusion has been expressed on the sustainability information, the practitioner may need to appropriately modify the statement required by paragraph 13(e), for example, to indicate that the disclosures in the other information are materially misstated for the same matter as, or a related matter to, the matter giving rise to the adverse conclusion on the sustainability information. [ISA 720 Para. A57]

Effects of the Matter are Pervasive (Ref: Para. 15)

A46. The term ‘pervasive’ describes the effects on the sustainability information of misstatements or the possible effects on the sustainability information of misstatements, if any, that are undetected due to an inability to obtain sufficient appropriate evidence. Pervasive effects on the sustainability information are those that, in the practitioner’s professional judgment:

- (a) Are not confined to specific aspects of the sustainability information;
- (b) If so confined, represent or could represent a substantial proportion of the sustainability information; or
- (c) In relation to disclosures, are fundamental to the intended users’ understanding of the sustainability information.

[ISAE 3000 (Revised) Para. A189]

A47. The nature of the matter, and the practitioner’s judgment about the pervasiveness of the effects or possible effects on the sustainability information, affects the type of conclusion to be expressed.

[ISAE 3000 (Revised) Para. A190]

Examples of Modified Conclusions (Ref: Para. 14)

A48L. Examples of a qualified conclusion for a limited assurance engagement (with a material misstatement) are:

- Qualified conclusion (compliance framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [sustainability information] is not prepared, in all material respects, in accordance with XYZ criteria.”
- Qualified conclusion (fair presentation framework) – “Based on the procedures performed and the evidence obtained, except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the [sustainability information] is not fairly presented, in all material respects, in accordance with XYZ criteria.”

[ISAE 3000 (Revised) Para. A191]

A49R. Example of qualified conclusion for a reasonable assurance engagement (with a material misstatement):

- Qualified conclusion (compliance framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is prepared, in all material respects, in accordance with XYZ criteria.”
- Qualified conclusion (fair presentation framework) – “Except for the effect of the matter described in the Basis for Qualified Conclusion section of our report, the [sustainability information] is fairly presented, in all material respects, in accordance with XYZ criteria.”

[ISAE 3000 (Revised) Para. A191]

A50. Examples of adverse conclusions and a disclaimer of conclusion for both limited and reasonable assurance engagements are:

- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a compliance framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] is not prepared in accordance with “XYZ criteria.”
- Adverse conclusion (an example for a material and pervasive misstatement for information prepared under a fair presentation framework) – “Because of the significance of the matter described in the Basis for Adverse Conclusion section of our report, the [sustainability information] does not present fairly the entity’s compliance with XYZ criteria.”
- Disclaimer of conclusion (an example for a material and pervasive limitation of scope) – “Because of the significance of the matter described in the Basis for Disclaimer of Conclusion section of our report, we have not been able to obtain sufficient appropriate evidence to form a conclusion on the [sustainability information]. Accordingly, we do not express a conclusion on that [sustainability information].”

[ISAE 3000 (Revised) Para. A191]

Comparative Information (Ref: Para. 18-19)

- A51. Law or regulation, the criteria or the terms of the engagement, may specify the requirements in respect of presentation, reporting and assurance of the comparative information in the sustainability information. Ordinarily, the disclosures presented in sustainability information measures or evaluates sustainability information for a discrete period and are not based on cumulative disclosures over time. As a result, the comparative information presented does not affect current year information unless information has been recorded in the wrong period and therefore the amounts may be based on the incorrect starting period for measurement. [ISAE 3410 Para. A118]
- A52. Where sustainability information includes references to percentage reductions or increases in measures or key performance indicators, or a similar comparison of period-on-period information, it is important that the practitioner consider the appropriateness of the comparisons. These may be inappropriate due to:
- (a) Significant changes in operations from the prior period;
 - (b) Significant changes in conversion factors;
 - (c) Significant changes in assumptions, or
 - (d) Inconsistency of sources or methods of measurement or evaluation.
- [ISAE 3410 Para.A119]
- A53. When comparative information is presented with the current sustainability information, but some or all of that comparative information is not covered by the practitioner’s conclusion, it is important that the status of such information is clearly identified in both the sustainability information and the assurance report. [ISAE 3410 Para.A120]
- A54. Information reported in a prior period may need to be restated in accordance with law or regulation or the applicable criteria because of, for example, improved scientific knowledge, significant structural changes in the entity, the availability of more accurate quantification methods, or the discovery of a significant error. [ISAE 3410 Para.A121]
- A55. If the practitioner becomes aware that there may be a material misstatement in the comparative information presented, the practitioner may be able to perform procedures that are to be sufficient to reach a conclusion on the comparative information. [ISAE 3410 Para. A122]
- A56. If the engagement does not include assurance on comparative information, the requirement to perform procedures in the circumstances addressed by paragraph 19 is to satisfy the practitioner’s ethical obligation to not knowingly be associated with materially false or misleading information.
- [ISAE 3410 Para. A123]