



For the attention of Mr. Willie Botha  
Technical Director  
International Auditing and Assurance Standards Board  
529 Fifth Avenue, 6th Floor  
New York, New York, 10017  
USA

[Submitted via IAASB website]

13 July 2020

Dear Mr. Botha,

**IAASB Consultation Paper: Proposed Non-Authoritative Guidance - Extended External Reporting (EER) Assurance**

We<sup>1</sup> appreciate the opportunity to comment on the IAASB's Consultation Paper (CP) for EER Assurance.

**Overall support in principle**

In responding to the IAASB 2019 consultation on the first phase of draft guidance, we expressed our support for developing guidance on this topic based on growing demand in many jurisdictions for various forms of EER and for assurance thereon. We reiterate our support for this timely guidance on applying ISAE 3000 (Revised) and believe it will assist practitioners.

In our 2019 response, we set out some key principles. To be effective and of practical use to practitioners, the guidance needs to:

- be clear and understandable, with a coherent structure and consistent application of key concepts and terminology;
- be anchored to the requirements of ISAE 3000 (Revised) and not overriding, or appearing to extend, the practitioner's responsibilities set out in that standard; and
- reflect practical experience.

We set out some concerns about aspects of the draft guidance at that stage of its development that we felt did not meet those principles. In considering the proposed final guidance, we believe the guidance, for the most part, now does. We also note that changes made in areas on which we provided detailed comment have, in many cases, addressed our previous concerns.

Overall, the restructured chapters follow a logical order and the content is now presented in a style that is easier to read and less "academic" in nature. Several of the diagrams are helpful and the worked examples (Supplement B) are effective in illustrating the application of the guidance to scenarios likely to be encountered in practice.

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<sup>1</sup> This response is being filed on behalf of the network of member firms of PricewaterhouseCoopers International Limited and references to "PwC", "we" and "our" refer to the PwC network of member firms.

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Subject to our remaining significant comments that follow, we support the proposed finalisation of the guidance. In appendix 1 to this letter we have responded, for each chapter, to the two questions posed in the consultation document, incorporating and expanding upon the matters described below.

### **Background and contextual material**

In our 2019 response, we cautioned against the guidance becoming a broader exercise in educating stakeholders about ISAE 3000 (Revised) and of general assurance concepts. The length of the document and the extent to which it focussed on concepts rather than practical guidance were likely to be a disincentive to its use. In that regard, we welcome the fact that content not specific to the application of ISAE 3000 (Revised) has been removed from the main body of the guidance.

We support Part I of Supplement A (the proposed “four key factor model for credibility and trust in relation to EER”), as it has educational value as a stand-alone supplement. However, we continue to question Part II of Supplement A.

We are concerned that the supplement includes content addressing important conceptual principles that may be overlooked, while also setting expectations for assurance engagements more broadly. For example, the expanded discussion on professional judgment and professional scepticism is an important topic in its own right but is likely to be overlooked buried in Part II of a Supplement. ISAE 3000 (Revised), revised as recently as 2015, does not discuss either assertions or performance materiality and, notwithstanding that the guidance acknowledges these are not required by the standard, the Supplement has extensive sections describing these concepts. The discussion of evidence, including procedures and the characteristics of its pervasiveness and sufficiency, is the focus of the IAASB’s project to revise ISA 500 and it feels like this guidance should be part of that project rather than pre-empt the outcomes of that revision.

Furthermore, the many cross-references from the main guidance to Supplement A compel the reader to read the supplement to discover what additional content it includes. This largely negates the objective of shortening the guidance to enhance its perceived readability.

For these reasons, we suggest that Part II of Supplement A be reconsidered. Content that is necessary contextual information should be included in the body of the guidance to facilitate an appropriate understanding of that guidance. The International Framework for Assurance Engagements includes sections on underlying subject matter and criteria, together with other useful “educational” material and is written in a more readily understandable style. A cross reference to this Framework could be made in the Introduction to the guidance as a source of relevant contextual material on assurance concepts. The IAASB could then consider whether the remainder of this background and contextual material could be relocated by incorporating into other more appropriate locations or projects.

### **Encouraging evolution in assurance**

The IAASB has a role to play in promoting the value of assurance and this guidance can make a positive contribution in pursuit of that goal. At the same time, it is important that the guidance is not seen to be unduly restricting or inhibiting the evolution in assurance over emerging forms of EER. We provide some observations in our comments on Chapters 3 and 5 with respect to ensuring an



appropriate balance is achieved in the guidance relating to considering a proposed perimeter of the subject matter information that includes only part(s) of an EER report and the maturity of the system of internal control.

**Making the guidance more accessible through technology**

There is no doubt that the guidance, particularly with the supplements, is very long. In an increasingly technology driven world, developing a well-structured and easily accessible electronic format for the guidance will, in our view, be important in facilitating both its usefulness to, and successful adoption by, practitioners. That may help overcome perceived barriers to its use resulting from the length of the guidance.

**In summary**, we continue to support the development of guidance to support practitioners in applying ISAE 3000 (Revised) in practice. Subject to our key comments above and more detailed comments and recommendations in the appendices to this letter, we support the proposed guidance being finalised for issue. We hope our observations in this letter and the accompanying appendices provide useful input in achieving that goal. We would be happy to discuss our views further with you. If you have any questions regarding this letter, please contact Diana Hillier, at [diana.hillier@pwc.com](mailto:diana.hillier@pwc.com), or me, at [james.chalmers@pwc.com](mailto:james.chalmers@pwc.com).

Yours sincerely,

A handwritten signature in black ink that reads 'James Chalmers'.

James Chalmers  
Global Assurance Leader

## **Appendix 1 - Responses to specific questions**

### **1. Does the draft Guidance adequately address the challenges for practitioners that have been identified as within the scope of the draft Guidance? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?**

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

#### **Chapter 1**

We do not support explicit references to “levels” of assurance competence. Competence evolves over time on a continuum. It would be more appropriate to refer to “greater” or “extensive” experience and assurance competence than arbitrary levels of “high” and “low”. In that regard, we recommend replacing these terms in Diagrams 2 and 3 with “Greater” and “Lesser” (or “more” and “less”) and to delete reference to “Level of” and simply refer to “Assurance Competence” and “Subject Matter Competence”.

We believe that additional consideration should be given to describing the importance of evaluating the competence of any proposed practitioner’s expert. In particular, this should include evaluating whether, based on the work they are being asked to perform, the expert has a sufficient understanding of the concept of evidence. The importance of sufficient direction of practitioners’ experts could also be further highlighted.

Given the potentially wide-range of EER assurance providers who may not be professional accountants, it would be helpful if the Guidance could emphasise the expectations for compliance with quality control requirements, in the context of ISQC 1.

#### **Chapter 2**

Consistent with our cover letter comments on background and contextual information, we believe it is important that the guidance relating to professional judgement and the exercise of professional scepticism is presented in relation to considerations applicable to EER engagements. The purpose of this guidance is not a general education on the topic of professional scepticism. The IAASB has a specific working group that continues to consider that topic and to publish useful guidance. We believe the guidance here could be streamlined to focus on the key reasons why professional judgement and the exercise of professional scepticism are important in an EER engagements, and any related impediments that are more likely to arise in such engagements. For example, paragraphs 52-55 are general education material.

#### **Chapter 3**

We find Diagram 5 to be convoluted and question whether, in this instance, a visual representation actually aids understanding. We would recommend simplifying or deleting.

With respect to “*considering a proposed perimeter of the subject matter information that includes only part(s) of an EER report*”, we question the assertion that the scope of the engagement should necessarily focus on information that is ‘relatively more important to decision-making’. If a broad intent of the guidance is to support evolution in reporting, we believe that there is merit - and value - in

assuring what can be assured at a particular point in time and providing transparency about what can't yet be assured and why. Otherwise, the guidance could be read as implying that no assurance can be provided until it is possible to include all information important to decision-making in the scope of the engagement. While it is true that a scope that is clearly trivial is unlikely to be appropriate, that risk can be addressed by requiring the practitioner to reflect on whether the scope of the engagement could be misleading to users. Any assurance must not be misleading. That should be the primary consideration and test. Otherwise, however, the guidance should not inadvertently be seen as restricting or discouraging evolution in EER.

## **Chapter 5**

We agree that the level of understanding needed will be affected by the size and complexity of the entity, but that this will also be affected, often more so, by the complexity of the subject matter and its related measurement/evaluation. This could be made clearer in this section.

We believe it is also important to make clearer that a mature system of internal control is not an absolute prerequisite for assurance, so long as the practitioner is satisfied that the pre-conditions for assurance contemplated by ISAE 3000 (Revised) can be met.

There is a risk of confusion arising in the guidance addressing external information sources by using a service organisation as an example (paragraph 205). For example, the recent revision to ISA 540 and related conforming amendment to ISA 500 specifically stated that a service organisation was not an external information source when providing information in that capacity. Practitioners may be familiar with that distinction. We recommend a short section addressing service organisations be included as separate guidance, if deemed necessary, and a different example be used within the external sources section.

## **Chapter 6**

Management remains responsible for determining what information is to be included in their reporting. While we understand that many EER frameworks are worded in such a way that leaves room for interpretation, it is important not to convey an impression that the assurance practitioner is capable of independently determining what should be reported. The practitioner may express views to the preparer that what is being reported may not appear appropriate or relevant, but guidance should not imply the practitioner is the arbiter on this point. Therefore, we find reference to how "effective" the entity's materiality process was (Diagram 8) to be unhelpful - effectiveness is a subjective concept and we recommend removing this term. The key test should be whether the entity's process identified the reporting topics that management had determined would assist users' decision-making.

## **Chapter 7**

We support the guidance on considering assertions during an EER Assurance engagement and believe that doing so is reflective of current practice. However, while less confusing than the Phase 1 drafting, we continue to find the description of "categories" of assertions to be unnecessarily complicated. In our view, this detracts from the usefulness of the guidance on assertions. We recommend simply referring to the assertions in ISAE 3410 and ISA 315 and dispensing with an explanation of "categories" of assertions.

Chapter 3 (paragraph 76) states that "*For further discussion on the appropriateness of the underlying*

*subject matter and how aspects of the underlying subject matter may be addressed at different levels of aggregation or disaggregation, refer to SupA.II.115.* It would be useful in this chapter, in considering the potential types of misstatements that may occur (paragraph 257), to highlight the need to consider the level of aggregation/disaggregation of the subject matter and/or to again cross-refer to the supplemental guidance. Paragraph 267 could be expanded in that regard.

### **Chapter 9**

The guidance includes reference to “evaluation uncertainty”. Guidance (or perhaps an illustrative example) would be helpful to illustrate the intended difference in application of this term as compared to “measurement uncertainty”.

### **Chapters 11-12**

In both these chapters we believe it is important to have clearer links back to the relevant considerations in the sections that address agreeing the scope of the engagement, understanding the entity’s process to identify reporting topics and determining the suitability and availability of criteria, to reinforce a stronger “health warning” that an engagement scope that predominantly consists of qualitative or future-orientated subject-matter information may be less capable of being assured. It may also be helpful to draw attention to the fact that there may be additional practical implications, from a time and cost perspective, of assuring information of such a nature.

- 2. Is the draft Guidance structured in a way that is easy for practitioners to understand and use in performing EER assurance engagements? If not, where and how should it be improved to better serve the public interest in EER assurance engagements?**

Where chapters are not listed below, we have no specific comments.

### **Overarching comments (incl. Introduction)**

The structure of the main guidance is, overall, logical, closely mirroring the ordering of the requirements in ISAE 3000 (Revised).

As explained in our covering letter, however, we recommend Part II of Supplement A be reconsidered.

With respect to the question as to whether it would be helpful to further structure the guidance in 3 parts (behavioural attributes, process of an EER engagement, and specific considerations on qualitative and future-orientated information), it is not clear to us what additional benefit this will derive, if the chapters are still presented in the order shown (as is the stated intent).

Each chapter includes several paragraphs that describe “*Circumstances in which the Guidance in this Chapter May be of Assistance to Practitioners*”. The matters set out in these sections do not consistently describe “circumstances” and often read like additional elements of guidance or considerations for the practitioner. We recognise that context is often needed to describe a circumstance. However, we believe it would be useful to develop a consistent approach to drafting these sections so that they first clearly describe the relevant circumstance and then explain any relevant context. This would more quickly help practitioners identify the types of circumstances that are addressed in the chapter that they may encounter.



## **Chapter 2**

See comments on Part II of Supplement A in Appendix 2 (Paragraphs 43-62).

## **Chapter 3**

As this chapter is where the characteristics of suitable criteria are first discussed in detail (paragraph 79), we recommend it would be helpful in this first instance to set out, in a box, what the five characteristics of suitable criteria are, as necessary contextual material, rather than simply referring to ISAE 3000 (Revised). Paragraph 133 could then also cross-refer to this description.

This chapter addresses agreeing the scope of the engagement. There is the potential for confusion between the matters set out within this chapter and Chapter 6 on the entity's process to identify reporting topics. The introductory section of this chapter could seek to explain that close relationship, setting out the matters addressed in this chapter and what guidance is addressed in Chapter 6.

## **Chapter 6**

Given the close relationship between the consideration of the purpose of the engagement, the intended users and the preconditions for the engagement, it may be more useful to locate Chapter 6 to follow Chapter 3. We believe this would also be useful in setting relevant context for Chapter 5 on consideration of the system of internal control. Guidance on the entity's process to identify reporting topics and what is to be reported will, to some extent, drive the consideration of the internal controls that are needed to identify, record, process and report the subject matter information.

## **Chapter 8**

See comments on Part II of Supplement A in Appendix 2 (Paragraphs 114-119).

## **Appendix 2 - Detailed comments**

The section below sets out our other observations and editorial comments by paragraph.

### **General comments:**

- We note that “where” and “when” are used inconsistently to describe when circumstances may exist. Following recent IAASB standard revisions, we believe “when” is the correct term, unless referencing a geographical circumstance.
- We have identified various paragraphs that we do not believe add value and could be deleted in the interests of reducing the overall length of the guidance. These are identified in the comments below.
- The guidance refers to both “assurance practitioners” and the “engagement team”. The term “assurance practitioner” is likely to be understood commonly as referring to the firm. We recommend that when the guidance is specifically referring to members of the engagement team that it would be clearer to use those words i.e., “members of the engagement team”.

### **Specific comments:**

#### Introduction

**Paragraph 18** – The opening sentence does not appear to make sense. The guidance explains how an EER engagement in accordance with ISAE 3000 (Revised) may be performed. We believe this should therefore refer to the What, Why and How of the engagement rather than of the guidance. We recommend: “Each chapter is structured to answer the ‘What’, ‘Why’ and ‘How’ of planning and performing an EER assurance engagementthe guidance in this document.”

#### Chapter 1

**Paragraph 24** – The first sentence does not add anything meaningful and could be deleted.

**Paragraph 32** – This feels more like methodology or a “recommendation” that is not in keeping with the nature of the rest of the guidance and could be deleted.

**Paragraph 36(a)** – We recommend this should refer to “the intended users’ perspective”.

**Paragraph 38 (Diagram 2)** – The bottom right hand box needs to refer to “more” experienced team members to mirror “less” in the bottom left-hand box.

**Paragraph 40** – We recommend adding an additional point to the list: “The complexity in the underlying subject matter or its measurement or evaluation”. This would then better connect to the “for example” statement in paragraph 41 and the content that follows.

**Paragraphs 43-44** – These paragraphs appear to be generic guidance and unrelated to EER engagement considerations. We recommend these be deleted.

#### Chapter 2

**Paragraph 48** – It is important to make clear the rationale for why professional judgement and professional scepticism may be particularly important in an EER engagement. We therefore recommend reversing the order of the two sentences to make the basis for the statement clearer and adding the word “consequently” at the start of what would then be the second sentence.

**Paragraph 59** – We do not believe an individual possesses “competence” in professional judgement. As the definition explains, professional judgement is the application of relevant training, knowledge and experience. We therefore recommend deleting reference to competence: “~~Competence in the exercise of p~~Professional judgment is developed through extensive training and experience...”

### Chapter 3

**Paragraph 65** – There are a lot of thoughts being set out in this paragraph. We recommend a bullet list of factors may make the paragraph easier to read and for practitioners to better understand and appreciate the various considerations. We recommend stating: “The following factors may result in the proposed subject matter information for the engagement being only part(s) of the entity’s EER report (hereafter referred to as the ‘boundary of the subject matter information’):” and then providing a list.

**Paragraph 89** – Related to our response to question 2 in respect of this chapter, this is the first time that reference to “neutral” criteria is made. If the characteristics of suitable criteria have not been described prior to this point (see recommendation), we recommend including a cross-reference to Chapter 4 from this term.

**Paragraph 99 (Example)** – We recommend adding “and level of wastewater contaminants” after “to reduce its water consumption.” This seems relevant given the preceding description.

**Paragraph 105** – We recommend deleting “the” to avoid a perception that ISAE 3000 (Revised) specifies a level of professional scepticism and professional judgement: “to exercise ~~the~~ professional skepticism and professional judgment, as required by the Standard.”

### Chapter 4

**Paragraph 140** – We recommend the following amendments as being more appropriate: “As relevance relates to ~~the users’~~ decision-making...”

### Chapter 5

**Paragraph 199** – The engagement circumstances always need to be taken into account. The following statement therefore feels incorrect and circular. We recommend amending as shown: “~~Consideration of the practitioner may need to consider the~~ engagement circumstances, including the size and complexity of the entity, is important when concluding whether the level of development of the system of internal control is appropriate ~~to the engagement circumstances.~~”

### Chapter 6

**Paragraph 217** – “reliable” does not appear to be the appropriate term in the context of the following sentence. We recommend “informed”: “EER frameworks do not always provide sufficiently detailed direction for a preparer to make ~~reliable~~informed judgments...”



**Paragraph 246** – We recommend: “If considering the anticipated impact, examples of circumstances that might increase the its-relevance of the subject matter information include:”

**Paragraph 251** – The following statement appears to mix consideration of the topics to be included in EER and the information about those topics that should be disclosed. Recommendation shown, but the point may need to be clarified: “Criteria about topics to be included in the EER report are likely to be complete if the information resulting from applying them does not omit relevant ~~factors about such~~ topics:”

#### Chapter 7

**Paragraph 257** – We recommend: “This approach may enable the practitioner to identify and categorize all the potential misstatements into types, which may facilitate the design of appropriate assurance procedures over the subject matter.”

**Paragraph 258** – We recommend: “The underlying subject matter, and criteria may be diverse, and may require different characteristics of the resulting subject matter information to be reported than required by applicable financial reporting frameworks....”.

**Paragraph 261** – We recommend: “Although the practitioner is not required by the Standard to use assertions ~~under the Standard~~, when designing procedures...”.

**Paragraph 261** – We consider it confusing to describe a category of assertions that address completeness. We believe most practitioners simply think of completeness as an assertion. We recommend deleting this last sentence.

**Paragraph 268** – We recommend reordering the sentence to improve the logic: “The assertions allow the practitioner to consider the different types of potential misstatements that may occur in subject matter information, as when an assertion is not true ~~in subject matter information~~, the information is misstated.”

**Paragraph 268 (c)** – We recommend: “Inconsistent, mMisleading or unclear representation of information....”

**Paragraph 270** – It may be helpful to also address how management has considered assertions (or the concept thereof) in preparing the subject matter information and how that may also be a consideration for the practitioner.

#### Chapter 8

**Paragraph 281** – “Assurance risk” is referred to in this paragraph and is the only such reference in the entire guidance. We recommend aligning with previous paragraphs (including paragraph 280) and using “engagement risk”.

**Paragraph 284 (Considerations Box A – after point (e))** – We recommend adding an additional related consideration: “How might incentives and pressures on management relating to the subject matter affect the risks of misstatement? Have targets or compensation been linked to the subject matter?”



**Paragraph 284 (Considerations Box A - point (g))** – We recommend adding an additional consideration: “Does the entity have an internal audit function and, if so, what work have they performed in relation to the subject matter information, when were those procedures performed, and what are their findings?”

**Paragraph 284 (Considerations Box A - point (j))** – We do not consider that you specifically “perform procedures” to evaluate evidence. We recommend amending as shown: “Would procedures to obtain ~~or evaluate~~ the evidence, or the evaluation of such evidence, need the application of specialist subject matter expertise.”

**Paragraph 284 (Considerations Box A)** – We recommend adding an additional consideration: “Is there a sufficient period of time after the reporting period for management to obtain and review the data prior to reporting the subject matter information, or does management use significant estimates to fill data gaps?”

**Paragraph 284 (Considerations Box B – after point (e))** – We recommend adding an additional related consideration: “How will significant estimates be validated? Can subsequent events be used to confirm estimates used to prepare the subject matter information?”

**Paragraph 284 (Considerations Box C - introduction)** – For consistency with Box A and B we recommend: “Considerations when evaluating the sufficiency and appropriateness of evidence obtained may include the following.”

**Paragraph 292** – We recommend deleting this paragraph as the accumulation of uncorrected misstatements and evaluation thereof is addressed in Chapter 9.

**Paragraph 294** – We recommend adding an additional consideration to this paragraph: “How the subject matter information will be reported and how any conclusions will be presented may be relevant considerations for the practitioner in making this determination”.

**Paragraph 296** – The last sentence is redundant given the guidance that precedes it (paragraphs 293-296).

**Paragraph 297** – This paragraph lacks clarity. We recommend: “Using performance materiality to perform procedures ~~increases the likelihood that the procedures will~~ may result in the identification of misstatements that are above performance materiality but are not individually material in quantitative terms. Compared with applying the same procedures using materiality as the threshold for identification, this increases the likelihood that the procedures will identify misstatements that, when accumulated and their aggregate significance is considered, ~~are~~ may be material in the aggregate in quantitative terms.”

### Chapter 9

**Paragraph 307** – It may be helpful here to draw a linkage to the practitioner’s obligations relating to other information. If a misstatement is identified within the subject matter information that is in the scope of the information being assured, this would be relevant information (knowledge) that the practitioner should take into account when reading the other subject matter information not in scope.

**Paragraph 309** – We recommend adding the following example to illustrate a relevant consideration: “For example, corrections that would result in a stated goal or target being missed (reversing a trend), due to the sensitivity of the goal to that correction, may be subject to management bias”.

**Paragraph 319** – We recommend adding the following: “The practitioner may wish to consider the extent to which the risk of material misstatement due to fraud is relevant to the engagement (S.A86), include a planning discussion to discuss the potential for fraud, and remain alert.”

**Paragraph 320** – We recommend adding an additional consideration at the end of the paragraph: “The practitioner may also consider whether misstatements that may be related to control deficiencies indicate a need to extend any substantive procedures, where reliance had been placed on the effectiveness of relevant controls.”

#### Chapter 10

**Paragraph 330(b)** – We do not see how the decisions that users might be expected to make are matters that could be impediments to the understandability of the assurance report.

**Paragraph 330(c)** – “information” cannot be described as “they”. We recommend: “...the complexities and uncertainties associated with their measurement, evaluation or, in the case of future-oriented information, whether theythe events or circumstances described in such information will occur.”

**Paragraph 333** – The last sentence directly duplicates the first sentence of paragraph 331 and could be deleted.

**Paragraph 344** – “comfort” is not a term used in standards. “confidence” has been used elsewhere in the guidance (or “reliance” may be appropriate).

#### Chapter 11

**Paragraph 383-384** – We recommend including an additional examples box to illustrate the points being made in these paragraphs. Examples would better bring to life the subtlety of the points being made e.g., that numbers can also be expressed in words, and what makes information qualitative rather than quantitative is its non-numerical nature.

**Paragraph 389** – It may be useful to add that, when criteria are not suitable, having the discussions with the preparer as early as possible in the engagement is helpful.

**Paragraph 392** – We recommend adding: “Even in situations where the same assertions are applicable, there may be more focus on assertions such as understandability and comparability for qualitative information, as well as consistency with other information presented by the entity in the same document and consistency with the practitioner’s knowledge of the entity, including knowledge of other publicly available information prepared by the entity.”

**Paragraph 393** – We recommend adding: “When testing and documenting the practitioner’s work in relation to qualitative information, it may be helpful to the practitioner to break up long pieces of text and consider sections, paragraphs or sentences separately when these address different things. It is likely that different assertions will be applicable to each. It may also be helpful to identify and consider

collectively qualitative statements from across the subject matter information that address the same subject matter. This may aid the considerations of relevant assertions and of consistency of such statements.”

**Paragraph 412** – An example box to illustrate the point being made would be helpful.

Chapter 12

**Paragraph 443** – Due to the greater subjectivity involved with future orientated information, we recommend additional emphasis could be given to the need to be aware of “cumulative” bias, or the intention of the preparer to convey a particular impression of the entity’s future by including consistently positive statements or projections that taken together could be considered misleading. This is sometimes referred to as “impression management”.

Supplement A - Part I - Four Key Factor model

**Paragraph 4 (bullet 1)** – A “sound” EER framework is unlikely to translate well or be confused with the more common meaning for the word sound. We recommend replacing “sound” with “appropriate” (two instances).

**Paragraph 4 (bullet 2)** – To enable a user to be satisfied, there must first be transparency for users about the governance over the reporting process. We recommend amending to state “Strong Governance over the Reporting Process - that is sufficiently transparent to satisfy the user...”. This would be consistent with reference to transparency in bullet 1 and also the guidance in paragraph 24 of the supplement.

**Paragraph 4 (bullet 4)** – It is unclear what is meant by “and other external inputs relating to the EER report”.

**Figure 1 (point 1), Factor 1 heading, paragraph 8 and paragraph 15** – See comment on “sound” at paragraph 4 (bullet 1).

**Paragraph 8** – Preparers can neither ensure nor be certain that users’ needs are met. We recommend amending to state: “...EER framework guides preparers in ensuring that the developing an EER report is an that provides effective communication and gives users confidence that the EER report will is intended to meet their needs.”

**Paragraph 10** – It would be helpful to clarify that reference to “due process for developing the EER framework” is not setting an expectation that all preparers must conduct widespread stakeholder engagement, nor that if this does not take place that the resulting framework necessarily lacks quality or may not have user confidence. It depends on the subject matter, whether a generally accepted framework already exists, or what regulators require. We also recommend amending the second bullet to end with “and/or” - if an EER framework is well-known, commonly understood, and has broad stakeholder acceptance that should suffice on its own.

**Paragraph 11** – Frameworks are not designed to meet the specific needs of individual users. Therefore, we recommend this statement be amended as shown: “The closeness of fit between the objectives of the EER framework and the user’s common needs of users...” (also applies to point 1 of the 4-key factor diagram).

**Paragraph 13** – See paragraph 10. Reference to a “requirement for stakeholder engagements” may be setting inappropriate expectations.

**Paragraph 15** – We recommend adding: “Management or TCWG may be required to, or may voluntarily make, an explicit assertion in the external report on their responsibility for the robustness of reporting processes.”

**Paragraph 23** – Reference to “materiality process”. We do not see the logic in using different terminology in the supplement with a corresponding footnote to explain that the main guidance uses different terminology. We recommend replacing the term with the same language that is used in the main guidance i.e., “the entity’s process to identify reporting topics”.

**Paragraph 24** – There may be personal privacy concerns in relation to the suggestion that credibility may be enhanced when there is transparency about the individuals “involved” in the reporting process. Ultimately those charged with governance are responsible for what the entity puts into the public domain.

**Paragraph 27** – It is not clear how “most credible” is to be judged. We recommend deletion of the word “most”. What matters is that users find the report or wider information to be credible.

**Paragraph 32** – The following statement is strange in a document targeted at assurance engagements in accordance with ISAE 3000 (Revised). We recommend editing as follows: “~~Particular types of engagements (for example, a~~ Assurance engagements) also require the practitioner to meet/comply with independence and other relevant ethical requirements.”

#### Supplement A - Part II - EER Assurance Engagements - Background and Context

**Page 17 Example 1** – Point (c) is described as an attribute. Several other items in the list also appear to be descriptions of attributes. This may lead to confusion.

**Paragraphs 22-23** – These paragraphs are particularly difficult to understand and would benefit from being written in plainer English or using some additional examples to illustrate the concepts being explained.

**Paragraphs 43-62** – Much of this content reads more like guidance than background and contextual information. To the extent that this is considered necessary guidance, it should be incorporated into the main guidance.

**Paragraph 65** – It appears an omission that the definition of “assertions” is not included in the main guidance.

**Paragraphs 68-74** – As described in our covering letter, we find the description of categories of assertions to be confusing. ISA 315 refers to categories of assertions relating to classes of transactions and events and related disclosures, and of account balances and related disclosures, and ISAE 3410 refers to categories of assertions relating to quantification of emissions, and of presentation and disclosure. In each case, completeness and accuracy are listed as specific assertions. Reference in the supplement to “assertions that fall into the category of completeness” or “into the category of accuracy” is likely to create confusion. We also question whether the way the cross-reference to both these standards is made within the guidance is therefore appropriate.

**Paragraphs 77-113** – This is an example of guidance that appears to be directed at addressing education of core assurance concepts. We question whether all this material is needed.

**Paragraphs 114-119** – While also representing conceptual material, these paragraphs, like paragraphs 43-62, read more like guidance. Again, to the extent that this is considered necessary guidance, it should be incorporated into the main guidance.

**Paragraph 130** – We recommend the logical order is point b), then point c), then point a).

**Paragraph 137** – All other references in this section are to the subject matter information. The reference to financial statements therefore looks out of place and may cause confusion. We recommend amending as follows: “~~As defined, p~~Performance materiality is a quantitative concept, which may be applied when considering misstatements at the level of the ~~financial statements~~subject matter information as a whole.”

**Paragraph 143** – The correct reference to ISAE 3000 (Revised) appears to be paragraph A161, rather than A60. We also note that paragraph A161 does not refer to the “common” information needs of intended users.

**Paragraph 148** – Recommendation to make the sentence more logical: “The assurance information included in the assurance report may be considered to have a similar relationship as the ~~to~~ assurance conclusion and its basis....”.