



PROPOSED INTERNATIONAL STANDARD ON SUSTAINABILITY ASSURANCE 5000

Issued 1 December 2023

ICAEW welcomes the opportunity to comment on the Proposed International Standard on Sustainability Assurance 5000 published by IAASB in August 2023, a copy of which is available from this [link](#).

For questions on this response please contact the Audit and Assurance team on tdaf@icaew.com quoting REP 114/23.

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ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)1908 248 250 F +44 (0)20 7920 0547 icaew.com

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

KEY POINTS

1. We welcome the opportunity to comment on the IAASB's Exposure Draft. We recognise the importance of this proposed standard, which is clearly evidenced by the unprecedentedly swift actions of the IAASB in progressing the project, the significant outreach which has occurred and the sizeable number of resources which have been devoted to publishing a high-quality standard in a timely fashion without compromising on either rigour or due process.
2. We are strongly supportive of ED 5000 as an overarching standard and global baseline for sustainability assurance. In particular, we believe that ED 5000 strengthens the extant ISAE 3000 (Revised) for application to the performance of an assurance engagement specifically over sustainability information, thereby responding to demand from the market and a clear public interest. We believe that the establishment of a single, internationally-recognised assurance standard is critical in providing investors and other stakeholders with consistent, high-quality assurance reports over sustainability information.
3. The FAQs note that it is for policymakers, standard setters, and regulators in individual jurisdictions to decide on adoption and implementation of ISSA 5000. We understand that the European Commission (EC) may develop its own local assurance standard in respect of its Corporate Reporting Sustainability Directive (CSRD) – a regulation that is extra-territorial in its reach. Fragmentation of professional standards guiding the performance of assurance engagements on sustainability information is not in the public interest. This scenario risks inconsistency of practice, and potentially a reduction in trust in the outcomes of assurance engagements, particularly where there are complex value chains.
4. We therefore strongly encourage the IAASB to continue its active dialogue with the International Organization of Securities Commissions (IOSCO), the EC, and the Public Company Accounting Oversight Board (PCAOB) to lend their weight to adoption of ISSA 5000 across global markets.
5. Our extensive outreach has indicated that the key issues that the IAASB faces in finalising the standard are in:
 - facilitating the delivery of high quality limited and reasonable sustainability assurance engagements that can be performed successfully by any sustainability assurance practitioner; and
 - limiting the possibility of fragmentation of standards and lack of consistency in such engagements.
6. We are confident that IAASB can resolve these issues. In addressing them, we believe that the key areas of focus should be (not necessarily in this order):
 - facilitating professional agnosticism and scalability, including addressing understandability, use of language, assumed knowledge and experience;
 - engaging with IESBA to ensure related ethical and independence standards are of high quality and usable by all practitioners;
 - understanding risk assessment and work effort differentiation between limited and reasonable assurance;
 - performing an assurance engagement for groups;
 - performing first time engagements;
 - considering and determining materiality;
 - supporting the transition from limited to reasonable assurance;
 - evaluating information from the value chain;
 - assessing estimates; and
 - dealing with forward-looking information.

7. In light of the importance of the need for a single, internationally recognised assurance standard, and in particular the need for a global baseline to be clearly established, and recognising the complexity of the issues and the inevitable resource constraints, we encourage the IAASB to consider pursuing priorities in this order:
- focus initial efforts on addressing the most significant and consistent issues raised in response to this consultation, ensuring that this overarching standard is finalised in the proposed timeframe, that is by September 2024.
 - move as quickly as possible to develop the ISSA 5000 suite of standards, starting with those of greatest priority highlighted in consultation responses. In our view, a particular priority is a standard on group sustainability assurance engagements, issued on or before the effective date of the overarching standard with the option of early adoption to enable practitioners to use the overarching and group standard together from 2026, as large, complex groups are likely to be among the early adopters. Other standards we believe should be prioritised include those around sustainability assurance over the value chain, materiality, including the entity's materiality assessment process, and initial sustainability assurance engagements.
 - make effective use of IFAC, and collaborate with other bodies, including Professional Accountancy Organisations (PAOs) and Independent Assurance Service Providers (IASPs), to develop practical implementation guidance to mitigate the time and effort required by the IAASB on guidance, enabling the Board to focus on standard setting activities. Where we refer to guidance in our comments, typically this may be achieved by non-authoritative, practical implementation guidance rather than further application material (unless otherwise highlighted). ICAEW stands ready to engage with the IAASB on the development of this practical implementation guidance.
8. Our comments in this response are driven by the format of the response document and we have answered the questions which have been posed. Although we have raised a number of issues, as a result of extensive outreach with our members, which have in some cases led to 'No' or 'Disagree' responses, for the avoidance of doubt, we believe finalisation of a high-quality standard by the IAASB is achievable and the IAASB can meet its objectives in this respect.

RESPONSES TO QUESTIONS IN THE EXPLANATORY MEMORANDUM FOR ED-5000**OVERALL QUESTIONS**

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

(See Explanatory Memorandum Section 1-A, paragraph 14)

Overall response:

Agree, with comments below

Detailed comments:

9. We broadly agree that, as a principles-based standard, ED 5000 could be applied for each of the items described in paragraph 14 of the Explanatory Memorandum, subject to the proposed solutions within this response.

All intended users

10. We believe that there is a lack of clarity around intended users. ED 5000 identifies a wide range of potential intended users, which goes beyond those identified in some reporting frameworks (such as IFRS S1) but may not capture all those potentially scoped in, for example, as a result of impact assessments, by other frameworks.
11. We do not believe that it is sufficiently clear in ED 5000 to what extent assurance providers would need to consider intended users identified that are outside the scope of the framework under which an entity reports. Differing sustainability matters will have different interested users. Identifying the common needs of users as a whole for a sustainability report will be highly challenging. We are concerned that the level or volume of users that will reach the threshold of "common needs" is unclear and more guidance is urgently needed. We believe this may be an area particularly prone to inconsistency since many other assurance practitioners may have little experience of external reporting and therefore may not previously have had to consider the issue of intended users.
12. We encourage the IAASB to consider whether the guidance relating to entity-developed criteria is in fact sufficient, in the light of the fact that ED 5000 highlights that evaluation may be more extensive for entity-developed criteria.

Use by all practitioners

13. We support the IAASB's decision to issue a standard that is profession-agnostic. To successfully create a standard that can be applied globally, and complied with, in a consistent manner regardless of professional background and experience is clearly in the public interest. It will be critical to overcome threats to performance consistency, which could have far-reaching consequences, including, but not limited to:
- fragmentation in standards adopted, which would threaten the status of ISSA 5000 as a global baseline; and
 - inconsistent application, which could give rise to quality issues resulting in negative impacts on confidence in sustainability reporting and assurance.
14. We believe that a key issue which could give rise to consistency threats is that ED 5000 uses terminology that will be well known to auditors (eg, performance materiality) and concepts that are addressed by more detailed individual auditing standards (eg, accounting estimates in ISA 540 *Auditing accounting estimates*). These concepts may be difficult to apply without prior experience of the more detailed auditing standards and may lead to different

interpretations of the standard by some assurance practitioners. We believe that additional guidance will be necessary to bridge this potential gap in understanding.

15. If ED 5000 is issued in electronic form, this would facilitate the use of hyperlinks to specific explanatory material, available to those who need it but not imposed on those who do not. However, absent this, ensuring that all users of ED 5000 are on a 'level playing field' regarding their understanding of specific terminology and the application of specific concepts may be challenging. We are also concerned that if the final standard is perceived to be contain many specialised or unfamiliar terms and concepts, assurance practitioners who are not professional accountants or auditors may choose to use, or indeed develop, alternative standards, which could also lead to consistency threats and a resulting loss of confidence in sustainability assurance.
16. We note the phrase "at least as demanding" relating to possible alternative codes of ethics and quality management requirements for other assurance practitioners. We accept that this is not a new concept for IAASB standards, as the IAASB highlights in the Explanatory Memorandum. However, it might be more helpful for other assurance practitioners if the standard set out required provisions and concepts rather than simply drawing comparisons. We appreciate that this would add to the length of an already long standard, and would also necessitate updating in the future were the IESBA Code or ISQM 1 to undergo revisions. However, such an approach could reduce the scope for confusion in this area and could therefore be more usable and understandable for other assurance practitioners. Other possible options include:
 - the IAASB leaving the determination of 'red lines' to regulators (although this could give rise to consistency threats -see above); or
 - the IAASB and IESBA issuing standalone quality management and ethical provisions reflecting minimum requirements (this would be an effort-intensive option but might be the most usable option)
17. We are aware of IESBA's project on the development of new ethics and independence standards for sustainability reporting and assurance. Application of these standards should be required, unless practitioners are required to comply with ethical requirements prescribed by law, regulation or national standard setters that have been designated by such bodies as "at least as demanding". Where such bodies do not make that designation, IAASB should provide guidance on how to evaluate whether local codes or requirements meet the "at least as demanding" threshold.
18. The success of ISSA 5000 is inextricably linked to the success of IESBA's project. We encourage the IAASB to continue to engage with IESBA as it has a clear interest in the quality of IESBA's standards and whether they are usable by all practitioners.

All sustainability topics and aspects of topics

19. We believe that there is a potential inconsistency in the defined procedures to be performed on a standalone assurance engagement in accordance with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements (As amended)* (ISAE 3410) compared to situations where Greenhouse Gas (GHG) information is provided in sustainability reporting within the scope of ISSA 5000.
20. In particular, ED 5000 does not require risk assessment at an assertion level in limited assurance engagements, but ISAE 3410 does. This variance in practice would be material in terms of work effort and quality. We would welcome specific consideration of this issue by the IAASB and clear communication to the market on any material differences so that intended users may understand the nature of assurance engagements on GHG information that are performed under the two standards.

PUBLIC INTEREST RESPONSIVENESS

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

(See Explanatory Memorandum Sections 1-B, and Appendix)

Overall response:

Agree, with comments below

Detailed comments:

21. Overall, we agree that the proposals in ED 5000 are responsive to the public interest, but we have concerns about the operationalisation of ED 5000, particularly in the light of both the profession agnostic remit, and considerations of scalability.
22. With this proposed standard, the IAASB is ‘courting’ a new constituency of practitioners in addition to existing professional accountant auditor and assurance providers. We believe that this scope extension necessitates consideration of whether the usual ‘modus operandi’ – whereby the IAASB promulgates a standard and then firms and networks operationalise the standard and incorporate its requirements into their existing methodologies – is appropriate in this instance.
23. We believe that in these unprecedented circumstances, with heightened public interest and the likely involvement of other assurance practitioners, the IAASB should be addressing not just the question of ‘what’ practitioners should do but also ‘how’ they might do this. We doubt that other assurance practitioners will generally have established methodologies to comply with IAASB standards or be used to providing the level of documentation that might be required in some engagements.
24. We believe that the IAASB should coordinate or convene others to produce additional, separate practical operational guidance, through the agency of IFAC or other PAOs. The IAASB’s recently issued, *Proposed ISSA 5000: the application of materiality by the entity and the assurance practitioner*, is a start, but our view is that much more practical guidance will be needed to make this a success. In our view this is a key public interest issue.
25. We believe some of the key areas where guidance will be critical include:
 - application of ED 5000 vs. ISAE 3410 for assurance relating to GHG information;
 - risk assessment difference between limited and reasonable assurance;
 - work effort required with regard to understanding the entity’s system of internal control for limited assurance versus reasonable assurance;
 - practitioner’s responsibilities when using the work of an expert or another practitioner;
 - procedures on estimates versus procedures on forward-looking information; and
 - groups and aggregated sustainability information.

APPLICABILITY OF ED-5000 AND THE RELATIONSHIP WITH ISAE 3410

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

(See Explanatory Memorandum Section 1-C)

Overall response:

No, with comments below

Detailed comments:

26. We are concerned that there is a lack of clarity around when ISAE 3410 should be applied and when ISSA 5000 should be applied.

27. ISSA 5000 applies for all sustainability information. As ED 5000 currently stands, there may be confusion in circumstances where a separate conclusion is required by law or regulation on a GHG statement which is part of a broader sustainability report subject to an assurance engagement. We believe there is a lack of clarity as to whether in these circumstances the practitioner is required to produce one single report, merging the content, or dual reports, keeping the content separate. If providing a single assurance conclusion on sustainability information which includes GHG emissions data, is the assurance conclusion expected to be in accordance with both ISSA 5000 and ISAE 3410 (in the same way as a number of ISAE assurance reports on sustainability information have been presented where the information subject to assurance includes GHG emissions data)? Adding guidance on these points will help provide clarity.
28. We are also concerned that practitioners may read ED 5000.2 and conclude that, if an engagement is a broad scope assurance engagement plus GHG, then ED 5000 does not apply to the engagement, even though it should be applied to all aspects other than the GHG disclosure.
29. We note that ISAE 3410 specifically states that practitioners shall identify and assess risks of material misstatement at the GHG statement level, in addition to the risks at the level of disclosures (LA) or assertions (RA). However, the risk of material misstatement at the level of the sustainability statement is not included in ED 5000 (refer to paragraph 110 L/R). We believe that this should be included. There could be risks that are related to the overall report, and not to specific disclosures or assertions (analogous to financial statement level risks in an audit). One example is the overall tone and balance of information disclosed (which may be too 'positive').
30. On balance, we believe that there should be two separate reports in the interests of clarity. We can envisage various situations where there could be confusion absent separate reports, for example:
- for an engagement that includes GHG information and no separate assurance conclusion – we do not believe it is clear whether the practitioner should apply ISSA 5000 and ignore ISAE 3410; and
 - for a CSRD engagement which includes GHG information, it is not clear whether the practitioner would apply ISSA 5000 and ignore ISAE 3410, or apply both.
31. In the early years of application, we consider it to be highly likely that assurance reports on broad scope sustainability information will typically comprise a mix of limited and reasonable assurance, and potentially a significant number of qualifications and emphasis of matter paragraphs. In our view, having two separate reports would make it easier identify the issues arising from each engagement. It would also facilitate the use of separate assurance providers should that be appropriate.
32. It is not clear whether there is an intention or appetite to 'rebadge' ISAE 3410 as part of the 5000 series. We would support such a move should our other comments on understandability and interoperability be taken on board.

RELEVANT ETHICAL REQUIREMENTS AND QUALITY MANAGEMENT STANDARDS

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

(See Explanatory Memorandum Section 1-D)

Overall response:

No, with comments below

Detailed comments:

33. We have concerns about the phrase “at least as demanding” relating to possible alternative codes of ethics and quality management requirements for other assurance practitioners.
34. We believe that more detail on what is required would be helpful. A56 is rather light in its explanation as to what is required under ISQM 1. Our comments below reflect our understanding but might also be an indication of the impact of the lack of sufficient detail.
35. This is a key public interest issue that must be addressed, or there may be a two-tier quality outcome. We question how reporting entities will be able to gauge whether the practitioner they are considering using meets the required standards for either ethics or quality management.
36. We accept that this is not a new concept for the IAASB standards, as the IAASB notes in the Explanatory Memorandum. We do, however, consider that it might be more helpful, for other assurance practitioners, to set out required provisions and concepts rather than draw comparisons. We appreciate that this would add to the length of an already long standard and would also necessitate updating in the future if the IESBA Code or ISQM 1 undergo revisions, but we believe that such an approach could reduce the scope for confusion in this area and could therefore be more usable and understandable for other assurance practitioners. Other possible options include:
- the IAASB leaving the determination of ‘red lines’ to regulators (however this could give rise to consistency threats (see above)) or
 - the IAASB and IESBA issuing standalone quality management and ethical provisions reflecting minimum requirements (this would be an effort-intensive option but might be the most usable option).
37. We are aware of IESBA’s project on the development of new ethics and independence standards for sustainability reporting and assurance. Application of these standards should be required, unless practitioners are required to comply with ethical requirements prescribed by law, regulation or national standard setters that have been designated by such bodies as “at least as demanding”. Where such bodies do not make that designation, IAASB should provide guidance on how to evaluate whether local codes or requirements meet the “at least as demanding” threshold.
38. Quality management is challenging, both conceptually and in practical terms, and it is important that the requirements are clear to avoid the risk that ISSA 5000 will be perceived as inaccessible. There are risks of inconsistency and fragmentation. If the bar for quality management is perceived as being set too high’ then some other assurance practitioners may seek alternative standards, and those that do not may strive to comply with ISQM 1 but struggle. Furthermore, there is a risk that other assurance providers may be deterred from entering the assurance market, thereby reducing competition and choice, which would not be in the public interest.
39. The implementation of ISQM 1 has been challenging for the profession, and that was in the context of moving from an ISQC 1 regime. While it could be argued that designing and implementing a new ISQM 1-equivalent System of Quality Management (SOQM) might in some ways be easier than moving from ISQC 1 to ISQM 1, we believe that other assurance practitioners could find that onerous. If other assurance practitioners design and implement – or believe that they have designed and implemented – an ISQM 1-compliant SOQM and this is not in fact the case, this could damage the reputation of ISSA 5000 and indeed the reputation of ISQM 1. This is a considerable risk for the IAASB.
40. With a lack of appropriate regulation, it is difficult to see how the requirement to have ethical and quality management standards “at least as demanding” can be enforced and therefore there is potentially no ‘level playing field’ between different assurance providers. This may well be a challenge that the IAASB (and IESBA) envisage will be dealt with at jurisdictional level, but IFAC must be careful in striking the right balance in this area.

41. We refer you to our earlier comments about operationalisation of ED 5000 and the desirability of the provision of additional guidance or resources for other assurance practitioners. Quality management is one area which would definitely benefit from such an approach.

DEFINITIONS OF SUSTAINABILITY INFORMATION AND SUSTAINABILITY MATTERS

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

(See Explanatory Memorandum Section 1-E, paras. 27-32)

Overall response:

Yes, with comments below

Detailed comments:

42. We agree with the definitions provided, but we would like to see a reference to the definition provided in the relevant reporting framework / applicable criteria. We believe that the appendix and the diagram are helpful in providing a visual representation of what they mean, and we believe that practical examples to support the diagram would be helpful. We are aware that other jurisdictions have provided practical examples and we believe that the IAASB should consider this approach.
43. We have some concerns relating to the potentially very broad range of sustainability reporting for which practitioners may be asked to provide assurance. This might risk creating an expectation gap, or exacerbate the challenge in relation to 'Other information' where it will include sustainability information not subject to the assurance engagement. Reports will need to be very clear about what information the assurance opinion covers and what is excluded. Additional application guidance addressing this issue would therefore be helpful.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

(See Explanatory Memorandum Section 1-E, paras. 35-36)

Overall response:

Yes, with comments below

Detailed comments:

44. The diagram in Appendix 1 is not unhelpful, but further practical examples may help to illustrate the link between sustainability matters and sustainability information. We are aware that some other jurisdictions have provided practical examples and this is an approach the IAASB should consider.
45. We encourage the IAASB to consider whether there would be benefit in closer alignment with the pillars used in major international sustainability reporting standards, ie, Governance; Strategy; Risk Management; and Metrics and Targets.
46. We are concerned that both the differing characteristics, and the relationship between, Sustainability Information (subject matter information) and Disclosures is potentially confusing. It may be unclear whether the Disclosures are simply part of the Sustainability Information on which the practitioner is providing an assurance conclusion or whether they are classed as other information that the practitioner reads for consistency.
47. ED 5000 includes the following definition of 'disclosures':
“Specific sustainability information related to an aspect of a topic”
48. We suggest that the following might be more understandable:

“Information recognised, measured and presented within the sustainability information, relating to specific aspects of sustainability topics”.

49. It would be helpful if there was some more application material with illustrative examples of 'Sustainability matters' in A32 alongside the current narrative on topics and aspects of the topics. Again, we refer the IAASB to guidance produced by other jurisdictions.
50. We believe there would be value in illustrating established criteria in the application material. We do not believe that this would undermine the 'framework neutral' nature of the proposed standard so long as examples from alternative frameworks were included.

DIFFERENTIATION OF LIMITED ASSURANCE AND REASONABLE ASSURANCE

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 45-48)

Overall response:

No, with comments below

Detailed comments:

51. We believe that ED 5000 leans too much towards the conceptual and needs to be balanced by more practical guidance. For example, application guidance or other explanatory material would be helpful to demonstrate the differences in documentation requirements and the extent of evidence that needs to be obtained for limited versus reasonable assurance. Overall, we remain concerned that absent additional practical application guidance, and ideally tools and other resources, there will be a not insignificant consistency risk across the market both in terms of approach (paragraph 94), and work effort and procedures.
52. The approach to risk assessment and work effort for limited assurance and reasonable assurance is not sufficiently differentiated, and there is a need for further clarity within both the requirements and application material. We believe that the work effort requirement as set out in ED 5000 may be too low relating to risk assessment, and specifically, there is no requirement for substantive procedures. This could create an expectation gap, and— we believe there should be some substantive procedures performed even for limited assurance engagements. At the least we believe that there should be a requirement to obtain an understanding of the entity's processes and controls. Furthermore, we believe that should be a requirement for at least some substantive procedures when responding to risks for limited assurance engagements.
53. We are concerned that there could be possible confusion about the type of assurance provided (and therefore, by implication, the work effort undertaken) as a result of the lack of distinction between the two types of assurance report. We recommend a clearer differentiation between the assurance reports, in addition to the work effort underpinning the reports.
54. We encourage the IAASB to consider providing additional practical guidance around the development of (sustainability relevant) expectations for analytical procedures. We believe that, as written, there is scope for confusion about work effort for each level of assurance when performing analytical procedures.

PRELIMINARY KNOWLEDGE OF THE ENGAGEMENT CIRCUMSTANCES, INCLUDING THE SCOPE OF THE ENGAGEMENT

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer? (See Explanatory Memorandum Section 1-F, para. 51)

Overall response:

Yes, with comments below

Detailed comments:

55. In our view, the scope of work required on the preconditions for an assurance engagement prior to accepting an assurance engagement compared with the work performed during the performance of an assurance engagement could be clearer.
56. Para 25(c) requires practitioners to determine that the preconditions for an assurance engagement are present and refers the reader to paragraphs 69-70. Paragraph 70 (and its related paragraphs 71-74) talk about the practitioner “evaluating” whether each of the preconditions are present. We question how much “evaluation” is it realistic to expect a practitioner to carry out prior to making an engagement acceptance decision, and in particular with regard to the criteria (which may only be available in draft form at the pre-acceptance stage). ISAE 3000.25 talks about “discussion with the appropriate party(ies)” at the pre-acceptance stage and then “determining” whether the criteria are suitable at the planning phase.
57. We are concerned that a more detailed or in-depth evaluation of the criteria may be performed prior to engagement acceptance under ISSA 5000 than is likely to be performed for an assurance engagement under ISAE 3000, and we question whether this actually is the IAASB’s intention. We wonder whether in fact ‘consider’ might be the more appropriate word in this case.
58. We believe that it would be helpful to indicate (eg, in the application material) the scope of work expected on the suitability of criteria at the pre-acceptance stage compared with the work expected during the assurance engagement.
59. We also believe that there is scope to improve clarity relating to:
 - the expected work effort for established international or jurisdictional reporting framework standards that have been subject to due process;
 - highlighting the differences between stakeholders and intended users; and
 - the wording of paragraph 73(b) – this currently presents only two options for conclusions: ‘a reasonable assurance engagement or a limited assurance engagement’ which suggests that there would be no option to perform a hybrid engagement to provide reasonable assurance over certain disclosures, topics, or aspects of topics, and limited assurance over others. However, this scenario is expected to arise, and is even referred to in A154. We suggest updating the wording to “or a multi-scope engagement, providing reasonable assurance over some of the sustainability information, and limited assurance over other sustainability information”, or something similar.
60. We are surprised that this section of ED 5000 does not mention materiality. There is often a significant gap between what an entity and practitioner might regard as material, particularly concerning qualitative information and engagements subject to a framework applying ‘double materiality’ (eg, GRI, CSRD/ESRS, etc.). This should be considered in the acceptance phase because an inconsistent view of materiality could result in engagement failure.

9. Does ED-5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

(See Explanatory Memorandum Section 1-F, paras. 52-55)

Overall response:

No, with comments below

Detailed comments:

61. Materiality is a key topic for assurance engagements, regardless of the degree of assurance involved. This is an area that has attracted much attention throughout the development of ED 5000. As a keystone concept it is crucial that the standard is as clear and straightforward as possible.
62. We believe that the distinction between the entity’s and the assurance provider’s materiality is not made sufficiently clear in ED 5000. There is also scope for clarification on the role of the assurance provider in evaluating the entity’s materiality assessment process and/or the outcome of that process. This is especially true where double materiality and a wider range of intended users applies. In particular, we believe that the question as to the implications if the practitioner disagrees on the material topics identified by the entity is not sufficiently addressed in ED 5000.
63. We believe it is necessary to identify a specific requirement in the proposed standard, as part of the practitioner’s risk assessment, addressing evaluation of the entity’s materiality assessment process. Such a requirement should refer to materiality as defined in the applicable criteria relating to the engagement. This would mean that in double materiality frameworks, the assurance provider would need to consider both materiality assessments.
64. In our view, consideration of the materiality assessment process should require risk assessment and substantive procedures for example:
 - risk assessment: understanding the process (limited assurance) or design and implementation (reasonable assurance)
 - substantive: challenging the outcome of the materiality process and documenting the outcome from different steps in the process and challenging these (both limited and reasonable assurance)
65. We believe that understanding how management identifies topics and aspects of topics to be reported on also helps the practitioners to identify if there is any management bias in choosing those topics or aspects of topics. We suggest adding this consideration when the practitioner identifies areas where material misstatements are likely to arise (for a limited assurance engagement) and during the risk identification and assessment process (for a reasonable assurance engagement).

SUITABILITY AND AVAILABILITY OF CRITERIA

10. Does ED-5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

Overall response:

Yes, with comments below

Detailed comments:

66. While the language of ‘criteria’ is familiar to experienced assurance practitioners, the definition of criteria as ‘benchmarks’ may be unclear to less experienced practitioners, especially when contrasted with the notion of ‘materiality benchmarks’. By analogy with financial statement audit engagements, where ‘applicable criteria’ are the requirements of the applicable financial reporting framework, it may be helpful to clarify that criteria set out how an item will be measured and presented in a disclosure; that they are the standards, rules or policies adopted by an entity to measure or evaluate sustainability matters, and determine the disclosures required.
67. Because this definition is foundational to the practitioner’s evaluation of the suitability and availability of criteria, without further ‘plain language’ clarifications, the standard may not fully meet the needs of users. This could be particularly relevant for public sector entities depending on the scope of reporting set, noting that the International Public Sector Accounting Standards Board (IPSASB) is developing a public sector specific standard. For public sector bodies, the impact of their policy setting role is often much greater than the impact of eg, entity specific emissions. If a broader policy impact measure is considered, and given materiality to users, it will introduce a much broader and more complex assurance scope.
68. We would welcome some discussion of the likely differentiation in work effort required for established reporting frameworks and entity developed criteria.
69. We note that the wording in A165 might be taken to suggest that sufficient appropriate evidence may not be available for qualitative, judgmental, or forward-looking information. While that may well be true in some circumstances, there is a risk that this paragraph is interpreted as a generalisation applicable to all such information. Clarification here would be helpful.

11. Does ED-5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner’s consideration or determination of materiality? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)

Overall response:

No, with comments below

Detailed comments:

70. We do not believe that reporting materiality is a subject for an assurance standard to address since assurance standards should not drive reporting requirements. If the proposed standard frames its requirements and application guidance in terms of ‘materiality as defined in the applicable criteria relating to the engagement’ this would cover double materiality where applicable.
71. In our view the process for materiality is somewhat unclear in the proposed standard. We believe that a straightforward statement – possibly in flowchart form – would be helpful, for example:
- Preparers determine what is material
 - Practitioners consider whether they agree (this is not sufficiently clear in the standard)
 - Practitioners consider / determine materiality for individual disclosures or topic
 - Practitioners determine performance materiality where aggregation is required
72. We note that financial materiality in IFRS S1 / ESRS does not refer to the ‘impact’ but rather ‘risks and opportunities’ and we suggest that the IAASB considers aligning the definitions in ISSA 5000 with IFRS S1/ESRS. This could be particularly relevant for public sector entities depending on the scope of reporting set. For public sector bodies, the impact of their policy

setting role is often much greater than the impact of, for example, entity specific emissions and any financial impacts. If a broader policy impact measure is considered, and given materiality to users, it will introduce a much broader and more complex assurance scope.

MATERIALITY

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

Overall response:

Agree, with comments below

Detailed comments:

73. We support the distinction made in the requirements of paragraphs 91(a) and 91(b) between 'consider' materiality for qualitative disclosures and 'determine' materiality for quantitative disclosures. It is not possible to 'determine' materiality for qualitative disclosures.
74. We are, however, concerned that there may be confusion for both practitioners and users regarding the distinction between 'consider' and 'determine'. We are aware that the IAASB uses these words in a precise manner throughout IAASB standards, however, as noted above, some users of ISSA 5000 will not be previous users of IAASB standards.
75. At the least there should be more practical guidance material (not part of the standard, but rather additional guidance) to appropriately demonstrate, with examples, what each term means in this context. This guidance might also be helpful for the intended users of assurance reports.
76. Practitioners will need to obtain some depth of understanding of users' decision-making needs in order to plan the engagement and make materiality judgements. For financial materiality, the practitioner will need a clear understanding of what could affect a user's assessment of the entity's prospects. For reporting frameworks requiring an assessment of impact materiality, the practitioner will need a basis for determining who the intended users are and how the decisions they are expected to take with the information being reported. We believe further guidance is required to address the more complex judgements required for this type of information compared to the financial statements.
77. We struggle to see how the concept of performance materiality will work in practice for sustainability assurance engagements. We believe that the concept of performance materiality is designed for a subject matter expressed in one single metric and therefore, performance materiality to address aggregation risk in the traditional sense can only be used for individual disclosures (or classes of disclosures). We would like to see more guidance addressing when and how to set performance materiality to address aggregation risk with practical examples included.
78. Accumulation and aggregation of misstatements is linked to materiality and we believe this will be challenging given the potential range of materialities (determined by disclosure) and differences in units, and also the qualitative issues identified. More practical guidance will be needed to help with accumulating and evaluating misstatements.
79. We are also concerned that there is insufficient guidance relating to sampling and we believe this may add to consistency risk across the potentially diverse range of assurance practitioners.
80. Given the likely complexity of the materiality determination, we also believe the IAASB should consider if there is a case to be made for enhanced reporting on the materiality approach in the assurance report.

UNDERSTANDING THE ENTITY'S SYSTEM OF INTERNAL CONTROL

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

Overall response:

Neither agree/disagree, but see comments below

Detailed comments:

81. We are concerned that the internal control requirements for limited assurance engagements may not be sufficient, particularly in situations where there will eventually be a transition to reasonable assurance. We do not understand the rationale for not needing to obtain an understanding of all the components of internal control in a limited assurance engagement as would be obtained in a reasonable assurance engagement. We question the rationale for excluding the "control activities" component as well as the "entity's process to monitor the system of internal control" component in paragraph 102L.
82. We question why paragraph 103 only refers to paragraph 102R when understanding is also required on a limited assurance engagement (compare paragraphs 103 and 104 with 106, which refers to 102L and 102R).
83. We would welcome guidance as to the circumstances in which a practitioner might be expected to perform operating effectiveness testing for a limited assurance engagement and what alternative procedures are to be performed or outcomes reported if the practitioner chooses not to perform this testing or is not able to perform this testing. This should include guidance as to whether operating effectiveness testing alone is sufficient or whether practitioners are expected to perform analytics and/or reconciliation procedures in addition to operating effectiveness testing, and if so, practitioners will need clarity around whether other procedures can be reduced in the case of reliance on controls.
84. We believe that the requirement in paragraph 121 is unnecessarily more prescriptive than ISA 330.12, where there is more judgment about the extent of work and evidence a practitioner should obtain over the operating effectiveness of controls subsequent to the interim period.
85. We would also welcome the provision of additional application material discussing first time engagements (focussing on the work effort for obtaining an understanding) and also addressing how practitioners may be able to leverage previous work in internal controls when transitioning to reasonable assurance in the future.
86. We note that ED 5000 does not address work on internal controls when providing a mix of limited and reasonable assurance. We would welcome guidance on what should be done in this situation when performing a hybrid engagement with a single report.

USING THE WORK OF PRACTITIONER'S EXPERTS OR OTHER ASSURANCE PRACTITIONERS

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner's firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are "another practitioner" and not members of the engagement team? If not, what suggestions do you have for making this clearer?

(See Explanatory Memorandum Section 1-G, paras. 82-87)

Overall response:

No, with comments below

Detailed comments:

87. We are sceptical about how assurance providers can exercise meaningful supervision and review over a wide range of skillsets, not all of which may be shared by the practitioner tasked with supervision and review.
88. We would welcome guidance on the measurement/evaluation of the involvement of the practitioner in the work of the expert/other practitioner, especially where they were engaged by the entity.
89. We believe that adding the diagram from paragraph 87 of the Explanatory Memorandum to the Appendix would help clarify the difference between another practitioner and a practitioner's expert.
90. We also suggest the inclusion of internal expert, external expert and another practitioner in the definitions.
91. In cases where the 'other practitioner' is following an ethical code other than IESBA code, we believe it is unclear as to whether it is the practitioner's responsibility to evaluate whether that code is "at least as demanding" as the IESBA code (please see comments on this issue in our earlier response above). We suggest that the IAASB considers replacing it with 'required by law and regulation'.
92. As noted in our response above, we remain concerned regarding applicability of the standard to group audits.
93. Overall, we have concerns that the IAASB has applied commonly accepted and understood principles used in group audits to situations where the nature and circumstances of the engagement may render them an uneasy fit. We suggest that the IAASB consider again aspects of the relationships with other practitioners, including such issues as the degree to which they are familiar with:
 - the cooperation principles that run through group audits;
 - supervision and review from outside an organisation; and
 - communication demands from outside an organisation.
94. As a minimum we believe more practical guidance will be necessary, but ideally further consideration of the workability of the model may be beneficial.

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-G, paras. 88-93)

Overall response:

No, with comments below

Detailed comments:

95. We have concerns as to how workable this will be in practice, and consequently have concerns about consistent implementation. Clear guidance is required from the IAASB on the direction, supervision and review model around the different combinations of 'players' in these engagements given the depth of the value chain in these engagements.
96. We question how practitioners will be able to determine whether experts whose expertise lies in disciplines or areas that the practitioners themselves may have low familiarity with are, in fact, sufficiently competent.

97. This may especially be an issue in emerging or unregulated areas of sustainability reporting, compared to well established arrangements for financial statement audits. There may well be registrations or licences, membership of professional bodies etc, but equally, there may not be. This is a significant concern and we believe it may be more likely to crystallise in sustainability assurance engagements than in financial statement audits.
98. We would encourage more clarity around the issue of independence as a component of objectivity relating to sustainability assurance engagements and we suggest as a minimum the creation of additional application guidance, ideally with examples of issues to consider. We would also welcome practical guidance on how to evidence appropriate involvement in the work of external expert / another practitioner, and how to evaluate their compliance with relevant ethical and independence requirements. We believe there are potential threats to consistent implementation in these areas.

ESTIMATES AND FORWARD-LOOKING INFORMATION

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

Overall response:

Disagree, with comments below

Detailed comments:

99. We do not agree with the approach to the requirements related to estimates and forward-looking information. These are two distinct concepts and should be addressed separately in the standard.
100. Additionally, we have concerns about the ease of application of ISA 540 requirements to sustainability assurance engagements, in particular testing approach 'Option B' - the development of a point estimate or range. These concerns relate to both applicability and understandability for non-auditor practitioners who may not have encountered these concepts before, as well difficulties in applying well established audit concepts to more complex estimate approaches in sustainability reports.
101. We encourage the IAASB to consider whether it might be more appropriate for reasonable assurance engagements to require testing how management made the accounting estimate and then determine whether more work (ie, Options B or C) is needed in the circumstances of the engagement.
102. As noted above, we have concerns that non auditor practitioners may lack a familiarity with ISA 540 that is realistically implicitly required by ED 5000. At the least, to fulfil the professionally agnostic remit of the standard, cross references or, in an electronic document, hyperlinks, will be necessary. However even then, additional practical guidance material may be necessary given the nature of sustainability-related estimates.
103. We note that paragraph 134L requires the practitioner to evaluate criteria, methods, and changes with no requirement for consideration of assumptions and data used. We question whether this is sufficient. We also note that neither paragraphs 134L nor 135L/R include an option to consider any further procedures if necessary, and we suggest that the IAASB considers whether this option should be included. We also note the lack of a requirement to evaluate the outcome against prior year estimates for limited assurance engagements and suggest the IAASB reflects on whether in fact there should be such a requirement.
104. We appreciate that providing assurance over forward-looking information is challenging and that this is likely to be an area that evolves over time. However, we have concerns as to whether the ED 5000 requirements as they stand are sufficiently robust, including understandability for other assurance practitioners. The IAASB should consider whether

further practical guidance or possibly a separate standard in the ISSA 5000 series; is required.

105. We note that in some nascent reporting frameworks, such as IFRS S1 and S2, there are certain reliefs on estimates and/or forward-looking information taking into consideration that these disclosures are immature. We believe that there should be clarification as to how a practitioner should react to such reliefs.
106. We would also welcome an Initial Engagements section in the standard, or a separate standard for Initial Engagements in the 'ISSA 5000 series'.

RISK PROCEDURES FOR A LIMITED ASSURANCE ENGAGEMENT

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

(See Explanatory Memorandum Section 1-G, paras. 98-101)

Overall response:

Yes, with comments below

Detailed comments:

107. We suggest either the provision of additional application material, or a separate initial engagements standard, discussing first time engagements and also addressing how practitioners may be able to leverage previous work in risk procedures when transitioning to reasonable assurance in the future.
108. We note that ED 5000 does not address work on risk procedures when providing a mix of limited and reasonable assurance. There is a need for guidance on what should be done in this situation when performing a hybrid engagement with a single report.
109. The scope of work expected to be performed by the assurance practitioner to achieve the objective of identifying material misstatements in a limited assurance engagement is unclear. We note that ED 5000 suggests that engagement teams may wish to use assertions in limited assurance engagements, and that paragraph 94L does not refer to 'assertions', whereas paragraph 94R does make such a reference. Our view is that this establishes clear 'blue water' on the depth of risk assessment which affects the work effort in a limited assurance engagement compared to a situation where it was assertion based. We would welcome clarification as to whether this is the intent of the IAASB. If it is, then we question why A354L introduces the possibility of assertion-based limited assurance engagements. We are concerned that this confusion could give rise to threats to consistency of application.
110. We believe that there is some confusion regarding the reference in ED 5000 to situations where risks "are more likely to arise" which we are concerned may not stand up without a full risk assessment and 'spectrum of risk' consideration.
111. We believe that risks of material misstatement should always be identified and assessed, including as part of limited assurance engagement. We would however welcome more specific guidance on what assurance work needs to be performed in limited assurance engagements once a situation where a misstatement is likely to arise is detected in identified areas.

GROUPS AND "CONSOLIDATED" SUSTAINABILITY INFORMATION

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the

sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why? (See Explanatory Memorandum Section 1-G, paras. 102-107)

Overall response:

Disagree, with comments below

Detailed comments:

112. The first significant sustainability assurance engagements performed using the new standard on reports produced using established reporting standards (eg, IFRS Sustainability Disclosure Standards and ESRS) will take place for large groups (eg, under CSRD in Europe and other jurisdictions likely to apply the standard to listed entities first, such as the UK, Brazil and Singapore).
113. We are concerned that ED 5000 lacks sufficient content relating to group sustainability assurance engagements. We believe that this is a major omission that could have a significant negative impact on usability, quality, and consistency. We recognise that the issue of group sustainability assurance engagements is complex and we therefore invite the IAASB to consider whether the most efficient and effective way to address the issue might be to set out broad principles in the proposed standard (being the overarching standard) but with a firm commitment to establishing a ‘5000 series’ groups-specific standard as soon as possible. Some interim practical guidance would be helpful to bridge the gap in the meantime. In particular we would like to see more detailed material addressing:
- scoping;
 - materiality as applied in a group context;
 - risk assessment aggregation;
 - value chain reporting limitations; and
 - guidance for other assurance practitioners addressing basic group engagements concepts such as level of cooperation and communication with which they may not be familiar.
114. We note that in addition to practicalities such as those mentioned above there may be terminology gaps which could also be alleviated by additional guidance. For example, ‘group’ and ‘consolidation’ concepts will differ from their usage in group financial statements audits and value chains and so may give rise to misunderstandings. We believe that this area needs significant and detailed expansion and should be a strong candidate for prioritisation.

FRAUD

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

Overall response:

Disagree, with comments below

Detailed comments:

115. Fraud, including ‘greenwashing’, is a matter of significant public interest. We are concerned that there may be a sizeable expectation gap around the issue of fraud in sustainability assurance engagements. We believe that the issue represents a significant risk to sustainability assurance providers, especially those performing limited assurance

engagements. The risk of fraud (especially the risk of management override of controls) is especially important with regard to sustainability information, due to the nature of the information involved as well as characteristics of the data (no comparable systems to double-entry bookkeeping, no strong links between different systems for registration, etc.). This will especially be the case where the meeting of sustainability targets is linked to remuneration.

116. As noted above, we are concerned that the nature of sustainability reporting and assurance increases the risk of a lack of balance in reporting, arising from management bias (which may be unconscious) at the overall report level. One example is the overall tone and balance of information disclosed, and the prominence with which it is presented.
117. We believe that the proposed standard, in its reporting section, should require practitioners to highlight where material or significant information is derived from external sources, either in the inherent limitations in preparing the sustainability information or emphasis of matter paragraphs.
118. We would also like to see additional guidance (perhaps in a standalone focus document) which provides practical examples and also additional guidance for practitioners who may not have an audit background. We are particularly concerned that there may be confusion around characteristics of 'greenwashing' and possibly a lack of understanding that in many circumstances, 'greenwashing' is essentially fraudulent reporting. We are aware that both the popular and the professional understanding of what is meant by the term (and what it includes) is not the same across all jurisdictions, and we are very concerned that confusion over a matter which is clearly both in the public interest and interesting to the public could pose a reputational risk to sustainability assurance reporting in general, and the proposed standard in particular.
119. As a minimum we would like to see:
- a 'presumed fraud risk' similar to management override in ISA 240 with either required procedures (similar to journals testing) and/or a rebuttal option;
 - a requirement for a 'stand back' by the practitioner to give the opportunity for a proper overview at the report level to evaluate the overall tone and balance of the report;
 - more guidance on the responsibility to look on a broader perspective regarding known serious issues;
 - an understandable definition of 'greenwashing' for sustainability assurance engagement purposes and a clear delineation of the work to be undertaken by practitioners to address risks of greenwashing, in order to mitigate the expectation gap; and
 - meaningful material addressing the issue of error. In the early days of sustainability reporting under the nascent reporting frameworks it seems inevitable that there will be errors which are genuine and not related to 'greenwashing'. Preparers will be challenged, and practitioners will need support and practical guidance on handling this issue in a sensible and constructive manner.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

20. Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 111-112)

Overall response:

Yes, with comments below

Detailed comments:

120. We would welcome additional guidance on communication with Those Charged with Governance (TCWG). We believe that it is likely that assurance providers may be tempted to refer to TCWG more than they might in a financial statements audit, which, albeit well intended, could result in key issues being overlooked.

REPORTING REQUIREMENTS AND THE ASSURANCE REPORT

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)

Overall response:

Yes, with comments below

Detailed comments:

121. The practitioner's report is a critical aspect of the standard given that:
- few reports are likely to have 'clean' opinions, so the way in which limitations in the practitioner's conclusion are described will be critical in determining how useful the practitioner's report is to users; and
 - there is considerable scope for the more diverse range of potential users to misunderstand what the assurance engagement has covered.
122. We believe that the report should include a limitation relating to the intended users because the assurance report cannot meet the needs of all users. It will be important to restrict use to only those users to whom the report is addressed (along the lines of the "Bannerman Paragraph" used in UK financial statements audit reports). We believe this is even more important in sustainability reporting given the range of potential users.
123. The following from the Extended External Reporting (EER) examples has been removed from a previous draft. We believe that it is important to be clear what practitioners have and have not provided assurance on (eg, no assurance on other documents published on website etc.):
- "Our assurance engagement does not extend to any other information included in the Annual Report 20X1 or linked to from the Sustainability Information or from the Annual Report 20X1, including any images, audio files or embedded videos."*
124. In our view it might be helpful if the assurance report illustration includes an example of the summary of work as set out in the EER Guidance (quoted here for convenience):
- *Evaluated the suitability in the circumstances of ABC's use of the Criteria, as the basis for preparing the Sustainability Information;*
 - *Through inquiries, obtained an understanding of ABC's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;*
 - *Evaluated whether ABC's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate ABC's estimates;*
 - *Undertook site visits at four of ABC's twenty manufacturing sites; we selected these sites based on the contribution of the site Sustainability Information to the group*

Sustainability Information, unexpected fluctuations in the site Sustainability Information since the prior period, and sites not visited in the prior period;

- *Tested, at each site visited, a limited number of items to or from supporting records, as appropriate;*
- *Performed analytical procedures by comparing the expected GHGs emitted, based on the calorific value of fuel combusted during the period, to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified;*
- *Considered the presentation and disclosure of the Sustainability Information.*

125. We believe that the construct of ‘other information’ in ED 5000 is in some cases too broad to provide clear communication to users as to the scope of information that is or is not subject to the practitioners work under ED 5000.
126. We are unsure as to whether paragraph 181 intends to give the view that practitioners have no responsibility if something arises in the other information obtained after the report that may have called into question the assurance report or if they become aware or attain knowledge post the report date. If this is indeed the intention then we question this approach. We also would welcome clarity on what happens where the practitioner is the statutory auditor and the other information is in the financial statements and an issue arises.
127. We note the requirements in paragraphs 189 and 190 to include information on prior year assurance conclusions on comparative information. We cannot see how this requirement can be met if the prior period assurance conclusion was a private report (ie, contained restrictions on use and distribution) and the current year assurance conclusion is to be published on the entity’s website. This issue might usefully be addressed in specific first year engagement guidance (see our points relating to this earlier in our response).
128. In our view, if both the current year and prior year assurance conclusions are published on the entity’s website, interested parties can look at both years’ assurance reports and gain an understanding of what was done in both years without needing to introduce this specific requirement.
129. The nature of the subject matter means there is a range of inherent limitations for communication to users. In the public interest, this is an area where further guidance and examples of inherent limitations may help to achieve greater consistency in assurance reporting.
130. We suggest that among the guidance that the IAASB seeks the wider ecosystem to produce includes guidance on how the practitioner’s report should address:
- modifications to the assurance conclusion, for example in situations where the preparer has transparently acknowledged limitations in the quality of information or the use of proxies and estimates; and
 - explaining the scope of the engagement in the practitioner’s report – for example, in relation to assurance over descriptions of targets and strategies (which some users might assume incorporates an assessment of likely outcome), and in relation to information provided by third parties in the value chain (which neither the reporting entity nor the practitioner are likely to be able to verify against underlying source data).
131. We suggest that further educational material is developed to help users understand the practitioner’s conclusion, and set market expectations of likely limitations (emphasis of matter) in assurance opinions.

**22. Do you agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?
(See Explanatory Memorandum Section 1-G, paras. 121-123)**

Overall response:

Agree, with comments below

Detailed comments:

132. We broadly agree that consideration of a Key Audit Matters (KAMs) equivalent should not be a high priority at this time. We agree that a future standard on KAMs might be appropriate if scoped properly, for example applying to listed entities/PIEs only and to reasonable assurance engagements, whereby the standard should be aligned with ISA 701 as these reports will, in due course, sit alongside financial statements.
133. We concur with the approach that, given the evolving nature of sustainability reporting, changes should be implemented in a gradual manner. We do however believe that it is vital to establish a robust timetable for the future standards and for momentum to be maintained beyond publication of the initial standard.

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, para. 131)

Overall response:

Yes, with comments below

Detailed comments:

134. It is important to provide clarity over how much assurance is being provided - especially where there are both limited and reasonable assurance in the same report (hybrid engagements). While we accept that the wording of the explanation provided is reasonable, we have concerns about whether it is sufficiently clear to the wider intended users of sustainability reports.
135. We suggest the IAASB considers the placement of the statement in particular whether it would be more useful in either the work performed or even in the limited assurance Conclusion itself. We note that the wording of the limited assurance report is similar to the reasonable assurance report wording. We believe that the work performed section of the limited assurance report does not clearly articulate the difference in work effort from a reasonable assurance report. More clarity and clearer language would be welcome.

OTHER MATTERS

24. Are there any public sector considerations that need to be addressed in ED-5000?

(See Explanatory Memorandum Section 1-I, para. 135)

Overall response:

Yes, with comments below

Detailed comments:

136. We believe that the IAASB should be engaging extensively with the public sector with a view to either adding content to ISSA 5000, publishing additional ISSAs focused on the sector or guidance to support application of ISSA 5000 in the public sector in due course.
137. One specific point relates to paragraphs 25-28 of the exposure draft on acceptance and continuance. It is common for public sector audit engagements to be on a statutory basis, such that the auditor does not have a choice over acceptance or continuance. We anticipate

that in some jurisdictions sustainability assurance will also be on a statutory footing and that assurance providers will need to adapt these requirements.

25. Are there any other matters you would like to raise in relation to ED-5000?

Overall response:

Yes, with comments below

Detailed comments:

Scalability

138. We consider there to be a need for application material, including examples, to illustrate how scalability may be applied in practice.

Other information

139. We believe that there could be some confusion around ‘other information’. The requirements for assurance providers could be given greater clarity. For example, if assurance is being provided only on a single metric / topic / aspect of topic, is the practitioner required to read all of the other information or only that information related to the subject matter being assured?

140. We note that 5000.12 indicates that an entity’s audited financial statement may be considered as ‘other information’ when it is presented with sustainability information, for example as part of an entity’s annual report. We believe that this is likely to necessitate a significant level of understanding of financial reporting frameworks (eg, IFRS), which may prove challenging for other practitioners. More guidance on procedures for the practitioner to perform in relation to this ‘other information’ would be helpful. We also note that while some jurisdictions may have a clear definition of ‘annual report’, other jurisdictions may not, and therefore there may be issues in applying this in practice.

Laws and regulation

141. The impact of requirements regarding law and regulation may be significant. The quantum of law and regulation related to E, S and G is considerable, especially for large, complex international groups. ED 5000 requires “an understanding” of law and regulation rather than “a general understanding” (which was the wording in earlier drafts). We believe this could be extremely challenging for all practitioners, but perhaps especially other practitioners or practitioners from SMPs. We invite the IAASB to consider whether a more nuanced approach – for example, requiring obtaining an appropriate understanding – might be acceptable. As a minimum we would like further guidance on determining the level, depth, and extent of understanding in different circumstances.

Emphases of matter

142. We believe that it would be helpful if the IAASB provided some examples of potential ‘emphasis of matter’ topics – these will be particularly relevant for wider sustainability assurance engagements under reasonable assurance where substantial narrative information is subject to the assurance report provided (eg, as we expect from 2027/2028 for CSRD/ESRS reporting).

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

Overall response:

No response

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISSA. If not, what do you propose and why?

Overall response:

Agree, with comments below

Detailed comments:

143. We agree with the proposed effective date, given the critical need for an overarching standard and global baseline for sustainability assurance. We encourage the IAASB to provide clarity around early adoption.