

International Auditing and Assurance Standards
Board
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USA

To the attention of:
Tom SEIDENSTEIN, IAASB Chair

Paris, 29 November 2023

Ref.: 20230299

Subject: IAASB ED - Proposed International Standard on Sustainability Assurance 5000 and General Requirements for Sustainability Assurance Engagements

Dear President, Dear Tom

In our respective capacity as Presidents of the two French Institutes, CNCC and CNOEC, we strongly support the exposure draft of ISSA 5000 on sustainability assurance. We believe it should be adopted as the international standard for sustainability assurance, so as to constitute a global baseline for all countries providing sustainability assurance.

Coming from a country of the European Union where the CSRD is soon going to be transposed and implemented, we favor the adoption of ISSA 5000 as a baseline for a future European standard that will ensure a level playing field in Europe.

We support the fact that ISSA 5000 is "profession agnostic" and addresses auditors as well as independent assurance service providers (IASPs).

Our institutes have never claimed for the accountancy and auditing professions to be the only ones entitled to provide sustainability assurance. On the contrary, we have always supported the fact that other assurance providers could provide sustainability assurance, under the condition that these services be provided on a level playing field by all actors.

This exposure draft is an important step towards such a level playing field. So is the work being done at present by IESBA on sustainability ethics and independence.

Beyond Europe, international convergence in assurance standards is also important since many corporate entities are global, and the CSRD will have some extraterritorial application for third countries corporate entities operating or selling in Europe.

For all these reasons, we reiterate our support for ISSA 5000 as a global standard.

Envoyer obligatoirement toute correspondance aux deux adresses ci-dessous

We have responded to all questions in the exposure draft. You will find our detailed comments below. Overall, we believe that the ED ISSA 5000 is dealing appropriately with most of the difficult issues, such as the scope of the sustainability information, materiality, difference between limited and reasonable assurance, reporting, etc.

We support the position taken by IAASB not to use the word greenwashing as long as it is not clearly defined by a public authority. We are nevertheless conscious that greenwashing will be an important challenge of these sustainability assurance engagements.

We believe that at some point in the future, it may be necessary for the IAASB to develop an assurance standard specifically devoted to forward looking information, due to the sensitivity of such information for most stakeholders.

Best regards,



Yannick OLLIVIER
Président de la Compagnie Nationale
des Commissaires aux Comptes



Cécile de SAINT-MICHEL
Présidente du Conseil National de
l'Ordre des Experts-Comptables

RESPONSE FOR EXPOSURE DRAFT OF PROPOSED ISSA 5000, GENERAL REQUIREMENTS FOR SUSTAINABILITY ASSURANCE ENGAGEMENTS

Guide for Respondents

Comments are requested by **December 1, 2023**. *Note that requests for extensions of time cannot be accommodated due to the accelerated timeline for finalization of this proposed standard.*

This template is for providing comments on the Exposure Draft of proposed International Standard on Sustainability Assurance Engagements™ (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements* (ED-5000), in response to the questions set out in the Explanatory Memorandum to ED-5000. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals in ED-5000, please provide specific reasons for your disagreement and specific suggestions for changes that may be needed to the requirements, application material or appendices. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Identify the specific aspects of ED-5000 that your response relates to, for example, by reference to sections, headings or specific paragraphs in ED-5000.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the "**Submit Comment**" button on the [ED-5000 webpage](#) to upload the completed template.

Responses to IAASB’s Request for Comments in the Explanatory Memorandum for ED-5000, General Requirements for Sustainability Assurance Engagements

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	CNCC - CNOEC
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Cédric GELARD
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	cgelard@dipacint.com
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Europe
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB’s preference is that you incorporate all your views in your comments to the questions (also, the last question in Part B allows for raising any other matters in relation to ED-5000).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Questions in the Explanatory Memorandum for ED-5000

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

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 (if any):

Overall, we agree with the fact that ED ISSA 5000 can be applied for the items described in paragraph 14 of the EM, but we have the following comments:

- **All sustainability topics and aspects of topics: ISAE 3410 needs to be updated and moved to ISSA 5000 category.**

ED ISSA 5000 is not intended, at this stage, to be applied to all sustainability topics since paragraph 2 of ED ISSA 5000 states that “*This ISSA applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies.*”

Therefore, the work effort to be performed by the assurance practitioner on a GHG statement included in a broader sustainability report which includes also information on other topics/aspects of the topics than GHG will be different depending on whether the assurance practitioner is intending to include in the assurance report a separate assurance conclusion on the GHG statement or not. We believe that this difference in the work effort may be difficult to understand for the reader of the sustainability information and of the assurance report thereon.

Additionally, the coexistence of ISAE 3410 and ISSA 5000 will create the need for the practitioners to develop and maintain two different methodologies for sustainability and GHG assurance and to develop related training, which will create an unnecessary complexity.

We believe that, for ISSA 5000 to be able to be applied to all sustainability topics, ISAE 3410 should be updated and classified in the ISSA 5000 series. This should be done as soon as possible after the issuance of final ISSA 5000.

- **Use by all assurance practitioners (profession agnostic): need to update EER guidance.**

For ISSA 5000 to be able to be applied by all assurance practitioners, additional guidance is needed, especially for practitioners that may not be familiar with existing IAASB pronouncements. EER guidance contains many relevant and useful examples but is currently aligned with ISAE 3000 (revised). EER guidance will need to be updated to be aligned with ISSA 5000.

- **All intended users:**

We would like to highlight that the use of judgement in designing and performing further procedures to provide a meaningful level of assurance is likely to lead to significant differences in terms of the procedures applied, in practice, and therefore, that the clear description of these procedures in the assurance report is critical to support the intended users' understanding of the procedures performed and the conclusions drawn by the practitioner, and ultimately support their decision-making.

Furthermore, we believe that it would be necessary to clarify the Application and Other Explanatory Material (A25 to A27) in order to distinguish "intended users" (key to the construction of the assurance approach) from "other users".

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 (if any):

We agree, bearing in mind that to serve the public interest, the standard must drive an assurance service that can be trusted, whoever the assurance practitioner be. This is only possible if all practitioners are subject to the same requirements of independence and quality, as explained in our other comments below.

Specific Questions

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: [Yes, with comments below](#)

Detailed comments (if any):

The scope and applicability of ED-5000 is clear, and we understand that ISAE 3410 should be applied rather than ED-5000 in cases where the reporting relates solely to greenhouse gases. Please refer to our answer to question 1 above on the issues raised by the coexistence of extent ISAE 3410 with ISSA 5000 and the need to update ISAE 3410 as soon as possible after the issuance of final ISSA 5000.

However, we do not believe that it is clear which standard is to be applied when the practitioner is performing an assurance engagement on information that includes GHG information, but that GHG information does not comprise a GHG statement.

To clarify that, in such case, ISSA 5000 applies, we suggest removing the last sentence of the proposed consequential amendment to ISAE 3410 paragraph A1 (ISAE 3410 differs in its requirement from ED 5000 and we do not believe that ISAE 3410 can provide relevant guidance), as follows:

A1. In some cases, the practitioner may perform an assurance engagement on a report that includes GHG information, but that GHG information does not comprise a GHG statement as defined in paragraph 14(m). In such cases, ISSA 5000 applies. ~~However, this ISAE may provide guidance for such an engagement.~~

When ISAE 3410 will be revised, such revision should take into account some recent developments, such as assurance needs on “climate dividends”¹.

Moreover, regardless of whether a project to revise ISAE 3410 is commenced by the IAASB, we strongly believe that some paragraphs related to scope 3 emissions in ISAE 3410 need to be reconsidered as part of the ED-5000 project considering recent developments in international and regional sustainability reporting standards and assurance requirements. As an example, paragraphs A33 and A34 of ISAE 3410 encourage the practitioner to exclude scope 3 emissions from the scope of the assurance engagement where:

- Scope 3 information is not managed by the entity or by a well-controlled and accessible source outside the entity;
- The quantification methods in use for scope 3 information are heavily dependent on estimation and lead to a high degree of uncertainty in reported emissions.

We do believe that the situations above will be common in practice and believe that the standard should provide other alternatives to the practitioner, rather than excluding scope 3 information from the scope of the assurance engagement. Therefore, we recommend deleting paragraphs A33 and A34 of ISAE 3410 as part of the consequential amendments from the issuance of ED-5000, as their content could be perceived as contradictory with the content of ED-5000, which does cover scope 3 information.

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: [Yes, with comments below](#)

Detailed comments (if any):

We believe that it is essential for all assurance service providers to apply the same or similar principles and rules of independence and quality.

ISSA 5000 is a stand-alone and profession-agnostic standard, but it does not include the quality management requirements prescribed by ISQM1, or the independence requirements of the IESBA Code of Ethics. In this context, how can we ensure that practitioners other than auditors comply with the same or at least equivalent rules of ethics (including independence) and quality management as auditors?

Given that the IAASB is not a supervisor/regulator and that some countries do not have a regulator, or their regulator will not supervise the assurance service providers, we wonder how users of sustainability reporting will be able to be sure that assurance engagements are conducted with an equivalent level of quality and independence.

¹ <https://www.climate-dividends.com>

We believe that the developments in A8, A45-A47 and A48 are so fundamental that they should be elevated to “essential material” in the standard as it is essential that practitioners other than auditors comply with the same or at least equivalent rules of ethics (including independence) and quality management.

We also believe it is necessary to clarify the reference to “other professional requirements” in paragraph A48 of ED-5000. Our understanding is that this paragraph relates to an established standard (such as a code included in law or regulation) and therefore does not relate to a “self-developed” standard.

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 (if any):

We strongly encourage the IAASB to liaise with the IESBA, which is currently working on the definition of Sustainability Information, so that the definitions converge as much as possible.

It is not uncommon for a practitioner to be engaged to report on the application of a process by management relating to sustainability matters, for example an engagement to report on the application of the double materiality process in accordance with the requirements of ESRS, or an engagement to report on the application of a process designed by management to categorize certain activities based on an established set of sustainability criteria.

It is unclear whether such engagements could be performed under ISSA 5000, considering the proposed definitions of « sustainability information » and « sustainability matters ».

We would suggest that these definitions be revised to make it clear that the application of a process such as those mentioned above could be the subject of an engagement performed in accordance with ISSA 5000. Alternatively, such engagements would continue to be performed under ISAE 3000 (revised).

Further, we note the following statements appearing in paragraph 4 :

1. « *When the assurance engagement does not cover the entirety of the sustainability information, the term “sustainability information” is to be read as the information that is subject to the assurance engagement.* »
2. « *Sustainability information not subject to the assurance engagement that is included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon is “other information” as defined in paragraph 17(ee).* »

These statements are definitional in nature. While the definition of « Other information » in paragraph 17(ee) is consistent with statement 2. above, we note the definition of « sustainability information » in §17(uu) lacks the clarity provided in statement 1. above. We believe such clarity is fundamental to the application of ISSA 5000 and therefore statement 1. should be incorporated in the definition of « sustainability information » in §17(uu).

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 (if any):

We believe that the relationship between sustainability matters, sustainability information and disclosures described in Appendix 1 of ED-5000 is clear. The diagram in Appendix 1 is very insightful in showing the relationship, not just between matters and information, but also between topics and aspects of topics.

As mentioned in question 5, we strongly encourage the IAASB to coordinate with the IESBA both on the definition of sustainability information and on the relationship between sustainability matters, sustainability information and disclosures.

The current exposure draft mentions Governance, Risks & Opportunities and Metrics & KPIs, which differ only slightly from the four pillars in the published standards (Governance, Strategy, Risk Management and Metrics & Targets), given that the two main international standards use the same pillars, as well as the TCFD, even if the IAASB is developing the standard to be reporting framework neutral. We would therefore appreciate the IAASB to align the diagram in Appendix A with the four pillars used in ISSB standards, ESRS and TCFD to assist assurance practitioners in the consistent application of the standard.

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: [Yes, with comments below](#)

Detailed comments (if any):

We believe that ED-5000 provides a useful distinction between limited and reasonable assurance in terms of procedures and work effort for relevant elements of the assurance engagement.

However, we believe that further clarification is needed for paragraph 134L(a)(i) which states that the practitioner shall evaluate whether management has appropriately applied the requirements of the applicable criteria relevant to estimates or forward-looking information. We note that paragraph 134R does not explicitly include this wording around the practitioner's evaluation of management's application of the requirements of the applicable criteria, although this evaluation is also applicable to reasonable assurance engagements.

ED-5000 should further clarify the differences, if they exist at all, between performing limited and reasonable assurance engagements over an entity's materiality assessment process carried out on sustainability matters.

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 (if any):

We note that some aspects of this preliminary knowledge may be difficult to obtain before the acceptance of the engagement, especially when the entity is preparing the sustainability information for the first time in accordance with a given criteria. As an example, it may be difficult in these circumstances to obtain a preliminary knowledge of the:

- **Reporting boundaries:** for example, the practitioner may understand that reporting boundaries will include value chain information but may not know at this stage the identity of all the entities for which information will be included in the sustainability information.
- **Materiality process:** for example, the practitioner may not be able to obtain a detailed understanding of the materiality process that the entity will apply, as this materiality process may still be under development.
- **Suitability of the criteria:** evaluating the suitability of criteria may require significant effort from the practitioner, particularly where the sustainability information covers a wide range of topics and the framework criteria embodied in law or regulation need to be supplemented by entity-developed criteria (as described in paragraph A170).
- **Evidence to support the practitioner's conclusion:** determining whether the practitioner will be able to obtain the evidence needed may also be very challenging until the practitioner has obtained sufficient knowledge of the above matters, including the ability to obtain the evidence needed relating to the value chain information.

We therefore recommend the IAASB include an application material paragraph to explain that some detailed aspects of the scope of the proposed engagement may not be known during the preliminary understanding phase (and provide examples, similar to the examples we have provided above) and that this situation should not preclude the practitioner from accepting the engagement. Further, additional requirements and related application material could be added to clarify that these matters would require further consideration at the planning stage, risk assessment stage and thereafter on an iterative basis in order for the practitioner to complete its preliminary understanding.

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: [Yes, with comments below](#)

Detailed comments (if any):

We understand that ISSA 5000 covers the whole process of producing sustainable information and not just the information itself, but this point should be expressed more explicitly, as mentioned in our response to question 5.

In addition, we believe that the standard should further clarify the nature and extent of the procedures to be performed on the materiality assessment process.

We appreciate the issuance by the IAASB of the FAQs on ED-5000: *The Application of Materiality by the Entity and the Assurance Practitioner*. These FAQs however should be updated to align with final ISSA 5000 when it is issued and the content of the FAQs also should be embedded into the EER Guidance, when revised.

We do not believe that the statement made in paragraph 52 of the EM, “*the entity’s process to select sustainability matters to be reported may be straightforward (e.g., when the reporting topics are specified by the criteria, such as under law and regulation)*” is correct. Even when the criteria are defined in law and regulation, which will be the situation with ESRS in Europe, how the company will apply the materiality process will probably not be straightforward, will involve judgment and will be specific to the entity and its activity and organization.

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 (if any):

In addition, as many jurisdictions are adopting mandatory frameworks for sustainability reporting, we believe that the paragraph A170 of ED-5000 is key, especially its first sentence that states “*Framework criteria that are embodied in law or regulation or are issued by authorized or recognized bodies of experts that follow a transparent due process are presumed to be suitable in the absence of indications to the contrary*”. This sentence is consistent with ISAE 3000 (Revised), and we believe that it needs to be retained in final ISSA 5000.

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: [Yes, with comments below](#)

Detailed comments (if any):

Developments on double materiality are currently addressed in the application material; we note that the wording of financial and impact materiality is not aligned with the final version of ESRS. We believe that paragraph A272 should be elevated as essential material in the requirement section as it is fundamental to materiality assessment in a sustainability assurance engagement.

In addition to the “preparer’s materiality” and the “practitioner’s materiality”, the scoping by the practitioner of the disclosures on which procedures will be performed (paragraph 94) is also an important step. This important step is not clearly explained in draft ISSA 5000.

In order to bring clarity to the sustainability Assurance practitioner we may suggest reorganizing paragraphs 91 to 94, through separating the first part of paragraph 94L and place it before paragraphs 91-93.

This would enable to:

- i. scope in disclosures
- ii. clarify that materiality may be done at disclosure or aggregation of disclosures sharing certain characteristics (§91)
- iii. perform risk procedures on disclosures where material misstatements, whether due to fraud or error, are likely to arise (§94)

Suggested addition paragraph and reordering may be articulated such as:

Addition suggested before current §91:

9X. The practitioner shall design and perform risk procedures sufficient to identify disclosures where material misstatements, whether due to fraud or error, are likely to arise.

No change for existing §91 to 93:

Materiality

- 91. *For purposes of planning and performing the assurance engagement and evaluating whether the sustainability information is free from material misstatement, the practitioner shall: (Ref: Para. A270-A277, A282)*
 - a. *Consider materiality for qualitative disclosures; and (Ref: Para. A278)*
 - b. *Determine materiality for quantitative disclosures. (Ref: Para. A279-A281)*
- 92. *For quantitative disclosures, the practitioner shall determine performance materiality as applicable in the circumstances. (Ref: Para. A283-A285)*

Documentation

- 93. *The practitioner shall include in the engagement documentation:*
 - (a) *The factors relevant to the practitioner’s consideration of materiality for qualitative disclosures, and the determination of materiality for quantitative disclosures, in accordance with paragraph 91; and*
 - (b) *When applicable, the basis for the practitioner’s determination of performance materiality in accordance with paragraph 92.*

Related 9X changes affecting existing 94L and 94R (in ~~strike through~~ content corresponding to 9X and in **bold** additions necessary for proper understanding of 94):

Risk Procedures

Designing and Performing Risk Procedures

Limited Assurance	Reasonable Assurance
<p>94L. The practitioner shall design and perform risk procedures sufficient to identify disclosures where material misstatements, whether due to fraud or error, are likely to arise and thereby provide a basis for designing further procedures to focus on these disclosures identified in paragraph 9X. (Ref: Para. A286-A291)</p>	<p>94R. The practitioner shall design and perform risk procedures sufficient to: (Ref: Para. A286-A289, A291, A353R)</p> <ul style="list-style-type: none"> (a) Identify and assess risks of material misstatement, whether due to fraud or error, at the assertion level for the disclosures identified in paragraph 9X; and (b) Design and perform further procedures.

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 (if any):

We support the approach in ED-5000 for the practitioner to “consider” materiality for qualitative disclosures and “determine materiality” for quantitative disclosure. Because the difference in work effort between “determine” and “consider” may be difficult to understand, especially in translation, we encourage the IAASB, to further explain these terms in the Basis for Conclusions accompanying the final standard or in the application material. The IAASB publication “*Complexity, Understandability, Scalability and Proportionality*” document (CUSP), Appendix 2, provides helpful guidance to understand the difference in work effort and documentation between these two terms.

It is unclear whether considering/determining materiality at the disclosure level implies that any identified misstatement that exceeds materiality at the disclosure level would result in a modified conclusion on the sustainability information as a whole. This should be clarified. If this is the intent, this may create an expectation that the practitioners’ work is planned and performed to form piece-meal individual conclusions for each individual disclosure, and the standard should be clarified to explain that when considering/determining materiality at the disclosure level, the practitioner should consider/determine the misstatements of the individual disclosure that would be considered material to the sustainability information as a whole.

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: [Agree, with comments below](#)

Detailed comments (if any):

The work effort for limited assurance should be sufficient to allow practitioner to get a sufficient knowledge of the entity’s system of internal control, processes and controls, as there will be no prior knowledge of such controls from previous engagements. We do not believe that the requirements are sufficient to obtain this level of understanding and that the nature of the work for understanding internal control should be the same regardless of the level of assurance.

We suggest developing a specific guidance related to the the first-time application of ISSA 5000, or / and the revision of the EER Guidance.

Using the Work of Practitioner's Experts or Other 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: [Yes, with comments below](#)

Detailed comments (if any):

We strongly suggest that the IAASB adds a definition for the term "another practitioner" to paragraph 17 of ED-5000. The definition could be based on the descriptions included in paragraphs A22 and A91 of ED-5000:

A22.... As explained in paragraph A91, when another firm performs assurance work and the practitioner is unable to direct, supervise and review that work, such firms and the individuals from those firms who performed that assurance work are not members of the engagement team and are referred to in this ISSA as "another practitioner." ...

A91.... In such circumstances, when the practitioner nevertheless considers that the work of that other firm is relevant to the practitioner's assurance engagement and intends to use that work, that firm is another practitioner as explained in paragraph A22, and the requirements in paragraphs 51-54 apply.

Proposed definition based on the paragraphs from ED-5000 above:

Another practitioner: The individuals of a firm other than the practitioner's firm (or as applicable a firm other than the practitioner's firm) when:

- ✓ *The practitioner considers that the work of that other firm is relevant to the practitioner's assurance engagement and intends to use that work, and*
- ✓ *The practitioner is unable to direct, supervise and review that work*

We believe the similarities in wording between "other practitioner" and "another practitioner" may be difficult to translate. Some sentences are also difficult to read due to the number of times the terms "another practitioner", "other practitioner" and "practitioner" are mentioned. For example, paragraph A119 uses "another practitioner" five times, "other practitioner" twice and "practitioner" twice. We suggest that the IAASB review ED-5000 and use the defined term "another practitioner" consistently throughout.

Furthermore, we suggest that the diagram from § 87 of the Explanatory Memorandum, which provides a visual illustration of the individuals that may be involved in an assurance engagement and the requirements in ED-5000 that are applicable to the work of such individuals, be added as an appendix to the standard.

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: [Yes, with comments below](#)

Detailed comments (if any):

We believe that ED-5000 contains clear requirements relating to using the work of a practitioner's external expert.

We encourage the IAASB to continue liaising with IESBA during the development of their project on “the use of experts”.

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: [Agree, with comments below](#)

Detailed comments (if any):

Regarding "forward-looking information",

- there are important developments in EER guidance (where they are called “future oriented information”). We do not believe that these developments need to be added to ISSA 5000 due to the overarching nature of this standard, but we believe, as mentioned in question 1 above, that it is important that EER guidance be updated as soon as possible and aligned with ISSA 5000;
- we believe that a specific ISSA standard on forward looking information could be developed at a later stage.

Since the estimates and forward-looking information will be based on forecasts, projections, future plans of the entity, assumptions or hypothetical assumptions, we believe that the assurance report should include a statement on the procedures performed by the practitioner on forward-looking information. This could be done by adding, when relevant, an additional paragraph in the “practitioner’s responsibility” section. ED-5000 could also encourage the practitioner to include “additional information” in the assurance report on forward-looking information (as suggested in Paragraph A490 (a)) or an emphasis of matter paragraph (reference to forward-looking information may be added to Paragraph A499).

It may also be useful to note that depending on how the criteria/framework is written, the practitioner’s work on forward looking information may be directed towards obtaining evidence whether the process /assumptions for developing such information have been applied, as opposed to whether the forward-looking information itself is correct in absolute terms; in that respect, it may be different from the work effort on estimates.

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 (if any):

In ED ISSA-5000, « assessment » of the risk (as per 94R and A349R) is noticed as being required only for reasonable assurance (that may also bring difference in the work effort between Limited & Reasonable assurance in relation with Question 7). As it relates to paragraph A349, we suggest risk spectrum would be expected to be from low to high with an intermediary significant milestone (and not only from low to high as currently stated).

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: [Agree, with comments below](#)

Detailed comments (if any):

“Groups” are addressed in draft ISSA 5000 by some developments on reporting boundaries, including value chain.

As ISSA 5000 is intended to be an overarching standard, we believe there is not relevant for it to include detailed requirements on groups. Some aspects can be developed by assurance practitioners in their methodology.

Even if some developments of ISA 600 (revised) may be relevant for sustainability assurance engagements, they may not be appropriate to deal with the diversity of situations due to the potential wide diversity of disclosures and of the reporting boundaries, including value chain.

However, we believe that ISSA 5000 could be enhanced by adding developments on multilocation situations, including work to be performed on aggregation/consolidation process.

Alignment of terminology on groups in sustainability assurance engagements between ED-5000 and IESBA Code

We note that Agenda Item 4-E of IESBA’s September 2023 meeting provides draft definitions for various group engagement terms (such as “another practitioner”, “component” (for a group sustainability assurance engagement), “component sustainability assurance client”, “component sustainability assurance firm”, “group engagement leader”, “group sustainability assurance client”, “group sustainability assurance engagement”, “group sustainability assurance firm”, “group sustainability assurance team”, “group sustainability information”, “key sustainability assurance leader”, and “reporting boundaries”).

We acknowledge the difference in timelines between the IAASB and the IESBA projects, as IESBA plans to approve the issuance of its exposure draft in December 2023 when ED-5000 exposure period will have ended. While we believe that it is very important that ED-5000 is finalized before the end of 2024, we also believe it is very important that vocabulary and definitions are aligned between ED-5000 and the IESBA Code for the terms relating to sustainability assurance. This alignment is key to help practitioners assess if the independence and ethics rules they apply are “at least as demanding” as IESBA Code. Therefore, we continue to encourage the IAASB to coordinate closely with IESBA.

We believe that the IAASB should add certain additional requirements and guidance to ED-5000 for group engagements, including:

- Guidance related to materiality in group situations (e.g., group materiality and allocation among components).
- A requirement for the practitioner to perform procedures on the aggregation/consolidation process of sustainability information when this information is coming from several locations or sites (i.e., multi-location engagements). We suggest that ED-5000 should build on the requirements in paragraphs 38-39 of ISA 600 (Revised), adapted as necessary for sustainability information.
- Guidance stating that when a practitioner has used the work of “another practitioner”, the assurance report shall not refer to the “another practitioner” (consistent with the requirement in paragraph 53 of ISA 600 (Revised)*).

** The auditor’s report on the group financial statements shall not refer to a component auditor, unless required by law or regulation to include such reference. If such reference is required by law or regulation, the auditor’s report shall indicate that the reference does not diminish the group engagement partner’s or the group engagement partner’s firm’s responsibility for the group audit opinion. (Ref: Para. A157–A158).*

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: [Agree, with comments below](#)

Detailed comments (if any):

Fraud is properly addressed.

Even if we understand the concept of greenwashing, we believe it is appropriate that ED ISSA 5000 does not use the word “greenwashing” as this term is not clearly defined and may relate only to environmental disclosures.

We note paragraphs 116L and 116R require the practitioner to design and implement overall responses when the practitioner identifies fraud or suspected fraud.

However, we note paragraphs 94L and 94R refer to identifying disclosures where material misstatements are likely to arise / risks of material misstatement at the assertion level for disclosures, and do not require the practitioner to identify risks that may relate to the sustainability information as a whole (similar to financial statement level risks in ISA 315). Fraud risks, including potential “greenwashing”, or management override of controls, may be potential concerns across the sustainability information as a whole, and would require an overall response. We recommend there should be an explicit requirement to consider/identify such sustainability information level risks.

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 (if any):

We support the high-level requirement in ED-5000 regarding communications, with the related application material because there are many different criteria for sustainability reporting and many different regulatory requirements in various jurisdictions. Sustainability assurance engagements may relate to a single disclosure at a point in time or to a “full” annual sustainability report covering sustainability, social and governance topics. In addition, laws and regulations may prescribe timing and content of communication with those charged with governance.

However, we note that ISA 260 (Revised) paragraph 16(d) requires communication with those charged with governance of circumstances that affect the form and content of the auditor’s report, if any. We suggest that the IAASB add an equivalent consideration to the application material to paragraph 62 of ED-5000 (i.e., paragraph A137).

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 (if any):

As sustainability reporting evolves and matures, the IAASB may need to revisit their illustrative reports and consider supplementing ISSA 5000 with additional application material, including examples, of inherent limitations to drive greater consistency in assurance reporting.

We have concerns with how the “other information” section of the report could be drafted and understood by the reader of the assurance report when the practitioner is also the auditor of the financial statements of the entity and both financial statements and sustainability report are included in the entity’s annual report. We encourage the IAASB to address that situation in the application material to ED-5000 or in accompanying guidance.

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 (if any):

We agree with the approach in ED-5000 of not addressing the concept of “key audit matters” for a sustainability engagement, and instead having the IAASB consider addressing this in a future ISSA because we believe further outreach by the IAASB and input from stakeholders is needed to determine whether a concept of “key audit matters” is the appropriate direction to address information needs of users related to the assurance work performed. We believe that the following perspectives should be considered in the IAASB’s information gathering.

ED-5000 (Paragraph 170 (i)) requires limited assurance reports to include “a section with the heading *“Summary of Work Performed” that contains an informative summary of the work performed as a basis for the practitioner’s conclusion. This section shall describe the nature, timing and extent of procedures performed sufficiently to enable users to understand the limited assurance the practitioner has obtained.*”

Consequently, a limited assurance report is in “long form” containing information specific to the assurance engagement, while a reasonable assurance report does not include this section and includes only “boilerplate” information. It may appear counterintuitive that the reader of a reasonable assurance report obtains less details on the work performed on the engagement than the reader of a limited assurance report.

To address possible misconceptions by users of assurance reports, exploring the mechanism of “Key sustainability assurance matters” in reasonable assurance reports is worth considering. However, we believe this mechanism, if applied, should be consistent with the concept of “key audit matters” in an audit, including that it applies to reasonable assurance engagement reports of general purpose [1] sustainability information of listed entities.

Mirroring the requirements in ISA 701, “key sustainability assurance matters” could:

- Bridge the gap between the informative value of a limited assurance report and a reasonable assurance report.
- Provide consistency between the auditor’s report and the sustainability assurance report for the same listed entity, as both reports are often included in the same annual report.

[1] The concept of “general purpose” sustainability information would have to be defined. The concept of “general purpose financial statements” is defined in ISA 700 (revised).

We are supportive of the possibility in paragraph 170(g) to include in the report a section with the heading “Inherent Limitations in Preparing the Sustainability Information” to describe any significant inherent limitations associated with the measurement of evaluation of the sustainability matters against the applicable criteria, as we consider that such inherent limitations may exist in many sustainability assurance

engagements. We are also supportive of the statement in paragraph A499 that it may be useful for management to disclose such inherent limitations in greater detail within the sustainability information. Although paragraph A499 states that the description of inherent limitations in the assurance report in accordance with paragraph 170(g) is different from including an Emphasis of Matter paragraph, as inherent limitations are present irrespective of whether they have been disclosed by management, we consider that the standard should provide additional clarification/guidance to assist the practitioner in determining whether to include an « Inherent limitation » section or an Emphasis of Matter paragraph (including whether it is possible to include both) when the inherent limitations are described within the sustainability information.

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 (if any):

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 should be moved in the introduction to be more prominent.

As mentioned above, we suggest developing a specific guidance related to the first-time application of ISSA 5000.

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: No (with no further comments)

Detailed comments (if any):

No comments

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

Overall response: Yes, as further explained below

Detailed comments (if any):

Interrelationship with audited financial statements and other information presented with sustainability information that has been subject to assurance:

We also note, as a further overarching observation, that the mechanisms used by entities to report sustainability information are evolving and will likely continue to do so at a rapid pace. The interrelationship between the audit of financial statements and assurance of sustainability information likely needs to be further addressed, specifically with respect to:

- Communicating with the auditors of the related financial statements; and
- Evaluating the consistency of financial information included as part of sustainability disclosures with corresponding information included in audited financial statements, including the consistency in assumptions used, when relevant; and
- Resolving questions about other information and respective expectations of auditors and assurance practitioners with respect to “other” financial and non-financial information included in documents containing the audited/assured information.

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](#)

Detailed comments (if any):

No comments

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 ISA. If not, what do you propose and why?

Overall response: [Agree \(with no further comments\)](#)

Detailed comments (if any):