

**Sustainability Assurance – Respondents’ Detailed Comments to EM Question 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?

**3.2 Agree with comments****2. Preparer and Users of sustainability information****French Insurance Federation (France Assureurs)**

The scope of the IAASB proposed standard is clear, including the distinction to the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements. The IAASB recognized that in many cases a greenhouse gas (GHG) statement may be included with other sustainability information, and the practitioner may or may not be providing a separate conclusion on the GHG statement.

Overall we believe that the proposals made for the audit of sustainability reports, which are based on financial reporting practices, are robust.

**4. Regulators and Audit Oversight Authorities****Accounting and Auditing Board of Ethiopia**

Detailed comments (if any): We suggest that ISAE 3410 be updated by including new provisions from the exposure draft ED-5000. ISAE 3410 has been in use by the practitioners and are familiar with. The use of single standard, instead of two with similar objectives, may help the practitioners to easily understand the standard.

**Accounting and Corporate Regulatory Authority**

In Singapore, the SRAC has recommended to mandate limited assurance on Scopes 1 and 2 Greenhouse Gas (GHG) emissions, which will be disclosed in climate reports that are prepared using the ISSB standards. We understand that ISSA 5000 should apply for such assurance engagement.

ED-5000 has clarified that ISAE 3410 should continue to be applied when the practitioner is providing a separate conclusion on a statement on GHG emissions. This may give rise to two different standards being applied on the same disclosures in the market. This may create confusion to market players, particularly retail shareholders who are unfamiliar with assurance standards.

We suggest subsuming the extant ISAE 3410 into ED-5000. This establishes a uniform approach to assurance engagements. This would also lead to a globally consistent and comparable framework for sustainability assurance, which would benefit investors and other stakeholders.

## 5. National Auditing Standard Setters

### Australian Auditing and Assurance Standards Board (AUASB)

The AUASB agrees that the scope of and applicability of ED-5000 including when ISAE 3410 is applicable is clear from a theoretical perspective. Paragraph 2 of ED-5000 specifies that ISAE 3410 applies where a practitioner is providing a separate conclusion on a GHG statement.

However, there may be confusion where a practitioner undertakes an engagement under both ISAE 3410 and ED-5000. The AUASB understands that in some cases the practitioner is requested to provide assurance on GHG information that is both included with other sustainability information and in a separate statement. In such circumstances it may not be readily apparent to practitioners which standard should be applied (ED-5000, ISAE 3410 or ISAE 3000).

Conducting such engagements that are required to comply with multiple standards may result in duplication of effort. Specifically, the risk assessment requirements for limited assurance engagements under ED-5000 and ISAE 3410 differ, which may lead to risk procedures being performed at a different depth for the same metrics disclosed in different reports, and consequently different procedures to respond to the risks of material misstatement, despite the same level of assurance being provided.

The IAASB should consider providing further guidance for the scenarios described above. Additionally, the AUASB suggests that the IAASB update ISAE 3410 to reflect the principles of ISSA 5000 so that ISAE 3410 can sit under the umbrella of ISSA 5000.

### Austrian Chamber of Tax Advisors and Public Accountants (KSW)

We believe that the scope and applicability of ED ISSA 5000 is clear, and there is no need to emphasise (as done in paragraph 10 of the ED) that the practitioner would not be required to apply ISAE 3000 (Revised) when performing an engagement in accordance with ISSA 5000.

We suggest that the ISAE 3410 once revised becomes part of the ISSA suite with the relevant conforming amendments to ISSA 5000 (i.e. reference).

### Comite Brasileiro de Sustentabilidade (CBPS)

We agree that the scope and applicability of ISSA 5000 are clear. However, the interaction with ISAE 3410 may not be fully clear to practitioners, as the later makes reference to ISAE 3000 (Revised) and mentions (for example: paragraphs 9 and 15) that the two of them must be considered together in the assurance process of GHG emissions inventories. We understand that, in connection with the issuance of ED-5000 as a final standard (i.e.: ISSA 5000), it will be necessary to revise ISAE 3410 updating the references to the new standard.

### Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)

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”.

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.

### **Hong Kong Institute of Certified Public Accountants**

ED-5000.10 states that as an overarching standard, practitioners are required to apply ED-5000 to all assurance engagements on sustainability information including greenhouse gas (“GHG”) disclosures if no separate conclusion is to be reported for the GHG statement. Paragraph 21 of the IAASB’s Explanatory Memorandum (“EM”) remarks that certain but not all requirements and application material from ISAE 3410 have been incorporated into ED-5000. In particular, the HKICPA observes that in a limited assurance engagement on GHG information, ISAE 3410.33L requires practitioners to identify and assess risks of material misstatement at the GHG statement level as well as for material types of emissions and disclosures, while ED-5000.94L requires practitioners to design and perform risk procedures to identify disclosures where material misstatements are likely to arise. The IAASB discussed this difference in requirements specifically and concluded that the requirements in ED-5000.94L and in the application material are sufficiently robust to provide a basis for designing further procedures to focus assurance work on disclosures where material misstatements are likely to arise (ref.: paragraph 100 of EM).

We note that there are no conforming amendments proposed to ISAE 3410 as a result of ED-5000. It was explained at the IAASB’s global roundtable in Kuala Lumpur that this is due to ISAE 3410 adopting a risk-based approach which requires practitioners to identify and assess risks of material misstatements in the GHG statement (regardless of whether it is a limited assurance engagement) whereas ED-5000 adopts a risk consideration approach for limited assurance. Though the risk consideration approach in ED-5000 is based on ISAE 3000 (Revised), the risk-based approach in ISAE 3410 is more robust for limited assurance

engagements than in ED-5000. Performing risk assessment together with understanding the internal control components should drive the work procedures to be performed for limited assurance engagements. If the IAASB retains the proposed risk consideration approach in the final ISSA 5000, we recommend that the IAASB set out the differences between the two standards and provide more context about the reasons for the differences to facilitate practitioners in transitioning from ISAE 3410 to ISSA 5000 when performing assurance procedures on GHG information as part of the sustainability information.

#### **Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)**

##### **Comments on the Introduction Regarding Scope**

We believe that when the sections in the draft “Introduction” and “Scope of the ISSA” are read together with the pertinent application material, the scope of application of the draft is clear. The appendix to the template provides some suggestions to further improve clarity.

#### **Japanese Institute of Certified Public Accountants (JICPA)**

While paragraph 2 of ED-5000 is clear about the scope and applicability of ED-5000, we recognize that there are different requirements between ED-5000 (e.g., paragraph 110L) and extant ISAE 3410 (e.g., paragraph 33L) for risk procedures of limited assurance engagements. We are concerned that a practitioner is required to perform different procedures for the same GHG related information depending on whether the practitioner is providing a separate conclusion on a GHG statement only (subject to ISAE 3410) or providing a conclusion on the sustainability information which includes both the information equivalent to the GHG statement and other elements of sustainability information (subject to ED-5000).

We also recognize that in ED-5000 it may not be appropriate to provide the same level of granular provisions and guidance as extant ISAE 3410 because the nature of ED-5000 is an overarching standard.

Therefore, we recommend the IAASB relocate the extant ISAE 3410 to underneath ISSA 5000 to make it part of the ISSA 5000 suite of standards and make necessary amendments to resolve the inconsistency discussed above so that the consistent procedures would be required for the assurance of the GHG information regardless of how practitioners provide a conclusion.

Preferably, the future ISAE 3410 (to be called ISSA 5410 as part of the ISSA 5000 suite) should permit an early adoption at the same time as the effective date of ISSA 5000. (We are assuming the extant ISAE 3410 would be superseded when reorganized into the ISSA 5000 suite.)

Our comment on Question 17 is based on the similar thought to Question 3 above.

#### **Public Accountants and Auditors Board Zimbabwe (PAAB)**

The relationship is very clear and the standard detailed and scopes in where ISAE 3410 is relevant in particular reference to when a separate conclusion is being provided on with regards to Greenhouse gas statements which is clearly stipulated.

#### **Royal Dutch Institute of Chartered Accountants**

We observed that the Consequential Amendments per ED-5000 include some changes to ISAE3410 in order to reference to ED-5000. We suggest to make related cross-references from ED-5000 to ISAE3410 in order to more clearly explain the relationship between the two standards, including when these two standards should each be applied.

## 7. Accounting Firms

### Ataf Noor Ali Chartered Accountants

3.2 ISAE 3000 (Revised) no more applicable>> The ED says that its subject matter is the limited- and reasonable-assurance engagement. When a separate opinion is required ISAE-3410 will be applicable. The ED repeals ISAE (Revised).

3.3 Attestation or Direct engagement>> The ED deals with the attestation engagements only.

3.4 ED and ISAE-3410>> Sustainability information may include a Green House Gas (GHG) statement. A practitioner may or may not be providing a separate conclusion on the GHG. ISAE 3410 contains additional procedures specific to a GHG if a separate opinion is required.

### BDO International Limited

We agree that the scope and applicability of ED-5000 is clear, including when ISAE 3410 is applicable. It is clearly stated in paragraph 2 of ED-5000 that ED-5000 applies to all assurance engagements on sustainability information, except when the practitioner provides a separate conclusion on a greenhouse gas (GHG) statement, in which case ISAE 3410 applies. However, since many entities who report sustainability information are likely to report more than just greenhouse gas emissions, and ED-5000 is an overarching standard, we feel that a separate assurance standard specifically for greenhouse gas statements is likely to become redundant in the future. This is also consistent with ISAE 3410 not having been reviewed since 2013.

Moreover, not all the conforming amendments proposed appropriately reflect the scope highlighted in paragraph 2 of ED-3000. Included in the amendments to ISAE 3000 included in Appendix 2 to ED-5000; paragraph 5 of ISAE 3000 has been updated to say, 'This ISAE covers assurance engagements other than audits or reviews of historical financial information or assurance engagements on sustainability information, as described in the International Framework for Assurance Engagements (Assurance Framework)' without appropriately scoping out engagements performed under ISAE 3410, even though ISAE 3410 relates to providing assurance on an entity's GHG statement, which is an assurance engagement on a specific type of sustainability information. The conforming amendments to ISAE 3410, para 3 of ISAE 3410, are more appropriate; as they indicate that 'International Standard on Sustainability Assurance (ISSA) 5000 applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a GHG statement, in which case this ISAE applies.....'. We suggest updating the conforming amendments to ISAE 3000 to align with the conforming amendments to ISAE 3410, for enhanced clarity. In making conforming amendments to ISAE 3140 for its relationship with ISSA 5000, there may be an opportunity to update the requirements in the standard for consistency with other standards that have evolved since its last revision in 2013.

### Crowe Global

We regard the scope and applicability of ED-5000 as being clear. We are forming this view on our requirement for a standard that can be applied for the assurance of engagements where there is reporting under the EU CSRD.

### KPMG International

We believe the scope and applicability of ED-5000, and the relationship with the ISAE 3000 suite of standards, including ISAE 3410, is clear.

Paragraph 2 of ED-5000 is clear that ISSA 5000 applies to all assurance engagements on sustainability information, including GHG information, unless the practitioner is requested to provide a separate conclusion on the GHG statement, in which case ISAE 3410 applies. We believe this approach to be appropriate since ISAE 3410 contains additional, more specific, requirements and guidance in respect of a GHG statement. We also welcome the proposed conforming amendments to ISAE 3000 (Revised) and ISAE 3410 to clarify the status of ISSA 5000.

#### Future status of ISAE 3410

Once ISSA 5000 is finalised, we recommend that the IAASB consider incorporating ISAE 3410 as a topic-specific standard within the ISSA 5000 suite of standards, and also consider whether it should apply to all sustainability assurance engagements where information about GHG emissions is within the scope of the engagement, irrespective of whether or not this is in the form of a GHG statement that is to be specifically concluded upon. We recommend that the IAASB also explore whether it may be optimal for ISAE 3410 to focus specifically on requirements that would be incremental to ISSA 5000 in respect of assurance engagements on GHG information, as opposed to the current approach within the ISAE 3000 suite of standards where ISAE 3410 is intended to be more comprehensive. This approach could enable the additional, more specific requirements set out within ISAE 3410 to be applied to all GHG information, irrespective of how this is presented or whether the practitioner will report in the form of a separate conclusion over such information.

#### Future of EER Guidance

We recommend that the IAASB liaise with NSS and other bodies to consider how best to develop the Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements (the “EER Guidance”) further, in light of the fact that certain content has been included within ED-5000 itself and to ensure that examples and case studies continue to reflect current thinking as sustainability reporting and assurance practice evolve. We highlight that this document may be ideally placed to assist assurance practitioners who are not professional accountants in better understanding certain concepts and terminology and we also recommend that the IAASB work with others, including NSS and educational bodies, to develop appropriate content. We also consider that, as a minimum, the EER should be refreshed to refer to/link to ISSA 5000, which will be the primary standard that it is designed to support.

#### Mo Chartered Accountants (Zimbabwe)

It appears from paragraph 2 in the ED which 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” ISAE 3410 is thus follows is separate from ISSA5000 and is only relevant to conclusions on GHG. We agree that the ISSA 5000 should be comprehensive and incorporate all related matters.

#### PKF International Limited

The scope and applicability is generally clear. However, we do have further comments on relevant points of detail on Q3, which are covered in our response to Q5.

#### RSM International

We believe the scope of ED-5000 is clear, including when ISAE 3410 should be applied rather than ED-5000. However, we have the following comments and concerns regarding the use of ISAE 3410 when a separate conclusion on a GHG statement is provided:

We suggest that a description as to what constitutes a 'separate conclusion' is included as application material to paragraph 2 of ED-5000.

We believe that more clarity may be needed as to whether a separate engagement would be required when applying ISAE 3410 in an engagement where the practitioner is providing a separate conclusion on a GHG statement.

We believe that paragraph 2 of ED-5000 needs greater clarity in those cases where a separate conclusion on a GHG is not required under law, regulation or other contract in determining when a separate conclusion on a GHG statement is acceptable and when it is not acceptable. Without this additional clarity, we believe there may be a risk that the engagement is structured to have a separate conclusion on a GHG statement under ISAE 3410 when it is not required. Thus, when providing assurance on the GHG statement, the practitioner would avoid complying with the extra requirements included in ED-5000 that were derived from various other sources, such as the International Standards on Auditing (ISAs), and are not included in ISAE 3410 (and ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, incorporated by reference in ISAE 3410). We do not believe this is the intention of ED-5000.

We are also concerned that the practitioner's report may convey that different levels of assurance were achieved when an entity has a separate conclusion on the GHG statement with assurance provided under ISAE 3410, and the assurance on sustainability information other than the GHG statement included in the report is provided under ISSA 5000. Similarly, the practitioner's report may convey that different levels of assurance were achieved when one entity has a separate conclusion on the GHG statement with assurance provided under ISAE 3410, and it is compared to another entity where the GHG statement does not have a separate conclusion and, therefore, assurance is provided under ISSA 5000.

Because ISAE 3410 (and ISAE 3000 (Revised), by reference) was written primarily for accountants with a background knowledge in assurance (see response to question #2), we are concerned whether non-accountant practitioners would interpret the requirements of ISAE 3410 in a manner similar to accountant practitioners.

We recommend including an appendix in ED-5000 listing which requirements are included in ISAE 3410, but not in ED-5000, and vice versa, when a separate conclusion on a GHG statement is provided. We believe this would contribute to more consistency in the application of the requirements when providing a separate conclusion on a GHG statement.

While we agree that using ISAE 3410 is a good temporary solution when a separate conclusion is provided on a GHG statement, we recommend that the IAASB move ISAE 3410 to a subject-specific standard within the ISSA suite of standards and revise it to be consistent and more incremental to ED-5000 as soon as it is feasible due the concerns listed above. As such, we recommend, at a minimum, that the IAASB change the base standard underlying ISAE 3410 from ISAE 3000 (Revised) to ISSA 5000. This will help facilitate consistency in requirements and application when providing assurance on GHG information, regardless of whether a separate conclusion is made on a GHG statement in a sustainability assurance engagement.



## 8. Assurance Practitioner or Firm - Other Profession

### SGS

The scopes of ED-5000 and ISAE 3410 are clear. However, it's suggested to specify auditor competence regarding to GHG audit, regardless the assurance engagement is on sustainability information or only on GHG .

### TIC Council

The scopes of ED-5000 and ISAE 3410 are clear. However, it's suggested to specify auditor competence regarding to GHG audit, regardless the assurance engagement is on sustainability information or only on GHG.

Paragraphs 2 & 8 could be clearer (with reference to 3410 A1) in that 3410 only to be followed where separate conclusions are required.

## 9. Public Sector Organizations

### Office of the Auditor General (New Zealand)

Paragraph 2 of ED-5000 is clear on when ISAE 3410 should be applied. We recommend incorporating this introductory paragraph into the scope section to give it more prominence.

The scope and applicability of ED-5000 could be improved by reconsidering the definitions of sustainability information and sustainability matters based on our recommendations.

## 10. Member Bodies and Other Professional Organizations

### Accountancy Europe

We believe that the scope and applicability of ED ISSA 5000 is clear, and there is no need to emphasise (as done in paragraph 10 of the ED) that the practitioner would not be required to apply ISAE 3000 (Revised) when performing an engagement in accordance with ISSA 5000.

We also agree that ISSA 5000 can be applied when the GHG-statement is included in sustainability information subject to assurance whereas ISAE 3410 would be applicable for assurance on stand-alone GHG-statements. In connection with the IAASB's future work plan, ISAE 3410 should be revised and integrated into the suite of ISSAs as a topical assurance standard.

### ASSIREVI – Association of the Italian audit firms

ED-5000.2 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."

ISAE 3410.14(m) defines the GHG statement as: "A statement setting out constituent elements and quantifying an entity's GHG emissions for a period (sometimes known as an emissions inventory) and, where applicable, comparative information and explanatory notes including a summary of significant quantification and reporting policies. An entity's GHG statement may also include a categorized listing of removals or emissions deductions. Where the engagement does not cover the entire GHG statement, the



term “GHG statement” is to be read as that portion that is covered by the engagement. The GHG statement is the “subject matter information” of the engagement.”.

Based on ED-5000.2 and the above definition, it is clear that ISAE 3410 is to be applied when the subject matter information of the assurance engagement is the entity's GHG statement (as specified above).

This is confirmed by the conforming amendments made to ISAE 3410 (specifically new paragraph 3: “International Standard on Sustainability Assurance (ISSA) 5000 applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a GHG statement, in which case this ISAE applies”. This reiterates the content of the above paragraph 2 of ED-5000 and the amended version of paragraph A1 which states that “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.”).

Moreover, if, as described above, it is clear which standard to apply for a specific and separate engagement covering the GHG statement as the subject matter information, the interaction between ISSA 5000 and ISAE 3410 requires clarification when the sustainability information (i.e., the subject matter information of the sustainability assurance engagement) also includes information about GHG emissions, with an indication of the additional elements of ISAE 3410 (examples and guidance, considerations about risk assessment at the assertion level) to be considered when performing an engagement in accordance with ISSA 5000. An option could be to integrate these additional elements directly into ISSA 5000, but this would require elimination of the phrase “However, this ISAE may provide guidance for such an engagement.” from ISAE 3410.A1, as amended by the above conforming amendments.

The above clarifications would avoid confusion for the users of assurance reports, especially in the case of limited assurance engagements, with respect to the actual scope of the work performed on the GHG emissions information depending on whether such information is included in a GHG statement or in the sustainability information subjected to an assurance engagement under ISSA 5000.

#### **Chamber of Financial Auditors of Romania (CAFR)**

The scope and applicability of ED-5000 seem largely clear in terms of its coverage of assurance engagements on sustainability information and we believe that the standard's emphasis on attestation engagements for sustainability information and its overarching nature in addressing these engagements is rather comprehensive.

We appreciate the effort to provide clarity on when to apply ISAE 3410 versus ED-5000, specifically regarding engagements related to greenhouse gas (GHG) statements. The differentiation outlined in ED-5000, where ED-5000 applies except when a separate conclusion is provided on a GHG statement (where ISAE 3410 applies), provides guidance on the appropriate standard to use based on the engagement's specifics. It might be important for IAAS to clarify the future status of ISAE 3410 once ISSA 5000 is finalized.

We also emphasize the necessity for ongoing communication and guidance from the IAASB regarding the transition from ISAE 3410 to ISSA 5000, ensuring practitioners are informed and prepared for any changes or adaptations in standards related to GHG statements and sustainability assurance.

#### **Chartered Accountants Australia and New Zealand (CA ANZ) and the Association of Chartered Certified Accountants (ACCA)**

The scope and applicability of ED-5000, including when ISAE 3410 Assurance on Greenhouse Gas Statements should be applied rather than ED-5000, is clear.

However, we note that issues may potentially arise in practice where the same information is subject to assurance under both standards. For example, where GHG emissions are separately assured under local statutory reporting requirements and then those same emission figures are also reported in a broader sustainability report. There are differences in the work effort required in ISAE 3410 and proposed ISSA 5000, particularly in relation to limited assurance. We believe therefore that the requirements need to make it clear whether the assurance practitioner needs to perform additional work over the GHG emissions, to provide assurance on the sustainability report under ISSA 5000 (in addition to that already performed under ISAE 3410).

#### **Consejo General de Economistas de España**

While the scope is clear we wonder whether one day ISAE 3410 might be absorbed into the suite of ISSAs.

#### **Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC)**

The distinction between the scope of ISSA 5000 as an “overarching standard for ESG” and the more focused application of ISAE 3410 (“GHG greenhouse gas statement”) is understood. Yet, when both standards are applied to a single assurance process, potential complexities may arise, particularly in the consolidation of findings into a “final assurance report”.

To mitigate these complexities, the development of a specific ISSA that encapsulates the environmental aspects governed by ISAE 3410 could be considered. This would not only streamline the assurance process but also ensure a more cohesive integration of environmental aspects within the broader ESG assurance framework provided by ISSA 5000.

#### **CPA Ireland**

CPA Ireland would welcome future consideration of whether it is necessary to have two separate standards, ISSA 5000 and ISAE 3410. We understand that this is a fast-evolving area but would welcome future deliberations around the consolidation of the two sets of standards to assist with the streamlining of this complex area.

#### **European Federation of Accountants and Auditors for SMEs (EFEAA)**

While the scope is clear we wonder whether one day ISAE 3410 might be absorbed into the suite of ISSAs.

#### **European Federation of Financial Analysts Societies (EFFAS)**

Based on the opinion of our team of experts in different relevant fields, if necessary, the practitioner should provide assurance on ISAE 3410. The scope considered should be based on the standards when an opinion on whether the GHG statement has been prepared, in all material respects, in accordance with the applicable criteria.

#### **EXPERTsuisse**

In our view the scope and applicability of ED ISSA 5000 is clear, including when ISAE 3410 is applicable. It is clearly stated in paragraph 2 of ED ISSA 5000 that ED ISSA 5000 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. However, since many entities who report sustainability information are likely to report more than just greenhouse gas emissions, and ED ISSA 5000 is an overarching standard, we feel that a separate assurance standard specifically for greenhouse gas statements is likely to become redundant in future. This is also consistent with ISAE 3410 not having been reviewed since 2013.

### **Institut Akuntan Publik Indonesia**

ISSA 5000 applies to assurance engagements over sustainability reporting, while ISAE 3410 for assurance engagements over greenhouse gas statements. However, it is unlikely that reporting entity to be limited to only sustainability information, or only a greenhouse gas statement. In the future, there will be one or more documents comprising a mix of historical financial information and sustainability information. Practitioners may be asked to assure multiple elements of an entity's reporting, which may necessitate the application of more than one assurance standard. If the practitioner is engaged to provide several conclusions on aspects of topics presented in the sustainability report, including a conclusion on the greenhouse gas statement, it would seem necessary to apply ISAE 3410 with respect to the assurance conclusion to be expressed on the greenhouse gas statement, and ISSA 5000 with respect to all other assurance conclusions to be expressed on the remainder of the sustainability information. Further clarification seems warranted on multi-scope ("multi-conclusion") engagements.

### **Institute of Certified Public Accountants of Rwanda (ICPAR)**

Well defined scope and applicability including circumstances where ISAE 3410 may be appropriate mainly under GHG conclusion statement during assurance engagements that contain separate additional requirements. Besides, the future strategy will determine ISAE 3410's fate in regard to its scope.

### **Institute of Chartered Accountants of Ghana**

There is no ambiguity that the proposed standard (ISSA 5000) is applicable to assurance engagements concerning sustainability reporting, and the application of ISAE 3410 to greenhouse gas statements is explicitly stated. However, given that an entity's reporting is likely to encompass more than just sustainability or greenhouse gas information and in some instances the document may contain a mix of historical financial data, sustainability information (both historical and forward-looking), and other relevant data. Practitioners might be tasked with assuring various elements of an entity's reporting, requiring the application of multiple assurance standards. For instance, if an entity produces a comprehensive sustainability report that includes a greenhouse gas statement as one component, and the practitioner is engaged to provide conclusions on various aspects, including the greenhouse gas statement, it may appear necessary for the practitioner to apply ISAE 3410 for the assurance conclusion on the greenhouse gas statement section and ISSA 5000 for all other assurance conclusions on the remaining sustainability information. Further clarification and guidance may be required in this regard to deal with such instances.

### **Institute of Chartered Accountants of Pakistan (ICAP)**

It is suggested that it should be clarified as to whether (or not) report issued under ISSA 5000 will cover assurance on Greenhouse Gas Statements when no separate assurance engagement under ISAE 3410 is being performed.

### **Instituto de Auditoria Independente do Brasil - Ibracon**

The scope and applicability of ED-5000 are clear, including when ISAE 3410 is applicable.

However, ISAE 3410 has not been revised since 2013. Considering that, we suggest updating the requirements for consistency with other standards that have evolved since its last revision.

### **Instituto de Censores Jurados de Cuentas de España (ICJCE)**

Need for additional clarity on the relationship and interoperability between ED-5000 and ISAE 3410. As drafted, users of the IAASB standards (ED-5000 and ISAE 3410), as well as users of the resulting assurance reports, may be confused about the extent of work performed when the subject matter relates to

greenhouse gas (GHG) statements and GHG information included in other sustainability information. It appears that the extent of procedures for a limited assurance engagement related to GHG reporting will differ based on whether the engagement is performed under ISAE 3410 or under ED-5000 (e.g., ISAE 3410 specifically states that we shall identify and assess risks of material misstatement at the GHG statement level, in addition to the risks at the level of disclosures (limited) or assertions (reasonable)). The risk of material misstatement at the level of the sustainability statements is not included in ED-5000 (refer to paragraph 110L). We are not sure it will be clear enough to users which work effort was applied. Lastly, limiting the applicability of ISAE 3410 to engagements where the practitioner is providing a separate conclusion on a GHG statement creates a risk that engagements will be designed to fit a particular assurance standard.

In addition to this, in the ED it is clear when one standard or another applies, but once ISSA 5000 is finalized, the IAASB should consider the future of ISAE 3410, to include it within the standard itself, to avoid confusion and inconsistencies in the practice when applying different standards on the same information.

#### **Instituto Mexicano de Contadores Publicos (IMCP)**

As a starting point we agree that the cut-off concept of a separate conclusion drives the applicability of the standard and does not seem to be a complex judgement when practitioners face these situations; however, we consider that for a next step of the project, proposed ISSA should be the standard dealing with all sustainability items regards of the subject matter. Therefore, we suggest the ISAE 3410 could be relocated as a specific standard within the umbrella of the 5000 series in a more simplified way including the incremental work that should be executed once the proposed ISSA 5000 requirements are met.

#### **Instituto Nacional de Contadores Públicos de Colombia (INCP)**

In this regard, we consider that making amendments to ISAE 3410 is important in order to clarify when this standard is not applicable and when ISSA 5000 should be applied. We also think that potential inclusion of ISAE 3410 into ISSA 5000 should be evaluated, taking into account that its application is intended for sustainability issues and related aspects.

#### **International Federation of Accountants (IFAC)**

The scope and applicability of ED-5000 is clear, and it is clear when ISAE 3410 should be applied rather than ED-5000. However, some further clarity of the overall relationship between ISSA 5000, ISAE 3410 and ISAE 3000 (Revised) in application material would be useful. For example, if an engagement has greenhouse gases as one component of reporting that is subject to assurance, but it is also necessary to provide assurance in other areas of reporting, there could be some confusion around whether reporting under three standards (ISAE 3000 (Revised), ISAE 3410 and ISSA 5000) is required. Ultimately there may be an argument for ISAE 3410 to be brought under the baseline of ISSA 5000, rather than remaining under the umbrella of ISAE 3000.

#### **Korean Institute of Certified Public Accountants (KICPA)**

There is a need to clarify followings regarding the situation where the practitioner provides a separate opinion on greenhouse gas information.

The extant ISAE 3410 should be applied 'in conjunction with' ISAE 3000. With the introduction of ISSA 5000, there is a need to clarify whether ISAE 3410 still should be applied in conjunction with ISAE 3000 or not.

It is not clear whether the practitioner can use other assurance standards (e.g., ISO 14064-3), instead of ISAE 3410, in expressing a conclusion on greenhouse gas emission in a report where the practitioner also provides assurance on non-greenhouse gas information according to ISSA 5000. Guidance is required to allow application of other assurance standards.

In addition, there is a possibility that the entities applying disclosure standards requiring assurance only on greenhouse gas emission (e.g.: SEC exposure draft) are excluded from the scope of ISSA 5000. Therefore, it is necessary to consider incorporating ISAE 3410 into ISSA 5000 series at the earliest possible date.

#### **Malaysian Institute of Certified Public Accountants**

We understand that ISSA 5000 allows two assurance opinions i.e. opinion pursuant to ISSA 5000 and opinion pursuant to ISAE 3410, to be included in an assurance report. We believe that this may cause confusing to users or stakeholders, as some assurance reports may contain one opinion and some assurance reports may contain two assurance opinions. In view of these unintended consequences, we suggest ISAE 3410 to be merged as part of ISSA 5000 to avoid confusion and duplication of certain procedures.

In the event that the IAASB proceeds with two separate assurance standards i.e. ISSA 5000 and ISAE 3410 in the interim. We suggest the IAASB to explicitly explain this point (that 2 assurance standards are required in a single engagement) and provide illustrative example of an assurance report that contains two assurance opinions.

#### **Nordic Federation of Public Accountants (NRF)**

It is clear that ED-5000 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. However, it should be further clarified if ED-5000 shall be applied if the GHG-statement is included in a sustainability statement, on which the practitioner also provides a conclusion on sustainability information beyond the GHG-statement. This clarity could be achieved by including a definition of “GHG statement” corresponding to confirming amendments on ISAE 3410 A1 referring to a definition of a GHG Statement.

#### **Pan African Federation of Accountants**

Refer to our response in the first paragraph under the section on All sustainability topics and aspects of topics in Question 1.

In addition, we suggest that paragraph 2 of ED-5000, currently under the Introduction section, be moved to the section titled “Scope of this ISSA” in the standard, because it explains when ISAE 3410 is applicable in relation to ED-5000.

#### **Saudi Organization for Chartered and Professional Accountants (SOCPA)**

Taking into consideration our comment on the first question, SOCPA agrees that the scope and applicability of ED-5000 is clear, including when ISAE 3410 should be applied rather than ED-5000. However, SOCPA would like to see ISAE 3410 become a part of the ISSA suite of standards in the future.

#### **South African Institute of Chartered Accountants (SAICA)**

In the South African context, there are limited examples whereby assurance is provided over standalone greenhouse gas (GHG) statements. Notwithstanding this context, the interaction between ED-5000 and ISAE 3410 is not sufficiently clear and requires further clarification. For example, where GHG information is

part of the “subject matter” for sustainability assurance under ED-5000, is the intention to refer to both ED-5000 and ISAE 3410 when referencing standards used in the assurance report.

### **World Federation of Exchanges**

Guidelines around when to use ED-5000 rather than ISAE 3410 are broadly clear. However, more clarity can be given on which standard to use when overall sustainability information being assured incorporates GHG emissions related data.

## **12. Individuals and Others**

### **Japan Accreditation Board (JAB)**

The scope of applicability of ED 5000 is wider than ISAE 3410. IASE 3410 does not provide requirement and guidance how to quantify, monitor and report in related other emission, scope 3. In case of when ED 5000 includes ISAE 3410, ED 5000 or IASE 3410 need to review and update to meet such stakeholder's demand to contribute Paris Agreement and net Zero. Sadly current IASE 3410, the companies will not able to demonstrate the transitional approach toward the carbon zero.

As a reference, ISO14064-3 covers requirements on materiality and evaluation for risk, the forward-looking information can apply for the validation of ISO14064-3. The information pertaining to the reporting entity's value chain, ISO 14064-1 provides the requirement for GHG accounting and reporting over the value chain.

## **3.3 Neither agree or disagree**

### **3. Those Charged with Governance**

#### **International Corporate Governance Network (ICGN)**

To conclude we also note that the ED-5000 would not apply when there is a separate conclusion on a greenhouse gas emission (GHG) statement, in which case the ISAE 3410 applies. Considering that there are divergences between the concepts covered by the ISAE 3410 and the ED-5000 respectively, we note that this may create inconsistencies. We encourage the IAASB to align the requirements and application material related to assurance engagements on GHG statements with ED-5000.

## **5. National Auditing Standard Setters**

### **Malaysian Institute of Accountants - Auditing and Assurance Standards Board (MIA)**

It is clear that ED-5000 should apply to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on a GHG statement, in which case ISAE 3410 applies.

However, it would be useful for the ED-5000 to further clarify that in some cases, the practitioner may perform a broader scope of assurance engagement on a report that includes GHG information or statement as part of the reported sustainability information but that GHG information does not comprise a GHG statement. There is a need for clarity whether ED-5000 or ISAE 3410 applies in such cases when the practitioner provides a separate assurance conclusion on that statement alongside several other conclusions on other sustainability disclosures.



We support the inclusion of conforming amendments to ISAE 3410 to address their relationship to ISSA 5000. However, we are of the view that it would be helpful for the ED-5000 to also include the practical example for circumstances to be considered by the practitioners when deciding whether to apply ED-5000 or ISAE 3410 in the engagement. The interaction between ED-5000 and ISAE 3410 should be better clarified in order to avoid confusion.

The IAASB should also consider providing application material that explains when the sustainability information includes greenhouse gas related disclosures, but not a separate greenhouse gas statement, ISAE 3410 may be useful in assisting the practitioner in designing and performing assurance procedures over that greenhouse gas related sustainability information.

However, retaining the requirements for ISAE 3410 to be applied for assurance on GHG statements may be contrary to the IAASB's objectives to make ED-5000 suitable for non-accountant assurance practitioners, who in general view the ISAE standards as assurance standards applied by the professional accountant assurance practitioners.

In this context, we recommend that the IAASB either incorporate the existing ISAE 3410 directly into ED-5000 along with additional guidance or provide clearer guidance on the circumstances under which to apply ISAE 3410 or ED-5000. This would help enhance clarity and streamline the use of these standards. Co-existence of ISAE 3410 and ED-5000 may create undue complexity and may be difficult to understand by the users of the assurance report.

## 6. Global Standard Setter

### Global Reporting Initiative (GRI)

Clarify the applicability of the proposed standard so that it is clear it is applicable to both voluntary and mandatory reporting and standards

Currently the proposed standard adopts the term 'expected', when referring to voluntary assurance and voluntary reporting standards and frameworks.

For example; 'The scope of the assurance engagement may extend to all of the sustainability information expected to be reported by the entity or only part of that information. For example, in certain jurisdictions, law or regulation may require that only climate-related disclosures in an entity's sustainability information be subject to assurance.'

However, this could potentially create confusion. To avoid any uncertainty, it should be made explicitly clear that these assurance standards can be used for assurance of reports whether provided voluntarily or required by regulation and whether they are based on mandatory or voluntary reporting requirements.

## 7. Accounting Firms

### Ernst & Young Global Limited

Refer to our response in Q2 to align ISAE 3410 with ED-5000, which we acknowledge will need to be a separate project undertaken by the IAASB. In the meantime, as part of the ED-5000 project, we have the following suggestions related to the consequential amendments to ISAE 3410 that will clarify the applicability of ISAE 3410.



We agree that the applicability of ISAE 3410 is clear in circumstances when a practitioner is providing a separate conclusion on a GHG statement. However, we do not believe the applicability of the standards is clear when the practitioner is performing an assurance engagement that includes GHG information, but that GHG information does not comprise a GHG statement.

To be clear that final ISSA 5000 is to be followed, we suggest striking the last sentence of the proposed consequential amendment to ISAE 3410 paragraph A1, 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.

We do not believe that ED-5000 paragraph 2, on its own, adequately describes the applicability of the standards in situations when a practitioner performs an assurance engagement that includes GHG information, but that GHG information does not comprise a GHG statement. We suggest that paragraph 2 of ED-5000 be revised as follows:

2. 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. [FN omitted] When the practitioner is performing an assurance engagement on a report that includes GHG information, but that GHG information does not comprise a GHG statement, this ISSA applies.

We also suggest revisions to paragraph 8 of ED-5000 to help clarify the applicability:

8. This ISSA applies to assurance engagements for all types of sustainability information, except a greenhouse gas (GHG) statement, regardless of the manner in which that information is presented. Paragraph 2 describes the applicability of this ISSA when the sustainability information includes a greenhouse gas (GHG) statement.

In addition, the consequential amendments to ISAE 3410 do not provide guidance for situations when the practitioner's conclusion in an assurance engagement on a GHG statement covers sustainability information other than GHG information in addition to the GHG statement. We note that the amendments to ISAE 3410 paragraph 3A cover situations when there is additional information other than sustainability information. As such, we suggest the following revision and addition to ISAE 3410 (there are no proposed revisions to paragraph 3A, it is included herein for reference only):

3A. The practitioner's conclusion in an assurance engagement on a GHG statement may cover information other than sustainability information in addition to the GHG statement. In such cases, ISAE 3000 (Revised) [FN Omitted] (or another ISAE dealing with a specific underlying subject matter) applies to assurance procedures performed with respect to the remainder of the information covered by the practitioner's conclusion.

3B. The practitioner's conclusion in an assurance engagement on a GHG statement may cover sustainability information, which is not GHG information, in addition to the GHG statement. In such cases, ISSA 5000 applies to assurance procedures performed with respect to the remainder of the sustainability information covered by the practitioner's conclusion.

We also believe that additional guidance is needed to understand scenarios for which final ISSA 5000 would apply, especially when sustainability information may be a smaller component of the subject matter

information that is subject to limited or reasonable assurance. For example, we suggest that the IAASB provide guidance around whether final ISSA 5000 would be applicable when:

The subject matter information contains only one sustainability KPI or few sustainability-related disclosures in a report containing a large amount of subject matter information that is not related to sustainability

A practitioner is providing an assurance report on controls (e.g., 50 total controls) and only one control addresses sustainability information.

## **10. Member Bodies and Other Professional Organizations**

### **ASEAN Federation of Accountants**

It is clear that ED-5000 should apply to all assurance engagements on sustainability information, except when a separate conclusion on a GHG statement is provided, in which case ISAE 3410 applies.

We appreciate the idea to look into conforming amendments to ISAE 3410 to address their relationship to ISSA 5000. However, there may be circumstances where users will benefit from better clarity and ED-5000 should also include practical examples for circumstances to be considered by the practitioners when deciding whether to apply ED-5000 or ISAE 3410 in the engagement.

For example, ED-5000 can further clarify that in some cases, a practitioner may perform a broader scope of assurance engagement on a report that includes GHG information as part of the reported sustainability information, but that GHG information does not comprise a GHG statement. In such cases, there needs to be clarity on whether ED-5000 or ISAE 3410 applies when the practitioner provides a separate assurance conclusion on that statement alongside several other conclusions on other sustainability disclosures.

The IAASB should also consider providing application material that explains when the sustainability information includes GHG related disclosures, but not a separate GHG statement, as ISAE 3410 may be useful in assisting the practitioner in designing and performing assurance procedures over that GHG related sustainability information. However, retaining the requirements for ISAE 3410 to be applied for assurance on GHG statements may be contrary to the IAASB's objectives to make ED-5000 suitable for non-accountant assurance practitioners, who in general view the ISAE standards as assurance standards applied by the professional accountant assurance practitioners. In this context, we recommend that the IAASB either incorporate the existing ISAE 3410 directly into ED-5000 along with additional guidance or provide clearer guidance on the circumstances under which to apply ISAE 3410 or ED-5000. This would help enhance clarity and streamline the use of these standards. Co-existence of ISAE 3410 and ED-5000 may create undue complexity and be difficult to understand by the users of the assurance report.

### **Chartered Professional Accountants of Canada (CPAC)**

The scope of the standard is very broad and there is a need for further guidance. Some clarity on the overall relationship between ISSA 5000, ISAE 3410 and ISAE 3000 (Revised) would be useful. We also note the following areas where further clarification is needed:

Would certain environmental-related attestation engagements performed for compliance purposes fall under the scope of ISSA 5000 (e.g., recycling audits)?

How is a "GHG statement" defined and does it make sense in the context of new sustainability disclosure and assurance requirements being introduced by regulators?

What would the assurance report look like when the assurance practitioner is engaged to perform both an ISAE 3410 and ISSA 5000 engagement? For example, would there be one combined report that references both standards?

Is the underlying work the same when assurance is provided on GHG information under ISAE 3410 versus ISSA 5000?

As noted in our comments above, we believe ISAE 3410 should be brought within the ISSA 5000 suite of sustainability assurance standards in due course to eliminate confusion. It would be helpful for the IAASB to communicate what its plans and timeline are for this.

#### **Institute of Chartered Accountants of Sri Lanka**

The scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000. However, clarity on the future state of ISAE 3000(revised) and ISAE 3410 is required at this stage. Applicability of the standards appears to be not clear when the practitioner is performing an assurance engagement that includes GHG information, but that GHG information does not comprise a GHG statement. Further, additional guidance is needed to understand scenarios for which final ISSA 5000 would apply.

#### **New York State Society of Certified Public Accountants (NYSSCPA)**

Response: International Standard on Assurance Engagements (ISAE) 3410 pertains to an engagement where the practitioner is expressing an opinion on an entity's greenhouse gas statement; this standard is over 10 years old and the practice of companies issuing Greenhouse Gas statements is outdated. During the past few years, companies have been complying with the Task Force on Climate-related Financial Disclosures (TCFD) climate disclosures, and in 2024, companies will be complying with the new International Financial Reporting Standards (IFRS) Sustainability Standard on Climate Disclosures (S2), which was issued in June 2023. Therefore, ISAE 3410 is irrelevant and all references to it in this ED should be deleted.

### **3.4 Disagree with comments**

#### **2. Preparer and Users of sustainability information**

##### **American Bankers Association**

Consider the integration of ISAE 3410 Assurance Engagements on Greenhouse Gas Statements into the final standard since greenhouse gas emissions amounts will often be subject to similar procedures. (Responding to Question #3)

Left separately as two standards, there will likely be confusion as to which standard is the appropriate one.

##### **Philip Morris International INC.**

According to ISSA 5000, when a separate conclusion on GHG is provided, ISAE 3410 applies. However, an assurance engagement may cover multiple sustainability matters (i.e. an entity's whole sustainability report) including GHG itself. Further clarification may be necessary on which standard to apply in such cases as well as the rationale for the full or partial applicability of each under different circumstances.

#### 4. Regulators and Audit Oversight Authorities

##### Financial Reporting Council – UK (FRC)

We believe the criteria for when ISAE 3410 should be applied instead of ED-5000, and the implications for reporting, are not clear enough. We believe it is the IAASB's intent that, if a greenhouse gas statement forms part of the sustainability information that the entity seeks assurance over, a separate conclusion on the greenhouse gas statement must be provided, in accordance with ISAE 3410, as well as an ISSA 5000-conclusion on the rest of the sustainability information. However, as currently drafted, paragraph 2 arguably leaves it up to the assurance practitioner to choose whether or not to provide a separate conclusion on the greenhouse gas statement. This potentially gives rise to the possibility of assurance reporting on greenhouse gas statements by different entities being assured and reported on under different standards. This may result in inconsistent practice which may be confusing for users.

Therefore, we suggest that, if the current approach is retained, it is more clearly stated that a separate conclusion must be provided if a greenhouse gas statement forms part of the sustainability information that is to be assured. However, we believe a more significant revision is merited, to allow ISSA 5000 to be applicable for the entirety of the sustainability information, whether or not this includes a greenhouse gas statement. For this to be possible, ISSA 5000 would have to take the risk-based approach to limited assurance that is seen in ISAE 3410. This would mean the work effort is not lessened in scenarios where ISSA 5000 is used rather than ISAE 3410.

If the current approach is retained, hopefully more clearly stated, it would be helpful to include example reports to cover scenarios where a greenhouse gas statement forms part of the sustainability information, and ISAE 3410 is applied for the greenhouse gas conclusion or opinion. Users might also benefit from an explanation as to why the greenhouse gas statement is covered by ISAE 3410 but all other types of sustainability information are covered by a different standard, ISSA 5000, and whether there are any substantive differences in the assurance work they should be aware of.

Further, if two separate reports are given, it should be made clear whether that in effect scopes out the greenhouse gas statement from the other sustainability information and how it should be addressed overall in the sustainability reporting. In relation to this more clarity is needed as to the implications when the greenhouse gas statement is reported on by the same or a different firm to the one reporting on the other sustainability information. Paragraph A89 gives as an example of work performed by a firm other than the practitioner's firm "a separate assurance engagement on the entity's greenhouse gas emissions, removals and storage and that information is included in the sustainability information subject to the assurance engagement." If not scoped out, that could require greenhouse gas information being addressed under ISAE 3410 by the other firm but the same information needing to be covered under ISSA 5000 by the firm reporting on the sustainability information as a whole.

##### Independent Regulatory Board for Auditors (IRBA)

Refer to our response in paragraph (a) under the section on All sustainability topics and aspects of topics in Question 1.

Further, we suggest that paragraph 2 of ED-5000, currently under the Introduction section, be moved to the section titled "Scope of this ISSA" in the standard, because it explains when ISAE 3410 is applicable in relation to ED-5000.

### Irish Auditing and Accounting Supervisory Authority (IAASA)

There is considerably more explanation regarding the interaction between ED5000 and ISAE 3410 in the explanatory memorandum than in the proposed standard. It is unclear from paragraph 2 of ED5000 whether the conclusion on greenhouse gases should be in a separate report or may be a separate part of the overall sustainability assurance report. It should further be clarified that ISAE 3410 is not to be used where greenhouse gases are part of a wider scope sustainability assurance engagement.

For improved clarity, paragraph 8 should be placed before paragraph 7 and the explanatory material in paragraphs in A11-A12 should also include relevant material from the explanatory memorandum regarding how and when ISAE3410 applies.

Additionally, the language in paragraph A490(a) should be amended as it may give the impression that ISSA 5000 should be used where sustainability information relates to "... a single aspect, such as green house gases..."

Otherwise the scope and applicability of ED5000 is very broad as it applies to all types of assurance on any form of sustainability information produced by any entity. As noted in response to Question 1 above, an ecosystem of ISSAs needs to be developed to ensure consistency of approach and high quality assurance engagements, including in particular that reasonable assurance engagements are subject to equivalent requirements to an audit.

## 5. National Auditing Standard Setters

### American Institute of Certified Public Accountants (AICPA)

Withdraw, Revise, and Reissue ISAE 3410

We suggest prioritizing a project to withdraw ISAE 3410, update it, and reissue it as a subject-specific standard under the ISSA 5000 umbrella. We suggest that reissued ISAE 3410 apply to sustainability assurance engagements when GHG emissions are included in the scope of the engagement, regardless of whether such emissions are presented in the form of a GHG statement. As a result of these recommended updates, ISAE 3410 (to be renamed and renumbered under ISSA 5000) would retain only the requirements and application guidance for assurance engagements over GHG emissions that are incremental to the requirements in ISSA 5000, so that when GHG emissions are in scope of the assurance engagement, the engagement would be performed in accordance with both ISSA 5000 and revised, renumbered ISAE 3410. This would provide the IAASB with the opportunity to align ISAE 3410 with the enhancements made in ED-5000, thereby allowing all those performing GHG engagements to benefit from the additional requirements and guidance in ISSA 5000 and enhancing the public interest in terms of consistency of performance between GHG engagements and engagements that address other sustainability information.

Clarification of the circumstances in which the various standards apply

We understand that withdrawing, updating, and reissuing ISAE 3410 at the same time as issuing final ISSA 5000 is likely not practicable. Accordingly, we have a few specific recommendations for revisions to conforming amendments to ISAEs 3000 and 3410 that are within the scope of ED-5000.

Conforming changes to ISAE 3410

Paragraphs 2 of both ED-5000 and ISAE 3410, as proposed to be amended, state that ISAE 3410 applies when the assurance practitioner is providing a separate conclusion on a GHG statement. Paragraph A1 of

ISAE 3410, as proposed to be amended, states that ISSA 5000 applies when a sustainability report includes GHG information and that GHG information does not comprise a GHG statement as defined in paragraph 14(m). It is not clear when information about GHG emissions qualifies as a GHG statement versus GHG information, as the term “GHG information” is not defined and the definition of a GHG statement does not explain this. We are also uncertain about the applicability of ISAE 3410 and ED-5000 when, for example, a GHG statement forms part of other subject matter information, but the practitioner is not providing a separate conclusion on the GHG statement.

the practitioner’s conclusion in an assurance engagement on a GHG statement covers sustainability information in addition to the GHG statement. Neither the definition of a GHG statement nor paragraph 3A of ISAE 3410 seem to preclude this possibility.

These questions can be resolved by making the following revisions to the proposed amendments to ISAE 3410 (changes indicated in bold/strikethrough):

Change paragraph A1 of ISAE 3410 to be consistent with paragraphs 2 of ISAE 3410 and ED-5000 by indicating that ISAE 3410 is not applicable when the practitioner is not providing a separate conclusion on the GHG information, as shown below (footnotes omitted for purposes of this comment):

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)the practitioner is not providing a separate conclusion on the GHG information. In such cases, ISSA 5000 applies. However, this ISAE may provide guidance for such an engagement.

Revising proposed paragraph 3A of ISAE 3410 to make explicit that the practitioner’s conclusion in an assurance engagement on a GHG statement in accordance with ISAE 3410 may not cover other sustainability assurance:

3A. The practitioner’s conclusion in an assurance engagement on a GHG statement may also cover other information other than that is not sustainability information in addition to the GHG statement. In such cases, ISAE 3000 (Revised) (or another ISAE dealing with a specific underlying subject matter) applies to assurance procedures performed with respect to the other remainder of the information covered by the practitioner’s conclusion. If sustainability information other than GHG information is included in an assurance engagement on a GHG statement, then ISSA 5000 applies to the other sustainability information.

#### Conforming changes to ISAE 3000

Conforming amendments proposed to ISAE 3000 (Revised) refer to “other than assurance engagements on sustainability information”. Strictly speaking, GHG information is sustainability information; assurance engagements on most sustainability information are dealt with in the ISSAs, but assurance engagements in which an assurance conclusion is expressed on specific sustainability information — that is, GHG statements — are dealt with in ISAE 3410. As expressed in paragraphs 5 and A21 of ISAE 3000, when ISAE 3410 applies to an engagement, so does ISAE 3000. Accordingly, to be precise, revisions to the proposed conforming amendments would be necessary. We suggest making the edits below to the following ISAE 3000 paragraphs (footnotes omitted for purposes of this comment):

1. This International Standard on Assurance Engagements (ISAE) deals with assurance engagements other than (1) audits or reviews of historical financial information, which are dealt with in International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs) respectively, and (2) assurance. Assurance engagements on sustainability information are dealt with in International Standards on Sustainability Assurance (ISSAs). (Ref: Para. A21–A22)

## Scope

5. This ISAE covers assurance engagements other than audits or reviews of historical financial information or assurance engagements on sustainability information that are dealt with in International Standards on Sustainability Assurance (ISSAs), as described in the International Framework for Assurance Engagements (Assurance Framework). Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, including ISAE 3410, that ISAE applies in addition to this.

A21. This ISAE includes requirements that apply to assurance engagements (other than audits or reviews of historical financial information or assurance engagements on sustainability information for which ISAE 3410 is not applicable), including engagements in accordance with a subject matter specific ISAE. In some cases, a subject matter specific ISAE is also relevant to the engagement. A subject matter specific ISAE is relevant to the engagement when the ISAE is in effect, the subject matter of the ISAE is relevant to the engagement, and the circumstances addressed by the ISAE exist.

## Status of EER Guidance

The EER guidance, which was developed using an extensive public consultation process, contains much information that is helpful to those performing sustainability assurance engagements. Because the EER guidance refers to ISAE 3000 (Revised), the applicability of the EER guidance to ED-5000 is unclear. We strongly encourage the IAASB to update the EER guidance as soon as practicable after the issuance of ISSA 5000. Until then, the IAASB should clarify that the EER guidance can be applied, adapted as necessary, to ED-5000 and promote its use through its website and other avenues available to it.

## Additional examples

It would be extremely helpful if ED-5000 included an illustrative report on a sustainability assurance engagement in which a greenhouse gas statement forms a part of the reported sustainability information, and the practitioner provides a separate assurance conclusion on that statement alongside several other conclusions, including limited assurance on some sustainability disclosures and reasonable assurance on others.

The EER guidance or the AICPA Sustainability Guide may be a resource for these illustrations. The AICPA Sustainability Guide includes several illustrative reports on both sustainability information and GHG statements that could be adapted, including an illustrative practitioner's report on an examination of one or more specified indicators and a review of others (see appendix F of the AICPA Sustainability Guide).

## Auditing and Assurance Standards Board Canada (AASB)

There were two main concerns expressed during outreach regarding the applicability of the proposed standard:

Risk of inconsistent implementation of the scope and applicability of the standard

Relationship between ISSA 5000 and ISAE 3410

Concern: Risk of inconsistent implementation of the scope and applicability of the standard

We heard questions on whether ISSA 5000 or ISAE 3000 applies in the following circumstances:

The source of the underlying information is a financial statement general ledger – For example, the information generated for a pulp and paper assurance engagement often comes from the entity's general-ledger. Although the information reported are topics/aspects of topics derived from sustainability matters, the



information may be tracked and reported using the same financial reporting processes and controls used for historical financial information.

The assurance engagement is on an aspect of a topic that does not use an established sustainability reporting framework - In Canada there are certain legislated engagements, for example, assurance engagements on the number of tires disposed or recycled, which could be considered sustainability information as waste could be scoped into an environmental topic.

Public Sector: All attestation engagements on 'other than historical financial information' reported by public sector entities (also included in our response to Q24) - In our outreach, public sector auditors suggested that the majority, if not all, of the 'other than historical financial information' assurance work they perform meets the definition of sustainability matters as it covers environmental, social, economic, and cultural matters. Therefore, these engagements would be in scope of ISSA 5000. Questions were raised whether this was an intended outcome of the IAASB when drafting the standard.

Suggest:

Adding application material to paragraph 3 to explain that sustainability matters drive the applicability of the standard, regardless of the source of the underlying information reported (e.g., financial statement general ledger).

Including examples of engagements that use criteria that are not an established sustainability reporting framework as being in scope of ISSA 5000.

Public Sector: Clarify whether the IAASB intended for every public sector attestation engagement to be performed under ISSA 5000 going-forward.

If not, consider whether the use of 'economic' and 'cultural' matters in the definition of sustainability matters has an unintended consequence of scoping in every public sector attestation engagement.

This issue may need to be revisited once the IPSASB issue their sustainability reporting framework for public sector entities.

Key Concern: Relationship between ISSA 5000 and ISAE 3410

We heard concerns regarding paragraph 2 that describes when ISAE 3410 should be applied rather than ED-ISSA 5000. Including:

Applicable standards when the assurance practitioner is engaged to assure sustainability information that includes two reports:

A report on a greenhouse gas (GHG) statement; and

A report on other sustainability metrics or information.

The standard is clear that the practitioner would apply ISSA 5000 when one assurance report is issued, and the scope of the assurance engagement includes both a GHG statement and other sustainability information. However, practitioners may require guidance on which standards apply when the practitioner is engaged to issue two reports for the same entity, first on a GHG statement, and the second on other sustainability information.

Understandability of the assurance reports to users. If similar entities in the same industry each have a GHG statement assured at the same level (e.g., limited assurance), but:

Entity A's assurance engagement includes assurance over other sustainability metrics and therefore is performed under ISSA 5000; and

Entity B only has the GHG statement assured and therefore is performed under ISAE 3410.

The assurance reports will refer to different standards and the user may not understand why.

Inconsistency in the scope of procedures or work effort on a GHG statement subject to assurance under ISAE 3410, versus a GHG statement assured alongside other sustainability information subject to assurance under ISSA 5000.

We believe it is in the public interest that these concerns be prioritized by the IAASB as they impact the understandability of the assurance report by users.

Suggest:

ISAE 3410 should move under the ISSA 5000 suite of standards. We believe the risk of confusion as to which standards apply and understandability of the assurance report by users when the scope of the assurance engagement includes a GHG statement, is too great to leave ISAE 3410 under the 3000 suite of standards.

We understand that the suggestion to move ISAE 3410 under ISSA 5000 would require the IAASB to follow due process and consult on the resulting conforming and consequential amendments. This could mean that ISSA 5000 would be issued before ISAE 3410 is moved. In the interim period, the IAASB should prepare implementation guidance that:

Explains which assurance standards apply depending on the scope of the assurance engagement. For example, if the practitioner is engaged to issue two reports for the same entity, first on a GHG statement, and the second on other sustainability information, then the practitioner applies ISAE 3000 and ISAE 3410 to the first engagement and ISSA 5000 to the second engagement.

Provides discussion points for practitioners to engage with their clients on the applicability of the different assurance standards, resulting differences in reporting, and the future standard-setting activities the IAASB is engaging in to reduce inconsistency in the market.

Encourages structuring engagements based on the needs of the intended users, rather than the desired outcome of applicable assurance standards.

Provides an illustrative assurance report when the scope of the sustainability assurance engagement includes both a GHG statement and other sustainability information.

#### **Auditing and Assurance Standards Council (AASC)**

The statement provided on the application of ISSA 5000, which provides that it applies to all assurance engagements on sustainability information, except when the practitioner is providing a separate conclusion on greenhouse gas (GHG), in which case ISAE 3410 applies (Introduction item #2), is confusing. Such statement is not easily understood, and there is no elaboration or clarification elsewhere in the document. Does this mean that where a separate conclusion on GHG will be issued, ISSA 5000 will no longer apply in its entirety or only with respect to the portion that relates to GHG statement? We respectfully request that a clarification be made on this matter, either in the same section or in the Application and Other Explanatory Material section.

## New Zealand Auditing and Assurance Standards Board

The NZAuASB does not consider that the scope of the standard is clear. We recommend that the IAASB rename ISSA-5000 and amend paragraphs 2 and 8 to clarify that its scope covers assurance over sustainability reporting in accordance with general purpose reporting frameworks. We recommend adding application material with a description of what is meant by general purpose sustainability reporting, and including examples of what is within scope and what is excluded. This could be similar to the information in the EER guidance (Appendix 2). The statement in paragraph 8 that “regardless of the manner in which that information is presented” in ED-5000 adds confusion, especially for non-accountant assurance practitioners as to when this standard should be applied. We believe this was meant to address the fact that the sustainability report may be included in an annual report or elsewhere, but as drafted lacks clarity and therefore makes the scope of the standard unclear.

We agree that ED-5000 is clear that it applies for assurance engagements over sustainability information, for example a climate statement, but that ISAE 3410 would apply when a separate assurance conclusion is required for greenhouse gas emissions.

The XRB has issued a temporary domestic assurance standard for the assurance of greenhouse gas disclosures within the climate statements. We followed a collaborative process to develop our standard, learning from a broad range of practitioners and requiring the application of one of two international standards ISO 14064-3:2019 and ISAE 3410. We think this is important as approaches to assurance and standard setting develop/mature. We note the reference to “standards issued by ISO” in page 9 of your explanatory memorandum and we encourage the IAASB to follow through with this inclusive approach.

We note that ISAE 3410 is a topic specific assurance standard under the umbrella standard of ISAE 3000. We recommend that ISAE 3410 be moved to sit under the umbrella standard ED-5000 and become the first topic specific standard for the assurance of greenhouse gas emissions. The benefit of this will be that all assurance over sustainability matters will be undertaken under the same suite of standards, rather than reference both ISAE 3000 for greenhouse gas emissions and ISSA 5000 for other sustainability matters. We understand that the risk assessment requirements for limited assurance engagements differ between ED-5000 and ISAE 3410. However, we note that this same difference in approach exists between ISAE 3000 and ISAE 3410, and therefore do not see that this concern should prevent ISAE 3410 from being the first standard under ISSA 5000. Given that ED-5000 is based on the approach used in ISAE 3000 and includes the same fundamental building blocks, we encourage this so that all assurance practitioners could choose to use the ISSA standards for assurance engagements over all sustainability-related matters.

## 7. Accounting Firms

### Deloitte LLP

There is a need for additional clarity on the applicability of ED-5000 and its relationship with ISAE 3410.

As drafted and proposed, ED-5000 applies to all assurance engagements on sustainability information except when the practitioner is specifically engaged to provide a separate conclusion on a GHG statement. It is unclear what constitutes a GHG “statement” and whether the intention is for GHG information included in a broader sustainability report to be subject to ED-5000 instead of ISAE 3410. If so, this would result in different procedures being performed on the same GHG information based on whether or not it is included in a broader suite of sustainability reporting. We are concerned this may not

be transparent or well understood by users of sustainability assurance reports and will lead to a lack of comparability.

To enhance clarity to users of sustainability assurance reporting related to GHG and align performance requirements, we recommend four actions:

The scope of ED-5000 be changed such that it covers reporting over all sustainability information, including GHG information.

A new ISSA standard be developed to reflect the supplemental requirements and application material for assurance over GHG information that are currently within ISAE 3410.

ISAE 3410 be rescinded, as the supplemental requirements and application material therein would be moved to a new standard under the ISSA umbrella (as suggested above). We also recommend the scope of ISAE 3000 be revised to clarify that it is not applicable for sustainability information. We suggest making the underlined edits below to the following ISAE 3000 paragraphs:

This International Standard on Assurance Engagements (ISAE) deals with assurance engagements other than audits or reviews of historical financial information, which are dealt with in International Standards on Auditing (ISAs) and International Standards on Review Engagements (ISREs) respectively. Assurance engagements on sustainability information are dealt with in International Standards on Sustainability Assurance (ISSAs).

5. This ISAE covers assurance engagements other than audits or reviews of historical financial information or assurance engagements on sustainability information, as described in the International Framework for Assurance Engagements (Assurance Framework). Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, that ISAE applies in addition to this.

A21. This ISAE includes requirements that apply to assurance engagements (other than audits or reviews of historical financial information or assurance engagements on sustainability information), including engagements in accordance with a subject matter-specific ISAE. In some cases, a subject matter specific ISAE is also relevant to the engagement. A subject matter-specific ISAE is relevant to the engagement when the ISAE is in effect, the subject matter of the ISAE is relevant to the engagement, and the circumstances addressed by the ISAE exist.

Additional report examples be developed and included in ED-5000 to demonstrate reporting when GHG information is presented with non-GHG sustainability information and both sets of information are subject to assurance.

#### **Grant Thornton International**

We do not agree that the scope and applicability of ED-5000 is clear as it relates to which standard is applied when the assurance engagement and document prepared by management include both sustainability information and statements on greenhouse gas (GHG) information. We recommend that the assurance standards applicable to sustainability information and GHG information in the two scenarios below be explicitly addressed in ED-5000 and in ISAE 3410:

Assurance on sustainability information, including greenhouse gas (GHG) information when a separate conclusion on GHG statement is not provided

Assurance on sustainability information and a separate conclusion on a GHG statement provided in the same document

## Mazars

### Clarity of ED-5000 and ISAE 3410 requirements

We do not believe the requirements in ED-5000.2, relating to the interaction of ED-5000 and ISAE 3410, are sufficiently clear as to which standards apply in which circumstances, and it is possible to erroneously conclude that if the engagement is a full suite assurance engagement plus GHG, that 5000 doesn't apply to the engagement even though it should be applied to all aspects other than the GHG disclosure.

We suggest that the wording of this paragraph be revisited to make clear that, when undertaking a GHG engagement, ED-5000 would apply to all of the work other than just that element that relates to GHG assurance. We propose the following amendment:

2. 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, to that separate GHG conclusion only.

Furthermore, a definition of "Greenhouse Gas Statement" should be included in ED-5000.

We believe that ISAE 3410 should be reviewed, updated as necessary (including scope 3 GHG emissions which are not fully addressed in ED-5000) and issued as a new standard in the ISSA 5000 suite of standards. In the meantime, we suggest that the proposed amendment to ISAE 3410.A1 is amended to be consistent with ED-5000.2.

### Risk assessment – Risks of material misstatement at the sustainability information level

ISAE 3410 requires practitioners to identify and assess risks of material misstatement at the GHG statement level, in addition to the risks at the level of disclosures (Limited Assurance) or assertions (Reasonable Assurance).

The identification of risks of material misstatement at the level of the sustainability statements is a notable omission from ED-5000. In our view, such a requirement to consider risks of material misstatement at the sustainability information level (akin to both ISAE 3410 requirements and to the ISA 315 requirement to consider financial statement level risks) should be included in ED-5000. There will likely be risks that are related to the overall report, such as the overall tone and balance of information and narrative included in the report.

## MHA

We do not believe it is sufficiently clear when each standard should be applied. At present, there is considerable scope for user confusion regarding the need for a separate conclusion on greenhouse gas emissions (where ISAE 3410 is applicable) and whether this conclusion should be presented in a separate assurance report or the same assurance report as under ISSA 5000.

We believe the IAASB needs to expand the narrative of the proposed standard to clarify when it is appropriate for an assurance practitioner to provide a separate assurance report on a greenhouse gas emissions statement under ISAE 3410 versus a single assurance report on sustainability information that includes greenhouse gas data under ISSA 5000.

We note that ISAE 3410 requires practitioners to identify and assess risks of material misstatement for each individual statement, as well as at the disclosure level or assertion level depending on the level of assurance being provided. The proposed standard merely requires practitioners to "identify disclosures where material misstatements are likely to arise" (limited assurance) or "identify and assess risks of material misstatement

at the assertion level for the disclosures” (reasonable assurance). Unless this aspect of ED-5000 is more robust, we fear that the proposed standard as drafted could, contrary to the IAASB's ambitions, facilitate and foster an increase in greenwashing and the risk of material misstatements escaping the assurance practitioner's attention because the practitioner is not directed to consider the overall balance of information reported or the specificity of the disclosure.

It is very likely that assurance reports will contain elements of both limited and reasonable assurance over different sustainability disclosures in the initial adoption of ISSA 5000, potentially with a high number of qualifications and/or emphasis of matter statements. Accordingly, we believe that mandating two separate assurance reports for ISAE 3410 and ISSA 5000 would strengthen the separate terms of engagement for the two engagements and empower directors to appoint separate practitioners where appropriate.

#### **MNP LLP**

We noted that further clarity about when ISAE 3410 should be applied rather than ED-5000. When the sustainability information includes both a greenhouse gas statement and other sustainability information, it is not clear if the practitioner needs to perform an assurance engagement under only ISSA 5000, or under ISSA 5000, ISAE 3410, and, due to paragraph 9 of ISAE 3410, ISAE 3000. This may cause situations where one entity is assured under only one standard for its sustainability information that includes greenhouse gas statements, and another entity is assured under all three standards. This potential lack of consistency in application may reduce the decision usefulness of the information given that it may confuse report users. We believe that the IAASB should consider moving ISAE 3410 under the ISSA 5000 standards.

#### **Nexia International**

To reduce long-term confusion, particularly as new practitioners enter sustainability assurance, we recommend ISAE 3410 be incorporated and adapted into the ISSA 5000 series.

#### **PricewaterhouseCoopers International Limited**

We agree, in principle, that the scope and applicability of ED-5000 is clear insofar as it applies to all sustainability assurance engagements. However, we believe there remains confusion over the specific application of ISAE 3410 in certain circumstances. While the statement in paragraph 2 of ED-5000 indicates that ISAE 3410 applies when the practitioner issues a separate conclusion on a greenhouse gas statement, it remains unclear about which standards apply when a greenhouse gas statement forms part of a broader sustainability report and a separate conclusion on the greenhouse gas statement is provided alongside several other conclusions on other elements of the sustainability report.

There is a logical argument that the more specific requirements in ISAE 3410 should necessarily apply to assurance work performed on a greenhouse gas statement – the standard was developed for that purpose. However, we foresee a complex scenario where, in the circumstances described above, a practitioner would be forced to apply:

ISAE 3000 (Revised) and ISAE 3410 with respect to the assurance conclusion to be provided on the greenhouse gas statement; and

ISSA 5000 with respect to all other sustainability information subject to assurance.

This will lead to complications related to actual or perceived differential requirements between ISAE 3000 (Revised) and ISSA 5000.

We believe the IAASB could pursue two possible solutions:

In finalising ISSA 5000, propose conforming amendments to ISAE 3410 to replace references to ISAE 3000 with appropriate references to requirements in ISSA 5000, such that a practitioner complies with the baseline requirements of ISSA 5000 but still applies the greenhouse gas specific requirements of ISAE 3410; or

Reclassify ISAE 3410 to become a separate ISSA standard by proposing more extensive conforming and consequential amendments to align the standard with the structure and baseline requirements of ISSA 5000.

Option 1 may be considered as a potential quicker “interim” solution, with option 2 viewed as the logical longer-term goal.

It would also be useful for the IAASB to provide an illustrative report that demonstrates how to address a combined assurance report that refers to both ISSA 5000 and ISAE 3410. This will not be an uncommon scenario.

The IAASB should also consider providing application material to explain that when the sustainability information includes greenhouse gas related disclosures, but not a separate greenhouse gas statement, ISAE 3410 may be useful in assisting the practitioner in designing and performing assurance procedures over that greenhouse gas related sustainability information.

#### UHY International

Para 2 seems clear in stating that ISAE 3410 applies only when a separate conclusion on a GHG statement is provided; otherwise only ISSA 5000 applies to all assurance engagements. However, we suggest the IAASB consider additional guidance on the applicability of ISAE 3410 in cases where greenhouse gas (GHG) disclosures are a material component to the assurance engagement. Are there circumstances where the practitioner should refer to the guidance in ISAE 3410 when performing procedures on GHG disclosures as part of a broader assurance engagement? The IAASB should provide guidance within ED-5000 around the meaning of a GHG statement in order to clarify when practitioners should apply ISAE 3410. For example, what standard(s) should apply when providing assurance on IFRS S2, Climate-related Disclosures, or similar standards either as part of a specific GHG disclosure assurance engagement or as part of an assurance engagement on broader sustainability matters.

### 8. Assurance Practitioner or Firm - Other Profession

#### Academy for Practical Training on Sustainability Assurance (APTISA)

See comments under Q1 regarding the title of the ED which is confusing. ED 5000 is specific to attestation engagements and I believe this should be clear in the title of the standard i.e. it is assurance on reporting, not on sustainability performance.

#### ERM Certification and Verification Services Limited

In current practice, if an assurance engagement includes multiple scopes of work including GHG and other sustainability information and matters, the engagement is usually conducted under ISAE 3000 (other sustainability information) and ISAE 3410 (GHG emissions). Given this, I would expect that we would likely use a combination of ISSA 5000 (other sustainability information) and ISAE 3410 for combined work as opposed to using ISAE 3000 as the referenced assurance standard.



## 9. Public Sector Organizations

### Office of the Auditor General of Alberta

Detailed comments (if any): ISAE 3410 should be withdrawn. GHG emissions are important sustainability disclosures that belong in an entity's sustainability report, along with other related disclosures such as risks, strategies, and tradeoffs among sustainability choices. For example, reducing GHG may increase energy usage. Due to the integrated nature of ESG matters, all ESG matters are best reported in one report and subject to a single assurance engagement.

## 10. Member Bodies and Other Professional Organizations

### Belgian Institute of Registered Auditors

The fact of ISAE 3410 not being integrated in the draft ISSA 5000 can be understood in the context of the speed (i.e. timing) in which this draft had to be ready, but the matter nevertheless needs to be addressed as now having ISSA 5000 exist next to ISAE 3410 creates challenges for the preparers and the practitioners:

in an engagement where a separate conclusion is required on a entity's GHG statement/KPI's, and another conclusion on the other sustainability matters in the same document (sustainability report), the practitioner would have to apply two different assurance standards with different requirements on different sections of the sustainability report. This will not only pose a challenge for the practitioner in formulating this in the assurance reports but also for the reader of the sustainability information, to make any sense of it;

It would even be more complex if one report would be needed to address both the assurance on the GHG statement and the assurance on the other sustainability information in the sustainability report/statements, or if next to a separate conclusion on the GHG statement, another conclusion is needed on the other sustainability information, including the GHG KPI's, under ISSA 5000.

The incremental effort of integrating the additional requirements and explanatory notes on the procedures to be performed on GHG statements into ISSA 5000, should be relatively easily feasible, as there are already a lot of these requirements in the current ISSA 5000 draft and accordingly, it would only be those relatively few specific unique technical aspects of ISAE 3410 that would need to be additionally included.

### Center for Audit Quality

Ultimate recommendation regarding ISAE 3410 in relation to ED-5000

We suggest as a priority action withdrawing ISAE 3410, updating it and reissuing it as a topic-specific standard under the ISSA 5000 suite of standards. In doing so, we believe that the scope of the revised ISAE 3410 should apply to sustainability assurance engagements when GHG emissions are in scope of the engagement, regardless of whether such emissions are presented in a form of GHG statement. As a result of these recommended updates, ISAE 3410 would retain only the requirements and application guidance that are incremental to the requirements of ED-5000 for execution of assurance engagements over GHG emissions, so that sustainability assurance engagements are executed in accordance with both ED-5000 and ISAE 3410, when GHG emissions are in scope of the assurance engagement. This will provide the benefit of (i) ensuring that assurance practitioners consistently apply the concepts in ISAE 3410 to engagements that involve assurance of GHG emissions, regardless of whether there is a separate conclusion on a GHG statement (ii) minimizing differences in foundational assurance principles, and hence work effort, between the standards, thereby helping to ensure that assurance engagements of GHG statements are performed to a level of quality consistent with assurance engagements of sustainability

information, which may include GHG emissions (iii) avoiding the risk of engagements being specifically “designed/scoped/reported on” to fit a particular assurance standard, which is not in the public interest, and (iv) minimizing confusion for users, who may not understand differences between the various standards.

Clarifications required prior to the publication of ED-5000

If, in the short term, it is not practicable for the IAASB to implement our ultimate recommendation regarding ISAE 3410 in relation to ED-5000, we recommend that certain clarifications be made prior to the publication of ED-5000.

Paragraph 2 of both ED-5000 and ISAE 3410, as proposed to be amended, states that ISAE 3410 applies when the assurance practitioner is providing a separate conclusion on a GHG statement. Paragraph A1 of ISAE 3410, as proposed to be amended, states that ED-5000 applies when a sustainability report includes GHG information and that GHG information does not comprise a GHG statement as defined in paragraph 14(m). Since GHG information is not defined, and taking into consideration the definition of a GHG statement, it is not clear when information about GHG emissions qualifies as a GHG statement versus GHG information. We are also uncertain on the applicability of ISAE 3410 and ED-5000 when, for example:

A GHG statement forms part of other subject matter but the practitioner is not providing a separate conclusion on the GHG statement.

The practitioner’s conclusion in an assurance engagement on a GHG statement covers sustainability information in addition to the GHG statement. The definition of a GHG statement and paragraph 3A of ISAE 3410 does not seem to preclude this possibility.

Clarifications which address the above-mentioned questions will be important to address prior to the publication of ED-5000.

#### Chartered Accountants Ireland

We believe further clarification is needed on how this standard operates in conjunction with other relevant assurance standards, in particular in relation to the relationship between ED-5000 and ISAE 3410.

In respect to the relationship with ISAE 3410, based on our reading of paragraph 2 of ED-5000, we understand that unless there is a separate assurance conclusion being provided on a GHG statement, the practitioner would apply ISSA 5000 to the entirety of the sustainability information as relevant.

As ISAE 3410 is the only other standard at present, it would be helpful if there was clear guidance on when the practitioner is expected to provide a separate conclusion on the GHG statement in accordance with ISAE 3410 and when it may be included in an overall single assurance conclusion.

We note that paragraphs 10 and 11 clarify the relationship of ISSA 5000 with both ISAE 3000 (Revised) and the audited financial statements and we believe it would be helpful for practitioners to include a similar paragraph to confirm the relationship with ISAE 3410 consistent with paragraph 2.

In addition, it is unclear whether there will be an overall conclusion as well as (potentially) individual conclusions on topics covered by future standards in the series.

#### CPA Australia

The feedback we have received indicates that the scope and applicability of ED-5000 are clear in many circumstances.

However, we believe some clarity is needed in some circumstances when both ISAE 3410 and ISSA 5000 are being applied concurrently. It is our understanding that when GHG information is assured applying ISAE 3410, such information is excluded from the scope of ISSA 5000. In circumstances where the GHG information is subject to a separate conclusion and such information is also included as part of the sustainability information that is subject to assurance under ISSA 5000, there is some confusion over which standard should apply to such GHG information that is included as part of the sustainability information. Arguably, since the approaches under ISAE 3410 and ISSA 5000 are different, assurance procedures under ISSA 5000 will have to be carried out again on the GHG information that is included in the sustainability information, which could be a duplication of work effort. We suggest clarifying this in the final standard. Ideally, in the long term, ISAE 3410 should be updated to align with ISSA 5000 and may form part of the ISSA suite of standards, thereby eliminating any confusion and duplication of work effort.

We note paragraph 3 of ISAE 3410 is being amended to reflect the introduction of ISSA 5000. We also suggest similar conforming amendments are made to paragraphs 9-11 Relationship with ISAE 3000, Other Pronouncements, and Other Requirements.

#### **Institute of Chartered Accountants in England and Wales (ICAEW)**

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

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.

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.

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').

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.

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 to identify the issues arising from each engagement. It would also facilitate the use of separate assurance providers should that be appropriate.

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.

### **Institute of Chartered Accountants of Scotland (ICAS)**

Within the IAASB's sustainability assurance standards specifically, we believe that there is a need for further clarity on the relationship between ED-5000 and ISAE 3410, Assurance Engagements on Greenhouse Gas (GHG) Statements, (ISAE 3410) to avoid inconsistencies in the nature and extent of procedures performed on GHG information. Currently, for example, two different work efforts on limited assurance engagements over the same GHG information would be allowed, depending on whether the practitioner used ED-5000 or ISAE 3410. This may not be easily understood or transparent to all users of the related sustainability assurance reports.

Although we support ED-5000, we have significant concerns about the consequences it brings in the form of inconsistencies with the existing assurance standards, both ISAE 3410 and ISAE 3000 (Revised). We believe that the requirements and application material dealing with assurance engagements on GHG statements should be aligned as soon as possible with ED-5000 instead of ISAE 3410. This is because we do not believe that an engagement to provide a separate conclusion on a GHG statement should be conducted substantially differently than an engagement to report on sustainability-related information.

### **Institute of Singapore Chartered Accountants (ISCA)**

While ISAE 3410 makes reference to the concept of "at least as demanding" as the IESBA Code and ISQM 1, it is not clear whether the standard itself is meant to be profession agnostic. Since the usage of ED-5000 directs the practitioner to ISAE 3410, this should be made clear in ISAE 3410.

The ISO 14064 series of standards are quite commonly used by companies and non-accountant assurance practitioners. To encourage the adoption of ED-5000 or ISAE 3410, the IAASB may consider a coordinated effort with the ISO to compare and align ISAE 3410 and ISO 14064-3, as far as possible. If there are fundamental differences where both standards need to be differentiated, guidance material to explain such differences would be useful for both assurance practitioners as well as companies.

Based on ED-5000, in multi-scope engagements, where assurance is provided over a range of sustainability information containing both GHG and non-GHG information, the practitioner should apply ED-5000. However, as requirements in ED-5000 are not detailed enough to cover incremental requirements relevant to assuring GHG information, ED-5000 should clarify if reference to ISAE 3410 should be made or provide guidance on how to assure GHG information. Alternatively, the IAASB can subsume ISAE 3410 as a separate standard within the ED-5000 series. This separate standard can then help practitioners in interpreting and applying ED-5000, and any incremental requirements or guidance, to GHG information being assured (such as scope 1, 2 and 3 GHG emissions).

Generally, we find ED-5000 to be more comprehensive and robust as compared to ISAE 3000. IAASB can consider updating ISAE 3000 in due course to avoid confusion and inconsistency in performance of

assurance engagements in general, as some practitioners may look to ED-5000 for areas not addressed by ISAE 3000 and apply them as best practice.

#### **Malta Institute of Accountants (MIA)**

Considering that the International Standard on Assurance Engagements (ISAE) being referenced here i.e. ISAE 3410 deals with greenhouse gas statements, there should be a direct link to such topic within the proposed ISSA 5000 itself. This is due to the fact that the same information might be required across and in such instances, there might be uncertainty or a lack of clarity as to which standard is meant to be applied.

### **11. Academics**

#### **Accounting and Finance Association of Australia and New Zealand**

The requirements are not clear as far as defining what is meant by a separate conclusion, and in the wording generally.

The Explanatory Memorandum concludes that ED-5000 should apply, “except when the practitioner is providing a separate conclusion on a GHG statement, in which case ISAE 3410 applies”. It may be hard to define “a separate conclusion on a GHG statement”. For example, would a separate conclusion on GHG indicators (not a statement) such as scope 1/2/3 level use ISAE 3410 or ED-5000 or both? Does a statement refer to a standalone document or could include information being integrated into the sustainability report and the annual report?

In addition, Paragraph 21 of the Explanatory Memorandum states that “certain requirements and application material from ISAE 3410 have been included in ED-5000 (see paragraph 7 above),” and that “ISAE 3410 contains additional requirements and guidance specific to a GHG statement”. The “certain requirements and application material” and the “additional requirements and guidance” from ISAE 3410 that have been included in ED-5000 are not identified, and Paragraph 7 also does not make this clear. Adding more key information in Paragraph 21 to clarify what this material is would benefit stakeholders.