

Assurance on Sustainability Reporting – ED ISSA 5000

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Yvette Lange

IAASB Technical Advisor

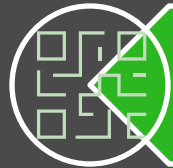
Why does sustainability assurance matter?



IFAC – increasing relevance of SR



GRI and ISAE 3000 remain dominant



ISSB – continuation of IR, TCFD + SASB



Jurisdiction-specific developments



Global baseline is the goal



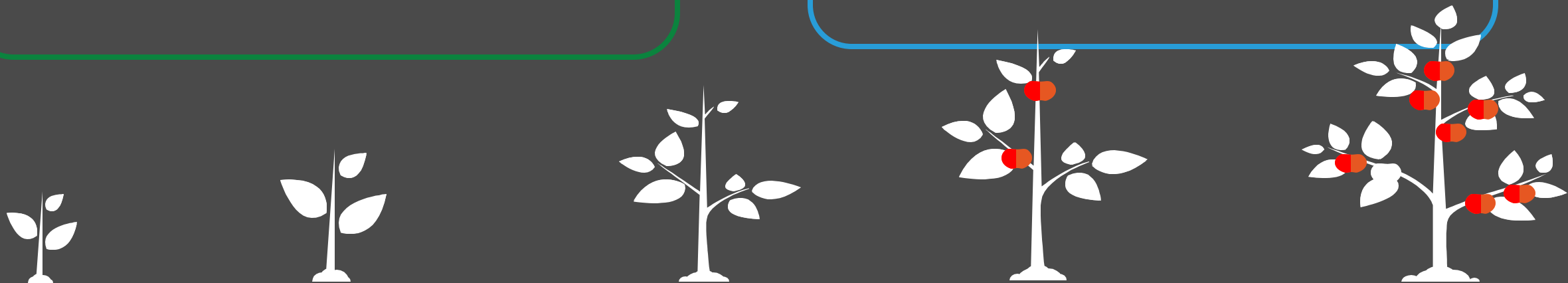
Global Baseline for Sustainability Assurance: Timely Standard-Setting Action

Current project: Overarching standard
ISSA 5000 General Requirements for Sustainability Assurance Engagements

Possible future projects:
Provide more specificity than overarching standard

More specificity than ISAE 3000 (Revised) and ISAE 3410 for sustainability priority areas

Respond to emerging issues and stakeholder feedback



Scope of Overarching Standard: Proposed ISSA 5000

Suitable for engagements of all sustainability information; principles-based requirements that can be applied for

ALL Sustainability topics

ALL Information disclosed about topics

ALL Mechanisms for reporting

ALL Reporting standards

ALL Users / stakeholders

Addresses limited and reasonable assurance

Stand-alone
Not required to apply ISAE 3000 (Revised)

For use by all assurance practitioners

Relevant quality management and ethical requirements apply

Top Ten Focus Areas

Definitions

**Quality
Management**

**Preconditions for
engagement**

Evidence

Materiality

Internal control

Respond to risks

Concluding

Reporting

Final Check

Comment process

Documents

- ✓ **Exposure Draft** ISSA 5000
- ✓ **Explanatory Memorandum**, which provides background to and an explanation of the content of proposed ISSA 5000
- ✓ **Response Template** for comments and feedback. The IAASB encourages our stakeholders to use the template to share their feedback and answer the questions laid out in the Explanatory Memorandum (27 questions)
- ✓ **Stakeholder survey**: bit.ly/ISSA5000survey (10 questions). This user-friendly tool helps the IAASB obtain the views of stakeholders who may not ordinarily respond to IAASB consultations, including preparers of sustainability information, those with the oversight of its preparation, investors and other users of the sustainability information.

- ✓ **Comments due 1 December 2023**

Seeking comment on...

What are the key issues that the IAASB is seeking comment on?

Among the questions the IAASB asks for feedback on proposed ISSA 5000 are:

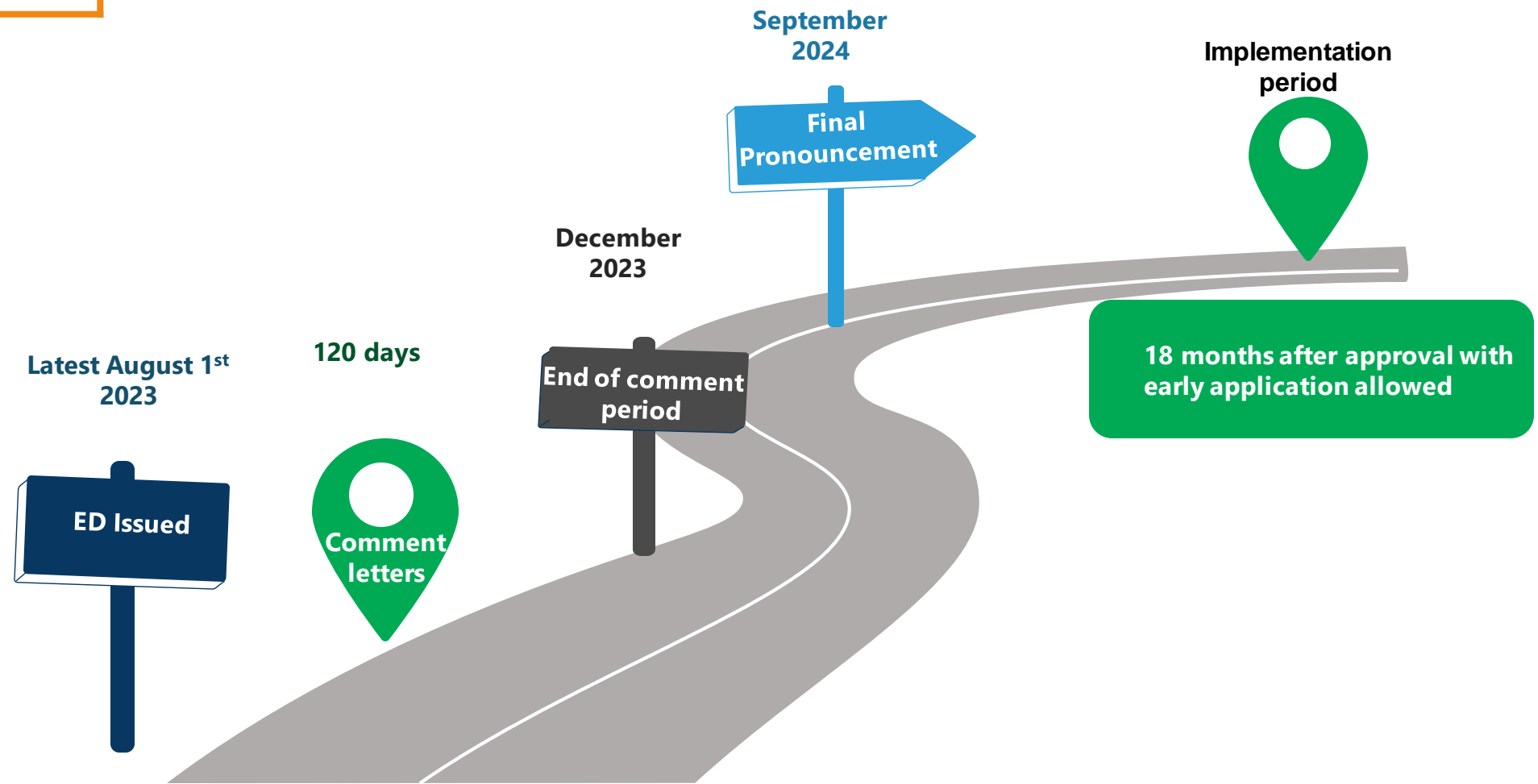
- Is it responsive to the public interest?
- Is its scope and applicability clear?
- Does it provide an appropriate basis for performing both limited assurance and reasonable assurance engagements?
- Does it appropriately address the practitioner's evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information?
- Can it be applied for assurance engagements on the sustainability information of groups or in other circumstances when "consolidated" sustainability information is presented by the entity?
- Does it appropriately address the topic of fraud (including "greenwashing")?
- Will the requirements drive assurance reporting that meets the information needs of users?

A flavour of “outreach feedback” to date

- From a technical perspective the standard is generally receiving positive feedback and there is good support for the standard itself
 - materiality and helping users to understand the difference between reporting materiality and assurance materiality (the IAASB has put together a FAQ document on this to address)
 - limited assurance (internal control for LA engagements and expectations; risk based approach)
 - pre-conditions assessment (extent of work required, rational purpose)
- From an application perspective, a lot of focus on:
 - profession agnostic (support for, question as to how to assess “as least as demanding as”)
 - need for the appropriate competencies to perform such engagements (“professional judgment must be grounded in assurance and subject matter expertise”)
 - capacity building and training to both use the standard and / or the assurance report



Exposure Period, Timing of Completion and Proposed Implementation Period



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