

# IAASB Proposed ISSA 5000-

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# Overall need of an international sustainability assurance standard



## Many new jurisdictional requirements for sustainability assurance

- Risk of development of many different local or regional sustainability assurance standards



## Need of an international sustainability assurance standard

- Especially in the EU, where a limited assurance standard will have to be endorsed in 2026
- « A standard can not be international if not applied in the EU »...
- **Willingness to avoid an « alphabet soup » of sustainability assurance standards globally**
- IOSCO and PIOB are supportive of developing a globally accepted sustainability assurance standard



## Current situation

- ISAE 3000 (revised) applies to any subject matter, not sufficiently specific to sustainability
- ISAE 3410 applies only to GHG statements
- EER guidance is a great guidance, but is not a « standard », just a guidance to apply ISAE 3000 (revised) to sustainability information
- Recent evolution of some ISAs is not reflected in ISAE 3000 (revised) : ISA 220, 315, 700, 720...

# ISSA 5000

### Standalone

- New series ISSA 5000
- No need to comply with ISAE 3000 (revised)

**Requires compliance with rules « at least as demanding » as IESBA Code and ISQM1**

### Framework neutral

- Applies to any framework criteria (ISSB, ERSR...)
- Applies to custom criteria

### Profession agnostic

- **Can be applied by non accountants/ non auditors**

### Applies to any subject matter

- except when separate conclusion on GHG statements, ISAE 3410 applies)

### Covers Limited and reasonable assurance

- Differential requirements in risk assessment and response to risk (L or R requirements)

## Areas to be Addressed

**Key Principles, Concepts and Definitions**

**Practitioner Materiality**

**Risk and Response**

**Misstatements, Other Information, Communication and Reporting**

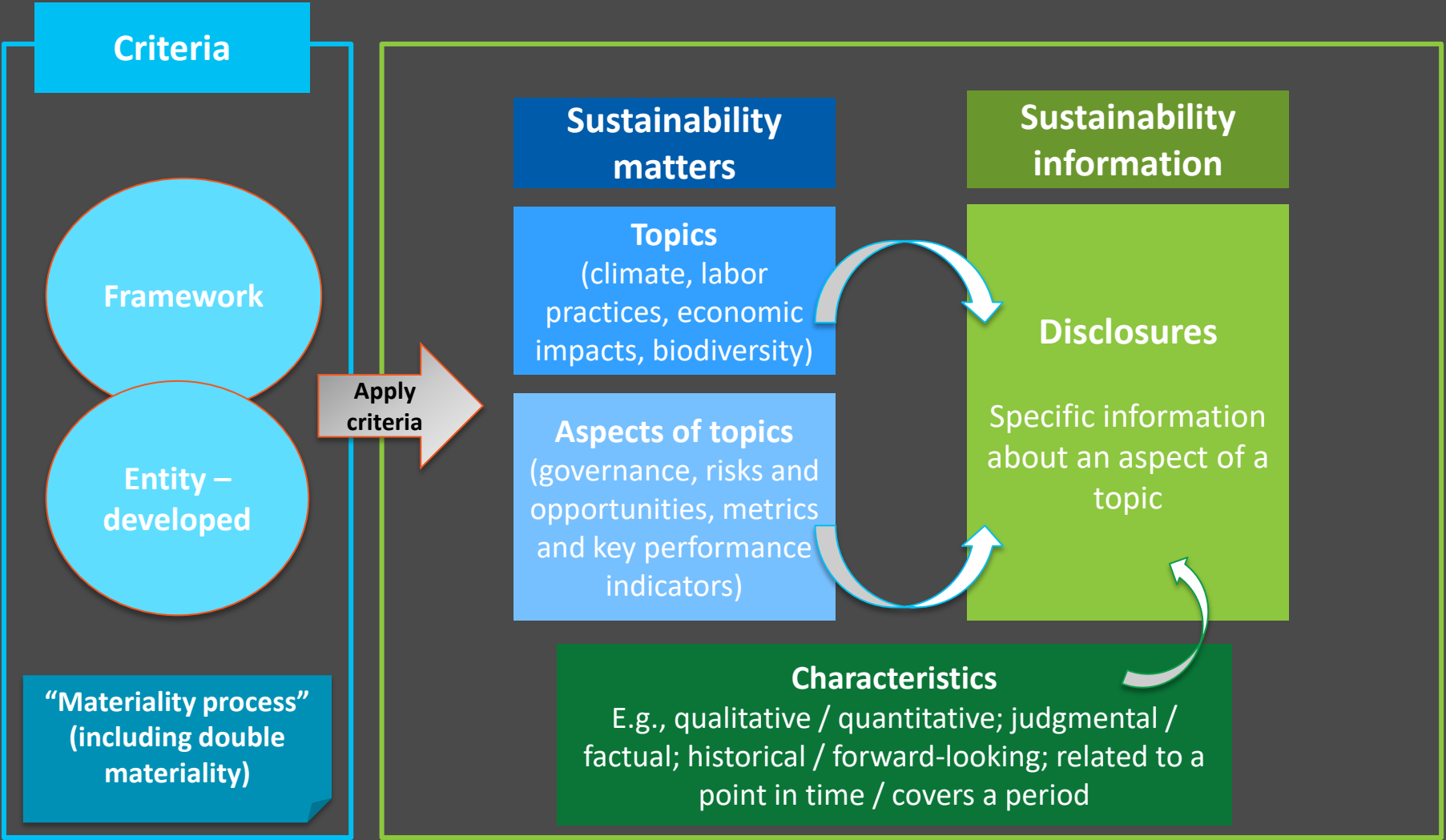
# Key Principles, Concepts and Definitions

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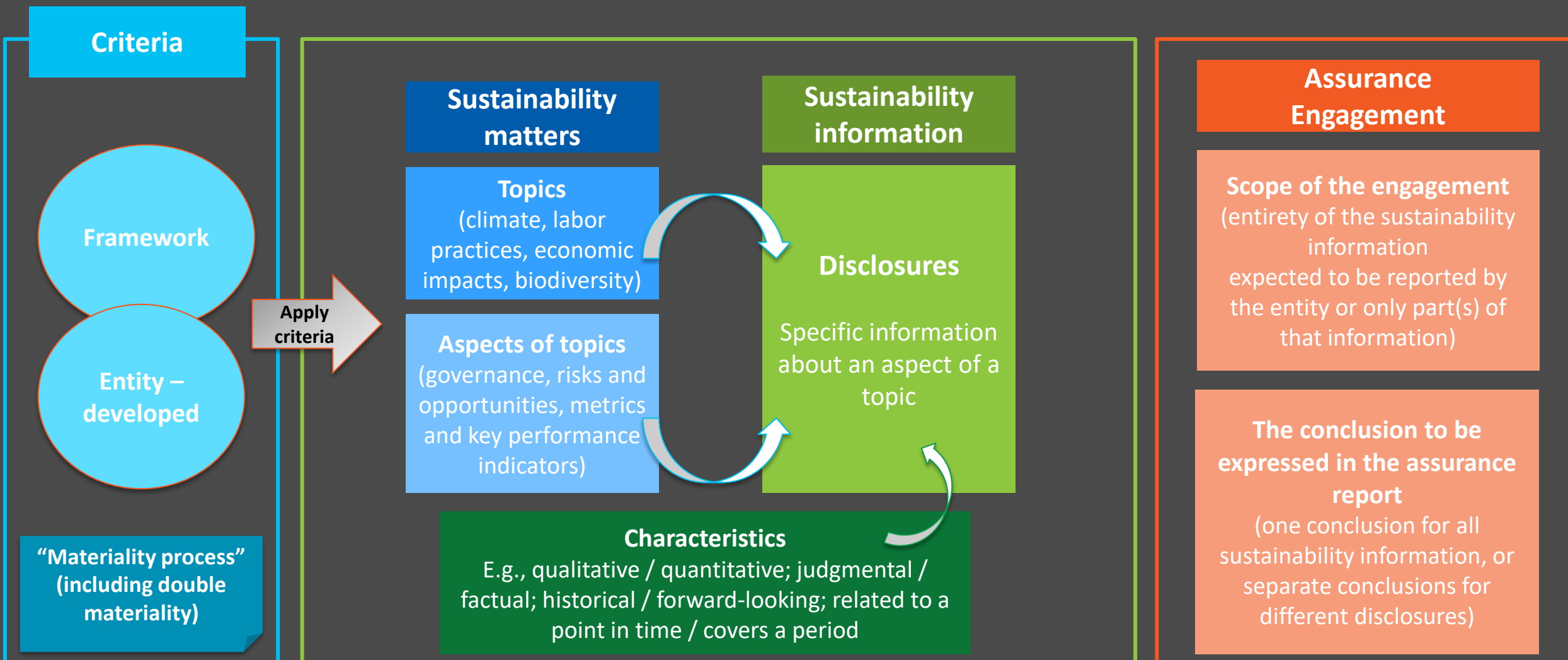
International Auditing  
and Assurance  
Standards Board®






# Key Principles, Concepts and Definitions






# Key Principles, Concepts and Definitions



# Individuals Involved in the Engagement

| Who?  | Guiding principle: ability of practitioner to be sufficiently and appropriately involved in the work   |   |
|---|--|---|
|   | Yes  | No  |
| <b>Firm Personnel</b>   |  <b>Engagement Team Member</b><br>Direction, supervision and review (DSR) applies | N/A   |
| Practitioner's Internal Expert  |  <b>Engagement Team Member</b><br>DSR applies                                     | N/A   |
| Practitioner's External Expert  | <b>Using the Work of a Practitioner' External Expert</b>   | N/A   |
| Other Practitioners<br><i>(including network firms and non-network firms)</i> |  <b>Engagement Team Member</b><br>DSR applies                                   | <b>Using the Work of Another Practitioner</b> |

# Individuals Involved in the Engagement

| Who   | Practitioner <u>is able to</u> be sufficiently and appropriately involved in the work  | Practitioner <u>is unable to</u> be sufficiently and appropriately involved in the work |
|---|--|---|
| <b>Firm Personnel</b>   |  <b>Engagement Team Member</b><br>Direction, Supervision & Review (DS&R) applies<br>(ED-5000, paragraphs 45-48) | N/A   |
| <b>Practitioner's Internal Expert</b>   |  <b>Engagement Team Member</b><br>DS&R applies  | N/A   |
| <b>Practitioner's External Expert</b>   | <b>Using the Work of a Practitioner' External Expert</b><br>(ED-5000, paragraphs 42, 49-50)  | N/A   |
| <b>Other Practitioners (<i>including Network Firms and Non-Network Firms</i>)</b> |  <b>Engagement Team Member</b><br>DS&R applies  | <b>Using the Work of Another Practitioner</b><br>(ED-5000, paragraphs 42, 51-54)        |



# Practitioner Materiality



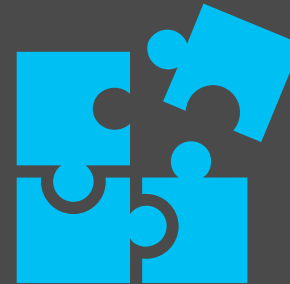
# Practitioner Materiality



**Consider**  
materiality for  
qualitative  
disclosures



**Determine**  
materiality &  
performance  
materiality for  
quantitative  
disclosures



**Not for SI as a  
whole, but for  
each disclosure**



**Professional  
judgment**

# Risk and Response



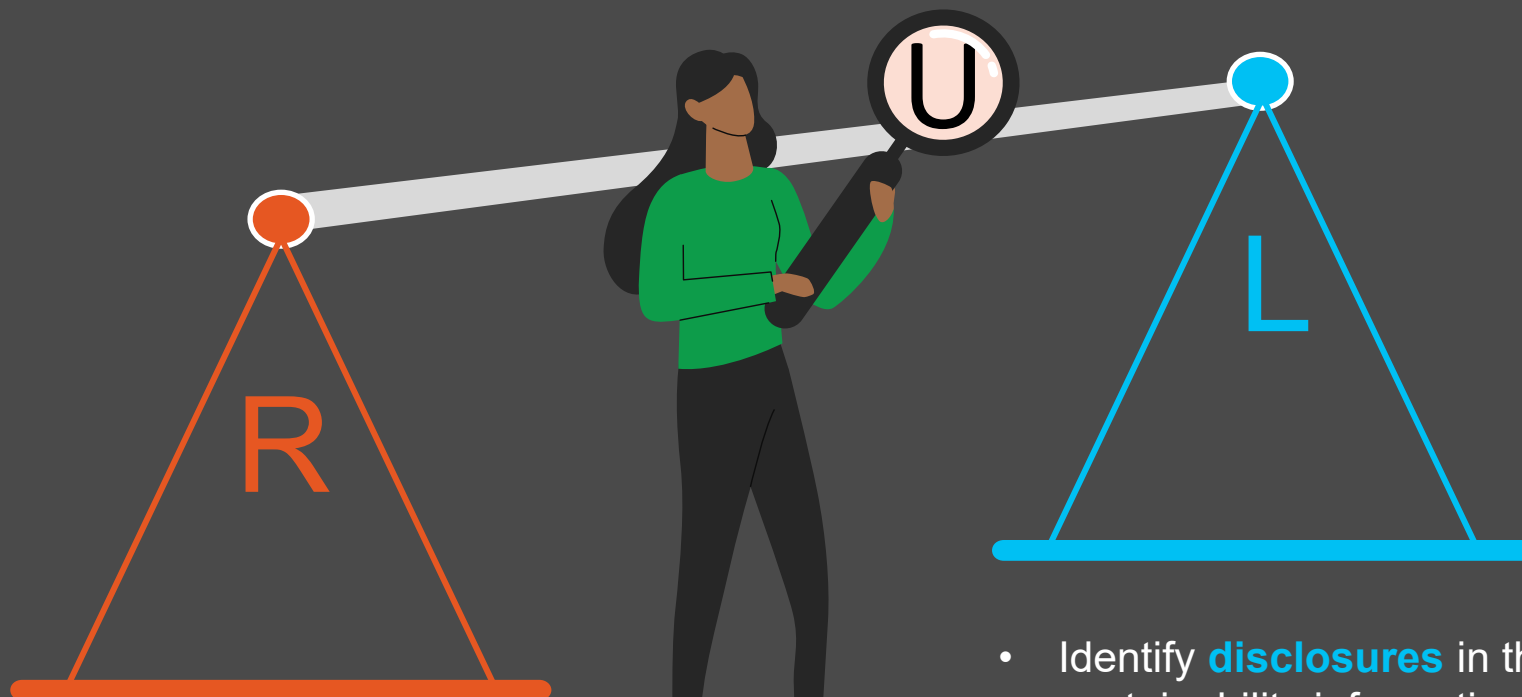
# Understanding

## Understand

The entity and its  
environment

Applicable criteria

System of internal  
control



- Identify and assess ROMM at **assertion level** for **the disclosures**
- Design of further procedures

- Identify **disclosures** in the sustainability information where **material misstatements are likely to arise**
- Design procedures to focus on those disclosures

# Understanding the Components of Internal Control

|  | Limited Assurance | Reasonable Assurance  |
|--|-------------------|-----------------------|
|  | Understand        | Understand & evaluate |
| The control environment  | ✓                 | ✓                     |
| The information system   | ✓                 | ✓                     |
| The entity's risk assessment process                           | Only the results  | ✓                     |
| Control activities   | Maybe             | ✓                     |
| The entity's process to monitor the system of internal control |                   | ✓                     |

**Reasonable assurance:**  
More detailed requirements that specify either what needs to be understood or evaluated

Application material includes further specific aspects of the component for obtaining an understanding (adapted from ISA 315 (Revised 2019))

# Responses

## Limited Assurance

Nature, scope and extent are focused on the disclosures where material misstatements are likely to arise

- Tests of controls – ONLY IF obtaining evidence about operating effectiveness
- Substantive procedures

## Designing & Performing Further Procedures

## Reasonable Assurance

Nature, scope and extent responsive to the assessed risks of material misstatement at the assertion level

- Tests of controls – ONLY IF obtaining evidence about operating effectiveness
- Substantive procedures
  - Required for risks at higher end of spectrum
  - Irrespective of assessed risk, consider need for disclosures that are important to information needs of intended users

Overall responses required in certain circumstances for both LA and RA

# Responses

## Limited Assurance “Deep Dive”



### *Determining Whether Additional Procedures Are Necessary in a Limited Assurance Engagement*

If the practitioner becomes aware of a matter(s) that causes the practitioner to believe the sustainability information may be materially misstated

Design and perform additional procedures to obtain further evidence until the practitioner is able to:

- A. Conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated;  
or
- B. Determine that the matter(s) causes the sustainability information to be materially misstated.

# Fraud and Professional Skepticism



**Maintain professional skepticism throughout the engagement**



**Design and perform procedures**

- in an unbiased manner; and
- to meet the intended purpose of performing those procedures



**Doubts about relevance and reliability of information**



**Evaluate whether evidence met intended purpose**



**Respond appropriately to fraud or suspected fraud**



**Address inconsistent evidence, respond to management bias**



# Misstatements, Other Information, Communication and Reporting

# Material Misstatements and Other Information

## Material misstatements

### Each disclosure

Example:  
Performing  
procedures on the  
disclosure “work-  
related injuries”



Evaluate individual  
and combined effect  
of identified  
misstatements on  
that disclosure

### Disclosures in aggregate

Example:  
Conclusion on  
“occupational health  
and safety”  
including work-  
related injuries



Evaluate all  
misstatements related  
to “occupational health  
and safety” including  
work-related injuries

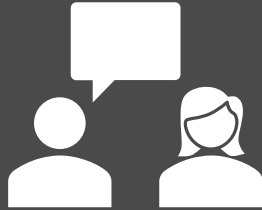
## Misstatement of the other information

Information not subject  
to the assurance  
engagement

Included in a  
document(s)  
containing the  
sustainability  
information subject  
to the assurances

Available at the  
date of the  
assurance report

# Communication with TCWG and Reporting



## TCWG

Significant matters e.g.

- Identified or suspected fraud or NOCLAR
- Identified deficiencies in internal control
- Management bias in the preparation of the sustainability information
- Uncorrected material misstatements



## Assurance Report

- Based on ISAE 3000 and ISAE 3410
- Practitioner's opinion to be included first (ISA 700 (Revised))
- Name of the engagement leader (Listed entities only)
- Separate section on other information