

Auditing and Assurance Standards Board
530 Collins Street
Melbourne VIC 3000

10 November 2023

Consultation Paper: Exposure of the IAASB's Proposed ISSA 5000 General Requirements for Sustainability Assurance Engagements; and Proposed Conforming and Consequential Amendments to Other IAASB Standards

We welcome the opportunity to comment on this paper. Deloitte Australia has over 14,000 professionals across our Audit and Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal practices. Our responses to the proposed standard draw on our breadth and depth of expertise.

We are supportive of the work by the International Auditing and Assurance Standards Board (IAASB) in developing an overarching standard for assurance on sustainability reporting that supports the consistent performance of quality sustainability assurance engagements. We strongly endorse the alignment of Australia with international practice, including the adoption of Proposed International Standard on Sustainability Assurance (ISSA) 5000 *General Requirements for Sustainability Assurance Engagements* (ISSA 5000). We believe this is an important step in facilitating the convergence of international and national auditing and assurance standards, and enhancing the quality and consistency of global practice. We also believe it will have a positive impact on the corporate reporting ecosystem by establishing consistent expectation and understanding of investors and improving the overall quality of corporate reporting.

Sustainability reporting is increasingly becoming a matter of global importance. Both globally and nationally, sustainability reporting requirements and user expectations are increasing. The Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information (ED SR1) as the first round of mandatory sustainability related disclosures in financial statements in Australia, is expected to have significant impact on corporate reporting. The role of external assurance over information disclosed by corporate entities is critical to increase confidence in the reliability and quality of that information and drives trust with stakeholders.

We do, however, anticipate a number of practical challenges that will be faced in implementing ISSA 5000 in Australia. Whilst our detailed observations are included in the attached Appendix A, we would like to highlight certain key matters for the Australian Auditing and Assurance Standards Board's (AUASB) consideration.

1. The sustainability reporting and assurance ecosystem

In Australia, sustainability reporting requirements and public interest expectations are continuing to increase, creating significant change and uncertainty for all parties within the corporate and sustainability reporting ecosystem. The ability for practitioners to provide high-quality assurance is contingent on the quality of information produced by reporting entities, which may be impacted by the fact that the reporting entities are experiencing increased pressure to build processes, systems, internal controls and governance structures to obtain reliable data to manage risk, monitor performance against targets and report accurate information to their stakeholders.

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The implementation of climate reporting marks the most significant change in reporting requirements within Australia in recent history. Clarity in relation to the role of each of the participants within the ecosystem (such as the Australian Securities Investment Commission (ASIC), Clean Energy Regulator (CER), Financial Reporting Council (FRC), AUASB, Australian Accounting Standards Board (AASB), Australian Institute of Company Directors (AICD), Chartered Accountants Australia & New Zealand (CA ANZ) and Certified Practising Accountant (CPA) Australia) will be critical in educating stakeholders and managing users' expectations, together with supporting practitioners and reporting entities who are facing increased pressure and challenges to upskill and improve reporting capabilities, in an environment where the pace of change is rapid and varying across countries.

It is currently unclear how corporate sustainability reporting and assurance over these reports will be regulated in Australia. We encourage the AUASB to work closely with ASIC and the CER to determine division of responsibilities and to provide a pragmatic approach to implementing the new standard and providing regulatory oversight over the quality of sustainability assurance services in Australia.

We also encourage collaboration with Treasury and future Australian Taskforces established to support organisations in preparing for their disclosures on their transition plans towards a low-carbon economy, and to draw on experience from overseas jurisdictions.

2. Timing, scope and application of ISSA 5000

We highlight the following key areas where we believe clarity on the timing, scope and application of adoption of ISSA 5000 will be critical to enable high quality and consistent assurance reporting in Australia:

Application of ISSA 5000 with respect to ED SR1

Acknowledging that the release of ED SR1 and ISSA 5000 in Australia are still to be finalised, there may not be alignment in the effective dates of the proposed reporting legislation and the assurance standard, with the first wave of assurance being provided in accordance with ASAE 3000 if ISSA 5000 is not ready to be applied. This may result in duplication of effort required in developing assurance methodologies, training staff and educating users in both ASAE 3000 and ISSA 5000 assurance standards for ED SR1 reporting. For the first years of mandatory reporting under ED SR1, clarity from the AUASB on whether ASAE 3000 or ISSA 5000 should be applied will be critical to enhancing the understandability of assurance reporting for the proposed legislation. If required, guidance for transition from ASAE 3000 to ISSA 5000 will also be important, including the form and content of communicating the need for the different assurance standards to users.

Relationship between ISSA 5000 and International Standard on Assurance Engagements (ISAE) 3410

We understand the IAASB has adopted a straight-forward approach, to exclude sustainability engagements when the practitioner is providing a separate conclusion on a greenhouse gas (GHG) statement, from the scope of ISSA 5000. However, from our experience, in many 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 (ISSA 5000, ISAE 3410 or ISAE 3000). In addition, conducting such engagements that are required to comply with multiple standards will result in duplication of effort (particularly in areas of planning, documentation, and other processes necessary to comply with ASQM 1 and ASQM 2). Specifically, in the case of limited assurance, the risk assessment requirements under ISSA 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, while the same level of assurance is provided.

Consequently, we are concerned that users of the assurance reports may be confused about the nature and extent of the work performed when the subject matter refers to GHG statements under ISAE 3410 and/or when GHG information is included with other sustainability information under ISSA 5000. Having this diversity on the same subject matter for a limited assurance engagement is not in the public interest.

Applicability of Australian specific standards and engagements under the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER Act)

Where Australian specific assurance standards are available (e.g. Australian Standard on Assurance Engagements (ASAE) 3100 and ASAE 3150) and the sustainability matter and sustainability information for an engagement are within the scope of these Australian standards (e.g. compliance engagements or engagements on controls), guidance will be required from the AUASB to determine whether the Australian standard or ISSA 5000 should be applied.

Additionally, for assurance engagements conducted in Australia required under the NGER Act, the assurance standard(s) applicable for the engagement are typically specified by the CER or by the relevant legislation. Guidance from the AUASB, in conjunction with the CER, regarding the applicable standards for such assurance engagements will be required.

3. Preliminary knowledge of the engagement

The IAASB Explanatory Memorandum states that the “practitioner must have knowledge of the sustainability information outside of the scope of the assurance engagement, in order to avoid being associated with information that is materially false or misleading and to determine whether the scope of the engagement is appropriate” (Section 1-F, paragraph 50). It is unclear the basis on which the practitioner would be able to make this determination and there could be significant practical challenges in being able to determine the level of understanding required of information outside the scope of the assurance engagement, when assessing whether the preconditions of an assurance engagement are present. We would welcome further implementation guidance in respect of this requirement.

We also suggest including clarification in the standard on the criticality of understanding the entity’s materiality process in the initial planning of the engagement.

Although we agree with the need to consider the entity’s materiality process when determining whether the preconditions of an assurance engagement are present at the acceptance stage, we would like to highlight there are circumstances where this requirement may pose considerable practical and commercial implications. Although in Australia mandatory reporting and disclosure requirements will be defined, the standard is intended to be applied for all assurance engagements on sustainability reporting. Where assurance is provided over voluntary reporting, the steps required in gaining a sufficient understanding of the entity’s materiality process to determine whether the engagement can be accepted may require significant upfront investment from both the assurance practitioner and reporting entity, and may likely include the assurance practitioner requiring access to substantial confidential client information prior to the terms of engagement being entered into. Market practice will need to evolve to navigate these challenges, such as the implementation of non-disclosure agreements, which will have a consequential impact on the risk management processes of corporate entities and assurance practitioners.

4. Implementation guidance on assurance methodology

Whilst supportive of the adoption of ISSA 5000 in Australia, we encourage the AUASB to develop additional guidance and practical examples to support consistent application of the standard and the delivery of high-quality assurance engagements. Specific areas of additional implementation guidance we would consider to be valuable include:

Fraud and professional skepticism

Significant professional judgement will be required to identify and understand the difference between the risk of intentional fraud and misrepresentation and the risk of management bias, particularly for qualitative disclosures. Noting that the Australian Competition and Consumer Commission (ACCC) and ASIC have released guidance to businesses to improve the integrity of environmental and sustainability claims made by businesses and to protect consumers from greenwashing, the AUASB should consider issuing guidance on greenwashing directed at assurance practitioners, in the context of the Australian public interest and reporting environment, and specifically how this should be considered in the identification and assessment of risks of fraud.

Materiality

Practical guidance and examples on how to consider materiality for the purpose of determining risks of material misstatement, designing further procedures and evaluating disclosures both individually and in the context of the sustainability reporting as a whole will aid in supporting consistency in conducting assurance engagements.

Use of an assurance practitioner's expert or other practitioners

Circumstances when a practitioner's expert is needed will require judgement and may change over time as practitioners continue to develop their own knowledge of sustainability matters and experience. We welcome clarification from the AUASB addressing when a practitioner's expert would be expected to be engaged.

There are also likely to be complexities involved when using the work of other practitioners, for example, where the sustainability information is part of the reporting entity's value chain but outside of the entity's organisational boundary, or where different providers assure different information in the same report. There will likely be practical challenges in obtaining access to information external to the group to test directly, or in determining whether the scope of the work of another practitioner is sufficient, particularly where the entity itself has no contractual right to access this information.

Estimates and forward-looking information

We support the IAASB's considerations of a topic-specific ISSA for estimates and forward-looking information in the future, particularly as sustainability frameworks continue to mature and common significant areas of estimation uncertainty can be addressed more specifically. In the interim, AUASB guidance on this topic is welcomed, particularly in understanding what would be considered sufficient and appropriate evidence to assure such information reported.

Groups and "consolidated" sustainability information

ISSA 5000 provides only high-level requirements for conducting assurance engagements over group and consolidated sustainability information. Significant judgement will be required by assurance practitioners when determining the most appropriate approach to obtaining evidence for group engagements. As such, we strongly support IAASB's consideration of a topic-specific ISSA that is aligned, where relevant, to the requirements of ISA 600 Revised and includes specific application to qualitative disclosures, which can be practically applied in conjunction with the requirements of ISSA 5000 for using the work of Other Practitioners. In the absence of a separate standard, additional guidance is needed to clarify the requirements for performing assurance over group sustainability information.

5. Skilled resources

Significant time and investment will be required to train and upskill practitioners in the requirements of ISSA 5000. Talent and skills shortage in the accounting and auditing profession combined with the increased demand for professional services to assure sustainability information across Corporate Australia has also created a challenge. This will be an ongoing challenge as sustainability reporting frameworks continue to evolve and mature, and investor and public interest expectations of assurance continue to increase with respect to both the range of sustainability topics assured and extent of assurance provided.

In addition, as the timing of implementation of sustainability reporting regulations varies globally there will be increased competition for skilled sustainability assurance practitioners. There is also a risk where Australian firms bring expertise from overseas that skills will not be as easily transferable between countries as for financial statement audits as those jurisdictions which implement sustainability reporting requirements first may not be reporting using ED SR1 or providing assurance under ISSA 5000.

The consultation paper proposes further considerations of additional topics to form a suite of sustainability standards. We support this approach and would welcome the opportunity to provide feedback on these proposed standards in the future.

We note that the AUASB seeks feedback on Australian specific questions as well as the IAASB's questions to inform the AUASB in their formal response to the IAASB. Our detailed response to these questions can be found in Appendix A.

Thank you for the opportunity to provide our views. Should you wish to discuss the responses within our submission, please reach out to me jacqustrydom@deloitte.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Jacques Strydom". The signature is written in a cursive, flowing style.

Jacques Strydom
National Professional Practice Director
Deloitte Touche Tohmatsu

Appendix A – Detailed responses

Australian Specific Questions		Deloitte Response
<i>For all Australian Stakeholders:</i>		
Aus 1	<p>When conducting GHG assurance engagements, are you currently using ASAE 3410 Assurance Engagements on Greenhouse Gas Statements along with ASAE 3000 Assurance Engagements Other than Audits or reviews of Historical Financial Information? If not, which assurance standards are you currently using? At a more granular level:</p> <p>(a) Which assurance standards are you currently using for National Greenhouse Energy Reporting (NGER) and climate active assurance? Are you currently conducting a limited or reasonable level assurance engagement?</p> <p>(b) Which assurance standards are you currently using for Emissions Reduction Fund and Safeguard audits?</p>	<p>The following standards are used when conducting the specified engagements:</p> <ul style="list-style-type: none"> • For assurance engagements on GHG Statements, we apply ASAE 3410 (which also requires compliance with ASAE 3000). • For assurance engagements on GHG information (not a separate GHG Statement) reported with other sustainability information or on other GHG-related information, ASAE 3000 is applied. • The assurance standard applied for assurance engagements under the <i>National Greenhouse and Energy Reporting Act 2007</i> (“NGER Act”) will depend on the subject matter, e.g. <ul style="list-style-type: none"> ○ GHG Statements (Scope 1 and 2) – ASAE 3410 ○ Emissions Reduction Fund and Safeguard audits – ASAE 3000 and ASAE 3100 ○ Baseline Adjusted audits – ASAE 3000 • When conducting assurance engagements required under the NGER Act, the <i>NGER (Audit) Determination 2009</i> is also applied. <p>Both limited and reasonable assurance engagements are conducted for the types of assurance engagements mentioned above, depending on the requirements of the applicable framework.</p>
Aus 2	<p>When conducting wider sustainability engagements, are you currently using ASAE 3000 Assurance Engagements Other than Audits or reviews of Historical Financial Information? If not, which assurance standards are you currently using?</p>	<p>General sustainability assurance engagements are conducted under ASAE 3000, with the exception of compliance engagements relating to sustainability matters which are conducted under ASAE 3100.</p>

Australian Specific Questions	Deloitte Response
<i>For all Australian Stakeholders:</i>	
<p>Aus 3</p>	<p>Proposed ISSA 5000 is neutral as to the disclosure framework. Should the AUASB develop guidance on applying the proposed assurance standard in the context of the upcoming Australian Accounting Standards Board climate disclosure framework? Are there any other topics, aspects of topics or elements of an assurance engagement that stakeholders would like the AUASB to issue guidance on? If yes, please provide specific details.</p>
	<p>We would be supportive of the AUASB issuing guidance in the following areas:</p> <ol style="list-style-type: none"> 1. <i>Mandatory climate-related financial disclosure:</i> <p>Given the significant impact on corporate reporting in Australia that is expected from the issuance of mandatory climate-related financial disclosures by Treasury, in conjunction with AASB, including Exposure Draft ED SR1 <i>Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information</i> (“ED SR1”), we would be supportive of the AUASB developing specific guidance on applying ISSA 5000 in the context of this framework, to enable consistent application of ISSA 5000 and reporting to users.</p> <p>Specifically, guidance regarding the timing of adoption of ISSA 5000 would be helpful. Acknowledging that the release of ED SR1 and ISSA 5000 in Australia are still to be finalised, there may not be alignment in the effective dates of the proposed reporting legislation and the assurance standard, with the first wave of assurance being provided in accordance with ASAE 3000 if ISSA 5000 is not ready to be applied. This may result in duplication of effort required in developing assurance methodologies, training staff and educating users in both ASAE 3000 and ISSA 5000 assurance standards for SR1 reporting. Specifically, we note:</p> <ul style="list-style-type: none"> • If ISSA 5000 is issued prior to the first year of mandatory reporting under ED SR1, but is not yet effective, guidance on whether ISSA 5000 is expected to be early adopted. • If ISSA 5000 is not released in time for the first year of mandatory reporting under ED SR1, guidance for transition from ISAE 3000 to ISSA 5000 will be needed, including the form and content of communicating the need for the different assurance standards to users. <ol style="list-style-type: none"> 2. <i>Other guidance</i> <p><i>a) Applicability of Australian specific Assurance Standards</i></p> <p>Where Australian specific assurance standards are available (e.g. ASAE 3100 and ASAE 3150) and the sustainability matter and sustainability information for an engagement are within the scope of these Australian standards (e.g. compliance engagements or engagements on controls), guidance will be required from the AUASB to determine which standard should apply.</p>

Australian Specific Questions	Deloitte Response
<i>For all Australian Stakeholders:</i>	
	<p><i>b) Applicable standard for assurance engagements under the NGER Act</i></p> <p>For assurance engagements conducted in Australia required under the NGER Act, the assurance standard(s) applicable for the engagement are typically specified by the CER or by the relevant legislation. Guidance from the AUASB, in conjunction with the CER, regarding the applicable standards for such assurance engagements will be required. Revisions to Guidance Statement GS 021 <i>Engagements under the National Greenhouse and Energy Reporting Scheme, Carbon Pricing Mechanism and Related Schemes</i> may also need to be considered.</p> <p><i>c) Application of ISAE 3410 / ASAE 3410</i></p> <p>We understand the IAASB has adopted a straight-forward approach, to exclude sustainability engagements when the practitioner is providing a separate conclusion on a GHG statement, from the scope of ISSA 5000. However, from our experience, in many 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 (ISSA 5000, ISAE 3410 or ISAE 3000). In addition, conducting such engagements that are required to comply with multiple standards will result in duplication of effort (particularly in areas of planning, documentation, and other processes necessary to comply with ASQM 1 and ASQM 2). Refer to further comments in Q3.</p> <p><i>d) Fraud and greenwashing</i></p> <p>Significant professional judgement will be required to identify and understand the difference between the risk of intentional fraud and misrepresentation and the risk of management bias, particularly for qualitative disclosures. Noting that the ACCC and ASIC have released guidance to businesses to improve the integrity of environmental and sustainability claims made by businesses and to protect consumers from greenwashing, the AUASB should consider issuing guidance on greenwashing directed at assurance practitioners, in the context of the Australian public interest and reporting environment, and specifically how this should be considered in the identification and assessment of risks of fraud.</p>

Australian Specific Questions	Deloitte Response
<i>For all Australian Stakeholders:</i>	
	<p>In addition to greenwashing, there are other areas of potential fraud related to sustainability information that are not addressed in ISSA 5000 (e.g., social and other non-climate related sustainability matters). Additional guidance or examples of possible fraud schemes related to sustainability information to guide the practitioner’s understanding of their role and responsibilities in this area would be helpful.</p> <p><i>e) Materiality</i></p> <p>Practical guidance and examples on how to consider materiality for the purpose of determining risks of material misstatement, designing further procedures and evaluating disclosures both individually and in the context of the sustainability reporting as a whole will aid in supporting consistency in conducting assurance engagements.</p> <p><i>f) Use of an Assurance Practitioner’s Expert or Other Practitioners</i></p> <p>Circumstances for when a practitioner’s expert is needed will require judgement and may change over time as practitioners continue to develop their own knowledge of sustainability matters and experience. We welcome clarification from the AUASB addressing when a practitioner’s expert would be expected to be engaged.</p> <p>There are also likely to be complexities involved when using the work of other practitioners, for example, where the sustainability information is part of the reporting entity’s value chain but outside of the reporting group, or where different providers assure different information in the same report. There will likely be practical challenges in obtaining access to information external to the group to test directly, or in determining whether the scope of the work of another practitioner is sufficient, particularly where the entity itself has no contractual right to access this information.</p> <p><i>g) Estimates and forward-looking information</i></p> <p>We support the IAASB’s considerations of a topic-specific ISSA for estimates and forward-looking information in the future, particularly as sustainability frameworks continue to mature and common significant areas of estimation uncertainty can be addressed more specifically. In the interim, AUASB guidance on this topic is welcomed, particularly in understanding what would be considered sufficient and appropriate evidence to assure such information reported.</p> <p><i>h) Assurance on sustainability information of groups and consolidated sustainability information</i></p>

Australian Specific Questions	Deloitte Response
<i>For all Australian Stakeholders:</i>	
	<p>ISSA 5000 provides only high-level requirements for conducting assurance engagements over group and consolidated sustainability information. Significant judgement will be required by assurance practitioners when determining the most appropriate approach to obtaining evidence for group engagements. As such, we strongly support IAASB’s consideration of a topic-specific ISSA that is aligned, where relevant, to the requirements of ISA 600 Revised and includes specific application to qualitative disclosures, which can be practically applied in conjunction with the requirements of ISSA 5000 for using the work of Other Practitioners. In the absence of a separate standard, additional guidance is needed to clarify the requirements for performing assurance over group sustainability information.</p>
Aus 4	<p>While Appendix 2 of Proposed ISSA 5000 provides illustrations of assurance reports on sustainability information, should an Australian specific assurance opinion be developed?</p> <p>To maintain consistency with ASAE 3410 and ASAE 3402, the AUASB could consider updating the illustrative assurance reports to reflect the Australian specific ethical and independence requirements and quality management standards.</p> <p>If ISSA 5000 will be required to be used for all sustainability assurance engagements in Australia, the AUASB could consider including illustrative assurance reports or separate guidance for other engagement types, e.g. compliance and controls engagements or for reporting under Australian specific legislation (e.g. under the NGER Act or ED SR1).</p>
Aus 5	<p>Do stakeholders foresee any implementation issues regarding Proposed ISSA 5000 in the context of the proposed assurance requirements as being discussed through the recent Treasury Consultation Paper?</p> <p>The requirements proposed in the Climate-related financial disclosures – Consultation paper (June 2023), and subsequently released ED SR1, are high in volume and significantly complex and granular, and reporting entities will need time to collect data and to build processes, systems, internal controls and governance structures that are needed to support high-quality corporate reporting, which is a pre-requisite for high-quality independent assurance.</p> <p>Refer to our response in question Aus 3 above, regarding potential challenges that may arise from different effective and/or application dates of ISSA 5000 and ED SR1. This will create challenges for practitioners, who will need to be trained to apply both ISAE 3000 and ISSA 5000, as well as reporting entities and users who will need to be informed and understand the reason for different assurance standards, and any resulting implications.</p> <p>Significant time and investment will be required to train and upskill practitioners in the requirements of both ISSA 5000 and those proposed in the Climate-related financial disclosures – Consultation paper (June 2023) (and ED SR1) to undertake assurance engagements in accordance with the proposed timelines.</p>

Australian Specific Questions		Deloitte Response
<i>For all Australian Stakeholders:</i>		
Aus 6	Have applicable laws and regulations been appropriately addressed in the proposed standard?	<p>Refer to response in question “Aus 3” above in relation to consideration of reporting requirements under the NGER Act.</p> <p>We are not aware of any other specific Australian laws and regulations that should be addressed in the proposed standard.</p>
Aus 7	Are there any laws or regulations that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard? Stakeholder feedback will directly inform AUASB compelling reason discussions (refer paragraphs 19-20 of this Consultation Paper).	We are not aware of any specific laws or regulations that may, or do, prevent or impede the application of ISSA 5000, or may conflict with the proposed standard.
Aus 8	Are there any principles and practices considered appropriate in maintaining or improving assurance quality in Australia that may, or do, prevent or impede the application of the proposed standard, or may conflict with the proposed standard? Stakeholder feedback will directly inform AUASB compelling reason discussions (refer paragraphs 19-20 of this Consultation Paper).	We are not aware of any principles and practices considered appropriate in maintaining or improving assurance quality in Australia that may, or do, prevent or impede the application of ISSA 5000, or may conflict with the proposed standard.
Aus 9	If you are an assurance provider, do you expect to have sufficient qualified and experienced staff and access to suitable experts to undertake assurance engagements under the Proposed ISSA 5000 under the proposals outlined in the June 2023 Treasury Consultation paper – Climate-related financial disclosure: Second consultation?	<p>Refer to our response in question “Aus 5” above, regarding the time and investment that will be required to adequately train and upskill staff. This will be an ongoing challenge for broader sustainability reporting as sustainability reporting frameworks continue to evolve and mature, and investor and public interest expectations of assurance continue to increase with respect to both the range of sustainability topics assured and extent of assurance provided.</p> <p>Talent and skills shortage in the accounting and auditing profession combined with the increased demand for professional services, to assure sustainability information across Corporate Australia, has created a challenge. To service and support an increased market demand, we have utilised a wide variety of talent across our firm network, including broader international talent to ensure the experience and wellbeing of our people remains a committed priority. We continue to review our capacity to meet these commitments.</p>

Australian Specific Questions		Deloitte Response
<i>For all Australian Stakeholders:</i>		
<i>Questions particularly targeted at non-accountant practitioners:</i>		
Aus 10	<p>Proposed ISSA 5000 requires the engagement leader to be a member of a firm that applies the ISQMs (in Australia the ASQMs) or other professional requirements that are at least as demanding as the ISQMs. Does your firm operate under the AUASB's Quality Management Standards? If your firm is not currently captured by the AUASB's Quality Management Standards:</p> <p>(a) Which quality standards are you operating under and would the use of those standards instead of the AUASB's Quality Management Standards create any impediments to applying proposed ISSA 5000?</p> <p>(b) Do you consider the quality management framework that you are using to be at least as demanding as that of the AUASB's Quality Management Standards? Please explain your response and how you have determined this.</p> <p>(c) What practical issues would arise if your firm were required to apply the AUASB's Quality Management Standards in addition to another quality management framework that already applies to your firm? Are there any impediments to applying the AUASB's Quality Management Standards from 1 July 2024?</p>	<p>As these questions are targeted at understanding the current circumstances for non-accountant practitioners, we have not answered these questions.</p>

Australian Specific Questions		Deloitte Response
<i>For all Australian Stakeholders:</i>		
Aus 11	<p>Proposed ISSA 5000 requires the practitioner to comply with relevant ethical requirements, including those relating to independence. Relevant Ethical Requirements are defined by Proposed ISSA 5000 for both accounting practitioners and non-accounting practitioners. Are you currently operating under the Accounting Professional and Ethics Standards Board (APESB) APES 110 Code of Ethics for Professional Accountants (including independent standards)*? If you are not currently operating under the APES 110:</p> <p>(a) Which ethical standards are you operating under and would the use of an alternative ethical framework create any impediments to applying proposed ISSA 5000?</p> <p>(b) Do you consider Ethics Framework that you are using to be at least as demanding as that expected from APES 110? Please explain your response and how you have determined this.</p> <p>(c) What practical issues would arise if your firm were required to apply APES 110 in addition to other ethical requirements that already apply to your firm?</p>	As these questions are targeted at understanding the current circumstances for non-accountant practitioners, we have not answered these questions.
Aus 12	Is the Proposed ISSA 5000 consistent with existing frameworks or standards used to assess the professional competency of sustainability assurance practitioners?	As these questions are targeted at understanding the current circumstances for non-accountant practitioners, we have not answered these questions.

Questions from the International Explanatory Memorandum		Deloitte Response
Global Baseline Standard for Sustainability Assurance	1. Do you agree that IAASB ED 5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of the IAASB EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 of the IAASB EM to which your detailed comments, if any, relate (use a heading for each relevant item).	Yes. ISSA 5000 provides a baseline for sustainability assurance engagements and can be reasonably applied to each of the following items as described in paragraph 14 of the IAASB EM.
Public Interest Responsiveness	2. Do you agree that the proposals in IAASB ED 5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?	Yes. We agree that ISSA 5000 addresses the qualitative factors of timeliness, relevance, comprehensiveness, implementability, enforceability and scalability set out in the project proposal. However, in our responses to specific questions, we have highlighted areas where there may be practical challenges with implementing the standard or where guidance will be required to aid in consistent application of the standard by practitioners.
Applicability of IAASB ED 5000 and the Relationship with ISAE 3410	3. Is the scope and applicability of IAASB ED 5000 clear, including when ISAE 3410 should be applied rather than IAASB ED 5000? If not, how could the scope be made clearer?	<p>We understand the IAASB has adopted a straight-forward approach, to exclude sustainability engagements when the practitioner is providing a separate conclusion on a GHG statement, from the scope of ISSA 5000. However, from our experience, in many 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 (ISSA 5000, ISAE 3410 or ISAE 3000). In addition, conducting such engagements that are required to comply with multiple standards will result in duplication of effort (particularly in areas of planning, documentation, and other processes necessary to comply with ASQM 1 and ASQM 2).</p> <p>Specifically, in the case of limited assurance, the risk assessment requirements under ISSA 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, while the same level of assurance is provided.</p> <p>Consequently, we are concerned that users of the assurance reports may be confused about the nature and extent of the work performed when the subject matter refers to GHG statements under ISAE 3410 and/or when GHG information is included with other sustainability information under ISSA 5000. We are also concerned that assurance engagements may be designed to fit a particular assurance standard given the perceived difference in the level of effort. Having this diversity on the same subject matter for a limited assurance engagement is not in the public interest.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
Relevant Ethical Requirements and Quality Management Standards	4. Is IAASB ED 5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?	The concept of “at least as demanding” is not sufficiently clear and risks inconsistency in practice that could result in assurance reports that are similar in form but not in substance. Further guidance is needed for determining whether ethical requirements qualify as “at least as demanding” as the IESBA Code and whether the firm’s system of quality management is at least as demanding as ISQM 1. Additionally, it is unclear who is responsible for making this determination and who is responsible for monitoring execution. Given that the IESBA Code is being revised to be relevant to other assurance practitioners providing assurance on sustainability reporting, ISSA 5000 should require the use of the IESBA Code, unless the assurance practitioner is required to comply with ethical requirements prescribed by law, regulation or national standard setters that have been designated as at least as demanding as the IESBA Code.
Definitions of Sustainability Information and Sustainability Matters	5. Do you support the definitions of sustainability information and sustainability matters in IAASB ED 5000? If not, what suggestions do you have to make the definitions clearer?	Yes. We are supportive of the definitions of sustainability information and sustainability matters, noting that it allows ISSA 5000 to be applied as a baseline for all sustainability assurance engagements. However, with respect to the definition of “sustainability information”, we note that there may be some confusion resulting from the interaction of the definition in paragraph 17(uu), the statement made in paragraph 4 “When the assurance engagement does not cover the entirety of the sustainability information, the term <i>sustainability information</i> is to be read as the information that is subject to the assurance engagement”, and how the term is subsequently used throughout the standard.
Definitions of Sustainability Information and Sustainability Matters	6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?	The inclusion of Appendix 1 is critical in understanding the relationship between sustainability matters, sustainability information, topics, aspects of topics and the related disclosures. However, in addition to the point made in relation to the definition of “sustainable information” in Q5 above, we note that there may also be some confusion when using the term “disclosures” as defined in ISSA 5000, particularly in the context of assurance engagements conducted under disclosure frameworks for financial statement reporting.

Questions from the International Explanatory Memorandum		Deloitte Response
Differentiation of Limited Assurance and Reasonable Assurance	7. Does IAASB ED 5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?	<p>There is a need to further differentiate the requirements for limited assurance and reasonable assurance, especially given the diversity in experience of practitioners who will be performing these engagements. The lack of differentiation between the two levels of assurance is further exacerbated by the option to be engaged in a combination of a limited and reasonable assurance engagement. This could create confusion in the nature, timing and extent of procedures expected to be applied to the sustainability information subject to assurance, and as a result may create inconsistency in execution across assurance engagements.</p> <p>We believe there will be a need to educate users on the difference between limited and reasonable assurance and would encourage the IAASB to publish educational materials that could be used to achieve this aim. We do not believe that assurance reports by practitioners in and of themselves will achieve the level of education needed.</p>
Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement	8. Is IAASB ED 5000 sufficiently clear about the practitioner’s responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?	<p>Yes. The requirement for the practitioner to obtain a preliminary knowledge of the engagement circumstances, including the sustainability information expected to be reported and the scope of the proposed assurance engagement, is clearly presented in paragraph 69.</p> <p>However, we note that in providing further clarity on the Scope of the Assurance Engagement, Section 1-F Paragraph 50 of the IAASB Explanatory Memorandum (EM) states that the “practitioner must have knowledge of the sustainability information outside of the scope of the assurance engagement, in order to avoid being associated with information that is materially false or misleading and to determine whether the scope of the engagement is appropriate”.</p> <p>It is unclear the basis on which the practitioner would be able to make this determination and there could be significant practical challenges in being able to determine the level of understanding required of information outside the scope of the assurance engagement. We acknowledge that ISSA 5000 describes the practitioner’s responsibility to determine whether the preconditions of an assurance engagement are present, which includes determining whether the scope of the proposed assurance engagement encompasses all or part of the sustainability information (which may include consideration of the entity’s materiality processes) and evaluating whether the engagement exhibits a rational purpose. However, further guidance on the practitioner’s responsibility to obtain knowledge of the sustainability information outside of the scope of the assurance engagement, in order to avoid being associated with information that is materially false or misleading, would be helpful, including the extent of the understanding required at the relevant phases of the engagement.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement	9. Does IAASB ED 5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?	<p>The IAASB EM (p52) notes that obtaining an understanding of the entity’s materiality process is critical to determining whether the reporting complies with certain frameworks or entity-developed criteria.</p> <p>However, discussion of the practitioner’s consideration of the entity’s materiality process is limited to the application material (A157 and A273). Given that the entity’s materiality process is fundamental to determining the sustainability information included in the scope of the assurance engagement, we suggest including clarification in the standard on the criticality of understanding the entity’s materiality process in the initial planning of the engagement.</p>
Suitability and Availability of Criteria	10. Does IAASB ED 5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?	<p>Yes. ISSA 5000 provides sufficient guidance regarding the practitioner’s responsibility to evaluate the suitability and availability of the reporting criteria.</p> <p>It is the responsibility of the assurance practitioner to evaluate whether the criteria expected to be applied in the preparation of the sustainability information are suitable and available to intended users (paragraph 72). The application material states that “framework criteria embodied in law or regulation or issued by authorized or recognized bodies of experts that follow a transparent due process are presumed to be suitable in the absence of indications to the contrary” (A170). We suggest the IAASB replace the phrase “are presumed to be suitable” in this paragraph with “may be presumed to be suitable”. This would avoid practitioners defaulting to the presumption that certain criteria are always suitable without first making an appropriate evaluation in the facts and circumstances of the engagement.</p>
Suitability and Availability of Criteria	11. Does IAASB ED 5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner’s consideration or determination of materiality? If not, what do you propose and why?	<p>The concept of “double materiality” is appropriately explained and clearly distinguished from the practitioner’s consideration or determination of materiality. However, we note that there may be inconsistencies in the definition of financial materiality and impact materiality when compared to specific disclosure frameworks (e.g. IFRS S1 and ESRS 1).</p> <p>Additionally, given that ISSA 5000 is a framework-neutral assurance standard, we highlight that in practice, for certain sustainability engagements, there will likely be challenges for both management and the practitioner in determining the full population of intended users, as well as what is important to each of the intended users. Paragraph A26 states that in cases where the practitioner is not able to identify all those who will read the assurance report, intended users may be limited to ‘major stakeholders with significant and common interests’. Further guidance is needed for determining when stakeholders meet this characteristic.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
Materiality	12. Do you agree with the approach in IAASB ED 5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?	<p>We are supportive of the approach for the practitioner to consider materiality for qualitative disclosures and determine materiality for quantitative disclosures.</p> <p>However, we would welcome additional implementation guidance that addresses how to consider materiality for the purpose of determining risks of material misstatement, designing further procedures and evaluating disclosures both individually and in the context of the sustainability reporting as a whole.</p>
Understanding the Entity's System of Internal Control	13. Do you agree with the differentiation in the approach in IAASB ED 5000 for obtaining an understanding of the entity's system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?	<p>Given the diversity in assurance practitioners performing sustainability assurance engagements, and historic practice whereby a greater range of procedures may have been performed across limited assurance engagements under principles-based standard, we recommend the requirements in ED-5000 (e.g. 102L, 102R, 106) provide a clearer distinction between the work effort for limited assurance vs. Reasonable assurance rather than relying on the application material to provide clarity. In particular:</p> <ul style="list-style-type: none"> • Requirements to understand the entity's internal control system for limited vs. reasonable assurance engagements is unclear (102L, 102R): <ul style="list-style-type: none"> ○ As drafted, the requirements in paragraphs 102L(a) and 102R(a) and 102L(c) and 102R(c) are the same which infers the same nature, timing and extent of procedures would be expected for a limited or a reasonable assurance engagement. While the application material provides some guidance to distinguish the difference in work effort for limited vs. Reasonable assurance, we understand certain jurisdictions may adopt only the requirements of ED-5000 and not the application material. If the work effort is intended to be different, we recommend making this clear in the requirements vs. application material. If the work effort is expected to be the same and paragraphs 102L(a) and 102R(a) remain unchanged, we recommend that paragraph A318L be re-referenced as applicable for both limited and reasonable assurance engagements.

Questions from the International Explanatory Memorandum		Deloitte Response
		<ul style="list-style-type: none"> ○ In 102L(b) and 102R(b) we recommend clarifying what the practitioner would do differently to obtain an understanding of the risk assessment process for reasonable assurance compared to obtaining an understanding of the results of the entity’s risk assessment process for limited assurance. ○ It is unclear why A326 is applicable to limited and reasonable assurance engagements, when A323R-A325R are only applicable to reasonable assurance engagements. It seems unlikely that a practitioner would identify additional risks for limited assurance if they are only understanding results of the entity’s risk assessment process. We suggest modifying A326 to A326R. ● Testing the operating effectiveness of controls is optional for limited assurance engagements and we believe it is sufficiently covered in paragraph 119. We recommend either deleting paragraph 107L or integrating it into paragraph 119.
Using the Work of Practitioner’s Experts or Other Practitioners	14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is IAASB ED 5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?	<p>Yes. When using the use of the work of a firm other than the practitioner’s firm, ISSA 5000 provides appropriate guidance to distinguish between circumstances where such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner”, based on whether the practitioner is able to be sufficiently and appropriately involved in such work.</p> <p>Including <i>Figure 2: Individuals Involved in the Engagement</i> from the EM as an appendix to ISSA 5000 may be helpful to practitioners.</p>
Using the Work of Practitioner’s Experts or Other Practitioners	15. Are the requirements in IAASB ED 5000 for using the work of a practitioner’s external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?	<p>The practitioner’s responsibilities when using the work of an external expert and when using the work of another practitioner are clearly explained in the requirements and application material in ISSA 5000.</p> <p>However, we recommend further guidance or examples be provided related to:</p> <ul style="list-style-type: none"> ● How the practitioner should fulfill the requirement in paragraph 51d to determine whether the other practitioner’s work is adequate for the practitioner’s purposes, particularly when the other practitioner is performing work related to the entity’s value chain (and the further away from the entity that the information is derived from)

Questions from the International Explanatory Memorandum		Deloitte Response
		<ul style="list-style-type: none"> • Considerations for when the assurance practitioner should use the work of another practitioner or expert vs performing the work themselves • Outcomes if the assurance practitioner determines, after the engagement has been accepted, that the assurance practitioner will not be able to be sufficiently involved in the work of an other practitioner (or cannot determine that their work is adequate), nor will the assurance practitioner be able to gather information or evidence on their own. <p>Given the complexity of the sustainability information and its origin, particularly related to information coming from the value chain, we believe the circumstances above may occur frequently and while “practice” will evolve over time as engagements scale and mature, interim guidance on evaluating the direction, supervision and review model in such circumstances would be helpful.</p>
Estimates and Forward-Looking Information	16. Do you agree with the approach to the requirements in IAASB ED 5000 related to estimates and forward-looking information? If not, what do you propose and why?	<p>We are supportive of the approach to address estimates and forward-looking information in the “Responding to Risks of Material Misstatement” section of ISSA 5000, with a focus on assessing whether management has appropriately applied the applicable criteria when preparing such information and related disclosures, including selecting and using appropriate methods, assumptions and data.</p> <p>However, given the significant judgements and degree of estimation uncertainty involved in preparing estimates and forward-looking information, we note that this is an area where there is likely to be a higher risk of management bias. As such, further guidance on this topic is welcomed, particularly in understanding what would be considered sufficient and appropriate evidence to assure such information reported.</p> <p>We note that whilst the nature of forward-looking information is explained in the application material of ISSA 5000, including examples, there is no definition of “forward-looking information” included in paragraph 17.</p> <p>For limited assurance engagements, the requirements in paragraph 134L related to estimates and forward-looking information do not require an evaluation of the assumptions and judgments of management. Given the potential significance of estimates and/or forward-looking information to users of sustainability information, we suggest that the requirements for performing limited assurance include some consideration of the appropriateness of the assumptions used by the entity.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
		<p>We would support the IAASB’s considerations of a topic-specific ISSA for estimates and forward-looking information in the future, particularly as sustainability frameworks continue to mature and common significant areas of estimation uncertainty can be addressed more specifically.</p>
Risk Procedures for a Limited Assurance Engagement	<p>17. Do you support the approach in IAASB ED 5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?</p>	<p>The risk procedures, and consequential scope of work expected to be performed by the assurance practitioner to achieve the objective of identifying material misstatements in an entity’s sustainability information and disclosures in a limited assurance engagement remains unclear. Without the issuance of additional guidance or a framework, there is likely to be a high degree of inconsistency in the nature, timing and extent of procedures performed. We believe application material for such a significant judgement would be helpful.</p> <p>We also note that the approach is inconsistent with ISAE 3410, which requires the practitioner to identify risks of material misstatement for both limited and reasonable assurance engagements (for material emissions and disclosures, or at the assertion level, respectively). In practice, where a practitioner is providing limited assurance on GHG information that is both included with other sustainability information (conducted under ISSA 5000) and in a separate statement (conducted under ISAE 3410), different risk procedures, and consequently different further procedures, will be required to be performed. This differential in work performed would not be transparent to a user of the sustainability reporting.</p>
Groups and “Consolidated” Sustainability Information	<p>18. Recognizing that IAASB ED 5000 is an overarching standard, do you agree that the principles-based requirements in IAASB ED 5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?</p>	<p>ISSA 5000 provides only high-level principles that can be applied for sustainability assurance engagements for group or consolidated information. Significant judgement will be required by the practitioner when determining the most appropriate approach to obtaining sufficient and appropriate evidence to support the assurance conclusion in such circumstances. As such, we strongly support IAASB’s consideration of a topic-specific ISSA that is aligned, where relevant, to the requirements of ISA 600 Revised and includes specific application to qualitative disclosures, which can be practically applied in conjunction with the requirements of ISSA 5000 for using the work of Other Practitioners.</p> <p>In the absence of a separate standard, additional guidance is needed to clarify the requirements for performing assurance over group sustainability information.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
		As noted in our response to Q15 above, in circumstances where the sustainability information is part of the reporting entity's value chain but outside of the entity's organisational boundary, there will likely be practical challenges in obtaining access to information prepared outside of the entity's operational boundary and thus not subject to the control or oversight of management.
Fraud	19. Do you agree that IAASB ED 5000 appropriately addresses the topic of fraud (including "greenwashing") by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?	<p>Yes. Broadly, the topic of fraud is appropriately addressed in ISSA 5000. There are numerous references in the requirements and application material (including various examples), at different stages throughout the engagement lifecycle, that address the practitioner's consideration of the risks of material misstatement due to fraud and appropriate response to actual or suspected fraud identified during the engagement.</p> <p>Regarding the topic of greenwashing, we note that the concept is not specifically defined in ISSA 5000, however, it is addressed indirectly through examples of fraud and the requirements and guidance for the practitioner to consider whether information may be misleading to the intended users.</p> <p>Noting that the ACCC and ASIC have released guidance to businesses to improve the integrity of environmental and sustainability claims made by businesses and to protect consumers from greenwashing, the AUASB should consider issuing guidance on greenwashing directed at assurance practitioners, in the context of the Australian public interest and reporting environment, and specifically how this should be considered in the identification and assessment of risks of fraud.</p> <p>In addition to greenwashing, there are other areas of potential fraud related to sustainability information that are not addressed in ISSA 5000 (e.g., social and other non-climate related sustainability matters). Additional guidance or examples of possible fraud schemes related to sustainability information to guide the practitioner's understanding of their role and responsibilities in this area would be helpful.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
Communication with Those Charged with Governance	20. Do you support the high-level requirement in IAASB ED 5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?	<p>Yes. The requirements and guidance included in the application material of ISSA 5000 for communications with management, those charged with governance and others on matters that may be appropriate to communicate, is consistent with other ISAEs.</p> <p>The requirements are appropriate to support ISSA 5000 as a baseline standard, applicable to a range of sustainability assurance engagements, and given the evolving nature of sustainability assurance engagements.</p>
Reporting Requirements and the Assurance Report	21. Will the requirements in IAASB ED 5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.	<p><i>Order of Elements in the Assurance Report</i></p> <p>We are supportive of the decision to align the order of elements in the assurance report with ISA 700 (Revised), requiring the practitioner’s opinion/conclusion first, followed by the basis for the opinion/conclusion.</p> <p><i>Other Information</i></p> <p>We recommend that the “Other Information” section be considered optional rather than required in the assurance report. Given the evolving nature of sustainability information and reporting, and the vast array of other information that accompany these reports – which may include financial statements – the requirements for other information disclosures could be challenging to implement consistently.</p> <p><i>Comparative Information</i></p> <p>We are supportive of the requirements and guidance relating to the practitioner’s responsibilities for reporting on Comparative Information, which are aligned to ASA 710.</p> <p>Providing example wording for Other Matter paragraphs required for the situations described in paragraphs 189-191 would be helpful to aid consistency in practice.</p> <p><i>Illustrative Reports</i></p> <p>We are supportive of the inclusion of illustrative reports. IAASB may also consider including the following:</p> <ul style="list-style-type: none"> • Example wording for a qualified opinion for reasonable assurance engagements, in addition to the qualified conclusion for limited assurance, given that sustainability reporting is still maturing, and therefore such modifications may be common. • Illustrative reports for other assurance engagement types (e.g. compliance and controls engagements) to aid consistency in application.

Questions from the International Explanatory Memorandum		Deloitte Response
Reporting Requirements and the Assurance Report	22. Do you agree with the approach in IAASB ED 5000 of not addressing the concept of “key audit matters” for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?	<p>Yes. We concur with the IAASB’s decision to not address key audit matters (KAM) in ISSA 5000, given that they may not be relevant to all sustainability assurance engagements. This would be a consistent approach with audits of financial reports, where under the ISAs, KAMs are only mandatory for auditor’s reports on general purpose financial reporting for listed entities. Given the evolving nature of sustainability reporting and the rapidly changing expectations of the public and investors, the decision to address KAMs for sustainability reporting in the future will allow time for practitioners to develop further understanding in specific sustainability matters, to enhance their reporting to users through KAM reporting.</p> <p>In considering key audit matters in a future ISSA, the IAASB may consider including guidance covering the following:</p> <ul style="list-style-type: none"> • Guidance in determining the matters of most importance to the users, particularly when the scope of the sustainability assurance engagement covers only part of the sustainability information reported. • Guidance to aid consistency of KAMs reported (where relevant), in circumstances where practitioners from different firms may be providing assurance on the same sustainability information included in different mechanisms for reporting for the same entity.
Reporting Requirements and the Assurance Report	23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?	<p>Yes. The statement explaining that the scope and nature of work performed in a limited assurance engagement is substantially less than for a reasonable assurance engagement is consistent with the requirements of other ISAEs.</p> <p>The requirement in ISSA 5000 to include the Conclusion paragraph in the first section of the assurance report, directly followed by the Basis of Conclusion paragraph, results in the statement being more prominent.</p> <p>However, we note that this is inconsistent with other ISAEs that require the statement distinguishing the lesser extent of work for a limited assurance engagement, to be included in the “Responsibilities of the Assurance Practitioner” section of the assurance report.</p>

Questions from the International Explanatory Memorandum		Deloitte Response
Other Matters	24. Are there any public sector considerations that need to be addressed in IAASB ED 5000?	No specific matters to raise.
Other Matters	25. Are there any other matters you would like to raise in relation to IAASB ED 5000?	No further matters to raise.
Request for General Comments	26. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters (see IAASB EM at Attachment 2 of this Consultation Paper), the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA. If not, what do you propose and why?	Yes.