

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

Guide for Respondents

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

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

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

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

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

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

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

PART A: Respondent Details and Demographic information

Your organization’s name (or your name if you are making a submission in your personal capacity)	Hong Kong Institute of Certified Public Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Selene Ho
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	selene@hkicpa.org.hk
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on ED-5000). Select the most appropriate option.	Asia Pacific
	If “Other”, please specify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	Jurisdictional/ National standard setter
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

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

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

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

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

Overall Questions

1. Do you agree that ED-5000, as an overarching standard, can be applied for each of the items described in paragraph 14 of this EM to provide a global baseline for sustainability assurance engagements? If not, please specify the item(s) from paragraph 14 to which your detailed comments, if any, relate (use a heading for each relevant item).

(See Explanatory Memorandum Section 1-A, paragraph 14)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We support the development of ED-5000 by the IAASB to provide a global baseline for sustainability assurance engagements. Nonetheless, the choice of assurance standards depends on local jurisdictions and the specific needs of the intended users with regard to sustainability information assurance, given that there are other assurance standards in the market apart from the assurance standards set by the IAASB, such as ISO 14065 *General principles and requirements for bodies validating and verifying environmental information* and ISO 17029 *Conformity assessment – General principles and requirements for validation and verification bodies* and AA1000 *Assurance Standard*. Without a mandatory requirement set by the jurisdiction to obtain assurance on the sustainability information and obligation to adhere to a specific framework for assuring sustainability information, challenges in implementation of ED-5000 are expected.

It is critical that the public (including the intended users and all practitioners) be educated to increase their awareness of the benefits of having sustainability information (i) assured and (ii) reported on by qualified individuals. Such an understanding would enable entities and users to make well-informed decisions when selecting assurance standards and practitioners, and interpreting sustainability assurance reports. By promoting relevant knowledge and fostering understanding, the educational initiative will effectively contribute to enhancing the overall appreciation of the significance and impact of assurance in the context of sustainability reporting.

Public Interest Responsiveness

2. Do you agree that the proposals in ED-5000 are responsive to the public interest, considering the qualitative standard-setting characteristics and standard-setting action in the project proposal? If not, why not?

(See Explanatory Memorandum Sections 1-B, and Appendix)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

The HKICPA considers there is a need for providing specific assurance procedures and guidance to address different topics of sustainability information, such as in ISAE 3410, *Assurance Engagements on*

Greenhouse Gas Statements, as a standalone assurance standard on greenhouse gas statements. It is believed that an IAASB roadmap outlining the development and adoption of ISSAs addressing other emerging sustainability topics (e.g. mineral supply chains, etc.) would effectively manage stakeholders' expectations in this area.

Specific Questions

Applicability of ED-5000 and the Relationship with ISAE 3410

3. Is the scope and applicability of ED-5000 clear, including when ISAE 3410 should be applied rather than ED-5000? If not, how could the scope be made clearer?

(See Explanatory Memorandum Section 1-C)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

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.

Relevant Ethical Requirements and Quality Management Standards

4. Is ED-5000 sufficiently clear about the concept of “at least as demanding” as the IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management? If not, what suggestions do you have for additional application material to make it clearer?

(See Explanatory Memorandum Section 1-D)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

Quality management within firms and compliance with ethical requirements are well recognized as being in the public interest and an integral part of performing high-quality assurance engagement. In Hong Kong, it is anticipated that non-professional accountants may face challenges if they apply ED-5000 to conduct assurance engagements on sustainability information when the standard is finalized. Practical challenges may include: (a) a lack of sound understanding of the IESBA Code and ISQM 1 enabling them to assess whether their existing procedures and policies based on other professional standards are “at least as demanding as” the IESBA Code and ISQM 1; and (b) comparability of their existing procedures and policies to meet the relevant requirements in the IESBA Code and the ISQM 1 (the “relevant requirements”). We believe that they will need to perform a thorough gap analysis to compare the existing procedures and policies with the relevant requirements, and take steps to ensure their compliance with ED-5000 by addressing any identified shortcomings and supplementing them accordingly.

Even though the extant ISAE 3000 (Revised) is premised on the basis of compliance with the Code of Ethics and ISQM 1 or other professional requirements that are at least as demanding, it is observed from the HKICPA’s 2023 research covering the sustainability/ ESG reports (or where applicable, the sustainability/ ESG sections in annual reports) of all December 2022-year end listed companies (approximately 1900 entities) (i.e. [ESG Assurance in Hong Kong – An evolving landscape](#)) that in practice, the assurance reports by non-professional accountants may not contain statements regarding their compliance with ISQM 1 and the IESBA Code, or equivalent standards. They often use wordings such as “with reference”, or “based on” instead of “in accordance with” ISAE 3000 (Revised) in their assurance reports. To enable consistent application and interpretation by practitioners and users, we recommend that the IAASB strengthen ED-5000.A478 by giving more examples of the terms that are imprecise and limiting and may mislead users, similar to para. A34 in ISRS 4400 (Revised) which provides examples of terms that may be unclear or misleading when concluding on an agreed-upon procedure engagement, or consider requiring non-professional accountants disclose relevant information to stakeholders on compliance with the Code of Ethics and ISQM 1 or its equivalent.

As mentioned in our response to Question 1, it is critical to increase the general public’s awareness of the benefits of having sustainability information (i) assured and (ii) reported on by qualified individuals.

We note that though “assurance skills and techniques” is a defined term in ED-5000, there is no application material providing further guidance on the term similar to ISAE 3000.A9 (Revised). As ED-5000 is intended to be profession agnostic, it would be helpful to have application material for non-professional accountants to understand the required assurance skills and techniques.

We appreciate IAASB's continued effort in promoting ED-5000 to all stakeholders in the market. It will be useful for the IAASB to develop some promotional materials, such as slide decks or flyers setting out the pre-conditions and the fundamental premises relating to ethics and system of quality management so that consistent messages can be distributed by professional accountancy organizations.

Definitions of Sustainability Information and Sustainability Matters

5. Do you support the definitions of sustainability information and sustainability matters in ED-5000? If not, what suggestions do you have to make the definitions clearer?

(See Explanatory Memorandum Section 1-E, paras. 27-32)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

ED-5000.17(vv) defines sustainability matters as “Environmental, social, economic and cultural matters” and further provides two examples for illustration purposes, without detailed descriptions of what constitute economic and cultural matters. It would be helpful that the IAASB provide clear descriptions and illustrative examples on economic and cultural matters in ED-5000.17 and ED-5000.A32 to assist practitioners in identifying the sustainability matters for evaluation against the suitable criteria to ensure consistent application of the standard.

6. Is the relationship between sustainability matters, sustainability information and disclosures clear? If not, what suggestions do you have for making it clearer?

(See Explanatory Memorandum Section 1-E, paras. 35-36)

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

Detailed comments (if any):

Differentiation of Limited Assurance and Reasonable Assurance

7. Does ED-5000 provide an appropriate basis for performing both limited assurance and reasonable assurance engagements by appropriately addressing and differentiating the work effort between limited and reasonable assurance for relevant elements of the assurance engagement? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 45-48)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

The differentiation of work effort under limited assurance and reasonable assurance engagements is clearly set out in ED-5000. However, we are aware of the practical challenges practitioners may face when conducting reasonable assurance engagements on sustainability information. The concern arises from the market practice of outsourcing sustainability-related matters by entities to service organizations and there may not be sufficiently robust control procedures at the service provider level.

This practice is common in many jurisdictions, and as such, it may be appropriate for entities using service providers to request the latter to provide an assurance report under ISAE 3402, *Assurance Reports on Controls at a Service Organization*, as part of the sustainability assurance engagement, with the objective of ensuring sufficient appropriate evidence can be obtained on the internal controls environment within which the sustainability disclosures were prepared, especially when stakeholders want to obtain reasonable assurance.

In light of the above and given that ED-5000 is an overarching standard (i.e. it should contain all relevant principles), we suggest that the IAASB consider incorporating relevant ISAE 3402 requirements into ED-5000 and provide relevant guidelines for a reasonable assurance engagement, for example, incorporating the procedures set out in the sections of “Obtaining Evidence Regarding Design of Controls” and “Obtaining Evidence Regarding Operating Effectiveness of Controls” in ISAE 3402.

In addition to the illustrative procedures provided in Appendix 3 of the IAASB’s [Non-Authoritative Guidance on Applying ISAE 3000 \(Revised\) to Sustainability and Other Extended External Reporting Assurance Engagements](#) (“EER”) and the application materials in ED-5000, we recognize the need for more non-authoritative materials such as case studies to illustrate the work and the extent of different procedures that must be carried out for a limited assurance engagement versus that of a reasonable assurance engagement. Such material aids practitioners in better comprehending the specific expectations of their work and facilitating consistent application of ED-5000 which will in turn contribute to a higher quality of assurance practices.

Preliminary Knowledge of the Engagement Circumstances, Including the Scope of the Engagement

8. Is ED-5000 sufficiently clear about the practitioner's responsibility to obtain a preliminary knowledge about the sustainability information expected to be reported and the scope of the proposed assurance engagement? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-F, para. 51)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

Rational Purpose

Given there is no mandatory requirement for assurance on sustainability information in Hong Kong, all assurance engagements are carried out on a voluntary basis (unless specifically requested by a particular party). Therefore, entities may select certain sustainability information for the purpose of obtaining assurance.

Theoretically, ED-5000.74 may help ensure assurance engagements serve a rational purpose in the future as practitioners are required to assess, as part of the preconditions for accepting an assurance engagement, the reasons for excluding certain parts of the reported sustainability information from the scope of the assurance engagement.

Nevertheless, in jurisdictions where there is no mandatory requirement for obtaining assurance on sustainability information, applying ED-5000.74(c) may be challenging and require judgement. This is particularly the case when evaluating the adequacy of justification provided by an entity for excluding

certain material sustainability information from the assurance scope. The judgement to be exercised will depend on, among other factors, the qualification and expertise of the assurance practitioner(s) for the engagement. For instance, certain practitioners may consider an entity's unwillingness to pay sufficient fees to cover material areas (absent any other reasons) as legitimate justification to exclude those areas from the assurance scope, whereas others may not. To ensure effective and consistent application of ED-5000.74(c), it is important to educate stakeholders, particularly intended users and all practitioners on the benefits of having the sustainability information assured by qualified professionals. This aligns with our response in Question 1. Stakeholders should recognize the fee associated with an assurance engagement is influenced by various factors, such as the scope and complexity of the engagement, expertise and experience of the assurance practitioners, and the time and effort required for the engagement, etc.

The HKICPA reiterates the importance of upholding the quality of assurance on sustainability information in Hong Kong through consistent application of ED-5000.

Preconditions Not Present After Acceptance

ED-5000.76 states that if it is discovered after the engagement has been accepted that one or more preconditions for an assurance engagement is not present, the practitioner shall discuss the matter with the appropriate party(ies), and determine whether the matter can be resolved to the practitioner's satisfaction. If the matter cannot be resolved to the practitioner's satisfaction, the practitioner shall:

- (a) Withdraw from the engagement, if that is possible under applicable law or regulation; or
- (b) If withdrawal is not possible under applicable law or regulation, continue with the engagement and express a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances. (Ref: Para. A202).

The drafting of the ED-5000.76 seems to require the practitioner to withdraw from the engagement under the aforementioned circumstances unless withdrawal is not possible (i.e. even if only one precondition among all as set out in ED-5000.69 to ED-5000.74 is not present).

A similar requirement is noted in ISAE 3000.43 (Revised) but it is worded differently which could be interpreted to provide more flexibility for the practitioner to continue with the engagement. ISAE 3000.43 (Revised) states that if it is discovered after the engagement has been accepted that some or all of the applicable criteria are unsuitable or some or all of the underlying subject matter is not appropriate for an assurance engagement, the practitioner shall consider withdrawing from the engagement, if withdrawal is possible under applicable law or regulation. If the practitioner continues with the engagement, the practitioner shall express a qualified or adverse conclusion, or disclaimer of conclusion, as appropriate in the circumstances.

As such, we recommend that the IAASB clarify whether ED-5000.76 and ISAE 3000.43 (Revised) should be interpreted the same way, or only when the respective preconditions set out in ED-5000.76 and ISAE 3000.43 (Revised) regarding suitable applicable criteria or appropriate underlying subject matter are not present, and that the IAASB consider revising the drafting of ED-5000.76 to avoid the unintended consequences of practitioners being required to withdraw subsequent to acceptance in those circumstances when there is no such restriction under ISAE 3000 (Revised).

9. Does ED-5000 appropriately address the practitioner’s consideration of the entity’s “materiality process” to identify topics and aspects of topics to be reported? If not, what approach do you suggest and why?

(See Explanatory Memorandum Section 1-F, paras. 52-55)

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

Detailed comments (if any):

Suitability and Availability of Criteria

10. Does ED-5000 appropriately address the practitioner’s evaluation of the suitability and availability of the criteria used by the entity in preparing the sustainability information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 56-58)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

The HKICPA appreciates the IAASB’s effort in developing ED-5000 as an overarching standard that applies to all sustainability assurance engagements. We find the guidance currently provided in the IAASB’s EER practical and is widely applied by practitioners in providing assurance on sustainability information, however, certain guidance in the EER is not included in ED-5000. While the IAASB continues to endorse the use of the EER when appropriate, it is recommended that relevant guidance be incorporated into ED-5000 as application material, to supplement the principles already set out in ED-5000, including the examples in para. 333 and 336 in Chapter 10 of the EER.

11. Does ED-5000 appropriately address the notion of “double materiality” in a framework-neutral way, including how this differs from the practitioner’s consideration or determination of materiality? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 59-60 and 68)

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

Detailed comments (if any):

Materiality

12. Do you agree with the approach in ED-5000 for the practitioner to consider materiality for qualitative disclosures and determine materiality (including performance materiality) for quantitative disclosures? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-F, paras. 65-74)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

No specific comment is provided to the relevant approach in ED-5000 but a concern is raised on whether the approach can be applied consistently by all practitioners. Therefore, we recommend that the IAASB illustrate through practical cases the methodology for determining materiality for various aspects of topics in order to ensure consistency in applying the assurance standard and the overall quality of such assurance in the market.

In addition, to ensure practitioners are clear as to the work effort for “determine” and “consider”, it would be helpful to make reference to the explanation in Appendix 2 of the CUSP Drafting Principles and Guidelines adopted by the IAASB in April 2022.

Understanding the Entity’s System of Internal Control

13. Do you agree with the differentiation in the approach in ED-5000 for obtaining an understanding of the entity’s system of internal control for limited and reasonable assurance engagements? If not, what suggestions do you have for making the differentiation clearer and why?

(See Explanatory Memorandum Section 1-F, paras. 75-81)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with the said approach in ED-5000, as a practitioner’s ability to effectively assess the internal controls related to an entity’s sustainability information is a prerequisite to providing reasonable assurance on the said information.

However, practitioners have questioned the feasibility of understanding an entity’s system of internal controls if the entity outsources the function to a service organization. Accordingly, we recommend that the IAASB consider including relevant ISAE 3402 requirements in ED-5000 and provide relevant guidance required for a reasonable assurance engagement. See our response to Question 7 for more details.

Using the Work of Practitioner’s Experts or Other Practitioners

14. When the practitioner decides that it is necessary to use the work of a firm other than the practitioner’s firm, is ED-5000 clear about when such firm(s) and the individuals from that firm(s) are members of the engagement team, or are “another practitioner” and not members of the engagement team? If not, what suggestions do you have for making this clearer?

(See Explanatory Memorandum Section 1-G, paras. 82-87)

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

Detailed comments (if any):

15. Are the requirements in ED-5000 for using the work of a practitioner's external expert or another practitioner clear and capable of consistent implementation? If not, how could the requirements be made clearer?

(See Explanatory Memorandum Section 1-G, paras. 88-93)

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

Detailed comments (if any):

Estimates and Forward-Looking Information

16. Do you agree with the approach to the requirements in ED-5000 related to estimates and forward-looking information? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 94-97)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

It is noted that ED-5000.146(a) requires the practitioner to perform procedures to identify events occurring up to the date of the assurance report that may have an effect on the sustainability information and the assurance report. In the Estimates and Forward-Looking Information section in ED-5000, we recommend that the IAASB cross-reference to ED-5000.146(a) to remind practitioners to follow the subsequent event review procedures for estimates and forward-looking information.

Risk Procedures for a Limited Assurance Engagement

17. Do you support the approach in ED-5000 to require the practitioner to design and perform risk procedures in a limited assurance engagement sufficient to identify disclosures where material misstatements are likely to arise, rather than to identify and assess the risks of material misstatement as is done for a reasonable assurance engagement? If not, what approach would you suggest and why?

(See Explanatory Memorandum Section 1-G, paras. 98-101)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

We support the said approach. However, as mentioned in our response to Question 3, we recommend that the IAASB explicitly clarify the reason for the difference in procedures under limited assurance engagements between ISAE 3410 and ED-5000 to avoid confusion among practitioners when performing the engagements.

Groups and “Consolidated” Sustainability Information

18. Recognizing that ED-5000 is an overarching standard, do you agree that the principles-based requirements in ED-5000 can be applied for assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 102-107)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

It is considered that the principles included in ED-5000 are relevant and sufficient in guiding practitioners to perform assurance engagements on the sustainability information of groups or in other circumstances when “consolidated” sustainability information is presented by the entity. Though we are supportive of developing a separate ISSA specifically addressing groups or consolidated sustainability information with reference to ISA 600 (Revised), the IAASB should consider how the requirements for limited assurance engagements under ISSA 5000 should be adapted in the context of ISA 600 as the latter is primarily designed for a financial statement audit which is a reasonable assurance engagement. Therefore, the development of a separate ISSA in this area is not currently considered a top priority.

Fraud

19. Do you agree that ED-5000 appropriately addresses the topic of fraud (including “greenwashing”) by focusing on the susceptibility of the sustainability information to material misstatement, whether due to fraud or error? If not, what suggestions do you have for increasing the focus on fraud and why?

(See Explanatory Memorandum Section 1-G, paras. 108-110)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with this approach which aligns with the existing practice of identifying fraud risk indicators pertaining to the risks of material misstatements during the planning stage. It is also acknowledged that the factors identified in ED-5000.A296 serve as indicators of risks relevant to sustainability information, thereby enhancing the awareness of fraud during the assurance process.

Communication with Those Charged with Governance

20. Do you support the high-level requirement in ED-5000 regarding communication with management, those charged with governance and others, with the related application material on matters that may be appropriate to communicate? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 111-112)

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

Detailed comments (if any):

Reporting Requirements and the Assurance Report

21. Will the requirements in ED-5000 drive assurance reporting that meets the information needs of users? If not, please be specific about any matters that should not be required to be included in the assurance report, or any additional matters that should be included.

(See Explanatory Memorandum Section 1-G, paras. 116-120, 124-130)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

The absence of any mandatory requirement for assurance over sustainability information in Hong Kong poses practical constraints in providing assurance on the entirety of information included in an entity's sustainability report. As a result, it is common for Hong Kong entities to choose specific key information within their sustainability reports for assurance purposes. Taking into consideration the prevalence of this practice among Hong Kong entities, and recognizing that the existing assurance reports in Appendix 2 of ED-5000 demonstrate scenarios where all information in the entity's sustainability report is subject to assurance, it would be helpful to develop an illustrative assurance report in ED-5000 that explicitly indicates when only partial information in the entity's sustainability report is subjected to assurance. Alternatively, we suggest that the IAASB revise the illustrative examples in Appendix 2 of ED-5000 to indicate which information has been assured (e.g. information marked with * represents sustainability information that has been assured).

Furthermore, as mentioned in our response to Question 4, we recommend that the IAASB include examples of unclear terms in the application materials to enhance clarity in the assurance reports and prevent the use of vague phrases like "with reference to" in the assurance reports.

We also recommend that the IAASB include an additional illustrative assurance report in Appendix 2 of ED-5000 for non-professional accountant practitioners, in particular, the "Basis for Opinion" section to cater for typical scenarios e.g. where they have followed professional standards that are at least as demanding as the IESBA Code and ISQM 1 as opposed to following those two pronouncements directly.

22. Do you agree with the approach in ED-5000 of not addressing the concept of "key audit matters" for a sustainability assurance engagement, and instead having the IAASB consider addressing this in a future ISSA? If not, what do you propose and why?

(See Explanatory Memorandum Section 1-G, paras. 121-123)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with the IAASB's view of not addressing the concept of "key audit matters" for a sustainability assurance engagement in ED-5000. Nonetheless, we adopt a cautious stance regarding the development of a future ISSA addressing this concept. From our local practitioners' perspective, this topic is not currently regarded as a top priority, primarily due to the perception that the applicability of "key audit matters" would be limited to reasonable assurance engagements.

Moreover, there are practical challenges in determining “key assurance matters” within the context of sustainability assurance, due to:

- Information relating to sustainability covers a wide range of environmental, social and governance aspects, which can be complex and multidimensional. Identifying the most critical areas for assurance within this vast landscape can be challenging.
- Different stakeholders may have varying expectations regarding the scope and focus of sustainability assurance. Balancing these expectations and aligning them with the entity’s goals and priorities can be a challenge.

23. For limited assurance engagements, is the explanation in the Basis for Conclusion section of the assurance report that the scope and nature of work performed is substantially less than for a reasonable assurance engagement sufficiently prominent? If not, what do you propose and why?
(See Explanatory Memorandum Section 1-G, para. 131)

Overall response: [Yes, with comments below](#)

Detailed comments (if any):

We agree that it is suitable to draw users’ attention to the differences in scope and nature of work performed for a limited assurance and a reasonable assurance engagement in the Basis for Conclusion section of the assurance report.

Additionally, we strongly recommend that the IAASB actively promote “sustainability assurance” among the general public to enhance their overall understanding and appreciation of the significance and impact of assurance within the field of sustainability reporting. It is crucial for stakeholders to recognize the value offered by and benefits of obtaining assurance on sustainability information, and to understand the level of assurance provided through engagements of both limited assurance and reasonable assurance.

In order to ensure consistent messaging and facilitate stakeholder understanding of the values and benefits of sustainability assurance, as well as the distinction in comfort levels between limited and reasonable assurance engagements, we urge the IAASB to consider developing promotional materials, such as slide decks or flyers with straightforward illustrations. These visual aids should effectively communicate the advantages of sustainability assurance and highlight the varying levels of confidence provided by limited and reasonable assurance engagements.

Other Matters

24. Are there any public sector considerations that need to be addressed in ED-5000?
(See Explanatory Memorandum Section 1-I, para. 135)

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

Detailed comments (if any):

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

Overall response: [Yes, as further explained below](#)

Detailed comments (if any):

Other information

ED-5000.12 states that sustainability information may be presented together with the entity's audited financial statements, for example, as a part of the entity's annual report or in a separate document or documents accompanying the annual report. In these circumstances, the audited financial statements are considered other information for purposes of this ISSA.

ED-5000.17(ee) defines "Other Information" as information not subject to the assurance engagement that is included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon.

Regarding these requirements, there could be some practical considerations of handling other information in a sustainability assurance engagement. This arises from the fact that the practitioner responsible for the audited financial statements may not be the same as the practitioner responsible for the sustainability assurance report (i.e., another CPA firm or a non-professional accountant). The competence of the sustainability assurance practitioners may be a concern when it comes to reading other information (e.g. audited financial statements) to identify any inconsistencies between the documents. In addition, when the assurance engagement covers only a small part of the sustainability information included in the annual report and the other parts of the same annual report contains the unassured sustainability information, the audited financial statements and/or management discussion and analysis, the effort needed to read those other information may be disproportionately large.

As currently drafted in ED-5000, the requirements are based on ISA 720. Non-professional accountants may not fully understand the extent of work required as they may not be conversant in reading historical financial statements.

Therefore, we request that the application material in ED-5000 clearly specifies the extent to which such review of other information should be conducted in order to fulfill the requirements. This clarification will ensure a consistent and comprehensive approach in conducting the review and to provide clear guidance to practitioners regarding the necessary procedures and level of scrutiny required.

Going Concern

The concept of "going concern" is used in ED-5000.A308 to highlight the possible consequences that the practitioner should take into account if the entity fails to comply with laws and regulations that could have a significant impact on its operations (e.g. cease of operations or raising doubts about its ability to continue as a going concern, etc.) These circumstances may have consequences on the entity's disclosures.

With regard to the concept of "going concern" in the context of sustainability assurance, apart from ED-5000.A308, there is no further guidance in ED-5000 to guide practitioners as to the expectation of work relating to going concern. Further consideration should also be given to the circumstances where the sustainability assurance practitioner and the financial statements auditor are not from the same firm and the sustainability assurance practitioner may only become aware that there is a going concern issue

when reading the financial statements as other information – which may be too late. Therefore, we recommend that the IAASB clarify the expected requirements for practitioners and provide guidance in terms of going concern in the requirements and the application material in the final standard.

Typographical errors

- The procedure in ED-5000.102L(c) is currently cross-referenced to para. A329 – A332, which cannot be located within ED-5000. These references appear to be typographical errors and should instead be cross-referenced to para. A333 – A336, which correspond to the same procedure outlined in ED-5000.102R(d).
- Para. A388R is not located in ED-5000, though it is referenced in the procedure in ED-5000.134R(a)(ii).

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

26. Translations—Recognizing that many respondents may intend to translate the final ISSA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing ED-5000.

Overall response: [No response](#)

Detailed comments (if any):

27. Effective Date—As explained in paragraph 138 of Section 1-I – Other Matters, the IAASB believes that an appropriate effective date for the standard would be for assurance engagements on sustainability information reported for periods beginning or as at a specific date approximately 18 months after approval of the final standard. Earlier application would be permitted and encouraged. Do you agree that this would provide a sufficient period to support effective implementation of the ISA? If not, what do you propose and why?

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We suggest that IAASB clarify in the transitional arrangement in ED-5000 whether ISAE 3000 (Revised) can continue to be used for sustainability assurance report until ISSA 5000 is adopted by a jurisdiction.