

## 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)	NOREA – Nederlandse Orde van Register EDP Auditors (Dutch Professional Association of Registered IT Auditors)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	<a href="mailto:norea@norea.nl">norea@norea.nl</a>
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.	<a href="#">Europe</a>
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on ED-5000). Select the most appropriate option.	<a href="#">Member body and other professional organization</a>
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Professional organization for Dutch IT Auditors (EDP Auditors), see also <a href="#">NOREA   Over NOREA</a>

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:**

**Date** : November 30, 2023  
**Reference** : AB2023-189  
**Re** : Response to IAASB's request for Comments

Dear Mr. Seidenstein,

As representatives of the Dutch Professional Organization of registered IT auditors (NOREA) we represent a large group of Information Technology/Information Systems auditors<sup>1</sup>. Our members, IT auditors (RE), are closely involved with financial statement audits as well as providing assurance regarding IT Governance, IT control, IT security, Sustainability information and Privacy directly to organizations in the Netherlands and beyond. NOREA is affiliated member of IFAC (international Federation of Accountants) and as such IT auditors as member of NOREA provide assurance and attestation services in accordance with the IFAC standards. NOREA promotes and supports developments to issue generic standards and frameworks that increase the transparency of the fast evolving risks in the area of IT with the aim to make organizations and their stakeholders more aware of the IT-challenges they face, including those related to sustainability information.

NOREA welcomes the opportunity to respond to the Exposure Draft of the Proposed International Standard on Sustainability Assurance 5000 General Requirements for Sustainability Assurance Engagements and the Proposed Conforming and Consequential Amendments to Other IAASB Standards (hereafter 'ED-ISSA5000'). We have attached the template for responses as an Annex to this letter.

### General

First and foremost we are of the opinion that the introduction of the ED-ISSA5000 is a welcome step in the right direction for standardization of assurance reporting on sustainability matters. Furthermore, we highly appreciate that the IT environment of entities is addressed in ED-ISSA5000, as we firmly believe that information systems, related processes and internal controls are at the heart of gathering, preparing, maintaining and reporting sustainability information. As such, it stands to reason that the IT environment of the entity should always be considered when performing an assurance engagement on sustainability information.

### Key information

In our review of ED-ISSA5000, we have identified a number of observations for adjustments that may be made in order to clarify the position of information systems and risks introduced as a result of the use of information systems when collecting and processing sustainability information in order to report thereon:

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<sup>1</sup> NOREA is the professional organization of IT-auditors in The Netherlands, established 30 years ago. At present, NOREA has some 1750 registered members (the Registered EDP Auditors (RE's)). All have met explicit requirements for registration. NOREA collaborates closely with NBA (the Royal Netherlands Institute of Chartered Accountants) in the domain of assurance within the financial audit. We also collaborate with global organizations such as the Information System Audit and Control Association (ISACA) and the Institute of Internal Auditors (IIA).

- While we understand that a differentiation is made between limited and reasonable assurance engagements, we are of the opinion that an understanding of the IT environment, as well as related risks and controls, should always be considered at a minimum level regardless of the level of assurance required, dependent on the extent to which sustainability matters are captured and maintained in mature IT environments. We suggest to clarify this in ED-ISSA5000 in order to ensure that risks arising from the use of information systems are appropriately addressed.
- We noted that ED-ISSA5000 refers to General IT Controls in specific paragraphs. General IT Controls such as access management and change management certainly form the basis for reliable (IT) internal controls. However, we believe that General IT Controls as applicable in, for example, financial statement assurance engagements may not always be sufficient by themselves. Judging the information processing activities requires an understanding of the data management processes as well. Controls should therefore be extended to include data governance, as well as IT dependent controls such as data quality controls and data processing controls. We recommend to ensure that the definition of these controls is broad enough to cover these additional aspects.
- We recommend to consider the impact and risks arising from the use of information systems when determining estimates or forward-looking information, as entities may use information systems in practice to determine such information.
- We recommend to include requirements with regard to information produced in/received from entities in the value chain (third parties) and assurance related to such information.

### Concluding

As stated before, NOREA is of the opinion that it and its members can play an important role in the context of sustainability reporting.

We are more than happy to illustrate our position and clarify our remarks with regard to ED-ISSA5000.

Kind regards,  
 Irene Vettewinkel – Raymakers RE  
 Chair of NOREA

## 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:** [Neither agree/disagree, but see comments below](#)

**Detailed comments (if any):**

We generally agree that ED-ISSA5000 can be used as an overarching standard and welcome the implementation of a standard as such, so that standardization for assurance reporting with regard to sustainability information may be achieved. However, we do note certain areas of improvement that may call for adjustments and further development of ED-ISSA5000 (please refer to our response to questions 4, 12, 13, 16, 18 and 19).

### 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 \(with no further comments\)](#)

**Detailed comments (if any):**

### 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 \(with no further comments\)](#)

**Detailed comments (if any):**

*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):**

NOREA is of the belief that the application of appropriate ethical requirements as well as systems for quality management are a requirement for high quality assurance engagements. NOREA therefore agrees that implementation of ISQM 1 or systems “at least as demanding” as these should be required for practitioners providing assurance based on ED-ISSA5000.

However, we note that the notion “at least as demanding” is vague in its application, as it does not describe what level is really demanded and whether every single item of ISQM 1 must be addressed or whether overarching compliance is acceptable. It is unclear how a practitioner should determine whether (local) implementations of a Code of Ethics or system for quality management is appropriate and sufficient to be considered “as least as demanding” as the IESBA Code and ISQM 1.

Furthermore, we note that in paragraph A82 where Competence and Capabilities of the Engagement Team are described, this paragraph does include “Expertise in IT used by the entity or automated tools or techniques that are to be used by the engagement team in planning and performing the engagement”. Missing from this paragraph is the notion that the engagement team should also possess the expertise and capabilities to evaluate such systems and related IT controls. We believe that practitioners evaluating such systems should be accredited IT auditing specialists.

*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 no further comments)

**Detailed comments (if any):**

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:** Not Applicable

**Detailed comments (if any):**

*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 no further comments)

**Detailed comments (if any):**

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 no further comments)

**Detailed comments (if any):**

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):**

While we agree with the approach to consider two types of materiality as sustainability information differentiates between qualitative and quantitative information, ED-ISSA5000 is unclear in its guidance for determining qualitative materiality. We recommend implementing further guidance for practitioners to determine qualitative materiality and its related aspects.

*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:** [Disagree, with comments below](#)

**Detailed comments (if any):**

We agree that a differentiation in the approach for obtaining an understanding of the entity’s system of internal control is necessary, but we disagree with the current implementation of this differentiation.

- We note and appreciate that in the A-paragraphs, specifically A333 to A336, specific topics regarding IT and related monitoring are included. From the references from paragraph 102R, these A paragraphs only seem to apply to reasonable assurance engagements.



Instead, for limited assurance engagements, only paragraphs A329 to A332 apply based on 102L. However, the paragraphs A329 to A332 are then indicated with an (R) (e.g. A329R), instead of an L. This implies that these paragraphs apply to reasonable assurance engagements, instead of limited assurance engagements. We firmly believe that an entity's IT environments and its related risks with regard to (among other factors) the reliability of information and related activities, paragraphs A329 to A332 should also be considered for limited assurance engagements, dependent on the extent to which sustainability matters are captured and maintained in mature IT environments.

Furthermore, in the current ED-ISSA5000, it is unclear how paragraphs A333 to A336 apply to limited and/or reasonable assurance engagements, as paragraph 106 implies that paragraphs A333 to A336 apply to both limited and reasonable assurance engagements, whereas paragraph 102L and 102R differentiate between the applicability of A333 to A336 (as these are only referenced in paragraph 102R).

We would highly recommend you to consider (or clarify) that paragraphs A333 to A336 also apply to limited assurance engagements, as we firmly believe that a general understanding of the IT environment of the entity is at the core of being able to determine the reliability of sustainability information.

- In addition, paragraphs 107L and 107R note the understanding of General Information Technology (IT) Controls. While General IT Controls are most definitely relevant to consider, we would like to invite you to determine whether the term General IT Controls is appropriate in regard to IT environments relevant for sustainability assurance engagements. As sustainability information will often not only be the responsibility of the entity but also other entities in the value chain, other controls over IT may also become relevant to consider regarding reliability of data, e.g. IT dependent controls such as data quality controls and data processing controls. We propose to append the current paragraphs to reflect these possibilities.
- In addition to the previous point, ED-ISSA5000 only considers IT in terms of understanding the control environment. However, even when the practitioner determines that (General) IT Controls are not necessary to be tested, there could be other reasons to consider including IT in the scope of the engagement, namely in terms of data and its integrity. This may be the case, for example, for data received from entities in the value chain where reliability is a concern.
- These comments also extend to information used by the entity. We recommend implementing clarification as to what is expected of practitioners with regard to reliability of IPE (Information Produced by the Entity) in limited as well as reasonable assurance engagements. This may include information that is produced by entities in the value chain and the implications thereof.
- We note that paragraphs A304 and A333 include that the practitioner's understanding of the entity and its environment may include an understanding of [...]. We are of the opinion that the wording may in these paragraphs leaves too much room for interpretation and possibility to exclude an understanding of the information system of the entity. Furthermore, this differs from the implementation in ISA 315.25, which states 'The auditor shall obtain an understanding of the entity's information system [...]'. We propose and highly recommend you to include this explicit use of 'shall' in ED-ISSA5000 as well, as reliability of information systems and data contained therein is a key aspect for providing assurance regarding sustainability information dependent on the extent to which sustainability matters are captured and maintained in mature IT environments.

This is also in line with the notion of paragraph A335, stating that "the entity's information system and communication are likely to involve the use of IT to collect or process data and

information". As such, we believe it would be relevant to mandate the understanding by the use of 'shall' in the aforementioned paragraphs.

- In paragraph A344 it is noted that the practitioner may test operating effectiveness of automated controls by 'identifying and testing general IT controls that are embedded in the IT system'. This wording is confusing, General IT Controls are used in maintaining an IT system but are not by default embedded *in* an IT system, as these also include controls regarding processes such as change management. We recommend changing this paragraph to reflect that General IT Controls support the functioning of automated (or computer dependent) controls but are not always embedded in the system.
- Certain risks may arise using IT and data regarding privacy and confidentiality of such data, for example if the organization must comply with the EU GDPR. These risks are currently not addressed in ED-ISSA5000. We recommend including a paragraph on the need for the understanding of such risks in the context of sustainability information.
- Lastly, we note that the terminology 'IT General Controls' and 'General IT Controls' are used interchangeably throughout ED-ISSA5000 and recommend using 'General IT Controls' as defined in ISA 315.12.d.

*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:** [No response](#)

**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:** [No response](#)

**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:** [Disagree, with comments below](#)

#### **Detailed comments (if any):**

In practice, estimates and forward-looking information may be prepared by the use of IT systems. It may be relevant to consider whether evaluation of the systems used to prepare these estimates or forward looking-information are designed appropriately and whether there are any additional risks (such accuracy of estimates and forward-looking information) present from the use of IT systems. We further recommend differentiating between limited and reasonable assurance engagements.

We recommend considering reflecting these possibilities in the A paragraphs of ED-ISSA5000.

#### *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:** [No response](#)

#### **Detailed comments (if any):**

#### *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:** [Disagree, with comments below](#)

#### **Detailed comments (if any):**

We believe that ED-ISSA5000 does not sufficiently address the topic of information that is generated outside of the entity itself, i.e. entities in the value chain. Given that most entities are required to report information from the value chain (e.g. scope 3 emissions data, workers in the value chain), it stands to reason that the practitioner should perform procedures with regard to the reliability of data/information received from entities in the value chain, assurance over such information, etc. dependent on the extent

to which sustainability matters are captured and maintained in (mature) IT environments. We believe that the requirements with regard to such information should be made more explicit in ED-ISSA5000.

#### *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:** [Disagree, with comments below](#)

#### **Detailed comments (if any):**

We believe fraud is a major topic of concern with regard to sustainability information. We believe that the risk of fraud may be higher than for e.g. the traditional financial statements audit, because systems of internal control with regard to sustainability information are (still) not as mature. This extends to the maturity of information systems used in preparation and reporting of sustainability information. We believe that fraud risks (such as unauthorized access and/or modification to systems and/or data) with regard to systems of internal control as well as information systems should be addressed more directly in ED-ISSA5000 with requirements to reflect that practitioners must consider these risks and formulate an appropriate response in their audit approach.

#### *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:** [No response](#)

#### **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:** [No response](#)

#### **Detailed comments (if any):**

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:** [No response](#)

**Detailed comments (if any):**

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 \(with no further comments\)](#)

**Detailed comments (if any):**

#### *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 response](#)

**Detailed comments (if any):**

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

**Overall response:** [No other matters to raise](#)

**Detailed comments (if any):**

All relevant matters have been raised in response to the other questions.

### **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 ISSA. If not, what do you propose and why?

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

**Detailed comments (if any):**