

Joint IAASB-IESBA Session

Sustainability Coordination Matters

	Matter	IAASB Position/ Issues Proposed ISSA 5000 (September 2024) ¹	IESBA Position/ Issues Proposed IESSA (September 2024) ²	Coordinated Approach
1.	Definitions of sustainability information and sustainability matters	<p>Sustainability information – Information about sustainability matters. (Ref: Para. A44)</p> <p>For purposes of the ISSAs:</p> <p>(a) Sustainability information results from measuring or evaluating sustainability matters against the criteria.</p> <p>(b) Sustainability information that is the subject of the assurance engagement is the equivalent of “subject matter information” in other IAASB assurance standards.</p> <p>(c) References to “sustainability information to be reported” are intended to relate to the entirety of the sustainability information to be reported by the entity, and are used primarily in the context of the practitioner’s preliminary knowledge of the engagement circumstances.</p>	<p>Sustainability Information – Information about sustainability matters.</p> <p><i>Sustainability information includes information that may be:</i></p> <ul style="list-style-type: none"> • <i>Expressed in financial or non-financial terms.</i> • <i>Historical or forward-looking.</i> • <i>Prepared for internal purposes or for mandatory or voluntary disclosure.</i> • <i>Obtained from an entity or its value chain.</i> • <i>Related to the quantitative or qualitative evaluation of an entity’s past or expected performance over the short, medium or long term.</i> • <i>Described in an entity’s governance structure, policies, plans, goals, commitments or representations.</i> 	<p>Fully aligned</p> <ul style="list-style-type: none"> • Common core definitions, using the same wording. • Essential or explanatory material included to provide specific context for the purposes of each Board’s standards. • IAASB to present as separate definitions but located together. • IESBA to present as separate definitions but under the same entry (of sustainability information).

¹ Proposed International Standard of Sustainability Assurance ISSA 5000,™ *General Requirements for Sustainability Assurance Engagements* (ISSA 5000) as reflected in [IAASB September meeting papers: Agenda Items 2-B.3 and 2-B.4](#)

² Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) as reflected in [Agenda Item 2-A](#) for the IESBA September meeting

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		<p>(d) If the assurance engagement does not cover the entirety of the sustainability information reported by the entity, the term “sustainability information” is to be read as the information that is subject to assurance. (Ref: Para. A45)</p> <p>Sustainability Matters – Environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting sustainability information.</p> <p>For purposes of the ISSAs, sustainability matters being measured or evaluated in accordance with the criteria are the equivalent of “underlying subject matter” in other IAASB assurance standards. (Ref: Para. A46-A46A)</p>	<ul style="list-style-type: none"> <i>About the effects (including risks and opportunities) of environmental, social, governance or other sustainability-related matters on an entity’s business model, activities, services or products.</i> <i>About the effects of an entity’s business model, activities, services or products on the environment, society or economy.</i> <p>Sustainability Matters – Environmental, social, governance or other sustainability-related matters as defined or described in law or regulation or relevant sustainability reporting frameworks, or as determined by the entity for purposes of preparing or presenting sustainability information.</p>	<ul style="list-style-type: none"> IAASB essential explanatory material included under the definitions as: “For the purposes of this ISSAs:” IESBA explanatory material included in italics, in accordance with the IESBA drafting convention.
2.	Definition of relevant ethical requirements (RER)	At the July meeting, the IAASB agreed to align with the wording that is now used in the requirement in para. 34. Additional amendments to remove “ordinarily” as these are the only options for RER and to address IESBA’s request that reference should be made to “provisions of” the IESBA Code. ³	N/A	Fully aligned

³ International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*

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		<p>Relevant definition in proposed ISSA 5000 (Para. 18)</p> <p>Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. Relevant ethical requirements comprise the provisions of the IESBA Code related to sustainability assurance engagements, together with national requirements that are more restrictive, or professional requirements or requirements in law or regulation that an appropriate authority has determined to be at least as demanding as the provisions of the IESBA Code related to sustainability assurance engagements. (Ref: Para. A62-A63)</p>		
3.	Firm and engagement-level quality management	<p>ISSA 5000 is premised on application of ISQM 1⁴ and the IESBA Code, or requirements that are “at least as demanding”.</p> <p>Relevant paragraphs in proposed ISSA 5000</p> <p>30. The engagement leader shall be a member of a firm that applies: (Ref: Para. A68-A72)</p> <p>(a) ISQM 1; or</p>	<p>IESSA sets out that sustainability assurance standards are based on an expectation that the sustainability assurance practitioner has a system of quality management designed, implemented and operated in accordance with applicable quality management standards. It refers to ISQM 1 as an example in the case of ISSA 5000. (Para. 5400.3f)</p>	Fully aligned

⁴ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

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		<p>(b) Professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding as ISQM 1 (Ref: Para. A73-A74)</p> <p>34. The practitioner shall comply with relevant ethical requirements, including those related to independence, that comprise: (Ref: Para. A58-A61, A64)</p> <p>(a) The provisions of the IESBA Code related to sustainability assurance engagements, together with national requirements that are more restrictive; or</p> <p>(b) Professional requirements, or requirements in law or regulation, that an appropriate authority has determined to be at least as demanding as the provisions of the IESBA Code related to sustainability assurance engagements. (Ref: Para: A62-A63)</p>		
4.	Group sustainability assurance engagements			

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4.1	Approach to groups	<p>Specific reference to group, group sustainability information, group sustainability assurance engagements and component practitioners, based on the following aligned definitions:</p> <p>Relevant definitions in proposed ISSA 5000 (Para. 18)</p> <p>Component practitioner – A firm that performs assurance work related to a component for purposes of the sustainability assurance engagement, and the practitioner is able to be sufficiently and appropriately involved in that work. References to a component practitioner include, when applicable, individuals from that firm. The individuals from a component practitioner who perform the work are members of the engagement team. (Ref: Para. A19-A20)</p> <p>Group – A reporting entity for which group sustainability information is prepared. (Ref: Para. A35)</p> <p>Group sustainability assurance engagement – An assurance engagement on group sustainability information.</p> <p>Group sustainability information – Sustainability information that includes the sustainability information of more than one entity or business unit in accordance with the criteria. (Ref: Para. A36)</p>	<p>Section 5405 specifically addresses group sustainability assurance engagements and sets out independence considerations for the group sustainability assurance firm, component sustainability assurance firms (within or outside the network), and members of the group sustainability assurance team.</p> <p>Component practitioner – A firm that performs assurance work related to a component for purposes of the group sustainability assurance engagement, and the group sustainability assurance firm is able to be sufficiently and appropriately involved in that work. References to a component practitioner include, when applicable, individuals from that firm. The individuals from a component practitioner who perform the work are members of the engagement team.</p> <p>Group – A reporting entity for which group financial statements or group sustainability information is prepared.</p> <p>Group sustainability assurance engagement – An assurance engagement on group sustainability information.</p>	Fully aligned

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		<p>Reporting boundary – Activities, operations, relationships or resources to be included in the entity’s sustainability information.</p> <p>For purposes of the ISSAs, the reporting boundary is determined in accordance with the applicable criteria. (Ref: Para. A41-A42)</p>	<p>Group sustainability information – Sustainability information that includes the sustainability information of more than one entity or business unit.</p> <p>Reporting boundary – Activities, operations, relationships or resources to be included in the entity’s sustainability information.</p>	
4.2	Component definition	<p>Component definition includes essential explanatory material for the purpose of the ISSAs stating that components include both group components and value chain components.</p> <p>Relevant definition in proposed ISSA 5000 (Para. 18)</p> <p>Component – An entity, business unit, function or business activity, or some combination thereof, within the reporting boundary, determined by the practitioner for purposes of planning and performing the sustainability assurance engagement. (Ref: Para. A18)</p> <p>For purposes of the ISSAs, a “group component” relates to a component within the reporting entity’s operational control, and a “value chain component” relates to a component outside the reporting entity’s operational control.</p>	<p>Component definition that includes both group components and value chain components.</p> <p>The value chain component will not be part of the group sustainability assurance client definition. Separate independence considerations will apply with respect to value chain components at which assurance work is performed. Part 5 will set out independence considerations applicable when the sustainability assurance practitioner (SAP) uses the work of a component practitioner or another practitioner, either of which may perform work on a group component or value chain component.</p> <p>Component – For a group sustainability assurance engagement, an entity, business unit, function or business activity, or some</p>	Fully aligned

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		<p><u>Application material:</u></p> <p>A18. For a group sustainability assurance engagement, a component may be identified within or outside of the reporting entity's operational control. The criteria may require the sustainability information to be extended to include information from a value chain entity connected to the reporting entity through its business relationships but beyond the reporting entity's operational control. Operational control is determined by the applicable criteria and may be defined or described in different ways. For example, certain sustainability reporting frameworks may define operational control as the reporting entity's ability to direct the operational activities and relationships of another entity, or a site, operation or asset.</p>	<p>combination thereof, within the reporting boundary, determined by the group sustainability assurance firm for purposes of planning and performing the group sustainability assurance engagement.</p> <p>Group component (for a sustainability assurance engagement) – see separate definition.</p> <p>Value chain component (for a sustainability assurance engagement) – see separate definition.</p> <p>Group component – For a group sustainability assurance engagement, a group component is a component [see separate definition] within the reporting entity's operational control.</p> <p>When a group component is:</p> <p>(a) A legal entity, it is the entity and any related entities over which the entity has direct or indirect control; or</p> <p>(b) A business unit, function or business activity (or some combination thereof), it is the legal entity or entities to which the business unit belongs or in which the function or business activity is being performed.</p> <p>Value chain – The value chain is a</p>	

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			<p>reporting concept that is defined, described or otherwise specified in the applicable sustainability reporting framework.</p> <p><i>The value chain might include, for example, a sustainability assurance client's customers and suppliers that are material for sustainability reporting purposes.</i></p> <p>Value chain component – For a group sustainability assurance engagement, a value chain component is a component outside the reporting entity's operational control.</p> <p>When a value chain component is:</p> <ul style="list-style-type: none"> (a) A legal entity, it is the entity; or (b) A business unit, function or business activity (or some combination thereof), it is the legal entity or entities to which the business unit belongs or in which the function or business activity is being performed. 	
4.3	Component “at which assurance work is performed”	Assurance work may be performed by the engagement team, including a component practitioner, or by another practitioner in whose work the practitioner is not able to be sufficiently and appropriately involved. Component practitioners are part of the engagement team and therefore subject to ISQM 1 or	The IESSA sets out independence requirements with respect to group components and value chain components <i>at which assurance work is performed</i> for the purposes of the sustainability assurance engagement.	<p>Aligned, but approach reflects different purposes of ISSA 5000 vs IESSA</p> <p>The requirements in ISSA 5000 are based on</p>

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		<p>requirements at least as demanding.</p> <p>Another practitioner may perform assurance or non-assurance work. ISSA 5000 paragraph 50 (see wording below) requires the practitioner to comply with RER that apply to using the work of another practitioner. Paragraph A125 (see wording below) provides the “hook” to RER.</p> <p>ISSA 5000 paragraph 95(a), which addresses strategy and planning for a group engagement, has been amended to change “procedures” to “assurance work” as shown below. The reference to “assurance work” is consistent with the wording of the definition of component practitioner and is also consistent with paragraph 22(a) of ISA 600 (Revised).⁵</p>	<p>This approach is in line with the standards applicable to group audits and it reflects the approach to the requirement in paragraph 22 of ISA 600 (Revised) below.</p> <p>Overall Group Audit Strategy and Group Audit Plan</p> <p><i>22. In applying ISA 300 the group auditor shall establish, and update as necessary, an overall group audit strategy and group audit plan. In doing so, the group auditor shall determine: (Ref: Para. A47– A50)</i></p> <p>(a) <i>The components at which audit work will be performed; and (Ref: Para. A51)</i></p> <p>(b) <i>The resources needed to perform the group audit engagement, including the nature, timing and extent to which component auditors are to be involved. (Ref: Para. A52–A56)”</i></p>	<p>whether the practitioner can be sufficiently and appropriately involved in the work of a firm other than the practitioner’s firm, whether at a group or value chain component. If the practitioner can be sufficiently and appropriately involved in such work, the other firm is a component practitioner. Component practitioners are subject to ISQM 1 or requirements at least as demanding, including RER, as they are members of the engagement team. If the practitioner cannot be sufficiently appropriately involved in such work, then the other firm is another practitioner and whether they do assurance or non-assurance work</p>

⁵ International Standard on Auditing ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

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		<p>Relevant paragraphs in proposed ISSA 5000</p> <p>Using the Work of Another Practitioner</p> <p>50. If the practitioner intends to obtain evidence from using the work of another practitioner, the practitioner shall: (Ref: Para. A123-A124)</p> <ul style="list-style-type: none"> (a) Comply with relevant ethical requirements that apply to using the work of another practitioner; (Ref: Para. A125-A126) (b) Evaluate whether that practitioner has the necessary competence and capabilities for the practitioner's purposes; (Ref: Para. A127) (c) Evaluate whether the nature, scope and objectives of that practitioner's work are appropriate for the practitioner's purposes; and (Ref: Para. A128) (d) Determine whether the evidence obtained from that practitioner's work is adequate for the practitioner's purposes. (Ref: Para. A124) <p>Using the Work of Another Practitioner (Ref: Para. 50-55)</p> <p>A123. Using the work of another practitioner may include using work that has already been completed, or that is yet to be performed but will be completed prior to completion of the practitioner's engagement. Such work may specifically relate to sustainability matters or may be other assurance or non-assurance work that, in the practitioner's judgment, is relevant to the sustainability assurance engagement. The practitioner exercises professional judgment in determining whether the work of another practitioner is relevant to, and is appropriate for purposes of the practitioner's engagement, and the extent to which such work can be used in the circumstances. The extent of the practitioner's procedures to evaluate the work of another practitioner in accordance with paragraph 50 is influenced by:</p>		<p>determines the RER that apply.</p>

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		<ul style="list-style-type: none"> • The overall significance of the work to the practitioner's engagement. For example, the greater the significance to the overall sustainability information of the disclosures for which the practitioner intends to obtain evidence from using the work of another practitioner, the more extensive the practitioner's procedures are likely to be, including communication with another practitioner and determining whether it is necessary to review additional documentation of the work of that practitioner in accordance with paragraph 54; • The ability of the practitioner to obtain access to another practitioner and their work. For example, when the work of another practitioner relates to information from a value chain component, neither the reporting entity's management nor the practitioner may have rights of access to that other firm or its work. Paragraph A135 explains circumstances in which a limitation on scope may arise in relation to using the work of another practitioner; and • Whether a one-to-many report of another practitioner is available (see paragraph 51). <p>A124. The guidance in paragraphs A136-A150 for using the work of a practitioner's expert may also be helpful when obtaining evidence from using the work of another practitioner, in particular, the considerations described in paragraphs A137 and A150.</p> <p>Complying with relevant ethical requirements that apply to using the work of another practitioner</p> <p>A125. Relevant ethical requirements may include provisions addressing the fulfillment of the practitioner's ethical responsibilities related to using the work of another practitioner. These responsibilities may vary depending on whether the work performed by another practitioner is assurance or non-assurance work.</p> <p>A126. Whether an engagement performed by another practitioner is an assurance engagement depends on the circumstances. Considerations that may be relevant in distinguishing an</p>		

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		<p>assurance engagement from a non-assurance engagement include:</p> <ul style="list-style-type: none"> • The nature of the engagement. For example, agreed-upon procedures engagements performed in accordance with International Standard on Related Services 4400⁶ and consulting (or advisory) engagements are not assurance engagements. • The nature of the procedures performed on the engagement. For example, a validation or verification engagement may be an assurance engagement if it is performed in accordance with recognized standards that enable the practitioner to design and perform procedures aimed at gathering sufficient appropriate evidence to support an assurance conclusion. • The wording of the report of another practitioner. For example, the report for an assurance engagement includes the practitioner's opinion, conclusion or other form of assurance statement based on the procedures performed and evidence obtained. Reports that only provide the practitioner's findings would not be considered assurance engagements. <p><i>Planning Activities</i></p> <p>95. For a group sustainability assurance engagement, in developing the overall strategy and engagement plan in accordance with paragraph 94, the practitioner shall determine: (Ref: Para. A286-A293)</p> <ul style="list-style-type: none"> (a) The sustainability information on which assurance work will be performed and the source of that information; (Ref: Para. A290) (b) The resources needed to perform the engagement, including component practitioner(s); and (Ref: Para. A108, A291-A293) 		

⁶ International Standard on Related Services (ISRS) 4400, *Agreed-Upon Procedures Engagements*

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		(c) Whether to obtain evidence from the work performed by another practitioner(s). (Ref: Para. A291-A293)		
5.	Another Practitioner			
5.1	Work performed in relation to a group component - engagement team vs. another practitioner	<p>Discussed the following approach at the IAASB July Board virtual meeting and IAASB staff call with IOSCO C1 on July 23 (see proposed drafting in the next row):</p> <ul style="list-style-type: none"> • If the practitioner is able to be sufficiently and appropriately involved in the work of another firm at a component, then the other firm is a component practitioner and part of the engagement team. • Presumption of sufficient and appropriate involvement in work for a group component. • “Another practitioner” (not part of engagement team) that has performed a separate engagement for a group component is a reality in practice – clarify when acceptable and what is required. <p>IOSCO C1 supported the approach, but asked for greater clarity in the application material that using the work of another practitioner involves determining whether the evidence obtained is adequate for the practitioner’s purposes. The</p>	<p>The approach for independence should be consistent and aligned with the approach taken in ISSA 5000 because the assurance standard needs to first specify who is part of the engagement team and who is outside of it. The Code cannot make that determination.</p>	Fully aligned in approach

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		IAASB added this clarity in paragraph A105 of ISSA 5000 (see below).		
		<p>Relevant paragraphs in proposed ISSA 5000</p> <p>Sufficient and Appropriate Involvement in the Work of a Firm Other than the Practitioner's Firm (Ref: Para. 43)</p> <p>A103. Paragraph 31 requires the engagement leader to be sufficiently and appropriately involved throughout the engagement. Paragraphs A75 and A79 provide examples of ways in which the engagement leader may demonstrate sufficient and appropriate involvement in the engagement. When the practitioner intends to obtain evidence from using work that has been performed, or will be performed, by a firm other than the practitioner's firm, these examples may assist the engagement leader in determining whether it is possible for the engagement leader to be sufficiently and appropriately involved in that work.</p> <p>A104. When work is performed in relation to sustainability information of a group component, there is a presumption that the practitioner would be able to be sufficiently and appropriately involved in that work.</p> <p>A105. In certain circumstances, the practitioner may become aware that a separate engagement on sustainability information for a group component has been performed by a firm other than the practitioner's firm. For example, that firm may have performed a separate assurance engagement on greenhouse gas emissions of a subsidiary that are included in the group sustainability information. Although the practitioner is unable to be involved because the separate engagement has already been completed, the practitioner may still intend to obtain evidence from using the work of that other firm for the group sustainability assurance engagement. In these circumstances, the other firm would be another practitioner and the practitioner would be required to fulfill the requirements in paragraphs 50-55, including determining whether the evidence obtained from that other practitioner's work is adequate for the practitioner's purposes. If a similar separate engagement is expected to be performed in subsequent years relating to that group component, the practitioner would be able to consider it in developing the overall strategy and engagement plan for the group engagement, including the involvement of that other firm as a component practitioner (see paragraph 95).</p> <p>A106. An inability to be sufficiently and appropriately involved in the work of a firm other than the practitioner's firm may arise because the work has already been performed, the practitioner's access to the work of that firm is restricted by law or</p>		

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		<p>regulation, or the work relates to a value chain component and neither the entity's management nor the practitioner have any rights of access to that other firm's work. Similarly, if the extent of the engagement leader's involvement does not provide the basis for determining that the significant judgments made and the conclusions reached in relation to the work of a firm other than the practitioner's firm are appropriate, the engagement leader is ordinarily not able to conclude that they can be sufficiently and appropriately involved. The engagement leader may also take account of firm policies or procedures in making the determination in accordance with paragraph 43.</p> <p>Using the Work of Another Practitioner</p> <p>50. If the practitioner intends to obtain evidence from using the work of another practitioner, the practitioner shall: (Ref: Para. A123-A124)</p> <ul style="list-style-type: none"> (a) Comply with relevant ethical requirements that apply to using the work of another practitioner; (Ref: Para. A125-A126) (b) Evaluate whether that practitioner has the necessary competence and capabilities for the practitioner's purposes; (Ref: Para. A127) (c) Evaluate whether the nature, scope and objectives of that practitioner's work are appropriate for the practitioner's purposes; and (Ref: Para. A128) (d) Determine whether the evidence obtained from that practitioner's work is adequate for the practitioner's purposes. (Ref: Para. A124) <p>51. In making the evaluation in accordance with paragraph 50(b) and determination in accordance with paragraph 50(c), if the practitioner plans to use an assurance report of another practitioner that has been designed for use by user entities and their assurance practitioners across a value chain (referred to in this ISSA as a one-to-many report), the practitioner shall determine whether that assurance report provides sufficient appropriate evidence for the practitioner's purposes by evaluating: (Ref: Para A129-A131, A292)</p> <ul style="list-style-type: none"> (a) Whether the description of the procedures performed and the results thereof are appropriate for the practitioner's purposes; and (b) The adequacy of the standard(s) under which the assurance report was issued 		

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		<p>52. If the practitioner intends to obtain evidence about the operating effectiveness of controls in accordance with paragraphs 117R or 118L, as applicable, the practitioner shall determine whether any complementary user entity controls identified in an assurance report of another practitioner are relevant to the user entity. (Ref: Para: A130)</p> <p>53. In making the determination in accordance with paragraph 50(c), the practitioner shall, to the extent necessary in the circumstances, communicate with another practitioner about the findings from another practitioner's work. (Ref: Para. A132-A133)</p> <p>54. The practitioner shall determine whether, and the extent to which, it is necessary to review additional documentation of the work performed by another practitioner. (Ref: Para. A134)</p> <p>55. If the practitioner determines that the evidence obtained from the work of another practitioner is not adequate for the practitioner's purposes, including when the practitioner is unable to obtain information to make that determination or when the practitioner is not satisfied that communications with another practitioner are adequate for the practitioners' purposes, the practitioner shall:</p> <p>(a) Determine whether the practitioner is able to obtain sufficient appropriate evidence through performing alternative procedures; and</p> <p>(b) If sufficient appropriate evidence cannot be obtained through performing alternative procedures, consider the implications for the engagement, including whether a scope limitation exists. (Ref: Para. A135)</p>		
5.2	Relevant ethical requirements applicable when a sustainability assurance practitioner (SAP) intends to use assurance or non-assurance work of another practitioner	Proposed ISSA 5000 has added a hook to the IESBA Code to indicate that relevant ethical requirements may have different provisions depending on the nature of the work (e.g., "assurance work" requires <i>independence</i> and "non-assurance work" requires <i>objectivity</i>) (paragraph A125 – see 4.3 above). Either may be conducted by another practitioner and the SAP may intend to use that work. Validation or verification engagements may fall into the scope	IESBA Sustainability Task Force proposes to include separate provisions in IESSA: <ul style="list-style-type: none"> When the SAP uses the <i>assurance work</i> of another practitioner, the International Independence Standards in IESSA requires the SAP to request confirmation/be satisfied that another practitioner is <i>independent</i> – depending on whether 	Fully aligned in approach

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		<p>of assurance work, whereas some certifications may be considered non-assurance engagements.</p> <p>Application material also has been added (paragraph A126 – see 4.3 above) that provides general principles intended to give a steer as to whether an engagement is an assurance or non-assurance engagement.</p>	<p>the assurance work is with respect to an entity within or outside the reporting entity's operational control (group component vs value chain component).</p> <ul style="list-style-type: none"> When the SAP uses the <i>non-assurance work</i> of another practitioner, the ethics standards in IESSA (Paragraph R5300.11) require the SAP to exercise professional judgment to determine the appropriate steps to take, if any, in order to fulfil the sustainability assurance practitioner's responsibilities to comply with the fundamental principles of integrity, objectivity and professional competence and due care. 	
		<p>Proposed Drafting in IESSA (Section 5300)</p> <p>Using Non-Assurance Work of Another Practitioner</p> <p>R5300.11 - A sustainability assurance practitioner who intends to use non-assurance work performed by another practitioner for purposes of a sustainability assurance engagement shall exercise professional judgment to determine the appropriate steps to take, if any, in order to fulfil the sustainability assurance practitioner's responsibilities to comply with the fundamental principles of integrity, objectivity and professional competence and due care.</p> <p>5300.11. A1 - For the purposes of this section, the non-assurance work performed by another practitioner excludes the work of an external expert. When a sustainability assurance</p>		

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		<p>practitioner intends to use the work of an external expert, the requirements and application material set out in Section 5390 apply. When a sustainability assurance practitioner intends to use assurance work performed by another practitioner for purposes of a sustainability assurance engagement, the requirements and application material set out in Section 5406 apply.</p> <p>5300.11. A2 - Factors to consider in determining the appropriate steps to take, if any, when a sustainability assurance practitioner intends to use the non-assurance work of another practitioner include:</p> <p>The reputation and competence of, and resources available to, that other practitioner.</p> <p>Whether the other practitioner is subject to applicable professional and ethics standards.</p> <p>Such information might be gained from prior association with, or from consulting others about, that practitioner.</p>		
5.3	Interpretation of “using the work of another practitioner”	<p>Another practitioner does not perform procedures on the sustainability assurance engagement; rather, the work of another practitioner is performed in the context of a separate engagement (point now added as essential application material to the definition of another practitioner in ISSA 5000, see below).</p> <p>The practitioner may intend to obtain evidence from using the work of another practitioner for the assurance engagement and such “work” may be either “assurance work” or “non-assurance work.”</p>	<p>The approach to referring to using the work of another practitioner in the IESSA should be consistent and aligned with the approach in ISSA 5000. It is not within the remit of the Code to promulgate requirements for how the assurance engagement should be carried out.</p>	Fully aligned
		Relevant definition in proposed ISSA 5000:	Relevant definition in proposed IESSA:	

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		<p>Another practitioner</p> <p>A firm, other than the practitioner’s firm, that performs work that the practitioner intends to use for purposes of the sustainability assurance engagement and the practitioner is unable to be sufficiently and appropriately involved in that work.</p> <p>For purposes of the ISSAs:</p> <p>(a) The work of another practitioner that the practitioner may intend to use for purposes of the sustainability assurance engagement is performed in the context of a separate engagement.</p> <p>(b) Individuals from another practitioner who perform the work are not members of the engagement team as they are not performing procedures on the sustainability assurance engagement. Such individuals are also not practitioner’s experts.</p> <p>(c) References to using the work of another practitioner include, when applicable, work performed by individuals from that other firm.</p>	<p>Another practitioner</p> <p>A firm, other than the sustainability assurance practitioner’s firm, that performs work that the sustainability assurance practitioner intends to use for the purposes of the sustainability assurance engagement, and the sustainability assurance practitioner is unable to be sufficiently and appropriately involved in that work.</p> <p><i>An individual from another practitioner who performs the work is neither a member of the engagement team nor a practitioner’s expert.</i></p>	

	Matter	IAASB Position/ Issues Proposed ISSA 5000 (September 2024) ¹	IESBA Position/ Issues Proposed IESSA (September 2024) ²	Coordinated Approach
6.	Transparency			
6.1	Communication with financial statement auditors	<p>Proposed ISSA 5000 is consistent or does not conflict with RER with respect to communication with the financial statement auditor:</p> <ul style="list-style-type: none"> When planning a sustainability assurance engagement (paragraph A281). Regarding non-compliance with laws and regulations (NOCLAR) (paragraph A429). Regarding material inconsistencies or misstatements in the financial statements subject to audit when it is “other information” (paragraph 173). 	<p>NOCLAR matters only.</p> <p>Following preliminary agreement by IESBA in June 2024, to adopt a similar approach to extant Code, i.e., requirement to communicate NOCLAR if the practitioners are in the same firm and (retain the ED proposal of) requirement to consider communicating if they are in the same network or different firm/network.</p>	Fully aligned
		<p>Relevant paragraphs in proposed ISSA 5000:</p> <p>A281. The nature and extent of planning activities will vary with the engagement circumstances. Examples of matters that may be considered include:</p> <p>...</p> <ul style="list-style-type: none"> Whether there are sustainability matters that may also relate to matters disclosed in the entity’s financial statements and, if so, whether communication with the auditor of the financial statements, if not prohibited by law or regulation, may be useful for planning the assurance engagement (e.g., to inform each other about common sustainability matters that may be susceptible to risks of misstatement). If such matters are identified, communication between the practitioner and the auditor of the financial statements may take place at appropriate times throughout the assurance engagement, and other matters of mutual interest may be identified during the course of the respective engagements. In some cases, authorization from 		

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		<p>management may be needed to share the entity's information with the auditor of the financial statements.</p> <p>A429. Relevant ethical requirements may include requirements addressing the practitioner's communication of instances of identified or suspected non-compliance with laws or regulations with the financial statement auditor.</p> <p>173. If the other information includes the entity's financial statements subject to audit and the practitioner identifies that a material inconsistency appears to exist between those financial statements and the sustainability information, or becomes aware that the financial statements appear to be materially misstated, the practitioner shall also communicate the matter to the auditor of the entity's financial statements, unless prohibited by law or regulation, or professional requirements.</p>		
6.2	Disclosure regarding whether or not the entity is (or is treated as) a public interest entity (PIE)	<p>Proposed ISSA 5000 mirrors ISA 700 (Revised)⁷ as updated through the IAASB PIE Track 1 project to require disclosure in the assurance report if relevant ethical requirements require the practitioner to publicly disclose when the practitioner applied independence requirements specific to sustainability assurance engagements of certain entities (such as PIE in the case of the IESBA Code) (see paragraph 187(d)(iv)A).</p>	<p>IESSA (Part 5) mirrors the requirement in the extant Code to publicly disclose when the practitioner applied independence requirements for PIEs.</p> <p>"R5400.25 - Subject to paragraph R5400.26, when a firm has applied the independence requirements for public interest entities as described in paragraph 5400.13 in performing a sustainability assurance engagement, the firm shall publicly disclose that fact in a manner deemed appropriate, taking into account the timing and accessibility of the information to stakeholders.</p>	Fully aligned

⁷ ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

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			R5400.26 - As an exception to paragraph R5400.25, a firm may not make such a disclosure if doing so will result in disclosing confidential future plans of the entity.”	
		<p>Relevant paragraphs in proposed ISSA 5000:</p> <p>187. The assurance report shall include at a minimum the following basic elements:</p> <p>...</p> <p>(d) The basis for conclusion directly following the Conclusion section, with the heading “Basis for Opinion” for a reasonable assurance report, “Basis for Conclusion” for a limited assurance report, or appropriate heading(s) for an assurance report for a combined reasonable and limited assurance engagement that:</p> <p>...</p> <p>(iv)A. If the relevant ethical requirements require the practitioner to publicly disclose when the practitioner applied independence requirements specific to sustainability assurance engagements of certain entities, the statement in accordance with part (iv) above shall indicate that the practitioner is independent of the entity in accordance with the independence requirements applicable to the sustainability assurance engagements of those entities; (Ref: Para. A548)</p>		
6.3	Disclosure of fee related information in the assurance report	Nothing needed in ISSA 5000; IESBA FAQ to clarify that if assurance report is used, disclosure can be done in the “Other reporting responsibilities” section.	<p>IESSA (Part 5) mirrors fees disclosure requirements in extant Code, including that the assurance report is one of the options for such disclosure.</p> <p>“5410.31 A3 - When disclosing fee-related information in compliance with paragraph</p>	Fully aligned

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			<p>R5410.31, the firm might disclose the information in a manner deemed appropriate taking into account the timing and accessibility of the information to stakeholders, for example:</p> <ul style="list-style-type: none"> • On the firm's website. • In the firm's transparency report. • Through targeted communication to specific stakeholders, for example a letter to the shareholders. • In the sustainability assurance report." 	
7.	Using the work of a practitioner's external expert			
7.1	Competence, capabilities and objectivity	<p>Requirements (see para. 56 and 91) are for the practitioner to evaluate the "competence, capabilities and objectivity" of the practitioner's expert or management's expert if they intend to use the practitioner's expert's work or information prepared by the management's expert as evidence.</p> <p>With respect to a practitioner's external expert, proposed ISSA 5000 includes:</p> <ul style="list-style-type: none"> • Application material to provide a "bridge" to RER that specify provisions for competence, capabilities and objectivity (CCO) of external experts, including that 	<p>When a sustainability assurance practitioner uses the work of an external expert, Section 5390 set out requirements and application material for practitioner to evaluate whether the external expert has the necessary CCO for the practitioner's purpose. Where the external expert is deemed not to be CCO, their work cannot be used by the practitioner.</p> <p>Amendments from the ED have been agreed by the Task Force:</p> <ul style="list-style-type: none"> • New AM to provide a bridge to applicable professional standards 	<p>Aligned, with the approach also reflecting different scope and purposes of ISSA 5000 vs S390 of the Code.</p> <p>Consideration of the need for any revision to ISA 620 (and other IAASB standards, as needed) as a result of the finalization of the IESBA's Experts project will be a separate exercise and has been included in the IAASB's</p>

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		<p>the practitioner is unable to use the external expert's work if that expert does not have the necessary CCO (see para. A142 below).</p> <ul style="list-style-type: none"> There is some duplication in considerations in proposed ISSA 5000, which also applies to a practitioner's internal expert, and which is RER-neutral. <p>Relevant paragraph in proposed ISSA 5000:</p> <p>Evaluating the competence, capabilities and objectivity of a practitioner's external expert (Ref: Para. 56(a)-(b))</p> <p>A142. Relevant ethical requirements applicable to the practitioner when using the work of a practitioner's external expert may include provisions addressing the fulfillment of the practitioner's ethical responsibilities related to evaluating whether an external expert has the necessary competence, capabilities and objectivity for the practitioner's purposes. Such provisions may prohibit the practitioner from using the work of a practitioner's external expert if the practitioner:</p>	<p>regarding the performance aspects of using the work of an external expert, i.e., the interaction between the evaluation of CCO and the adequacy of the external expert's work.</p> <ul style="list-style-type: none"> The Task Force notes that the perceived 'duplication' of the considerations relevant to the evaluation of CCO is necessary because of the different scope and purposes of the standards. ISA 620⁸ and ISSA 5000 only pertain to audits and assurance, respectively, including internal experts. The IESBA provisions focus on external experts not only in the audit/assurance context but also in the non-assurance services context. In addition, the IESBA provisions apply to non-professional accountants. The proposed bridge to applicable professional standards (Ref: 5390.13 A2) <p>Applicable professional standards might address:</p>	<p>Strategy and Work Plan for 2024-2027.</p>

⁸ ISA 620, *Using the Work of an Auditor's Expert*

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		<ul style="list-style-type: none"> (a) Is unable to determine whether the external expert has the necessary competence or capabilities, or is objective; (b) Has determined that the external expert does not have the necessary competence or capabilities; or (c) Has determined that it is not possible to eliminate circumstances that create threats to the expert's objectivity, or apply safeguards to reduce such threats to an acceptable level. 	<ul style="list-style-type: none"> (a) That the competence, capabilities and objectivity of an external expert are factors that significantly affect whether the work of the external expert will be adequate for the sustainability assurance practitioner's purposes; and (b) The implications for the engagement if the practitioner determines that such work is not adequate. 	
7.2	Definition or meaning of expertise	Under ISA 620, experts are those possessing expertise in a field other than assurance. Expertise is defined as – Skills, knowledge and experience in a particular field. Proposed ISSA 5000 does not include a definition of expertise. The practitioner's evaluation of an external expert's competence and capabilities would necessarily involve consideration of skills, knowledge and experience.	ED: "Expertise" – Knowledge and skills in a particular field The Task Force has proposed reinstatement of "experience" as part of expertise.	Fully aligned
8.	Effective Date and Transitional Provision	Proposed effective date for ISSA 5000 is for assurance engagements on sustainability information reported:	The IESBA Sustainability Task Force (STF) proposal is that the IESSA should be effective for assurance engagements on sustainability information reported:	Fully Aligned

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		<ul style="list-style-type: none"> For periods beginning on or after December 15, 2026, or As at a specific date on or after December 15, 2026, <p>Earlier application is permitted. See paragraph 15 and analysis of comments in Agenda Item 2-C.</p>	<ul style="list-style-type: none"> For periods beginning on or after December 15, 2026, or As at a specific date on or after December 15, 2026. <p>Regarding the sustainability reporting standards, the IESBA STF proposes the same effective date. The same date is proposed for the provisions regarding the use of the work of an external expert.</p>	