



Agenda Item 2-D

Flowcharts to Independence Requirements in Sections 5405 and 5406





A. Updated Flowcharts to Sections 5405 and 5406 as of November 29



Q1. Can the (group) firm be sufficiently and appropriately involved in the assurance work?

Yes: Section 5405

No: Section 5406

Q2 Is the assurance work performed at the client (including group component (GC)) or a value chain component (VCC)?

Client (Including GC)

Value Chain Component

Q3 Is the assurance work performed by the firm or a CP within or outside the network?

Q3. Is the assurance work performed by the firm or CP within or outside the network?

Next Slide

Firm or CP
Within Network

CP Outside
Network

Firm

CP Within
Network

CP Outside
Network

Independence of the network (i.e., group firm and network firms) from the client (including GC)
Para. R5405.9 and R5405.10

Independence of the network from the client (including GC)
Para. R5405.9 and R5405.10

Independence of the CP from the GC and entity on which group firm is reporting*
Para R5405.11-13

Independence of the firm from the VCC
Para R5405.32
*(independence not required of other network firms from the VCC)***

Independence of the network firm from the VCC
Para R5405.33
*(independence not required of the firm or other network firms from the VCC)***

Independence of the CP from the VCC
Para. R5405.34
*(independence not required of the network from the VCC)***

Q1. Can the (group) firm be sufficiently and appropriately involved in the assurance work?

Yes: Section 5405

No: Section 5406

Previous Slide

Q2 Is the assurance work performed at the client (including GC) or a VCC?

Client (Including GC)

Value Chain Component

Section 5405, Group Sustainability Assurance Engagements

Section 5406, Another Practitioner Whose Assurance Work is Used in a Sustainability Assurance Engagement

Request confirmation of independence of AP (and individuals from AP performing the assurance work) from the entity at which AP performs assurance work**

Para R5406.5

Be satisfied that AP is independent from the VCC (e.g. by statement in public report issued by AP or request confirmation from AP)

Para. R5406.6

(independence not required of the network from the VCC)**

Independence of Group Members (GSAT)

Q1 Can the (group) firm be sufficiently and appropriately involved in the assurance work?

Yes: Section 5405

No: Section 5406

Q2 Is the assurance work performed at the client (including GC) or a VCC?

Client (Including GC)

Value Chain Component

Q3 Is the assurance work performed by the firm or CP within or outside the network?

Q3 Is the assurance work performed by the firm or CP within or outside the network?

Next Slide

Firm or CP
Within Network

Independence of GSAT within, or engaged by, the network from the client (including GC)

Para. R5405.5

CP Outside
Network

Independence of GSAT within, or engaged by, CP outside of network from GC, entity on which group firm is reporting, and chain of control in between*

Para. R5405.6-8

Within Group
Firm

Independence of GSAT within, or engaged by, group firm from VCC*

Para. R5405.30A

Within Network

Independence of GSAT within, or engaged by, CP within network from VCC*

Para. R5405.30B

Outside Network

Independence of GSAT within, or engaged by, CP outside of network from VCC*

Para. R5405.31

Q1 Can the (group) firm be sufficiently and appropriately involved in the assurance work?

Yes: Section 5405

Previous Slide

No: Section 5406

Q2 Is the assurance work performed at the client (including GC) or a VCC?

Client (Including
GC)

Request confirmation of independence of AP (and individuals from AP performing the assurance work) from the entity at which AP performs assurance work*

Para R5406.5

Value Chain
Component

Be satisfied that AP is independent from the VCC* (e.g. by statement in public report issued by AP or request confirmation from AP)

Para. R5406.6

(no specific requirements regarding individuals from AP performing the assurance work)



B. Independence Requirements Applicable to Firms and Individuals Participating in the Group Sustainability Assurance Engagements

Group Sustainability Assurance Firm (GSAF)

A. GSAT is sufficiently and appropriately involved in the assurance work

At Client (Including Group Component (GC))

Performed Within or Outside Network

- Independence of GSAF from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.9**

At Value Chain Component (VCC)

Performed by GSAF

- Independence of GSAF from VCC **Para. R5405.32**

Performed by Network Firm

- Independence of GSAF is not required from the VCC

Performed Outside Network

- Independence of GSAF is not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

- Independence of GSAF from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.9**

At Value Chain Component (VCC)

- Independence of GSAF is not required from the VCC

Network (i.e. all firms within the GSAF's network)

A. GSAF is sufficiently and appropriately involved in the assurance work

At Client (Including GC)

Performed Within or Outside Network

- Independence of the network from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.10**

At Value Chain Component (VCC)

Performed by GSAF

- Independence of the network is not required from the VCC

Performed by Network Firm

- Independence of the network firm of the VCC **Para. R5405.33**

Performed Outside Network

Independence of the network is not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

- Independence of the network from group sustainability assurance client (including group components at which assurance work is performed) **Para. R5405.10**

At Value Chain Component (VCC)

- Independence of the network is not required from the VCC

Component Practitioner (CP) outside the GSAF's network

A. GSAT is sufficiently and appropriately involved in the assurance work

At Client (Including GC)

CP Within
Network

- Independence from the group sustainability assurance client
Para. R5405.10

CP Outside
Network

- Independence of the CP from the group component and entity on which GSAF is reporting*
Para. R5405.11

At Value Chain Component
(VCC)

CP Within
Network

- Independence of CP within the network from the VCC at which CP performs assurance work (but not rest of the network)
Para. R5405.33

CP Outside
Network

- Independence of CP outside the network from the VCC at which CP performs assurance work
Para. R5405.34

Members of Group Sustainability Assurance Team (GSAT) from GSAF

A. GSAF is sufficiently and appropriately involved in the assurance work

At Client (Including GC)

Performed Within or Outside Network

- Independence of GSAT members (from GSAF) from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.5**

At Value Chain Component (VCC)

Performed by GSAF

- Independence of GSAT members (from GSAF) from VCC **Para. R5405.30A**

Performed by Network Firm

- Independence of GSAT members (from GSAF) not required from the VCC

Performed Outside Network

- Independence of GSAT members (from GSAF) not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

- Independence of GSAT members (from GSAF) from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.5**

At Value Chain Component (VCC)

- Independence of GSAT members (from GSAF) not required from the VCC

Members of GSAT from Network (i.e. any firm within GSAF's network)

A. GSAF is sufficiently and appropriately involved in the assurance work

At Client (Including GC)

Performed Within or Outside Network

- Independence of GSAT members (from the network) from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.5**

At Value Chain Component (VCC)

Performed by GSAF

- Independence of GSAT members (from the network) is not required

Performed by Network Firm

- Independence of GSAT members (from the network firm) from the VCC **Para. R5405.30B**

Performed Outside Network

- Independence of GSAT members from the network is not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

- Independence of GSAT members (from the network) from group sustainability assurance client (including all group components at which assurance work is performed) **Para. R5405.5**

At Value Chain Component (VCC)

- Independence of GSAT members from the network is not required from the VCC

Members of GSAT from CP outside GSAF's network

A. GSAF is sufficiently and appropriately involved in the assurance work

At Client (Including GC)

CP Within
Network

- N/A

CP Outside
Network

- Independence of GSAT members (from CP outside GSAF's network) from the group component and entity on which GSAF is reporting*
Para. R5405.6

At Value Chain Component
(VCC)

CP Within
Network

- N/A

CP Outside
Network

- Independence of GSAT members (from CP outside GSAF's network) from VCC at which CP performs assurance work
Para. R5405.31