

# Agenda Item 2-B

## Proposed ISSA 5000 - Explanation of Significant Changes

This paper explains the significant changes and the rationale for the changes that have been made by the Sustainability Assurance Task Force (the SATF) to proposed ISSA 5000,<sup>TM</sup> *General Requirements for Sustainability Assurance Engagements* since the March 2024 meeting. This paper provides explanations for significant changes to the paragraphs discussed in March, which are indicated with yellow highlighting of the paragraph numbers (or first word in bullets) in **Agenda Items 2-A.1 and 2-A.2**. It also provides explanations for paragraphs in the proposed standard that were not discussed in March but were not the subject of a question in the Explanatory Memorandum (e.g., evidence). Minor editorial changes are not addressed in this paper.

Revisions to the remaining paragraphs in **Agenda Items 2-A.1 and 2-A.2** are explained in the various agenda papers for the questions from the Explanatory Memorandum that will be discussed in June and are referenced to the relevant papers (see **Agenda Items 2-C to 2-G**).

Certain matters are subject to ongoing coordination with IESBA. The outcomes of this coordination may result in changes to the approach and revisions to proposed ISSA 5000 detailed in this paper. These matters are indicated as a “**Matter for IESBA Coordination**” in this paper.

Paragraph references in this paper are to the respective paragraphs in **Agenda Items 2-A.1 and 2-A.2**, unless otherwise indicated.

References to “offline comments” relate to offline comments from Board members.

Reference	Significant Changes and the Rationale for Those Changes
<b>Introduction</b>	
<b>Paragraph 3A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>This paragraph was revised to address offline comments to clarify early in the proposed standard that, in the absence of indications to the contrary, framework criteria that are embodied in law or regulation or are issued by authorized or recognized organizations that follow a transparent due process are presumed to be suitable. With the related application material that was added (see below), the intent is to emphasize that the practitioner’s work effort to evaluate the suitability of such framework criteria is not extensive. See also the discussion in paragraph 33 of <b>Agenda Item 2-C</b>.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A1x: This paragraph was added to indicate that the entity may develop and implement reporting policies to apply the framework criteria. Such reporting policies may be identified as part of the preconditions (see paragraphs 72(b) and A170) but are evaluated as part of the risk assessment procedures (see paragraph 98). See also the discussion in paragraph 36(b) of <b>Agenda Item 2-C</b>.</li> </ul>
Paragraph 4	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In March, the Board asked the SATF to look to provide further clarity between “sustainability information reported” and “sustainability information subject to assurance.” In response, the SATF has made revisions to paragraph 4 and has: <ul style="list-style-type: none"> <li>Expanded the definition of sustainability information in paragraph 17(uu) to revert to wording in ED-5000<sup>1</sup> indicating that, when 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.</li> <li>Added application material (paragraph A32A) to indicate that references in ISSA 5000 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.</li> <li>Noted in paragraph A32A that sustainability 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 is other information.</li> </ul> </li> <li>With these revisions, the SATF is of the view that it is clear that, unless otherwise indicated, references to “sustainability information” in proposed ISSA 5000 mean the information subject to the assurance engagement.</li> </ul>

<sup>1</sup> Proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements, and Proposed Conforming and Consequential Amendments to Other IAASB Standards*.

Reference	Significant Changes and the Rationale for Those Changes
<b>Scope of this ISSA</b>	
<b>Paragraphs 5 and 6</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A8: This paragraph was updated to improve alignment with paragraph A58A.</li> </ul>
<b>Paragraph 6A</b>	<ul style="list-style-type: none"> <li>This paragraph was revised in response to offline comments that it was repetitive of related application material and therefore could be streamlined.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A9A-A9B: These paragraphs are now appropriately related to paragraph 6A as they relate to the types and presentation of sustainability information.</li> <li>Paragraph A9C: The SATF added this application material in response to stakeholder comments that specific provisions are needed in proposed ISSA 5000 to deal with situations where sustainability information within the scope of the assurance engagement is located in other documents or statements outside the main “sustainability statements.” This information “incorporated by reference” might be located in specific documents that are also in the scope of other assurance engagements. In this situation, appropriate communication between the different assurance providers is needed to allow for coordination and assessment of the information. The SATF is of the view that this also helps to address calls from stakeholders for proposed ISSA 5000 to address communications between the assurance practitioner and the auditor of the financial statements.</li> </ul>
<b>Definitions</b>	
<b>Paragraph 17(a1)</b>	<p><i>Definition of Another Practitioner</i></p> <ul style="list-style-type: none"> <li>The definition was revised (and similar changes made elsewhere) to avoid repeating “firm, or individuals from a firm” throughout the proposed standard. The last sentence was also revised to highlight an important point that another practitioner is neither a member of the engagement team nor a practitioner’s expert.</li> <li><b>Matter for IESBA Coordination:</b> The reference to “assurance work” was changed to “work” here and in other places throughout the proposed standard to align with other IAASB standards and to recognize that the work may be other than an assurance engagement as defined in the IAASB standards (see, for example, paragraph</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	8 of ISAE 3000 (Revised)). <sup>2</sup> The SATF also notes that this is a matter for coordination with IESBA because the nature of the work of another firm has independence implications.
<b>Paragraph 17(g1)</b>	<p><i>Definition of Component</i></p> <ul style="list-style-type: none"> <li>The definition was changed to acknowledge that a component is an entity, business unit, function or business activity, or some combination thereof, within the reporting boundary.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A13x: This paragraph was added to acknowledge that a component may be within or outside of the reporting entity's operational control. 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. Introducing these terms also facilitates references in other places in the proposed standard.</li> </ul>
<b>Paragraph 17(g2)</b>	<p><i>Definition of Component Practitioner</i></p> <ul style="list-style-type: none"> <li>The definition was expanded to incorporate wording from the application material (paragraph A13A). This was done to align with the construct of the definition of another practitioner.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A13A: The previous wording was incorporated into the definition of component practitioner as noted above. New wording has been added, consistent with paragraph A21 of ISA 600 (Revised),<sup>3</sup> to indicate that a component practitioner may be a network firm, a firm that is not a network firm, or another office within the practitioner's firm.</li> </ul>
<b>Paragraph 17(h)</b>	<p><i>Application Material to the Definition of Criteria</i></p> <ul style="list-style-type: none"> <li>Paragraph A14: The paragraph was revised for clarity using wording from the EER Guidance.<sup>4</sup></li> </ul>

<sup>2</sup> ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Statements*

<sup>3</sup> ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

<sup>4</sup> *Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements*

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 17(i)</b>	<p><i>Definition of Disclosure(s)</i></p> <ul style="list-style-type: none"> <li>Based on input from the Board in March, the SATF deleted the word “specific” as it otherwise suggested an overly granular concept (i.e., could suggest that each individual metric presented in the sustainability information is a disclosure, and therefore the practitioner would need to identify, assess and respond to the risks of material misstatement for each metric).</li> <li>In response to the Board’s direction, the SATF further considered but did not identify any references to disclosure(s) in the proposed standard that needed to be clarified to avoid confusion with financial statement disclosures.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A16 and A16A: The SATF reversed the order of these paragraphs and made revisions to: <ul style="list-style-type: none"> <li>Describe how the term “disclosure(s)” is used in this ISSA.</li> <li>Note that Appendix 1 explains the relationship between sustainability matters, sustainability information and the related disclosures.</li> <li>Note that management’s disclosures provide the <u>starting point</u> in considering whether and how certain disclosures <u>may be combined</u> by the practitioner for the purpose of planning and performing the engagement (see also the changes to paragraphs A267-A269x regarding the grouping of disclosures).</li> </ul> </li> </ul>
<b>Paragraph 17(p)</b>	<p><i>Application Material to the Definition of Engagement Team</i></p> <ul style="list-style-type: none"> <li>Paragraphs A22-A22A: Paragraph 22 was split into separate paragraphs to enhance clarity and readability based on an offline suggestion from a Board member. The wording of paragraph 22 was also revised to clearly indicate the individuals comprising the engagement team and was streamlined by leveraging the defined term “component practitioner.” The application material related to internal auditors who provide direct assistance is now in paragraph A22A.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 17(r)</b>	<p><i>Definition of Evidence</i></p> <ul style="list-style-type: none"> <li>The definition was revised to align with the latest changes agreed by the Board in the draft of proposed ISA 500 (Revised).<sup>5</sup> The IAASB's approach to incorporating material from proposed ISA 500 (Revised) was explained in paragraph 62 of the Explanatory Memorandum to ED-5000.</li> </ul>
<b>Paragraph 17(t)</b>	<p><i>Application Material to the Definition of Fraud</i></p> <ul style="list-style-type: none"> <li>See paragraph 23 of <b>Agenda Item 2-E</b> for an explanation of the changes to paragraphs A24A and A24B.</li> </ul>
<b>Paragraph 17(u1)</b>	<p><i>Application Material to the Definition of Group</i></p> <ul style="list-style-type: none"> <li>Paragraph A24C: The SATF added application material, consistent with paragraph A4 of ISA 600 (Revised), to indicate that a single legal entity organized with branches or divisions is also a group for purposes of this ISSA.</li> </ul>
<b>Paragraph 17(u3)</b>	<p><i>Application Material to the Definition of Group Sustainability Information</i></p> <ul style="list-style-type: none"> <li>Paragraph A24D: The SATF noted that, importantly, the information to be reported by a group is subject to a wider boundary than the group financial statements. The requirements for reporting sustainability information, including in relation to the reporting boundary, are driven by the criteria.</li> <li>In particular, framework criteria may specify that the sustainability information to be reported should be for the same reporting entity as the related financial statements, but may also require the sustainability information for the 'controlled' group to be extended to include value chain information outside of the reporting entity's operational control (i.e., information related to entities in the upstream or downstream value chain). Therefore, this application material was added to clarify that such information constitutes "group sustainability information" in accordance with the criteria.</li> </ul>
<b>Paragraph 17(aa)</b>	<p><i>Application Material to the Definition of Misstatement</i></p> <ul style="list-style-type: none"> <li>Paragraph A28: This paragraph was deleted and a reference to paragraph A401 was added to the definition. The reference to paragraph A406 is included in paragraph A24B (see further explanation in <b>Agenda Item 2-E</b>).</li> </ul>

<sup>5</sup> ISA 500 (Revised), *Audit Evidence*

Reference	Significant Changes and the Rationale for Those Changes
	<p>Although some respondents to ED-5000 suggested including more in the early part of the standard about the causes of misstatements, the SATF is of the view that the references in the definitions to the relevant application material paragraphs are sufficient to address the point.</p>
<b>Paragraph 17(nn)</b>	<p><i>Definition of Relevant Ethical Requirements</i></p> <ul style="list-style-type: none"> <li>The definition was streamlined further from the March draft to focus only on the core concept. The details of what relevant ethical requirements comprise is now included in paragraph 33 (see the explanation for the change in paragraph 33 below).</li> </ul>
<b>Paragraph 17(ss)</b>	<p><i>Application Material to the Definition of Substantive Procedures</i></p> <ul style="list-style-type: none"> <li>Paragraph A31A: Some respondents to ED-5000 (including a Monitoring Group member) indicated that the definition appeared to incorrectly suggest that all types of analytical procedures are “substantive analytical procedures.” Therefore, the SATF added a paragraph, based on similar wording in ISA 315 (Revised 2019),<sup>6</sup> to explain that analytical procedures performed to respond to an assessed risk of material misstatement are substantive in nature, but analytical procedures may also be used as risk assessment procedures.</li> </ul>
<b>Paragraph 17(uu)</b>	<p><b>Matter for IESBA Coordination</b></p> <p><i>Definition of Sustainability Information</i></p> <ul style="list-style-type: none"> <li>The core definition was reverted to the wording in the March draft to indicate that sustainability information is information about sustainability matters. The SATF was of the view that this is a more concise core definition that may also provide a better bridge to the proposed definition of sustainability information in the ED-IESSA.<sup>7</sup></li> <li>As described in the explanation of the change to paragraph 4 above, the SATF reverted to wording from ED-5000 in subpart (ii) of the definition to address the direction from the Board to look for ways to better differentiate between references to “sustainability information reported” and “sustainability information subject to assurance.”</li> </ul>

<sup>6</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>7</sup> IESBA Exposure Draft on *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA)

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A32: Some respondents to ED-5000 suggested that the table in paragraph A32 would be more useful if it was organized to align with the core topics in the definition of sustainability matters (i.e., environmental, social and governance). The SATF agreed and has revised the table accordingly, including revising the lead-in wording to further clarify that sustainability matters may be described in different ways in law or regulation or sustainability reporting frameworks. In revising the table, the SATF deleted the reference to economic impacts previously included under “Topics,” consistent with the SATF’s previous decision (supported by the Board) to delete references to “economic” in the definition of sustainability matters. The SATF was of the view that such economic impacts are likely to be addressed as part of impact analysis or risks and opportunities.</li> <li>Paragraph A32A: As noted in the explanation for the changes to paragraph 4 above, this paragraph was added to further differentiate between “sustainability information reported” and “sustainability information subject to assurance.”</li> </ul>
Paragraph 17(vv)	<p><b>Matter for IESBA Coordination</b></p> <p><i>Definition of Sustainability Matters</i></p> <ul style="list-style-type: none"> <li>The SATF made targeted revisions to the definition to address comments from the Board in March that the word “including” was confusing and to address the perceived circularity with the reference to “matters” in subpart (i). The SATF also added a reference to the criteria as it was of the view that the criteria will always be the starting point for the types of sustainability matters (including the topics and aspects of topics) that are required to be reported by the entity.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A32B: The SATF added this application material to address comments from stakeholders that there were minimal references to risks and opportunities. It was further noted that the concept of dependencies also is referred to in some reporting frameworks or is otherwise important to frameworks that address certain sustainability topics.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
<b>Requirements</b>	
<b>Firm-level Quality Management</b>	
<b>Paragraph 25(a)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A48A-A48B: See the explanation of the change to paragraph 33 below as this application material applies to both requirements.</li> </ul>
<b>Paragraph 29</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>In March, the Board supported the hierarchal requirement relating to firm-level quality management and the concept of “at least as demanding” as ISQM 1.<sup>8</sup> However, the Board requested the SATF to revise paragraph 29 to clarify that the application of ISQM 1 or an appropriate authority’s determination of “at least as demanding” are the preferred options and that a determination by the firm of “at least as demanding” applies only in the absence of the other options. The SATF revised the wording of subpart (c) of the requirement accordingly.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A58C: This paragraph was added to indicate that in making the determination about whether the quality management applied are at least as demanding as ISQM 1, the firm may consider whether such a determination has been made by the firm’s network or a relevant professional body.</li> </ul>
<b>Engagement-level Quality Management</b>	
<i>Relevant Ethical Requirements, Including Those Related to Independence</i>	

<sup>8</sup> 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*

Reference	Significant Changes and the Rationale for Those Changes
<p><b>Paragraph 33</b></p>	<p><b>Matter for IESBA Coordination</b></p> <p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Based on the Board’s direction in March, the SATF has added the three-tiered requirement for relevant ethical requirements to mirror the construct for quality management in paragraph 29.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A48A-A48B: The SATF added these paragraphs to support the revised requirement in paragraph 33 as described above. The wording of these paragraphs mirrors the wording in paragraphs A58B-A58C.</li> </ul>
<p><i>Engagement Resources</i></p>	
<p><b>Paragraph 42</b></p>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>As noted in the explanation for the change above to the definition of another practitioner in paragraph 17(a1), references to “assurance work” have been changed to “work” in several places throughout the standard.</li> <li>The reference to “individuals” was deleted here and in other places to avoid repeating “firm, or individuals from a firm” throughout the proposed standard. See also the explanation of the change to paragraph A87 below.</li> <li>The reference to direction, supervision and review was deleted from the lead-in as it was considered to be redundant with the application material. Paragraph A87 provides the link to the overall requirement in paragraph 30 for the engagement leader to be sufficiently and appropriately involved throughout the engagement, and paragraph A63 indicates that this may be demonstrated through direction, supervision and review.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A87: A sentence was added to indicate that references to using the work of a firm other than the practitioner’s firm includes, when applicable, work performed by individuals from that other firm.</li> <li>Paragraphs A89-A90: The references to an entity “within or outside of the entity’s organizational boundary” have been replaced with the terms “group component” and “value chain component,” consistent with paragraph A13x.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 43</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A92: The SATF revised this paragraph to better align with the requirement, which is about the engagement leader taking action if the resources assigned or made available are determined to be insufficient. The paragraph was also streamlined to eliminate redundancy with the requirement.</li> <li>Paragraph A93: This paragraph was streamlined to use the defined term “group sustainability assurance engagement” and to refer to component practitioners, as this was also deemed to be consistent with paragraph 89A(b).</li> </ul>
<b>Paragraph 47</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A105: The examples of significant judgments were reordered and streamlined but remain consistent with the key points in paragraph A92 of ISA 220 (Revised).<sup>9</sup> The SATF was of the view that additional examples could be provided in the first-time implementation guidance.</li> </ul>
<i>Using the Work of Another Practitioner</i>	
<b>Paragraph 51</b>	<p><b>Matter for IESBA Coordination</b></p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A107A: The example in the second bullet was clarified to focus on the fact that the practitioner may not be able to obtain access to the work of another practitioner for a value chain component because neither the reporting entity’s management nor the practitioner may have rights of access to that other firm or its work.</li> <li>Paragraph A107F: Paragraph 51(c) requires the practitioner to evaluate whether the nature, scope and objectives of another practitioner’s work are appropriate for the practitioner’s purposes. Therefore, this application material paragraph was revised to focus more generally on the matters the practitioner may need to obtain an understanding of to fulfill that requirement. These matters would apply regardless of whether a one-to-many report is not available.</li> </ul>

<sup>9</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

Reference	Significant Changes and the Rationale for Those Changes
<p><b>Paragraphs 51A and 51B</b></p>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>Paragraph 51A now notes that “a report of another practitioner that has been designed for the purpose of conveying assurance to other user entities and their assurance practitioners across a value chain” is referred to throughout the proposed standard as a “one-to-many report” for simplicity.</li> <li>The lead-in wording to paragraph 51A was revised to place more focus on the practitioner determining whether the one-to-many report provides sufficient appropriate evidence for the practitioner’s purposes. Subpart (a) of the requirement was clarified to refer to evaluating not only the description of the procedures performed but also the results thereof. The reference to the nature, timing and extent of such procedures was deleted as it would be part of the description of the procedures performed.</li> <li>Paragraph 51B was moved from subpart (c) of paragraph 51A and turned into a conditional requirement that applies if the practitioner intends to obtain evidence about the operating effectiveness of controls in accordance with paragraphs 107R or 108L. As a result, it conditionally applies to both limited and reasonable assurance engagements so the “R” designation on the requirement was removed.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A107G: This paragraph was revised to align more closely with the requirement and circumstances in which a one-to-many report is available.</li> <li>Paragraph A107H: This paragraph was added to acknowledge that the one-to-many report may identify complementary user entity controls that, if relevant to the user entity, may need to be designed and implemented. The related conditional requirements for the practitioner to understand such user entity controls are in paragraphs 107R and 108L.</li> <li>Paragraph A107I: s noted in the explanation above of the change to paragraph A107A, it may not be possible for a practitioner to contact value chain entities as neither management nor the practitioner may have any rights of access for entities outside of the reporting entity’s operational control. Therefore, paragraph A107I was instead revised to focus on actions by the practitioner when a one-to-many report is not available.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<i>Using the Work of a Practitioner's Expert</i>	
<b>Paragraph 54</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A111A: This paragraph was revised to focus on a practitioner's internal expert that is a partner or staff of a network firm and also to more broadly refer to firm policies or procedures for network requirements and network services established as part of the firm's system of quality management. The paragraph also was streamlined by deleting the first sentence as an internal expert that is a member of the practitioner's firm would logically be subject to the firm's quality management system.</li> <li>Paragraph A111B: This paragraph was streamlined to focus on the practitioner's ability to depend on the firm's system of quality management and the example of relying on the firm's policies or procedures for training programs to evaluate the adequacy of an internal expert's work.</li> <li>Paragraph A115: The paragraph was revised for clarity based on offline Board comments.</li> </ul>
<i>Communications Among Those Involved in the Engagement</i>	
<b>Paragraph 55A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The reference to component practitioners was deleted as component practitioners are, by definition, members of the engagement team.</li> </ul>
<b>Communication with Management and Those Charged with Governance</b>	
<b>Paragraph 62</b>	See <b>Agenda Item 2-F</b> for the explanation for the changes to the requirement and related application material.
<b>Documentation</b>	
<b>Paragraph 68(aa)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The SATF deleted this requirement as paragraph 165(e) requires the engagement leader to determine, prior to dating the assurance report, that the engagement quality review has been completed. The SATF was of the view that a specific requirement for the engagement leader not to date the assurance report before the</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	engagement quality review is completed is more robust than simply acknowledging in the engagement documentation that the review has been completed on or before the date of the practitioner's report.
<b>Preconditions for an Assurance Engagement</b>	
<i>Determining Whether the Preconditions are Present</i>	
<b>Paragraph 69-70</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A154, A155, A156, A159 and A159A: See <b>Agenda Item 2-C</b>, paragraphs 26(c)-(d).</li> <li>Paragraph A159B: In response to offline comments, the SATF made amendments to break the first sentence into bullet points to improve understandability remove an implied requirement and remove material which is not necessary to explain the purpose of the requirement, at this stage of the engagement. In addition, this paragraph was moved to reflect to order of the requirements.</li> </ul>
<i>Appropriate Sustainability Matters</i>	
<b>Paragraph 71</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A165: As this paragraph relates to the appropriateness of the sustainability matters, amendments were made to focus on the whether the resultant sustainability information can be subject to the procedures, rather than on whether sufficient appropriate evidence can be obtained, which is too early to be able to determine. In addition, availability of evidence is addressed in paragraph 73.</li> </ul>
<i>Suitability and Availability of Criteria</i>	
<b>Paragraph 72</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A166: Amendment to simplify the paragraph.</li> <li>Paragraph A167(a)(ii) and A170: See <b>Agenda Item 2-C</b>, paragraph 33-34.</li> <li>Paragraph A168: This paragraph was removed as the sources of criteria are already set out in paragraph 72(b) and the consideration of those sources is already implicit in paragraphs A167 and A169.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Paragraphs A171 and A175-A185: See <b>Agenda Item 2-C</b>, paragraph 39.</li> <li>Paragraph A186: The SATF made an amendment to remove reference to interpret/ing and replace with supplement/ing the framework criteria with entity-developed criteria, as the SATF did not consider it appropriate for the entity to interpret the framework criteria, but rather apply or supplement is necessary.</li> </ul>
<i>Evidence to Support the Practitioner's Conclusion and Form of Conclusion</i>	
<b>Paragraph 73</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Reference to a reasonable assurance engagement or a limited assurance engagement were removed to simplify the requirement, as the assurance report could also be for both reasonable and limited assurance engagements.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A188: The SATF made an amendment to align with terms used in paragraph A13x.</li> <li>Paragraph A189: See <b>Agenda Item 2-C</b>, paragraph 31(b).</li> <li>Paragraph A190L: The SATF simplified this paragraph to clarify the meaning.</li> </ul>
<i>Rational Purpose</i>	
<b>Paragraph 74</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>“Expected” was removed to be consistent with the Board’s decision in March to use “sustainability information to be reported” or “sustainability information” only throughout the acceptance and continuance phase, and to align with the new term “the entity’s process to identify sustainability information to be reported”.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A191: See <b>Agenda Item 2-C</b>, paragraph 29.</li> <li>Paragraph A201: Amendments to this paragraph were made to better align with the requirements in paragraph 72 with respect to the suitability of criteria.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<i>Preconditions Not Present After Acceptance</i>	
<b>Paragraphs 76-76A</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>• See <b>Agenda Item 2-C</b>, paragraph 30.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Paragraph A202: See <b>Agenda Item 2-C</b>, paragraph 30.</li> </ul>
<b>Evidence</b>	
<b>Paragraph 82(b)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Paragraphs A218R and A219L: Revisions were needed to paragraph A218R to address a lack of clarity in the wording in ED-5000 (i.e., some words seemed to be missing). The wording of both paragraphs was revised to align with the wording of the requirements for identifying and assessing the risks of material misstatement for a limited assurance and reasonable assurance engagement, respectively.</li> <li>• Paragraph A222: The SATF revised the second bullet to add an example related to information from the value chain.</li> <li>• Paragraph A225: This paragraph was revised for clarity based on offline comments. As previously written, the paragraph did not clearly explain that the entity's information system, including internal controls, may be more robust for quantitative information than for qualitative information, which could have implications for the practitioner's approach to designing and performing procedures for qualitative information.</li> </ul>
<b>Paragraph 83</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>• Paragraphs A235, A236 and A238: These paragraphs were revised to add more specific examples related to the value chain.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
<b>Planning</b>	
<i>Planning Activities</i>	
<b>Paragraph 89</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>A few respondents to ED-5000 noted that ISAE 3410<sup>10</sup> includes a requirement to consider whether information obtained by the engagement partner on other engagements performed by the engagement partner for the entity is relevant to identifying and assessing risks of material misstatement, and suggested including a similar requirement in proposed ISSA 5000. The SATF agreed and incorporated a similar requirement in paragraph 89, along with considering information obtained in the acceptance and continuance process.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A261: This paragraph was moved to follow paragraph A262, as it is specific to information obtained in the acceptance and continuance process, whereas paragraph A262 relates to the planning activities more broadly.</li> <li>Paragraph A262: The SATF revised the sixth bullet to note that disclosures may be materially misstated due to error or fraud and deleted the eighth bullet as the risk of fraud is always relevant to the engagement.</li> <li>Paragraphs A266-A269:</li> </ul> <p><u>Overview</u></p> <p>In March, the Board had mixed views about the practitioner’s approach to identifying and assessing risks of material misstatement, including how materiality is applied in doing so. Two different schools of thought were expressed:</p> <ul style="list-style-type: none"> <li>The first position was that management’s “materiality process” leads to the disclosures that management has determined are material based on the information needs of intended users. Therefore, the practitioner should view all of the disclosures as being material and therefore identifies, assesses and responds to the risks of material misstatement of all disclosures accordingly.</li> </ul>

<sup>10</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>○ The second position was that the practitioner’s materiality applied on the engagement is different from management’s “materiality assessment.” In addition, while management’s disclosures provide a starting point for the practitioner’s approach to the engagement, the practitioner may decide that grouping the sustainability information differently may provide for a more effective approach (as acknowledged in paragraph A267 of ED-5000).</li> <li>○ The practitioner’s decision, which is iterative, is based on the practitioner’s understanding obtained from performing risk assessment procedures and applying the practitioner’s materiality lens, i.e., the practitioner will group the disclosures in a logical way that takes into account, among other matters, the information needs of intended users. The practitioner then identifies and assesses the risks of material misstatement at the disclosure level (for limited assurance) or at the assertion level for the disclosures (for reasonable assurance) and plans and performs further procedures to respond to the assessed risks.</li> </ul> <p><u>SATF views and recommendations</u></p> <ul style="list-style-type: none"> <li>• The SATF’s view was in line with the second position described above. Accordingly, in response to the Board discussion and input in March, the SATF made several revisions to this section of application material, including the following: <ul style="list-style-type: none"> <li>○ Paragraph A266: Added as the first bullet the information needs of intended users. This was done because this is a key matter for both management in determining how to aggregate or disaggregate the sustainability information for purposes of presentation, and for the practitioner in determining the most appropriate approach to the engagement. In addition, the SATF clarified the fourth bullet to address whether entities are within or outside the reporting entity’s operational control, for example, value chain entities.</li> <li>○ Paragraph A267: Revised to focus on the core concept of using management’s disclosures as a starting point and considering whether there are other logical ways of grouping the information for purposes of planning and performing the engagement. The SATF noted that this concept of grouping was already addressed in ED-5000. Only a few respondents to ED-5000 commented specifically on paragraphs A267 and A269, but those that did supported the concept and the guidance provided.</li> <li>○ Paragraph A267A: Created this new paragraph to emphasize that factors that may be relevant to the practitioner’s decision about grouping disclosures include those in paragraph A266 as well as preliminary</li> </ul> </li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>expectations about the risks of material misstatement. The SATF concluded that the other factors in paragraph A267A were addressed in paragraph A266 (for example, the nature and extent of commonality of controls) or are not relevant to the practitioner's decision about grouping (for example, information about work performed on information from other entities within the organizational boundary or value chain).</p> <ul style="list-style-type: none"> <li>○ Paragraph 268: The SATF noted that some respondents to ED-5000 questioned the placement of this paragraph or indicated that the intent was not clear. Similar comments also were received offline from a Board member. Therefore, this paragraph was moved to the application material on materiality (paragraph A270B) as it more closely relates to the requirement in paragraph 91 and also creates an important and helpful link between the grouping of disclosures and the application of materiality.</li> <li>○ Paragraph A269: Expanded this paragraph to note that the practitioner's decision about grouping disclosures is a matter of professional judgment. This point was made by respondents to ED-5000 that commented on and supported the guidance in this paragraph. A sentence also was added to indicate that care is needed when grouping to make sure that risks of material misstatement are identified and assessed and responded to appropriately. This is similar to the point in paragraph A20 of ISA 600 (Revised), which was added to make sure that risks of material misstatement of the group financial statements are not overlooked if the financial information of certain entities or business units is considered together for purposes of planning and performing audit procedures. For a sustainability assurance engagement, the practitioner's responsibility for the identification and assessment of the risks of material misstatement of the sustainability information subject to the assurance engagement does not change if the practitioner decides to group the disclosures for purposes of planning and performing the engagement.</li> <li>• The SATF also noted that the application material described above relates closely to the application material in the risk assessment section, specifically paragraphs A348A-A351. See the related explanations below for the changes to those paragraphs.</li> </ul>
<b>Paragraph 89A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>• The SATF revised this paragraph to refer to the defined term "group sustainability assurance engagement" and added a new subpart (c) to address separately whether the practitioner intends to obtain evidence from the work performed by another practitioner. The separate sub-requirement was added to align with the separate</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>requirements in the proposed standard for using the work of another practitioner, including whether a one-to-many report may be available.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A269B: The reference to another practitioner in the second sub-bullet of the first bullet was deleted because the centralization of the entity's system of internal control is more likely to be a consideration for the controlled group, and it is more likely that component practitioners would be involved if necessary. A bullet also was added to address management's process for obtaining information from the value chain.</li> <li>Paragraph A269D: Various changes were made to this paragraph to replace previous references to source entities with references to components, including, where applicable, references to group components or value chain components.</li> <li>Paragraph A269E: Previous paragraphs A269E and A269EA were combined and streamlined as part of the SATF's overall review of the length and complexity of the application material.</li> <li>Paragraph A269F: This paragraph was deleted as it went beyond planning and, in the view of the SATF, paragraphs A269B and A269D are broad enough to address planning considerations for information from the value chain and paragraph A269E addresses the notion of one-to-many reports.</li> </ul>
<i>Materiality</i>	
<b>Paragraph 91</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A270A: In response to an offline comment querying whether this sentence only relates to qualitative disclosures, the SATF clarified this point and amended further to explain what "considering" means in the context of CUSP.<sup>11</sup> In addition, to provide further clarify the sentence was moved into a separate paragraph and further amendments made, including linking to the list of qualitative factors in paragraph A278.</li> <li>Paragraph A270B: This paragraph had been added to the planning section for the March meeting to link materiality to the way the practitioner groups the disclosures for the purposes of the engagement. However now, further application material has been added to planning to address more fully the "grouping" of disclosures. As</li> </ul>

<sup>11</sup> Complexity, Understandability, Scalability and Proportionality Drafting Principles and Guidelines

Reference	Significant Changes and the Rationale for Those Changes
	<p>a result of an offline comment, this paragraph specific to materiality has been moved to the materiality section and linked to the application material in planning.</p> <ul style="list-style-type: none"> <li>Paragraph A272: The SATF made an amendment to remove “taken as a whole” as this term has not been used in the standard, as users of sustainability information do not necessarily make decisions on the basis of the information as a whole, as that information can comprise very disparate disclosures. In addition, an amendment has been made to refer to the importance of issues to users, rather than materiality, as that is the result of the analysis described in this example.</li> <li>Paragraph A278: Amendment made to clarify that this application material related to qualitative disclosures and to soften the final bullet point.</li> <li>Paragraph A279A: As a result of respondent comments, this application material was separated from paragraph A279 to highlight that qualitative factors may impact quantitative materiality, as a quantitative disclosure can be misstated because of relevant qualitative considerations.</li> </ul>
<b>Paragraph 91A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>At the March 2024 meeting, the Board agreed to a conditional requirement for the practitioner to apply double materiality when considering or determining materiality, if the applicable criteria require it to be applied by the entity. Paragraph 91A has been referenced to existing application material explaining double materiality which has been relocated to paragraphs A281A and A301G to align with the order of the requirements.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A281A: This application material on double materiality was moved to align with the order of the requirements. Amendments were made to remove duplication with the new requirement paragraph 91A and to remove the sentence stating that this would ordinarily lead to a single materiality, which was confusing some respondents to ED-5000. Referring to double materiality leading to a single materiality is seemingly contradictory and single materiality is a term commonly used in a different context, specifically when sustainability reporting only relates to one materiality perspective.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<i>Revision of Materiality as The Engagement Progresses</i>	
<b>Paragraph 92</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A283: This paragraph was amended to align with a risk assessment for limited assurance.</li> <li>Paragraph A284: Amendments were made to align terms used with the requirement to “determine” performance materiality and to align with inclusion of a risk assessment for limited assurance engagements.</li> <li>Paragraph A284A: This paragraph was amended to address the Board’s comments in plenary that this paragraph needed to better explain the basis of performance materiality and how it addresses aggregation risk. While the Board made a number of suggestions as to how this can be clarified, including relating the disaggregation to the assurance procedures, the SATF decided to align closely with the application material in ISA 600 (Revised) (paragraph A118) regarding performance materiality. ISA 600 (Revised) is the most relevant and recent thinking of the IAASB on the approach to performance materiality.</li> </ul>
<b>Risk Assessment Procedures</b>	
<i>Designing and Performing Risk Assessment Procedures</i>	
<b>Paragraph 94L</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A288A: The paragraph was revised to clarify that inquiries alone ordinarily are not sufficient to identify and assess the risks of material misstatement at the assertion level for the disclosures for a reasonable assurance engagement.</li> </ul>
<i>Determining the Suitability of the Applicable Criteria and Evaluating their Appropriateness of their Application</i>	
<b>Paragraph 97A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>An amendment to clarify that this requirement only applies to “applicable” criteria, being the criteria used for the particular sustainability assurance engagement.</li> <li>See <b>Agenda Item 2-C</b>, paragraph 39(a).</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A299, A301A and A301B-A301M: See <b>Agenda Item 2-C</b>, paragraph 39.</li> <li>Paragraph A300: See <b>Agenda Item 2-C</b>, paragraph 36(c). In addition, in response to offline comments, the SATF introduced additional guidance about transitional relief arrangements that may exist in law, regulation or framework criteria, and may therefore be relevant to management's application of the criteria. Transitional relief may be in relation to reduced disclosure obligations over a certain period or in respect to data and information required to prepare the sustainability information. The SATF recognized that transitional relief exists in financial reporting also, but are not addressed in the application material in the ISAs.<sup>12</sup> However, it was felt important to bring this to the practitioner's attention in ISSA 5000, given such relief has been included in a sustainability reporting frameworks such ISSB<sup>13</sup> standards and ESRS<sup>14</sup> to alleviate the reporting readiness challenges, given the varying levels of maturity in sustainability reporting across jurisdictions.</li> </ul>
<b>Paragraph 98</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>See <b>Agenda Item 2-C</b>, paragraph 36(a).</li> </ul>
<i>Understanding the Entity and Its Environment</i>	
<b>Paragraph 99</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Subpart (c) of the requirement was changed to refer to sustainability matters to align with the definition of sustainability matters (see paragraph 17(vv)(iii)).</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A306: A similar change was made to the application material to align with the definition.</li> </ul>

<sup>12</sup> International Standards on Auditing

<sup>13</sup> The International Sustainability Standards Board

<sup>14</sup> The European Sustainability Reporting Standards

Reference	Significant Changes and the Rationale for Those Changes
<i>Understanding Components of the Entity's System of Internal Control</i>	
<b>Paragraphs 102L/102R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A317: The SATF deleted the reference to “management misrepresentation” based on an offline comment that this term is not used elsewhere in the standard and may not be well understood.</li> </ul>
<b>Paragraphs 104L/104R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A324: The “R” designation was removed from this paragraph as it was deemed to be equally applicable to limited assurance engagements, e.g., the criteria may require the entity to identify and provide information about sustainability-related risks and opportunities, or the process(es) by which sustainability-related risks and opportunities are identified, assessed and managed for both limited and reasonable assurance engagements. In addition, the risk that the sustainability information reported may be incomplete also exists for both types of engagements.</li> </ul>
<b>Paragraphs 105L/105R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A326B: New application material paragraph was added to explain that a lack of results from the entity's process for monitoring the system of internal control did not mean that controls are operating effectively.</li> <li>Paragraph A328R: This paragraph was streamlined for clarity in response to offline comments.</li> </ul>
<b>Paragraph 105A</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>See <b>Agenda Item 2-D</b>, paragraph 30.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A333: This paragraph was amended to be more specific about the basis for determining the relevant aspects of the information system and the other procedures that may be necessary.</li> <li>Paragraph A334A: Amended to caveat the reduction in risk based on the “degree to which” the framework specifies the sustainability information to be reported and to add that the risk may be lower due to the opportunity for management bias.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Paragraph A334C: Amended to reflect the wording of the requirement.</li> </ul>
<b>Paragraph 107R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Subpart (a) of the requirement was split into two further sub-parts to incorporate a requirement for the practitioner to understand, if applicable, any complementary user entity controls identified in a one-to-many report of another practitioner that are determined to be relevant to the user entity in accordance with paragraph 51B.</li> <li>The wording of subpart (d) was revised to be consistent with ISA 315 (Revised 2019).</li> </ul>
<b>Paragraph 108L</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Consistent with the change to paragraph 107R, subpart (a) of the requirement was revised to incorporate a requirement for the practitioner to understand, if applicable, any complementary user entity controls identified in a one-to-many report of another practitioner in accordance with paragraph 51B.</li> </ul>
<i>Identifying and Assessing the Risks of Material Misstatement</i>	
<b>General</b>	<ul style="list-style-type: none"> <li>As described above in the explanation of the changes to paragraph 89 and the related application material for planning the engagement, the Board's discussion and input in March also related to the approach for identifying and assessing the risks of material misstatement. Therefore, the changes to the application material described below are intended to better differentiate the risk assessment process for limited and reasonable assurance engagements, including providing a link to the practitioner's decisions on combining disclosures (as described in paragraphs A266-A269) and how materiality is applied in that process.</li> </ul>
<b>Paragraphs 110L/110R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A348A-A348CL: These paragraphs were added to explain the foundation for the identification and assessment of risks of material misstatement. Paragraph A348B explains the concepts of likelihood and magnitude, which are then further explained as part of the concept of the spectrum of risk in paragraph A349. Paragraph A348CL explains the reasons for the difference between the risk identification and assessment for limited assurance and reasonable assurance engagements.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Paragraph A349A: This paragraph provides an important link to the application material related to the practitioner's grouping of disclosure. It is intended to help address concerns about the level at which the risk identification and assessment is done. See also the explanation for paragraphs A350B-A350C.</li> <li>Paragraph A349B: This paragraph was added to explain the concept of a "deep dive" in a limited assurance engagement as required by paragraph 134CL.</li> <li>Paragraph A350A: The SATF added this paragraph in response to offline comments requesting application material and an example for how the practitioner may address risk identification and assessment for a qualitative disclosure.</li> <li>Paragraphs A350B-A350C: As explained above, these paragraphs were added to help address concerns about the level at which the risk identification and assessment is done, including concerns about whether it would need to be done for each individual metric presented or, for reasonable assurance, for each relevant assertion for each metric presented. These paragraphs link back to the practitioner's decision about grouping disclosures for the purpose of planning and performing the engagement, and clarify that the practitioner may treat an entire group of metrics as a disclosure and depending on the facts and circumstances, may determine that the risks of material misstatement are at an acceptable level and therefore no further procedures are needed.</li> </ul>
Paragraph 110AR	<ul style="list-style-type: none"> <li>See <b>Agenda Item 2-E</b>, paragraphs 12-15.</li> </ul>
<i>Evaluating the Evidence Obtained from the Risk Assessment Procedures</i>	
Paragraph 111	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A356: This paragraph was revised to provide a link to the overall responses in paragraphs 116L/R, which are required if the practitioner identifies risks of material misstatement pervasively throughout the sustainability information.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Responding to Risks of Material Misstatement</b>	
<b>Paragraphs 114L/114R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A359A: The last sentence of this paragraph was deleted because paragraph 115 requires the practitioner to obtain more persuasive evidence the higher the practitioner's assessment of risk.</li> <li>Paragraph A360: The wording of the second bullet was revised to align with the wording in paragraphs 114L/R and 115. The third bullet was revised to include a reference to component practitioners and to acknowledge that it may be necessary to involve others in obtaining evidence from group components or value chain components.</li> </ul>
<i>Overall Responses</i>	
<b>Paragraphs 117A and A370A</b>	<ul style="list-style-type: none"> <li>See <b>Agenda Item 2-E</b>, paragraphs 20-21.</li> </ul>
<i>Tests of Controls</i>	
<b>Paragraph 123</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The wording of the requirement was revised to be consistent with other references in the proposed standard to a risk of material misstatement assessed "close to the upper end" of the spectrum of risk.</li> </ul>
<i>Substantive Procedures</i>	
<b>Paragraphs 126L/126R</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Paragraph 126L was deleted in response to offline comments indicating that it was simply repeating the requirement in paragraph 114L and therefore was unnecessary. In addition, by definition further procedures include tests of controls and substantive procedures. The related application material in paragraph A377L also was deleted as the points are addressed elsewhere in the proposed standard, including paragraph 7 regarding the level of assurance.</li> </ul>

Proposed ISSA 5000 -- Explanation of Significant Changes  
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Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Paragraph 126R was revised to eliminate the repetition with paragraph 114R and to focus on the incremental requirement for the further procedures to include substantive procedures that are responsive to each risk for which the assessment of that risk is close to the upper end of the spectrum of risk.</li> </ul>
<b>Paragraph 127</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A376: The last two sentences were deleted as these points are addressed elsewhere in the proposed standard, including in the application material for risk identification and assessment.</li> </ul>
<i>Estimates and Forward-Looking Information</i>	
<b>Paragraph 133AR</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>See <b>Agenda Item 2-D</b>, paragraph 30.</li> </ul>
<b>Paragraphs 134L/134R</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A391: See <b>Agenda Item 2-D</b>, paragraph 22.</li> <li>Paragraph A391A: See <b>Agenda Item 2-D</b>, paragraph 24.</li> <li>Paragraph A391BR: See <b>Agenda Item 2-D</b>, paragraph 23.</li> <li>Paragraph A392AL, A393R(d): See <b>Agenda Item 2-D</b>, paragraph 31 &amp; 33.</li> <li>Paragraph A396AR-A396BR: See <b>Agenda Item 2-D</b>, paragraph 33.</li> </ul>
<i>Revising the Risk Assessment and Performing Additional Procedures If Necessary</i>	
<b>Paragraphs 134BL-134CL and 134BR</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>In March, the Board supported the requirements with respect to the practitioner's revision of the risk assessment due to new information. However, the Board requested that, for limited assurance engagements, the SATF further clarify the procedures to be performed if the practitioner becomes aware of a matter that causes the practitioner to believe the sustainability information may be materially misstated. The Board also asked the</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>SATF to consider a better link between this “deep dive” and the assessment of risks of material misstatement at the disclosure level in a limited assurance engagement.</p> <ul style="list-style-type: none"> <li>• In response, the SATF made the following changes: <ul style="list-style-type: none"> <li>○ Changed the subheading to “Revising the Risk Assessment and Performing Additional Procedures If Necessary” to encompass both the revision to the risk assessment, if applicable, and performing additional procedures if necessary.</li> <li>○ Retained the side-by-side presentation to be more consistent with the way in which these requirements are presented in paragraphs 49L and 49R of ISAE 3410.</li> <li>○ Changed paragraph 134BL to focus on revising, if necessary, the risk assessment if the practitioner obtains information that is inconsistent with the evidence upon which the practitioner originally based the identification and assessment of the risks of material misstatement at the disclosure level. As explained in paragraph A348CL, the information on which the practitioner bases the risk assessment in a limited assurance engagement is less detailed than for a reasonable assurance engagement because the depth and breadth of the practitioner’s understanding is different. Therefore, if the practitioner obtains new information to indicate that the original risk assessment was incorrect, the practitioner would need to revise the risk assessment, if necessary.</li> <li>○ Paragraph 134CL is the “deep dive” for a limited assurance engagement and remains unchanged. As explained in paragraph A349B, the practitioner’s expectation about a misstatement occurring, and being material if it were to occur, is less specific than for a reasonable assurance engagement because it is based on more limited information. Therefore, if in the course of performing procedures to respond to the assessed risks, matters come to the practitioner’s attention that indicate the sustainability information may be materially misstated, the practitioner is required to perform additional procedures to either conclude that the matter(s) is not likely to cause the sustainability information to be materially misstated.</li> <li>○ The requirement in paragraph 134BR(b) is conceptually similar to the “deep dive” for limited assurance. The information on which the practitioner bases the risk assessment in a reasonable assurance engagement is more detailed than for a limited assurance engagement because the depth and breadth of the practitioner’s understanding is more extensive. However, if the practitioner becomes aware of a matter that indicates the original risk assessment was incorrect, the risk assessment would need to be</li> </ul> </li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<p>revised, if necessary, and the planned procedures modified accordingly in order to obtain sufficient appropriate evidence on which to base the reasonable assurance conclusion.</p> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A396C: This paragraph was added in place of previous paragraph A386L (which has now been deleted) as it applies to both limited and reasonable assurance engagements.</li> <li>Paragraph A396ER: This paragraph was added to be consistent with paragraph A396D.</li> <li>Paragraph A396H: The SATF added this paragraph to clarify that the practitioner's conclusion that the matter(s) is not likely to cause the sustainability information to be materially misstated is made in the context of the overall limited assurance conclusion. Therefore, depending on the circumstances, the additional procedures needed as part of the "deep dive" may be more extensive, and the nature and extent of evidence that may be required for the practitioner to conclude on the matter may be the same as for a reasonable assurance engagement.</li> </ul>
<i>The Entity's Process for Assembling the Sustainability Information</i>	
<b>Paragraph 135AAR</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>See <b>Agenda Item 2-E</b>, paragraphs 12-15.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A397AR: See <b>Agenda Item 2-E</b>, paragraph 15.</li> </ul>
<b>Paragraphs 135AL-135AR</b>	<p><i>Requirements</i></p> <ul style="list-style-type: none"> <li>This requirement was amended to use the defined term "group sustainability information" and the sub-paragraphs were reordered to reflect the order of the practitioner's considerations.</li> <li>An additional sub-requirement 135AR(a) was added regarding understanding how management aggregate information for reasonable assurance to align with the requirement for limited assurance, but not limited to inquiry, as for limited assurance.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
	<ul style="list-style-type: none"> <li>Sub-paragraph 135AR(b) was deleted as adjustments are already addressed in detail in paragraphs 135 and 135AAR. In response to offline comments, subparagraph 135AR(c) was deleted as it is unclear and more relevant to the evaluation of misstatements and is addressed in related application material.</li> </ul>
<b>Accumulation and Consideration of Identified Misstatements</b>	
<b>Paragraph 137</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A399: An amendment was made to reflect that the determination of materiality of accumulated misstatements relates to “disclosures” rather than “sustainability information”, as materiality cannot ordinarily be considered as a whole for the sustainability information that may relate to disparate aspects of topics.</li> <li>Paragraph A403A: This paragraph was amended for understandability and better link to paragraph A403.</li> </ul>
<b>Paragraph 138</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A407(a): Amendments were made to reflect the adoption of a risk assessment for limited assurance.</li> <li>Paragraph A411A: An amendment was made to address an implied requirement.</li> </ul>
<b>Evaluating the Description of Applicable Criteria</b>	
<b>Paragraph 145</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraphs A426(a): [This mirrors the wording from ISA 210<sup>15</sup> agreed with the SATF and included in para A170]</li> <li>Paragraphs A426(b): [Changed the application material in order to separate the entity's policies from the entity-developed criteria in paragraph A426(c).]</li> </ul>

<sup>15</sup> ISA 210, *Agreeing the Terms of Audit Engagements*

Reference	Significant Changes and the Rationale for Those Changes
<b>Subsequent Events</b>	
<b>Paragraph 146</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A429L: The second sentence was deleted as it is already implied in the requirement in paragraph 146(b) that the practitioner's evaluation is linked to the applicable criteria and may suggest that additional considerations are necessary for a limited assurance engagement compared to a reasonable assurance engagement, which is not the case.</li> </ul>
<b>Written Representations from Management and Those Charged with Governance</b>	
<b>Paragraph 148</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>An amendment was made to align with the requirements for assumptions used in making estimates and preparing forward-looking information by replacing “reasonable” with “appropriate”.</li> </ul>
<b>Other Information</b>	
<b>Paragraph 158</b>	<ul style="list-style-type: none"> <li>See <b>Agenda Item 2-F</b>, paragraphs 20 -22.</li> </ul>
<b>Forming the Assurance Conclusion</b>	
<b>Paragraph 162</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A450L and A451: The SATF deleted this paragraph, because it was no longer required as the practitioner now performs risk assessment procedures for both limited and reasonable assurance engagements.</li> <li>Paragraph A451: The SATF amended this paragraph to make in applicable to both limited and reasonable assurance engagements, for the reason above.</li> </ul>
<b>Paragraph 163</b>	<ul style="list-style-type: none"> <li>See <b>Agenda Item 2-E</b>, paragraph 17.</li> </ul>



Reference	Significant Changes and the Rationale for Those Changes
<b>Preparing the Assurance Report</b>	
<b>Paragraph 168-169</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A464: The SATF considered that it needed to be clear that the illustrative reports in Appendix 2 only reflect the content required to be included in the practitioner's report, not additional matters that may be applicable in certain circumstances or content addressed in the application material. Consequently, the SATF added further clarification in this paragraph that the illustrative reports are limited only to the basic elements required to address the stated fact pattern and that further matters may be necessary in the circumstances of the engagement. The SATF's intention is that these illustrative reports not be treated as boilerplate.</li> </ul>
<b>Paragraph 170(a)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The SATF revised the requirement to also allow for combined limited and reasonable assurance engagement reports.</li> </ul>
<b>Paragraph 170(c)(iv)</b>	<ul style="list-style-type: none"> <li>See <b>Agenda Item 2-G</b>, paragraphs 38-41.</li> </ul> <p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A469A: The SATF added this application material paragraph to address an offline comment about the need for the proposed standard to address situations when the sustainability information refers to assurance reports from another practitioner. The SATF was of the view that this was best addressed by providing guidance indicating that the practitioner may clearly identify such references as not being subject to the assurance engagement, as noted in the second bullet of paragraph A469.</li> </ul>
<b>Paragraph 170(c)(vii)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A473: See <b>Agenda Item 2-C</b>, paragraph 36.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<p><b>Paragraph 170(d)(iv)(a)(ii)</b></p>	<p><b>Matter for IESBA Coordination</b></p> <p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The SATF added an additional requirement in response to Board's suggestion for the SATF to consider including a requirement for the assurance report to identify who made the determination that the professional requirements, or requirements in law or regulation applied by the practitioner are at least as demanding as the provisions of the IESBA Code.</li> </ul> <p><i>Appendices</i></p> <ul style="list-style-type: none"> <li>Appendix 2, Illustrations 1-4: The SATF updated the Basis for Conclusion/Opinion in all of the illustrative reports to disclose the title or identifier of requirements and name of the appropriate authority in addition to the jurisdiction, as the relevant ethical requirements include requirements relating to assurance engagements in the jurisdiction, in accordance with paragraph 170(d)(iv)a in <b>Agenda Item 2-A.1</b>.</li> </ul>
<p><b>Paragraph 170(d)(iv)b.</b></p>	<p><b>Matter for IESBA Coordination</b></p> <p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>Following coordination with IESBA, the SATF added a requirement to enhance transparency about the relevant ethical requirements for independence applied for certain entities when performing sustainability assurance engagements in order to operationalize the requirement in the IESBA Code<sup>16</sup> that, when a firm has applied the independence requirements for public interest entities (PIE) in performing a sustainability assurance engagement of an entity, the firm publicly disclose that fact. This requirement is adapted from ISA 700 (Revised)<sup>17</sup> paragraphs 28(c) that addresses the PIE Track 1 amendments.<sup>18</sup> The existing requirement for PIEs in the IESBA Code Part 4A has been mirrored in ED-IESSA. This requirement is subject to the final amendments to the Code arising from ED-IESSA.</li> </ul>

<sup>16</sup> IESBA Code, paragraphs R5400.25-R5400.26.

<sup>17</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

<sup>18</sup> Listed entity and public interest entities (PIEs) amendments to address revisions to the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as a result of IESBA's project on the definitions of listed entity and PIE, with an effective date of the revisions for audits and reviews of financial statements for periods beginning on or after December 15, 2024.

Reference	Significant Changes and the Rationale for Those Changes
	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A478A: Application material was adapted from ISA 700 (Revised) paragraph A35A to provide guidance for the new requirement reflecting PIE track 1 amendments. This application material is subject to the final amendments to the Code arising from ED-IESSA.</li> </ul> <p><i>Appendix 2</i></p> <ul style="list-style-type: none"> <li>Illustration 1: The SATF updated this illustrative report for listed entities, to reflect the PIE track 1 amendments, in particular: <ul style="list-style-type: none"> <li>The fact pattern to reflect the fact that the IESBA Code and the ethical requirements relating to the assurance engagement in the jurisdiction include independence requirements that are applicable to sustainability assurance engagements of public interest entities.</li> <li>To state that independence requirements for public interest entities have been applied, in accordance with Paragraph 170(d)(iv)b of proposed ISSA 5000 (<b>Agenda Item 2-A.1</b>).</li> </ul> </li> </ul>
Paragraph 170(d)(v)	<p><b>Matter for IESBA Coordination</b></p> <p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The SATF added the requirements in response to Board's suggestion for the SATF to consider including a requirement for the assurance report to identify who made the determination that the professional requirements, or requirements in law or regulation applied by the practitioner are at least as demanding as ISQM 1.</li> </ul> <p><i>Appendix 2</i></p> <ul style="list-style-type: none"> <li>Illustrations 1-4: Updated the illustrative report quality management paragraph under the Basis for Conclusion/Opinion section to reflect the conforming amendments arising from the quality management standards, based on the confirming amendments to the assurance report wording in ISAE 3410.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Paragraph 170(f)(i)</b>	<p><i>Appendix 2</i></p> <ul style="list-style-type: none"> <li>Illustration 1-4: Updated the responsibilities for the sustainability information in the illustrative report to be consistent with Paragraph 170(f)(i)b of proposed ISSA 5000 (<b>Agenda Item 2-A.1</b>), in response an Board offline comments arising from the March 2024 IAASB meeting.</li> </ul>
<b>Paragraph 170(g)</b>	<p><i>Application Material</i></p> <ul style="list-style-type: none"> <li>Paragraph A481A: The SATF added this paragraph in response to an offline comment requesting application material to provide an example of a circumstance in which the practitioner may make an explicit reference to inherent limitations in the assurance report.</li> </ul>
<b>Paragraph 170(h)(iv)-(v)</b>	<p><i>Requirement</i></p> <ul style="list-style-type: none"> <li>The SATF revised the requirements to align with the requirements in paragraphs 114L and 114R of <b>Agenda Item 2-A.1</b>, reflect that a risk assessment at the disclosure level is now required for limited assurance engagements and the additional clarification that the risk assessment is at the assertion level for the disclosures in reasonable assurance engagements.</li> </ul> <p><i>Appendix 2</i></p> <ul style="list-style-type: none"> <li>Illustrations 1 and 3: Updated the illustrative report's procedures performed as part of a reasonable assurance engagement in accordance with ISSA 5000 to be consistent with <b>Paragraphs 170(h)(iv) and 170(h)(v)</b> of proposed ISSA 5000 (<b>Agenda Item 2-A.1</b>), i.e., refer to risks of material misstatement at the assertion level for the disclosures.</li> <li>Illustrations 2-4: Updated the illustrative report's procedures performed as part of a limited assurance engagement in accordance with ISSA 5000 to be consistent with <b>Paragraphs 170(h)(iv) and 170(h)(v)</b> of proposed ISSA 5000 (<b>Agenda Item 2-A.1</b>), i.e., refer to risks of material misstatement at the disclosure level.</li> </ul>

Reference	Significant Changes and the Rationale for Those Changes
<b>Appendix 1</b>	
<b>Appendix Paragraph 2</b>	<ul style="list-style-type: none"> <li>• The diagram was updated in response to suggestions from respondents on ED-5000. In particular: <ul style="list-style-type: none"> <li>○ The flow was changed to make it clearer that sustainability information results from the measurement or evaluation of the sustainability matters against the criteria.</li> <li>○ The reference to disclosures is now included in the table with a single “X” to illustrate that a disclosure represents information about an aspect of a topic.</li> <li>○ The topics and aspects of topics in the table are noted as examples to make it clear that this is not a complete list. Paragraph 4 of the Appendix indicates that a more comprehensive list is included in paragraph A32.</li> <li>○ The example topics now align with the definition of sustainability matters (i.e., environmental, social and governance matters).</li> </ul> </li> </ul>
<b>Appendix Paragraph 3</b>	<ul style="list-style-type: none"> <li>• This paragraph was updated for consistency with paragraphs 3B and 70(a).</li> </ul>
<b>Appendix Paragraph 4</b>	<ul style="list-style-type: none"> <li>• This paragraph was updated to align with the revised definition of disclosure(s) and for the changes to the diagram in paragraph 2 as described above.</li> </ul>
<b>Appendix Paragraph 5</b>	<ul style="list-style-type: none"> <li>• The last two sentences were added to incorporate the notion of the practitioner using management’s presentation as a starting point and determining other logical ways of grouping the disclosures for the purpose of planning and performing the assurance engagement, as explained in paragraphs A267-A269. The first sentence also was revised to note that a disclosure may be a combination of qualitative and quantitative information.</li> </ul>