



Agenda Item 1-B

Flowcharts to Independence Requirements in Sections 5405 and 5406





A. Updated Flowcharts to Sections 5405 and 5406 as of November 4



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 the network?

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

Next Slide

Within Network

Outside Network

Within Network

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 parent entity on which group firm is reporting*
 Para R5405.11-13

Independence of the firm or the network firm, as applicable, from the VCC
 Para R5405.32 and R5405.33
*(independence not required of 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)***

Section 5405, Group Sustainability Assurance Engagements

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

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 where AP performs assurance work**

Para R5406.5 and R5406.6

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. R5406.7

*(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 a CP within the network?

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

Within Network

Outside Network

Within Network

Outside Network

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

Para. R5405.5

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

Para. R5405.6-8

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

Para. R5405.30

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

Para. R5405.31

Next Slide

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

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

Para R5406.5 and R5406.6

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. R5406.7

(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))

At Value Chain Component (VCC)

Performed Within or Outside Network

Performed Within Network

Performed Outside Network

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

- Independence of GSAF from VCC at which the GSAF or a network firm performs assurance work **Para. R5405.32**

- Independence of GSAF is not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

At Value Chain Component (VCC)

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

- 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)

At Value Chain Component (VCC)

Performed Within or Outside Network

Performed Within Network

Performed Outside Network

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

- Independence of the specific network firm performing assurance work at the VCC from the VCC (but not rest of the network) **Para. R5405.33**

- Independence of the network is not required from the VCC

B. Another practitioner performs the assurance work

At Client (Including GC)

At Value Chain Component (VCC)

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

- 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)

At Value Chain Component (VCC)

CP Within Network

CP Outside Network

CP Within Network

CP Outside Network

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

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

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

- 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 Within Network

- Independence of GSAT members (from GSAF) from VCC at which GSAF or a network firm performs assurance work **Para. R5405.30**

Performed Within 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 Within Network

- Independence of GSAT members (from the network firm) from VCC at which assurance work is performed (but not the entire network) **Para. R5405.30**

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 parent 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**