



*ISSA 5000 in Focus
Webinar Series:*



Webinar #2: Engagement Planning, Risk Assessment and Response

October 7, 11:00 UTC | October 8, 18:00 UTC

Outline of Webinar #2

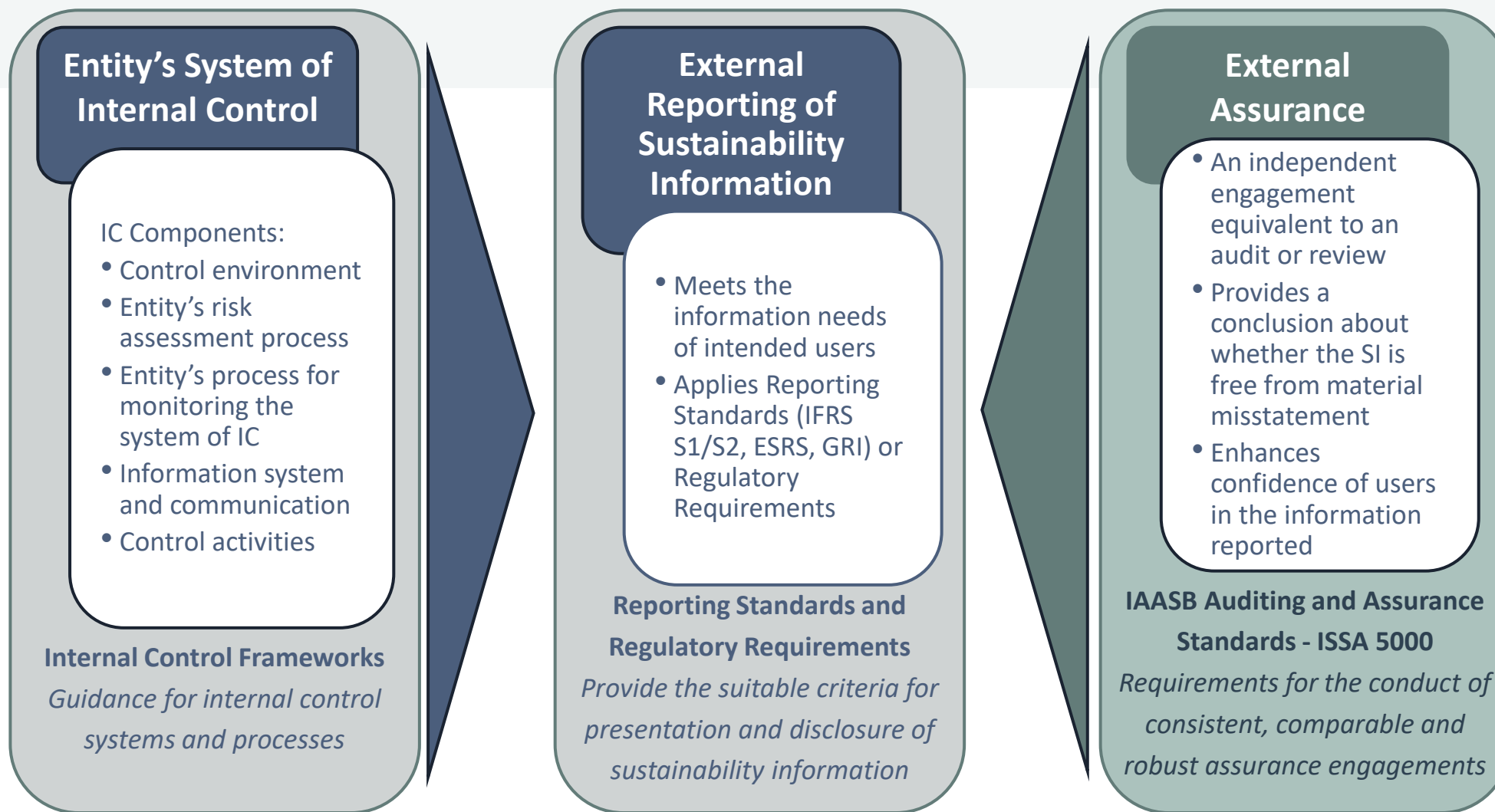
PLANNING, RISK ASSESSMENT AND RESPONSE

- Planning the Engagement
 - Josephine Jackson, IAASB Vice Chair
 - Neil Morris, IAASB Member
- Risk Identification and Assessment
 - Jamie Shannon, IAASB Technical Advisor
- Responding to the Assessed Risks
 - Susan Jones, IAASB Technical Advisor

➤ Followed by Questions & Answers

SUSTAINABILITY REPORTING & ASSURANCE ECOSYSTEM

RECAP



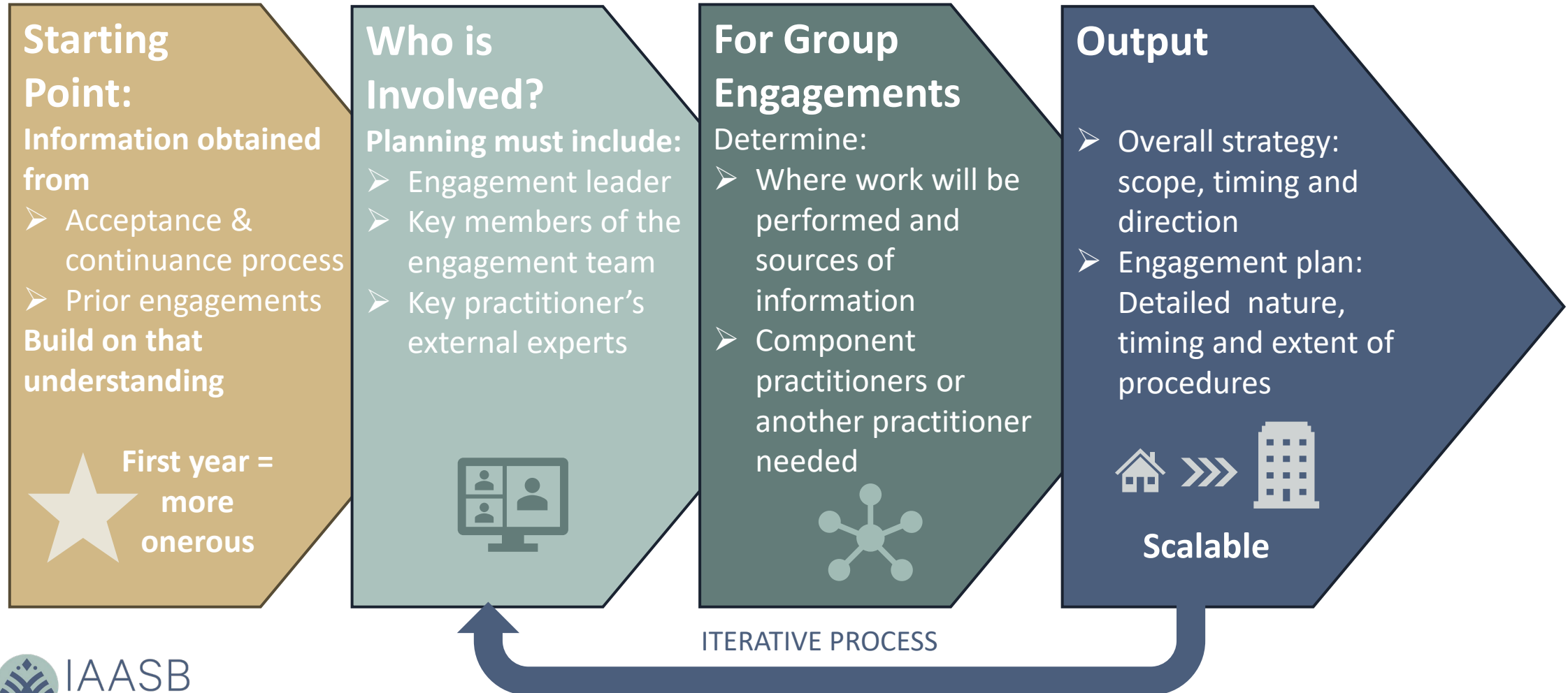
Planning the Engagement

Josephine Jackson, IAASB Vice Chair

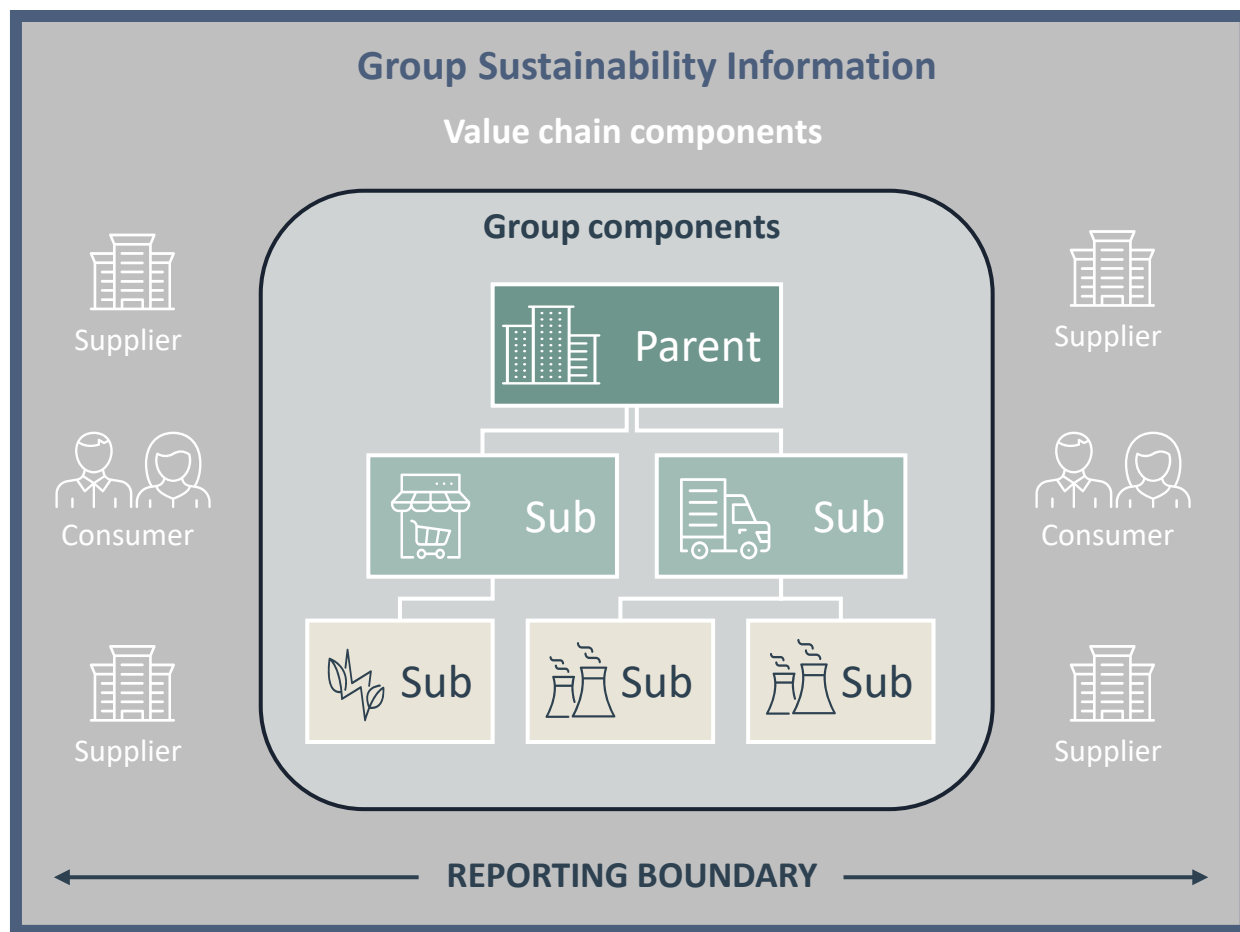
Neil Morris, IAASB Member

Overall Strategy and Engagement Plan

TO FOCUS ON IMPORTANT AREAS, BASIS FOR EFFICIENT AND EFFECTIVE ENGAGEMENT AND MANAGING THE TEAM AND OTHERS



Group Engagements



Component

An entity, business unit, function or business activity, or some combination thereof, within the reporting boundary, determined by the practitioner for purposes of planning and performing the sustainability assurance engagement

Planning a Group Engagement

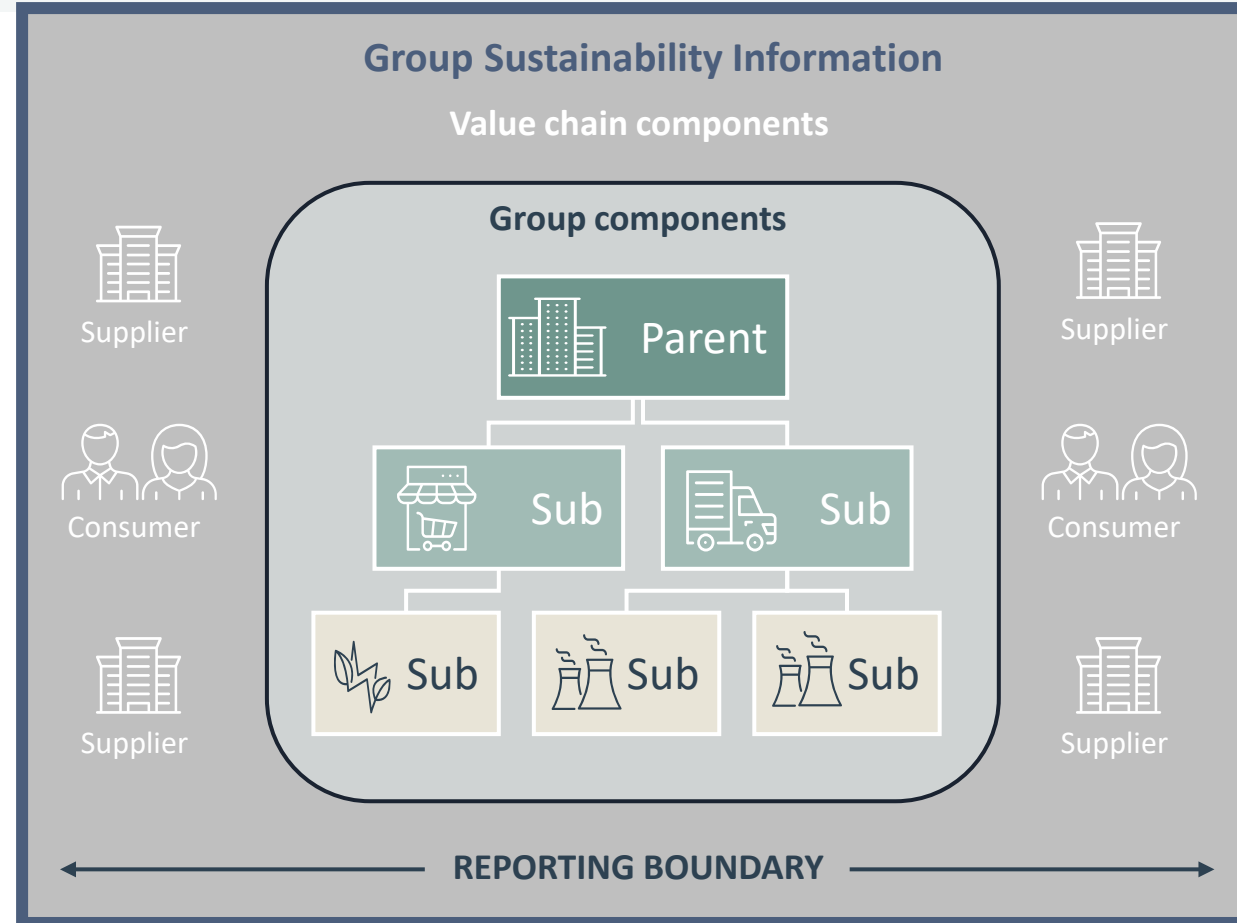
DETERMINING THE OVERALL GROUP STRATEGY AND PLAN

SI ON WHICH WORK WILL BE PERFORMED AND SOURCE

“WHAT AND WHERE”

Professional judgment influenced by:

- Disaggregation of information
- Specific locations with SI important to intended users
- Misstatements or control deficiencies in prior engagements



RESOURCES NEEDED, INCLUDING COMPONENT PRACTITIONERS

EVIDENCE FROM WORK OF ANOTHER PRACTITIONER

“BY WHOM” WORK WILL BE PERFORMED

Influenced by, for example:

- Records at group level
- Degree of centralization
- Geographic dispersion
- Knowledge and experience of ET
- Mgt process for obtaining value chain information.

Using the Work of Others

BASIS FOR USING WORK OF THOSE EXTERNAL TO THE ENGAGEMENT TEAM

Another Practitioner

One-to-many or other assurance report

- Comply relevant ethical requirements when using
- Necessary competence and capabilities
- Appropriate nature, scope & objectives of work
- Evidence adequate or alternative procedures needed



Internal Audit Function

- Extent of objectivity and level of competence
- Whether applies systematic and disciplined approach, including a system of quality control
- Whether to use work and extent
- Adequacy of work



Practitioners' Experts

- Necessary competence, capabilities and objectivity
- Understand field of expertise to determine nature, scope and objectives
- Evaluate adequacy of work
 - Relevance and reasonableness of findings & assumptions
 - Relevance, completeness, and accuracy of source data

***If work is not adequate,
practitioner conducts alternative
or additional procedures***

Using the Work of Others

BASIS FOR USING WORK OF ANOTHER PRACTITIONER

Another Practitioner

1. *Separate engagement performed by a firm, other than the practitioner's firm*
2. *The practitioner is unable to be sufficiently and appropriately involved in that work*

NOT members of the engagement team

Possible Circumstances

1. One-to-many or other assurance report prepared in the context of another engagement
2. No access to the work of that firm due to:
 - ❖ Restrictions of law or regulation
 - ❖ Relates to a value chain component with no rights of access to that other firm's work.

Scenario



- ☐ Scope 3 emissions of a major supplier are material to the entity's climate-related disclosures
- ☐ The supplier, a value chain component, obtains a "one-to-many" assurance report on their scope 1 & 2 GHG emissions and the controls for their preparation.
- ☐ There is no access to documents, work papers or evidence from another practitioner who did the work
- ☐ Another practitioner complies with the national assurance standard in their jurisdiction.
- ☐ The practitioner confirms that another practitioner has relevant professional qualifications, determines that the procedures are appropriate and the national standard is equivalent to ISSA 5000.
- ☐ The practitioner accepts the one-to-many report as evidence and supplements it with substantive analytical procedures on the value chain component's emissions.

Grouping Disclosures for Planning and Performing the Engagement

MANAGEMENT'S AGGREGATION OR DISAGGREGATION OF DISCLOSURES GOOD STARTING POINT

Example of Management's Grouping

	Biodiversity impacts	Ecosystem services	Habitats protected or restored
Governance	Group A		
Risk and opportunity assessments	Group B	Group C	Group D
Various performance metrics	Group E	Group F	Group G

Biodiversity impacts – the impact on biodiversity on land which the organization owns or controls.

Ecosystem services – how the organization's business model is dependent on an identified ecosystem service such as the pollination of crops by bees.

Habitats protected or restored – the organization is working with a range of stakeholders to protect biodiversity on community land which has been identified as ecologically significant.

Grouping Disclosures for Planning and Performing the Engagement

PRACTITIONER MAY MODIFY MANAGEMENT'S GROUPINGS FOR THEIR PURPOSES

Example of the Practitioner's Grouping

	Biodiversity impacts	Ecosystem services		Habitats protected or restored	
Governance	Group A				
Risk and opportunity assessments	Group BB (includes entity's Group B and Group E)	Group C – Risks	Group CC – Opp's	Group D	
Various performance metrics		Group F – quantitative	Group F – qualitative	Group G – quantitative	Group G – qualitative

Practitioner's Considerations

- Group A – No change as governance managed at the group level at the parent entity
- Group BB – Combined biodiversity impacts risks and opportunities and metrics at identified suppliers
- Group C & CC – Split ecosystem services' risks from opportunities at subsidiaries
- Group D - No change for habitats protected or restored risks and opportunities at subsidiaries
- Group F & G – Split metrics for ecosystem services & habitats protected or restored for quantitative and qualitative at subsidiaries

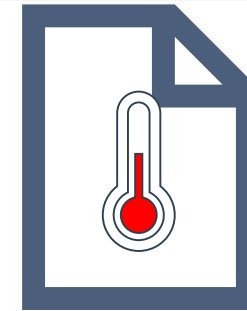
Materiality – Consideration or Determination

Principles of Materiality:

- ❖ **Common information needs** of intended users as a group
- ❖ Misstatements that could reasonably be expected to **influence decisions of intended users**
- ❖ Decisions taken **on the basis of the sustainability information** = the sustainability information assured
- ❖ Framework criteria may provide **frame of reference** – such as **double materiality perspective**



Consider
materiality for
qualitative
disclosures



Determine materiality
& performance
materiality for
quantitative
disclosures



Based on the **scope**
of the assurance
engagement



Not for SI as a
whole, but for
**disclosures or
groups of
disclosures**



**Professional
judgment**

What Does this Look Like in Practice?

CHALLENGING FOR MOST FIRST TIME ENGAGEMENTS



Takes detailed consideration

More challenging and complex than for FS audit/review



Understand client's assessment

Analysis of user needs – many approaches



Disparate ESG disclosures hard to group



Subsequent years can draw on prior experience



Sense check as the engagement progresses

It can be done!



Risk Identification and Assessment

Jamie Shannon, IAASB Technical Advisor

Risk Assessment for Reasonable and Limited Assurance Engagements

BASIS FOR RISK ASSESSMENT DIFFERS

Identify and assess risks of material misstatement (ROMM), whether due to fraud or error...

LIMITED ASSURANCE

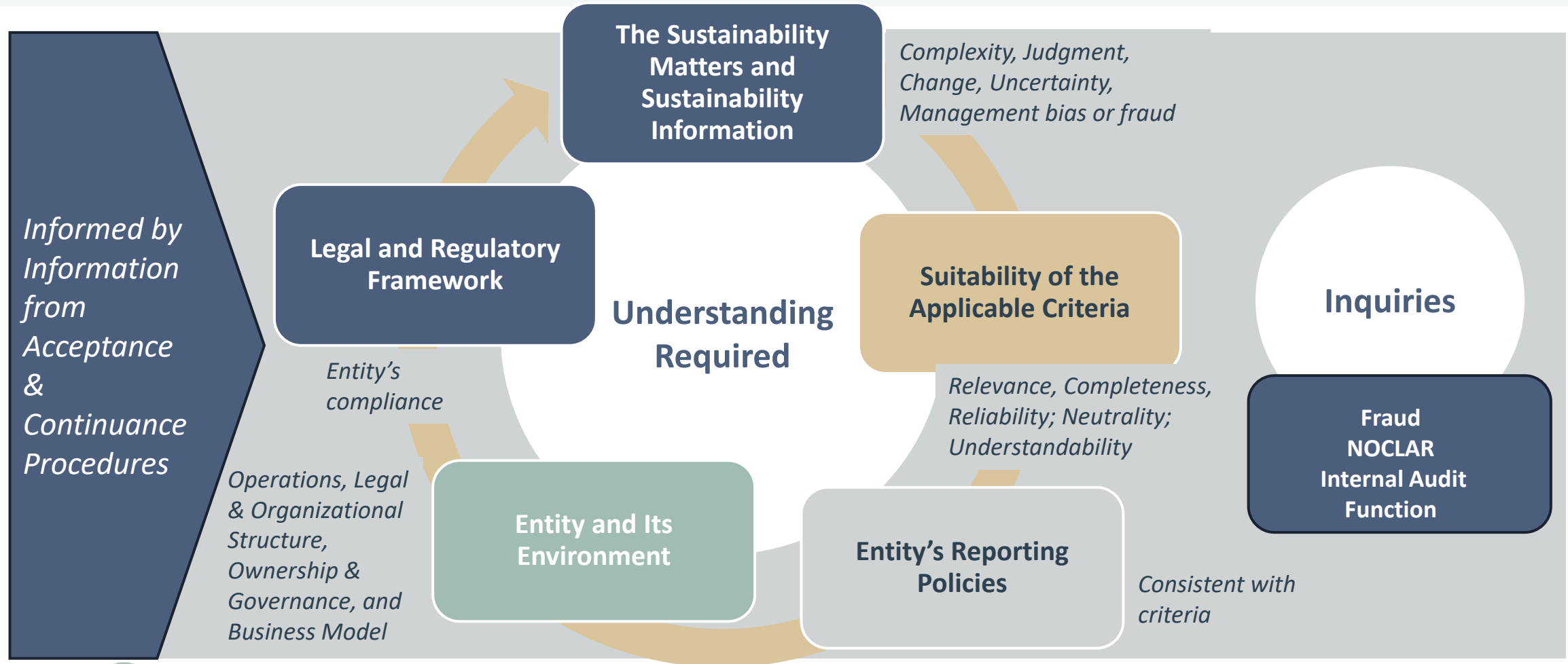
*... at the **disclosure level***

REASONABLE ASSURANCE

*...at the **assertion level** for the disclosures*



Risk Assessment Procedures – Understanding & Inquiries Required



Risk Assessment Procedures – Control Components

UNDERSTANDING OF CONTROL COMPONENTS

	LIMITED ASSURANCE	REASONABLE ASSURANCE
Nature of Procedures	❖ Inquiry	❖ Inquiry and other procedures
Components of Internal Control – <i>Understanding of</i>		
1. The Control Environment	<i>...relevant to the sustainability matters and the preparation of the sustainability information</i>	<i>...relevant to the sustainability matters and the preparation of the sustainability information + Specific evaluations</i>
2. The Entity's Risk Assessment Process	<i>... results of the process...</i>	<i>...the process and its results + Evaluating if it is appropriate</i>
3. The Entity's Process for Monitoring the System of Internal Control	<i>... results of the process...</i>	<i>...the process and its results + Evaluating if it is appropriate</i>

Risk Assessment Procedures – Control Components

UNDERSTANDING OF CONTROL COMPONENTS

LIMITED ASSURANCE

REASONABLE ASSURANCE

Components of Internal Control – *Understanding of*

4. The Information System and Communication

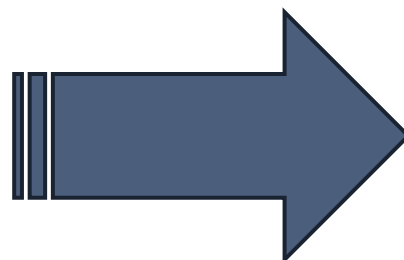
... including:

- ❖ Entity's process to identify sustainability information to be reported
- ❖ External information: how it is recorded, processed, corrected & incorporated in the SI
- ❖ Estimates and forward-looking information: how relevant methods, assumptions or sources of data and changes needed are identified

Evaluate if it appropriately supports the preparation of the sustainability information

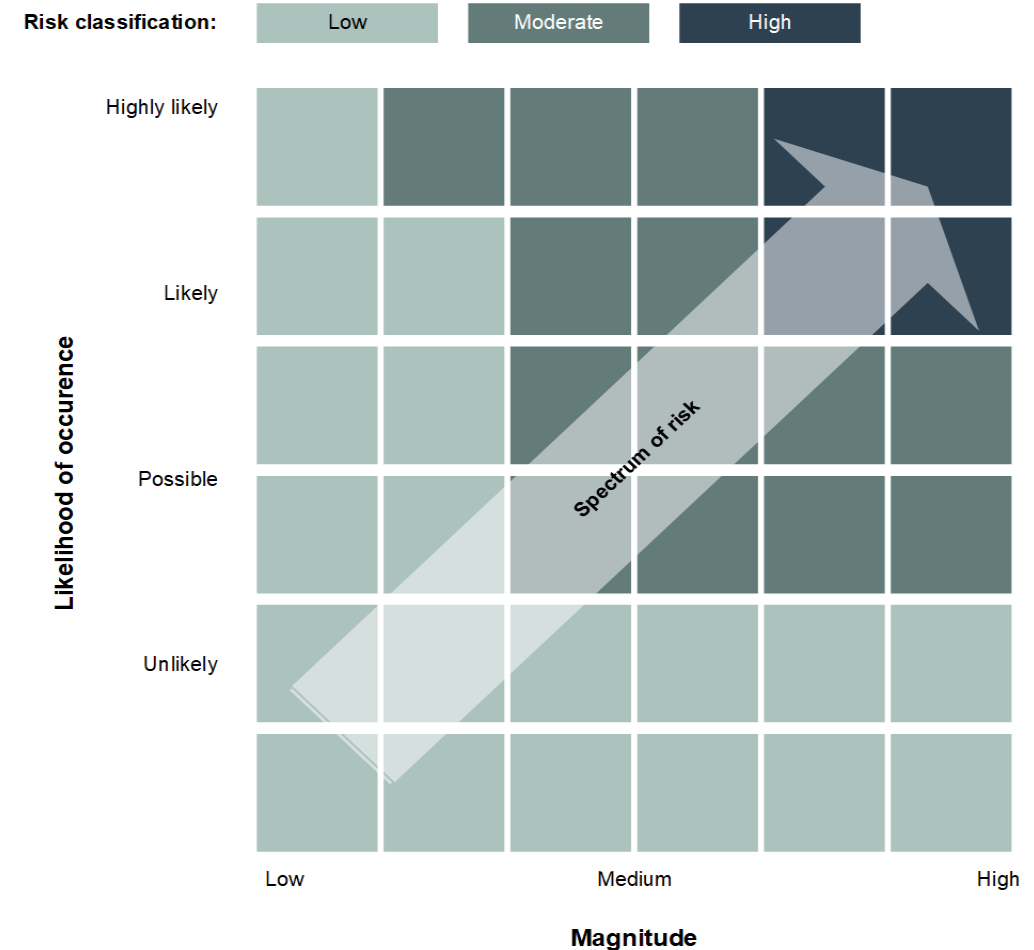
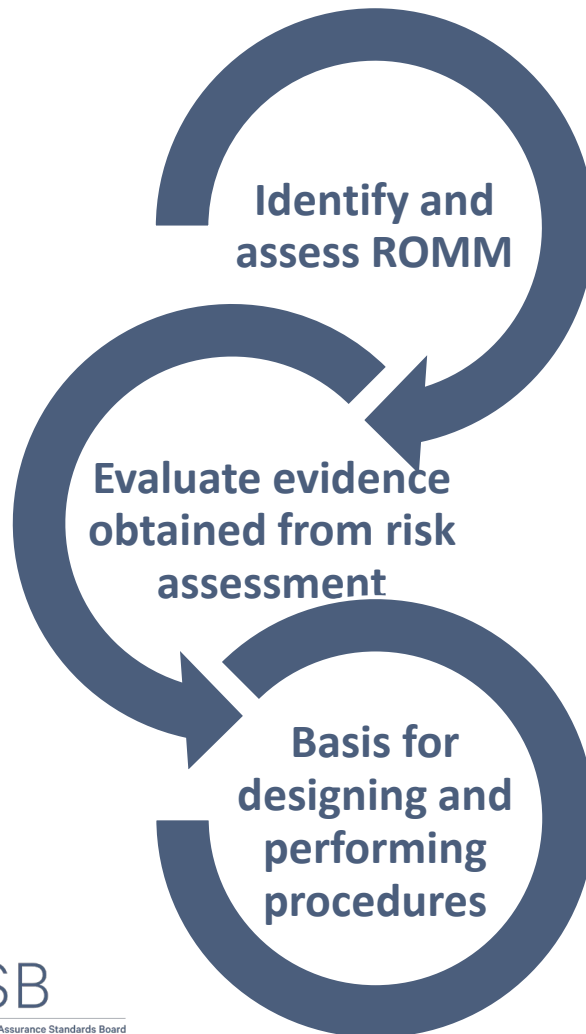
5. Control Activities

- ❖ IF planning to obtain evidence from operating effectiveness of controls – evaluate design and implementation
- ❖ Evaluate the design and determine whether they have been implemented



Evaluate control deficiencies

Identifying and Assessing Risks of Material Misstatement



Responding to the Assessed Risks

Susan Jones, IAASB Technical Advisor

Designing Further Procedures

BASIS DIFFERS BETWEEN LIMITED AND REASONABLE ASSURANCE

Considerations in Designing Procedures

- Relying on controls > need evidence about the operating effectiveness of controls
 - ROMM on higher end of the spectrum = more persuasive evidence needed
- Nature of the disclosures – qualitative vs quantitative, historical vs forward-looking
 - Timing – evidence needed during the period or at period end

Limited Assurance

- Procedures responsive to risk at the **disclosure level**

Reasonable Assurance

- Procedures responsive to risk at the **assertion level** for the disclosures

Overall Responses to Address ROMM

Design & Implement Overall Responses When...

Limited Assurance

- Control deficiencies in the control environment > undermine other components
- Fraud or non-compliance with laws and regulations (NOCLAR) identified
- Pervasive ROMM

Reasonable Assurance

- Control environment
 - lacks culture of honesty and ethical behavior
 - Poor foundation OR
 - Control deficiencies > undermine other components
- Fraud or NOCLAR identified
- Pervasive ROMM

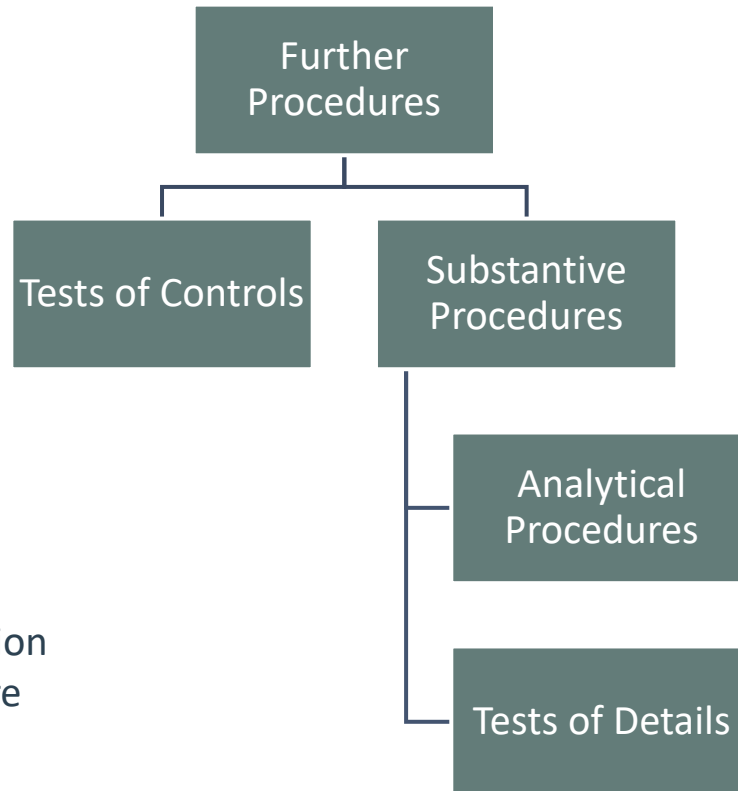
Specific Responses Required if Fraud or NOCLAR Suspected or Identified

Designing & Performing Further Procedures

MORE PERSUASIVE EVIDENCE NEEDED THE HIGHER THE ASSESSMENT OF RISK

Tests of Controls

- ❑ Evidence of operating effectiveness of control can reduce substantive testing
- ❑ Includes testing:
 - During the period
 - Consistency of application
 - Who and how they were applied



Substantive procedures

- ❑ Reasonable assurance:
 - For each risk close to the upper end of the spectrum
 - Consider need for procedures for all material disclosures
- ❑ Analytical procedures
 - Require an expectation
 - Respond to fluctuations and inconsistencies
- ❑ Tests of Details
 - No specific requirement
 - Sampling may be used to select items for testing

Performing Further Procedures

ESTIMATES AND FORWARD-LOOKING INFORMATION

Limited Assurance

High Level Evaluation

- Evaluate whether:
 1. Criteria are appropriately applied
 2. Methods are appropriate
 3. Changes are justified
- Consider if other procedures are necessary

Reasonable Assurance

Detailed Procedures

- Evaluate whether criteria are appropriately applied
- Undertake one or more of the following:
 1. Test management's process & information on which it is based
 - ✓ Method appropriately selected & applied & changes appropriate
 - ✓ Assumptions, data & changes to them are appropriate
 2. Develop independent estimate or range
 - ✓ Methods, assumptions, data are appropriate
 - ✓ Supported by sufficient appropriate evidence
 3. Evidence from subsequent events

Performing Further Procedures

THE ENTITY'S PROCESS FOR ASSEMBLING THE SUSTAINABILITY INFORMATION

Limited Assurance

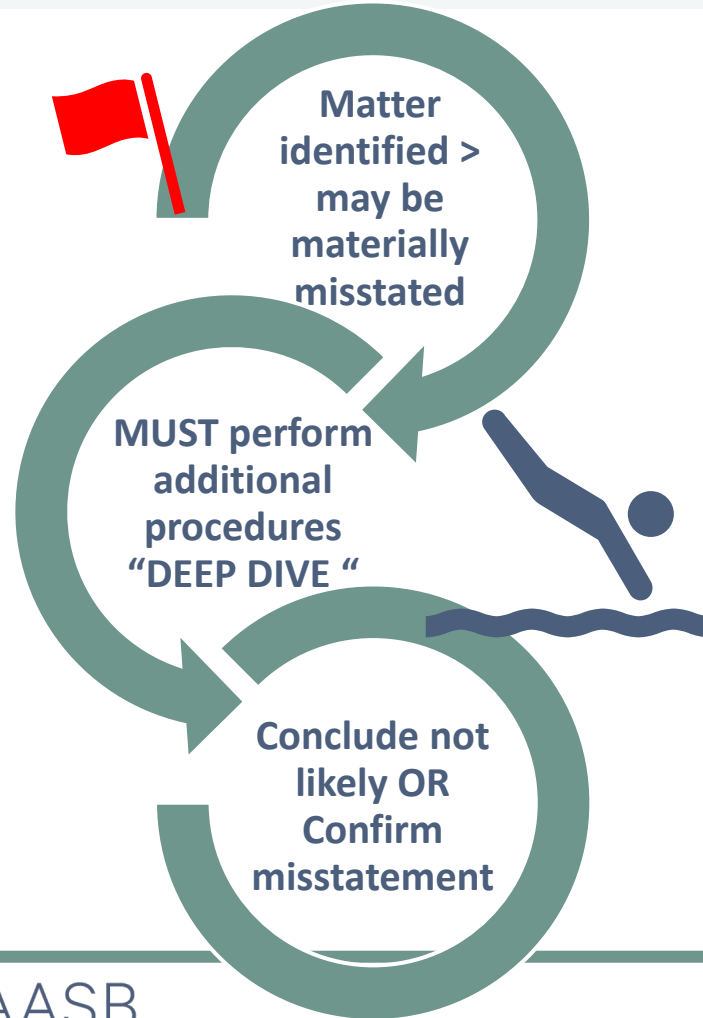
- Reconcile the sustainability information to the underlying records
- Inquiry with management about material adjustments made

Reasonable Assurance

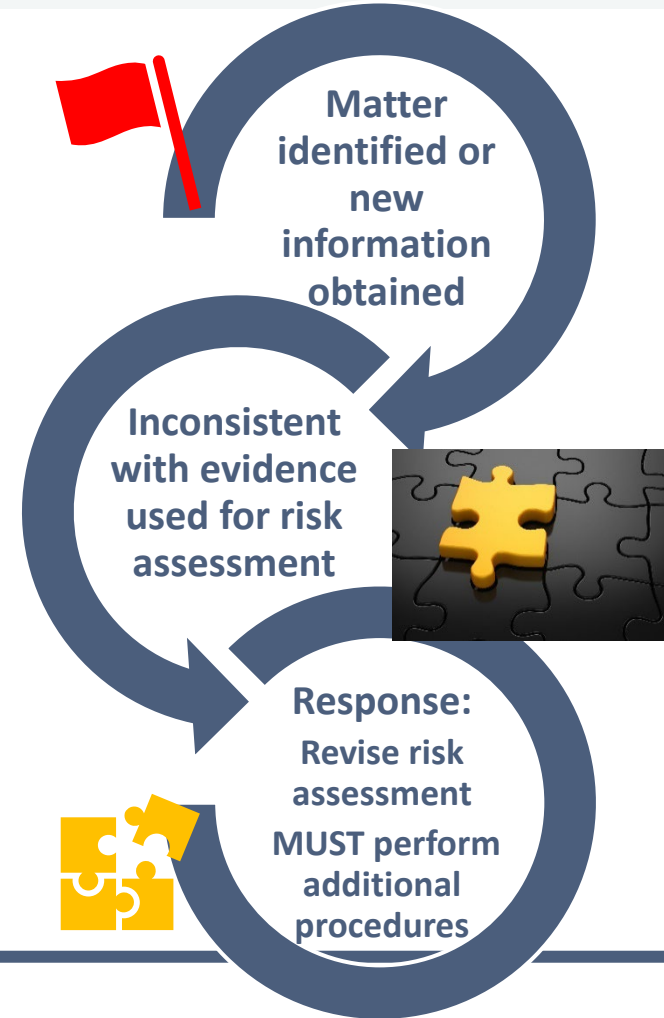
- Reconcile the sustainability information to the underlying records
- Obtain evidence for material adjustments
- Test appropriateness of adjustments
- Inquiry about unusual activity

Performing Additional Procedures

Limited Assurance



Reasonable Assurance





Questions

ISSA 5000 in Focus Webinar Series

Webinar #3: **Concluding and Reporting on Sustainability Assurance Engagements**

Date: October 14, 2025 | Time: 11:00 - 12:30 (UTC)

Date: October 15, 2025 | Time: 18:00 - 19:30 (UTC)

[Register](#) for October 14th or 15th

Recordings will be made available here: [ISSA 5000 webpage](#)

Key Resources

[ISSA 5000 *General Requirements for Sustainability Assurance Engagements*](#)

[ISSA 5000 Implementation Guide](#)

[ISSA 5000 Frequently Asked Questions: Applicability Matters](#)

[More Resources](#)

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