

Exposure Draft

Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000

General Requirements for Sustainability Assurance Engagements

September 2023

Comments to the AASB on this Exposure Draft are due as follows:

- General questions – November 6, 2023.
- Canadian amendment and potential additional Canadian amendments questions – December 31, 2023

Comments to the IAASB on its questions are due on December 1, 2023.

The Auditing and Assurance Standards Board (AASB) welcomes feedback from any interested party on any or all the questions posed in this Exposure Draft.

You can provide feedback to the AASB on the proposals in a variety of ways:

- Participate in the [ConnectFRASCanada.ca](https://connectfrascanada.ca) surveys as they become available throughout the comment period.
- Connect directly with the AASB by attending a discussion session on this Exposure Draft. Session dates and registration information will be posted to the [Sustainability Assurance project page](#).
- Write a response letter and upload it via our online form.
Response letters can be addressed to:

Karen DeGiobbi, CPA, CA
Director, Auditing and Assurance Standards
Auditing and Assurance Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2

Note: All response letters, regardless of when received, will be posted online shortly after the last comment deadline on this Exposure Draft. Confidentiality can be requested when uploading letters via the online form.

Helpful tips when participating in a consultation:

- Comments are most helpful if they relate to a specific paragraph or group of paragraphs found in the Exposure Draft.
- If you identify a potential issue in this Exposure Draft's proposals, we encourage you to clearly explain the issue and include a suggested alternative, supported by specific reasoning.
- The AASB does not expect you to respond to every single question posed – only those to which you feel you can or should respond.

HIGHLIGHTS

The AASB proposes, subject to comments received following exposure, to adopt with appropriate Canadian amendments:

- proposed International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*; and
- proposed conforming and consequential amendments arising from proposed ISSA 5000 to other standards

issued by the International Auditing and Assurance Standards Board (IAASB).

This Exposure Draft consists of:

- project background;
- key public interest considerations;
- a link to the IAASB's [Exposure Draft](#), including its [Explanatory Memorandum](#);
- a description of the AASB's process for adopting IAASB standards as Other Canadian Standards (OCSs);
- a discussion of proposed Canadian amendments;
- a discussion of potential additional Canadian amendments; and
- a proposed effective date.

Please review “**Comments requested**” on [page 17](#) for information on preparing your response to this Exposure Draft.

Project background

In September 2022, the IAASB approved a project proposal to develop a new overarching standard for sustainability assurance engagements, the proposed ISSA 5000, *General Requirements for Sustainability Assurance Engagements*. In January 2023, the AASB approved a project proposal to concurrently adopt proposed ISSA 5000 as an OCS under a new Canadian Standard on Sustainability Assurance (CSSA) series of standards.

Consistency in assurance standards on sustainability reporting is a matter of global importance. Today, an entity's reporting and operational boundaries often span international borders. Therefore, globally comparable and consistent sustainability information reporting and globally consistent assurance standards are required to enhance users' confidence in the sustainability information produced. Current Canadian standards used to provide assurance over extended external reporting, including sustainability information (i.e., Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other Than Audits or Reviews of Historical Financial Information*) were adopted from international standards. Not adopting ISSA 5000 would create divergence in an area that is currently aligned.

The AASB chose to adopt ISSA 5000 concurrently. The section “Process for adopting international standards as OCSs” explains why.

Key public interest considerations

The Appendix of the IAASB's [Explanatory Memorandum](#) outlines the key public interest considerations for this project.

In choosing to adopt this ISSA in Canada, the AASB considered and concluded each of the IAASB's public interest considerations was relevant in Canada.

In addition to the international public interest considerations, the AASB identified two additional public interest considerations:

- The prevalence of direct engagements on sustainability information in Canada: considering how proposed CSSA 5000, *General Requirements for Sustainability Assurance Engagements*, will interact with [CSAE 3001, Direct Engagements](#).¹
- The uncertainty in the Canadian marketplace around sustainability reporting, including the lack of mandatory requirements: ensuring the new standard can be used for assurance engagements over reporting under various reporting frameworks/standards.

IAASB Exposure Draft

The IAASB's Exposure Draft, "[Proposed International Standard on Sustainability Assurance \(ISSA\) 5000, General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments](#)," is available on the IAASB [website](#).

In addition to the text of proposed ISSA 5000, the IAASB's Exposure Draft includes the [Explanatory Memorandum](#), which provides background to, and an explanation for proposed ISSA 5000.

Process for adopting international standards as OCSs

The AASB chooses whether to adopt an international standard, other than an International Standard on Auditing (ISA), on a case-by-case basis. In making the decision to adopt, the AASB considers:

- (a) whether the International standard would substantively address Canadian public interest issues;
- (b) whether Canadians believe alignment with the international standard is important; and
- (c) whether the IAASB timing will meet the needs of users of the Canadian standard.

When the AASB chooses to adopt an international standard, it recognizes that it has a vital role in monitoring and influencing the project to ensure the proposed standard is in the Canadian public interest. In doing so, the AASB issues a Canadian exposure draft alongside the IAASB exposure draft. Adoption of the international standard in Canada is not automatic. The AASB follows amendment criteria, set out in the [Appendix](#), when it considers whether Canadian amendments are required in specific circumstances.

The AASB's decision to adopt the international standard includes aligning the effective date. The Board makes the Canadian equivalent standards available shortly after they are approved so those affected can become familiar with them and prepare to implement them by the effective date.

Proposed Canadian amendments

Subject to input from Canadian interested and affected parties, the AASB proposes the following Canadian amendments to ISSA 5000 and conforming amendments to other standards. The amendment criteria the Board followed are outlined in the [Appendix](#).

Canadian amendments to ISSA 5000 and conforming amendments to OCSs

Relevant ethical requirements

ISSA 5000 makes several references to the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (IESBA Code). As stated in the *Preface* to the CPA Canada Handbook – Assurance, practitioners in Canada are generally required to

¹ Material that links to the CPA Canada Handbook is available to subscribers only. However, all information needed to respond is provided in this Exposure Draft.

comply with the rules of professional conduct/code of ethics established by professional accounting or other professional bodies whose rules/code may differ from the IESBA Code. The AASB proposes to replace references to the IESBA Code and references to the fundamental principles in the IESBA Code in ISSA 5000 within the introduction, definitions, application material and illustrative reports with the Canadian equivalents. These replacements meet amendment criteria 2(b): “deletions from, or other amendments to, an ISA to...requirements or guidance, the application of which Canadian law or regulation does not permit, or which require amendment to be consistent with law or regulation.” They are also consistent with an existing Canadian amendment as noted in the *Preface* to the CPA Canada Handbook – Assurance.²

Direct engagements

ISSA 5000 is for attestation engagements on sustainability information and specifically scopes out direct engagements on sustainability information. [CSAE 3001](#) is for direct engagements on information other than historical financial information. It may not be clear for Canadian practitioners which standard they should apply for direct engagements on sustainability information. In response, the AASB proposes to change proposed paragraph 7 of ISSA 5000 as follows:

- to add a new sentence to draw practitioners’ attention to apply [CSAE 3001](#) when performing direct engagements on sustainability information (see related Canadian conforming amendment to CSAE 3001 below); and
- to remove the reference to the IAASB’s “International Framework for Assurance Engagements,” as the AASB did not adopt that framework in Canada.

In addition, the AASB proposes a Canadian conforming amendment to [CSAE 3001](#). This amendment adds proposed paragraph 7A, explaining that CSAE 3001 also covers direct engagements on sustainability information and CSSA 5000 covers attestation engagements on sustainability information; however, CSSA 5000 may be useful as guidance for direct engagements on sustainability information.

These changes meet amendment criteria 3: “amendments of requirements for circumstances particular to the Canadian environment where such amendments are required to serve the Canadian public interest and maintain the audit quality of auditing and reporting in Canada.”

2 Preface, Appendix 2, bullet #1

Proposed amendment text comparison for CSSA 5000 and rationale

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Introduction		
<p>5(a). The members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to <u>the provisions of the <i>International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to assurance engagements</u>, or other professional requirements, or requirements in law or regulation, that are at least as demanding.</p>	<p>C5(a). <u>In Canada</u>, the members of the engagement team and the engagement quality reviewer (for those engagements where one has been appointed) are subject to <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies</u>, or other professional requirements, or requirements in law or regulation, that are at least as demanding.</p>	<p>From paragraphs <u>C3C(a) and C20 of CSAE 3000.</u></p>
<p>9. <u>The <i>International Framework for Assurance Engagements</i> notes that an assurance engagement may be either an attestation engagement or a direct engagement.</u> This ISSA deals only with attestation engagements. Therefore, references in this ISSA to “assurance engagement” or “engagement” mean an attestation engagement.</p>	<p>C9. This <u>CSSA</u> deals only with attestation engagements. Therefore, references in this <u>CSSA</u> to “assurance engagement” or “engagement” mean an attestation engagement. CSAE 3001 covers direct engagements on sustainability information.</p>	<p>From paragraph <u>C5 of CSAE 3000.</u></p> <p>Last sentence clarifies which standard practitioners should apply for direct engagements on sustainability information.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Definitions		
<p>17(nn). Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. For professional accountants, relevant ethical requirements <u>ordinarily comprise the provisions of the IESBA Code related to assurance engagements, together with national requirements that are more restrictive.</u> For other practitioners who are not professional accountants, relevant ethical requirements comprise the ethical requirements in relevant law, regulation or professional requirements related to assurance engagements that are at least as demanding <u>as the IESBA Code.</u></p>	<p>C17 C(nn). Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to practitioners when undertaking assurance engagements on sustainability information. For professional accountants, relevant ethical requirements <u>comprise relevant independence and other ethical requirements set out in the rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies.</u> For other practitioners who are not professional accountants, relevant ethical requirements comprise the ethical requirements in relevant law, regulation or professional requirements related to assurance engagements that are at least as demanding.</p>	<p><u>From paragraph C16C(t) of CSQM 1.</u></p> <p>There is no similar paragraph in the CSAEs.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A3. Law, regulation or professional requirements <u>in a jurisdiction</u> may specify relevant ethical requirements or requirements relating to quality management to be applied in the conduct of assurance engagements, and may provide guidance about what constitutes “at least as demanding” as the <u>IESBA Code regarding relevant ethical requirements for assurance engagements, and ISQM 1 regarding a firm’s responsibility for its system of quality management.</u></p>	<p>CA3. <u>In Canada</u>, law, regulation or professional requirements may specify relevant ethical requirements or requirements relating to quality management to be applied in the conduct of assurance engagement, and may provide guidance about what constitutes “at least as demanding” as the <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, and CSQM 1 regarding a firm’s responsibility for its system of quality management.</u></p>	<p>Aligns with proposed paragraph C5 of CSSA 5000, whose amendment is <u>from paragraphs C3C(a) and C20 of CSAE 3000.</u></p> <p>There is no similar paragraph in the CSAEs.</p> <p>Removed references to jurisdiction and added reference to Canada.</p>
<p>A4. As explained in paragraph A44, <u>the IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of an assurance practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.</u> Paragraph A45 describes <u>the conceptual framework in the IESBA Code that an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles.</u> Paragraphs A46-A47 describe matters that may give rise to potential threats to compliance and that may affect or influence the practitioner’s independence.</p>	<p>CA4. As explained in paragraph CA44, <u>in Canada, relevant ethical requirements for public accountants establish the fundamental principles with which the practitioner is required to comply.</u> Paragraph CA45 describes that <u>in Canada, relevant ethical requirements for public accountants also provide a conceptual framework for professional accountants to apply when addressing threats to compliance with the fundamental principles.</u> Paragraphs CA46-CA47 describe matters that may give rise to potential threats to compliance and that may affect or influence the practitioner’s independence.</p>	<p>Aligns with proposed paragraphs CA44-CA45 of CSSA 5000, whose amendments are <u>from paragraphs CA30-CA31 of CSAE 3000.</u></p> <p>The fundamental principles listed in proposed paragraphs CA44(a)-(o) of CSSA 5000 are not listed here to avoid unnecessary repetition.</p> <p>There is no similar paragraph in the CSAEs.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A5. Paragraph A48 explains that other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the <u>provisions of the IESBA Code related to assurance engagements</u> when they address the matters referred to in the relevant sections of the <u>IESBA Code</u> and impose obligations that achieve the aims of the requirements set out in the <u>IESBA Code</u> related to such engagements.</p>	<p>CA5. Paragraph <u>CA48</u> explains that <u>in Canada</u>, other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting directed to practitioners and other members of assurance teams</u> when they address the matters referred to in the <u>relevant sections of the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements</u> and impose obligations that achieve the aims of the requirements set out <u>thereon</u> related to such engagements.</p>	<p>Aligns with proposed paragraph CA48 of CSSA 5000, whose amendment is <u>from paragraph CA34 of CSAE 3000</u>.</p> <p>There is no similar paragraph in the CSAEs.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A44. <u>The IESBA Code sets out the fundamental principles of ethics that establish the standards of behavior expected of an assurance practitioner and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The IESBA Code also specifies the required approach for a professional accountant to comply with the fundamental principles and, when applicable, the International Independence Standards. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.</u></p>	<p>CA44. <u>In Canada, relevant ethical requirements for public accountants establish the following fundamental principles with which the practitioner is required to comply:</u></p> <ul style="list-style-type: none"> <u>(a) Maintenance of the reputation of profession;</u> <u>(b) Integrity and due care;</u> <u>(c) Objectivity;</u> <u>(d) Professional competence;</u> <u>(e) Compliance with professional standards;</u> <u>(f) Confidentiality of information;</u> <u>(g) Conflict of interest;</u> <u>(h) Duty to report breach of rules of professional conduct;</u> <u>(i) Handling of trust funds and other property;</u> <u>(j) Handling of property of others;</u> <u>(k) Unlawful activity;</u> <u>(l) Fee quotations;</u> <u>(m) Contingent fees;</u> <u>(n) Payment or receipt of commissions; and</u> <u>(o) Advertising and promotion, including solicitation and endorsements.</u> <p><u>In Canada, law or regulation may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.</u></p>	<p>From paragraph <u>CA30</u> of CSAE 3000.</p> <p>Retains the last sentence of proposed paragraph A44 of ISSA 5000, but removed references to jurisdiction and added a reference to Canada.</p> <p>Although there is no similar sentence in the CSAEs, this content may be relevant in Canada.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A45. <u>The IESBA Code provides a conceptual framework which an assurance practitioner is required to apply when addressing threats to compliance with the fundamental principles, including:</u></p> <p><u>(a) Identifying threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</u></p> <p><u>(i) Self-interest;</u></p> <p><u>(ii) Self-review;</u></p> <p><u>(iii) Advocacy;</u></p> <p><u>(iv) Familiarity; and</u></p> <p><u>(v) Intimidation;</u></p> <p><u>(b) Evaluating whether the threats identified are at an acceptable level; and</u></p> <p><u>(c) If the identified threats to compliance with the fundamental principles are not at an acceptable level, addressing them by eliminating the circumstances that create the threats, applying safeguards to reduce threats to an acceptable level, or withdrawing from the engagement, where withdrawal is possible under applicable law or regulation.</u></p>	<p>CA45. <u>In Canada, relevant ethical requirements for public accountants also provide a conceptual framework for professional accountants to apply to:</u></p> <p><u>(a) Identify threats to compliance with the fundamental principles. Threats fall into one or more of the following categories:</u></p> <p><u>(i) Self-interest;</u></p> <p><u>(ii) Self-review;</u></p> <p><u>(iii) Advocacy;</u></p> <p><u>(iv) Familiarity; and</u></p> <p><u>(v) Intimidation;</u></p> <p><u>(b) Evaluate the significance of the threats identified; and</u></p> <p><u>(c) Apply safeguards, when necessary, to eliminate the threats or reduce them to an acceptable level. Safeguards are necessary when the professional accountant determines that the threats are not at a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the professional accountant at that time, that compliance with the fundamental principles is not compromised.</u></p>	<p>From paragraph <u>CA31</u> of CSAE 3000.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A46. <u>The IESBA Code sets out requirements and application material on various topics that may give rise to potential threats to compliance, including:</u></p> <ul style="list-style-type: none"> • <u>Conflicts of interest.</u> • <u>Professional appointments.</u> • <u>Second opinions.</u> • <u>Fees and other types of remuneration.</u> • <u>Inducements, including gifts and hospitality.</u> • <u>Custody of client assets.</u> • <u>Responding to non-compliance with laws and regulations.</u> 	<p>CA46. <u>Not used.</u></p>	<p><u>From paragraph CA32 of CSAE 3000, this paragraph was not used in CSAE 3000. The same approach is proposed for CSSA 5000.</u></p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A47. <u>The IESBA Code defines independence as comprising both independence of mind and independence in appearance. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. The International Independence Standards in the IESBA Code address various matters that may affect or influence the practitioner’s independence, including:</u></p> <ul style="list-style-type: none"> • <u>Fees.</u> • <u>Gifts and hospitality.</u> • <u>Actual or threatened litigation.</u> • <u>Financial interests.</u> • <u>Loans and guarantees.</u> • <u>Business relationships.</u> • <u>Family and personal relationships.</u> • <u>Recent service with an assurance client.</u> • <u>Serving as a director or officer of an assurance client.</u> • <u>Employment with an assurance client.</u> • <u>Long association of personnel with an assurance client.</u> • <u>Provision of non-assurance services to an assurance client.</u> • <u>Reports that include a restriction on use and distribution.</u> 	<p>CA47. <u>In Canada, relevant ethical requirements for public accountants require the practitioner to be and remain free of any influence, interest or relationship, in respect of the client’s affairs, which impairs the practitioner’s professional judgment or objectivity or which, in the view of a reasonable observer, would impair the practitioner’s professional judgment or objectivity. Independence safeguards the ability to form an assurance conclusion without being affected by influences that might compromise that conclusion. Independence enhances the ability to act with integrity, to be objective and to maintain an attitude of professional skepticism. Matters addressed in the relevant ethical requirements for public accountants with respect to independence include:</u></p> <ul style="list-style-type: none"> • <u>Financial interests;</u> • <u>Loans and guarantees;</u> • <u>Business relationships;</u> • <u>Family and personal relationships;</u> • <u>Employment with assurance clients;</u> • <u>Recent service with an assurance client;</u> • <u>Serving as a director or officer of an assurance client;</u> • <u>Long association of senior personnel with assurance clients;</u> • <u>Provision of non-assurance services to assurance clients;</u> • <u>Fees (relative size, overdue, and contingent fees); and</u> • <u>Gifts and hospitality.</u> 	<p>From paragraph <u>CA33</u> of CSAE 3000.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A48. Other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the provisions of the <u>IESBA Code related to assurance engagements</u> when they address the matters referred to in the relevant sections of the <u>IESBA Code</u> and impose obligations that achieve the aims of the requirements set out in the <u>IESBA Code</u> related to such engagements. Paragraphs A45-A47 describe matters addressed in the <u>IESBA Code</u> that may assist practitioners in determining whether other professional requirements, or requirements imposed by law or regulation, address the matters in, and therefore are at least as demanding as, <u>the provisions of the IESBA Code</u>.</p>	<p>CA48. <u>In Canada</u>, other professional requirements, or requirements imposed by law or regulation, addressing compliance with relevant ethical requirements are at least as demanding as the <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting directed to practitioners and other members of assurance teams</u> when they address the matters referred to in the relevant sections of the <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements</u> and impose obligations that achieve the aims of the requirements set out <u>thereon</u> related to such engagements. Paragraphs <u>CA45-CA47</u> describe matters addressed in the <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements</u> that may assist practitioners in determining whether other professional requirements, or requirements imposed by law or regulation, address the matters in, and therefore are at least as demanding as, <u>relevant rules of professional conduct/code of ethics applicable to the practice of public accounting directed to practitioners and other members of assurance teams</u>.</p>	<p>The first sentence's amendment is <u>from paragraph CA34 of CSAE 3000</u>.</p> <p>The second sentence aligns with proposed paragraph C5 of CSSA 5000, whose amendment is <u>from paragraphs C3C(a) and C20 of CSAE 3000</u>.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A53. This <u>ISSA</u> has been written in the context of a range of measures taken to support the quality of sustainability assurance engagements. Such measures include:</p> <ul style="list-style-type: none"> • Competency requirements, such as education and experience, and ongoing continuing professional development as well as life-long learning requirements. • A system of quality management implemented across the firm i.e., <u>ISQM 1</u>, or other professional requirements, or requirements in law or regulation, that are at least as demanding. • When applicable, performance of engagement quality reviews in accordance with <u>ISQM 2</u>. • A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles of <u>integrity, objectivity, professional competence and due care, confidentiality and professional behavior.</u> 	<p>CA53. This <u>CSSA</u> has been written in the context of a range of measures taken to support the quality of sustainability assurance engagements. Such measures include:</p> <ul style="list-style-type: none"> • Competency requirements, such as education and experience, and ongoing continuing professional development as well as life-long learning requirements. • A system of quality management implemented across the firm i.e., <u>CSQM 1</u>, or other professional requirements, or requirements in law or regulation, that are at least as demanding. • When applicable, performance of engagement quality reviews in accordance with <u>CSQM 2</u>. • A comprehensive Code of Ethics, including detailed independence requirements, founded on fundamental principles <u>as described in CA44.</u> 	<p>Aligns with proposed paragraph CA44 of CSSA 5000, whose amendment is from paragraph <u>CA30 of CSAE 3000.</u></p>
<p>A161. If the engagement does not have at least three parties, it is unable to satisfy all of the elements of an assurance engagement <u>under the International Framework for Assurance Engagements.</u> The practitioner's responses may include:</p> <ul style="list-style-type: none"> • Asking the engaging party to change the terms of engagement to reflect a three-party relationship. • Conducting the engagement as a consulting engagement. • Performing an agreed-upon procedures engagement or declining the engagement. 	<p>CA161. If the engagement does not have at least three parties, it is unable to satisfy all of the elements of an assurance engagement. The practitioner's responses may include:</p> <ul style="list-style-type: none"> • Asking the engaging party to change the terms of engagement to reflect a three-party relationship. • Conducting the engagement as a consulting engagement. • Performing an agreed-upon procedures engagement or declining the engagement. 	<p>Removed reference to the International Framework for Assurance Engagements. Aligns with proposed paragraph C9 of CSSA 5000.</p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Application material		
<p>A437. If the other information is materially inconsistent with the sustainability information subject to the assurance engagement or the practitioner's knowledge obtained in the engagement, it may indicate that there is a material misstatement of the sustainability information or that a material misstatement of the other information exists. This may undermine the credibility of the sustainability information and the assurance report thereon. Such material misstatements may also inappropriately influence the decisions of the users for whom the assurance report is prepared. The procedures with respect to other information may also assist the practitioner in complying with relevant ethical requirements as required by paragraph 33. <u>Relevant ethical requirements require the practitioner to avoid being knowingly associated with information that the practitioner believes contains a materially false or misleading statement, statements or information provided recklessly, or omits or obscures required information where such omission or obscurity would be misleading.</u></p>	<p>CA437. If the other information is materially inconsistent with the sustainability information subject to the assurance engagement or the practitioner's knowledge obtained in the engagement, it may indicate that there is a material misstatement of the sustainability information or that a material misstatement of the other information exists. This may undermine the credibility of the sustainability information and the assurance report thereon. Such material misstatements may also inappropriately influence the decisions of the users for whom the assurance report is prepared. The procedures with respect to other information may also assist the practitioner in complying with relevant ethical requirements as required by paragraph 33. <u>Relevant ethical requirements require the practitioner to avoid being associated with information that the practitioner knows or should know is false or misleading.</u></p>	<p>The last sentence's amendment is <u>from paragraph C4 of CAS 720.</u></p>
<p>A466. To be independent, an assurance report is prepared by a practitioner that complies with the independence requirements of the <u>IESBA Code applicable to assurance engagements</u> or requirements that are at least as demanding.</p>	<p>CA466. To be independent, an assurance report is prepared by a practitioner that complies with the independence requirements of the <u>relevant rules of professional conduct/ code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies</u> or requirements that are at least as demanding.</p>	<p>Aligns with proposed paragraph C5 of CSSA 5000, whose amendment is <u>from paragraphs C3C(a) and C20 of CSAE 3000.</u></p>

Paragraph in proposed ISSA 5000	Paragraph with proposed Canadian amendments	Canadian amendment rationale
Appendices: Illustrative Reports – Independence paragraph		
We are independent of the Company in accordance with the <u><i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i></u> (IESBA Code) issued by the International Ethics Standards Board for Accountants, together with the ethical requirements that are relevant to our assurance engagement in <u>[jurisdiction]</u> , and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.	We are independent of the Company in accordance with the <u>ethical requirements relevant to our assurance engagement in Canada</u> , and we have fulfilled our other ethical responsibilities in accordance with these requirements.	From paragraph <u>28(c)</u> of Canadian Auditing Standard (CAS) 700 and aligned with proposed paragraph 169(d)(iii) of CSSA 5000. Removed references to jurisdiction and added a reference to Canada.

Conforming amendments to other standards: Proposed text comparison and rationale

Proposed paragraph with Canadian amendment	Amendment rationale
7A. This CSAE also covers direct engagements on sustainability information. CSSA 5000 covers attestation engagements on sustainability information. Where the subject matter of a particular direct engagement includes sustainability information, CSSA 5000 may be useful as guidance for such engagements.	Proposed paragraph to indicate that practitioners performing direct engagements on sustainability information may use proposed CSSA 5000 as useful guidance.

Potential additional Canadian amendments

Following input from Canadian interested and affected parties, the AASB is considering potential additional Canadian amendments to ISSA 5000 related to consultation with Indigenous Peoples. The amendment criteria the Board follows are outlined in the [Appendix](#).

Consultation with Indigenous Peoples

Sustainability information is a subject matter with relevance and impact on Indigenous Peoples. The Government of Canada has accepted the *Final Report of the Truth and Reconciliation Commission*, including Call to Action 92, which emphasizes the role the corporate sector can play in reconciliation.

Paragraph A25 of ISSA 5000 recognizes Indigenous Peoples as an example of an intended user. However, the AASB is looking for views on whether CSSA 5000 should specifically require the practitioner to evaluate the entity’s consultation with Indigenous Peoples when evaluating whether the criteria are suitable and will be available to the intended users. An example of such amendment could include:

- adding a requirement to paragraph 72 in the engagement acceptance stage (proposed paragraph C72(e)). The proposed requirement emphasizes that the practitioner’s understanding of the entity’s consultation with Indigenous Peoples is important when evaluating the suitability of the criteria used to report sustainability matters, particularly the criteria’s relevance and completeness; and
- adding supporting application material (proposed paragraph CA185A-CA185C).

Potential additional Canadian amendments text comparison for CSSA 5000

Paragraph in proposed ISSA 5000	Paragraph with potential additional Canadian amendments
Requirements	
<p>72. The practitioner shall evaluate whether the criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances and will be available to the intended users. In doing so, the practitioner shall:</p> <p>(a) Evaluate whether there are criteria for all of the sustainability information expected to be subject to the assurance engagement; (Ref: Para. A166)</p> <p>(b) Identify the sources of the criteria, including whether they are framework criteria, entity-developed criteria or a combination of both; (Ref: Para. A167-A171)</p> <p>(c) Evaluate whether the criteria exhibit the following characteristics: (Ref: Para. A172-A178)</p> <p style="padding-left: 20px;">(i) Relevance; (Ref: Para. A179-A180)</p> <p style="padding-left: 20px;">(ii) Completeness; (Ref: Para. A181)</p> <p style="padding-left: 20px;">(iii) Reliability; (Ref: Para. A182)</p> <p style="padding-left: 20px;">(iv) Neutrality; (Ref: Para. A183-A184) and</p> <p style="padding-left: 20px;">(v) Understandability; and (Ref: Para. A185)</p> <p>(d) Evaluate whether and how the criteria will be made available to the intended users. (Ref: Para. A186)</p>	<p>C72. The practitioner shall evaluate whether the criteria that the practitioner expects to be applied in the preparation of the sustainability information are suitable for the engagement circumstances and will be available to the intended users. In doing so, the practitioner shall:</p> <p>(a) Evaluate whether there are criteria for all of the sustainability information expected to be subject to the assurance engagement; (Ref: Para. A166)</p> <p>(b) Identify the sources of the criteria, including whether they are framework criteria, entity-developed criteria or a combination of both; (Ref: Para. A167-A171)</p> <p>(c) Evaluate whether the criteria exhibit the following characteristics: (Ref: Para. A172-A178)</p> <p style="padding-left: 20px;">(i) Relevance; (Ref: Para. A179-A180)</p> <p style="padding-left: 20px;">(ii) Completeness; (Ref: Para. A181)</p> <p style="padding-left: 20px;">(iii) Reliability; (Ref: Para. A182)</p> <p style="padding-left: 20px;">(iv) Neutrality; (Ref: Para. A183-A184) and</p> <p style="padding-left: 20px;">(v) Understandability; and (Ref: Para. A185)</p> <p>(d) Evaluate whether and how the criteria will be made available to the intended users. (Ref: Para. A186)</p> <p>(e) Evaluate whether the entity has engaged in meaningful consultation with Indigenous Peoples. (Ref: Para. CA185A-CA185C)</p>

Paragraph in proposed ISSA 5000	Paragraph with potential additional Canadian amendments
Application material	
<p>There is no similar paragraph in ISSA 5000.</p>	<p>CA185A. Evaluation of the entity’s consultation with Indigenous Peoples may assist the practitioner:</p> <ul style="list-style-type: none"> (a) to evaluate the suitability of the criteria, appropriateness of the scope of the assurance engagement (paragraph 71), and whether the engagement has a rational purpose (paragraph 74); (b) to consider and determine materiality (paragraph 91); and (c) to assess risk (paragraph 110L and 110R). <p>The entity’s consultation with Indigenous Peoples may not be relevant for all entities:</p> <ul style="list-style-type: none"> (a) the consultation’s nature, extent and timing may vary; and (b) the consultation may not apply to all sustainability matters, topics, or aspects of topics. For example, consultation on emissions technical calculations may be less important than consultation regarding reporting the entity’s plans to mitigate impacts of emissions on Indigenous communities.
<p>There is no similar paragraph in ISSA 5000.</p>	<p>CA185B. The practitioner is not required to consult with Indigenous Peoples. Nor are they required to include the entity’s processes for consultation with Indigenous Peoples within the scope (i.e., what is subject to either limited or reasonable assurance as a topic or aspect of a topic) of the assurance engagement.</p>

Paragraph in proposed ISSA 5000	Paragraph with potential additional Canadian amendments
There is no similar paragraph in ISSA 5000.	<p>CA185C. When evaluating whether the entity has engaged in meaningful consultation with Indigenous Peoples, the practitioner may consider whether the consultation process is one that is:</p> <ul style="list-style-type: none"> • carried out in a timely, efficient and responsive manner; • transparent and predictable; • accessible, reasonable, flexible and fair; • founded in the principles of good faith, respect and reciprocal responsibility; • respectful of the uniqueness of First Nation, Métis, and Inuit communities; and, • includes accommodation (e.g., changing of timelines, project parameters), where appropriate.

Proposed effective date

The IAASB expects to approve the final ISSA 5000 in September 2024, with the effective date approximately 18 months after the final standard is approved.

The IAASB proposes that ISSA 5000 is effective for assurance engagements on sustainability information reported:

- (a) For periods beginning on or after [Month] 15, [Year]; or
- (b) As at a specific date on or after [Month] 15, [Year].

The AASB expects CSSA 5000 to have the same effective date. Practitioners will be permitted to apply CSSA 5000 before the effective date.

Comments requested

Responding to the IAASB’s Exposure Draft

Respondents are encouraged to provide comments on the IAASB’s [Exposure Draft](#) directly to the IAASB and provide the AASB with a copy of the response. Respondents are asked not to include comments on matters particular to the Canadian environment in their responses to the IAASB. Such comments should be included only in responses sent to the AASB. Responses the AASB receives in advance of its comment deadline will be taken into account when drafting its own response to the IAASB’s Exposure Draft.

Please refer to the “Guide for Respondents” contained in the IAASB’s [Exposure Draft](#) and respond to the specific questions therein.

Providing comments to the AASB

The AASB would appreciate receiving responses to the questions set out below, in addition to receiving a copy of the response to the IAASB’s [Exposure Draft](#).

General questions

1. Are there any types of assurance engagements on information, other than historical financial information, where it may be ambiguous whether they are scoped in to proposed CSSA 5000 or CSAE 3000? If your answer is “yes,” please provide examples.
2. What implementation challenges, if any, might the proposed standard create for practitioners in Canada?
3. The AASB anticipates that the IAASB will approve the final standard in September 2024. The proposed effective date is approximately 18 months after approval. What concerns, if any, do you have with this timeline?

The deadline for providing your comments to the AASB on questions in this section is **November 6, 2023**.

Canadian amendments questions

4. Do you agree with the [proposed Canadian amendments](#) to ISSA 5000 to adopt it as CSSA 5000? If not, what Canadian amendments do you believe may be required, and why? Note: Any proposed amendments would need to meet the criteria set out in the [Appendix](#).
5. In your experience, are direct engagements on sustainability information in Canada prevalent? If your answer is “yes”:
 - (a) Do you agree with the proposed Canadian conforming amendment to add proposed paragraph 7A to [CSAE 3001](#)? If you do not agree with the proposed amendment, please explain why.
 - (b) Do you believe that a future standard-setting project for direct engagements on sustainability information is needed?
 - (i) If “yes,” please provide examples of the engagement circumstances that would apply.
 - (ii) If “no,” please explain why.
6. The proposed standard is named CSSA 5000, *General Requirements for Sustainability Assurance Engagements*. The AASB already has an existing standard with the same numbering, [Canadian Standard on Association \(CSOA\) 5000, Use of the Practitioner’s Communication or Name](#). Do you believe there will be confusion between the two standards in the marketplace? If your answer is “yes,” do you agree that for the reasons outlined below, [CSOA 5000](#) should be renumbered to a new series (e.g., CSOA 8000)?
 - CSOA 5000 is a stand-alone Canadian standard and can be renumbered with limited amendments to other standards or regulation.
 - Maintaining the 5000 series numbering for the CSSA indicates alignment with ISSA 5000 and supports the addition of any future CSSAs within that series.

If your answer is “no,” please explain why.

The deadline for providing your comments to the AASB on questions in this section is **December 31, 2023**.

Potential additional Canadian amendments questions

7. Do you think Canadian amendments are required in CSSA 5000 related to Indigenous matters, in particular, the role meaningful consultation with Indigenous Peoples plays in this standard?
 - (a) If your answer is “yes”, do you agree with the [potential Canadian amendments](#) to paragraph 72 in ISSA 5000 and related application material? If not, what Canadian amendments do you believe may be required, and why? Any proposed amendments need to meet the criteria set out in the [Appendix](#).

The deadline for providing your comments to the AASB on questions in this section is **December 31, 2023**.

APPENDIX

Amendment criteria used by the AASB when adopting international standards as Canadian standards

With respect to the adoption of ISAs as CASs, the adoption of an International Standard on Assurance Engagements as a CSAE, ISSA as a CSSA, and International Standard on Related Services as a Canadian Standard on Related Services on a case-by-case basis, the AASB's overriding goal is to adopt ISAs (and other international standards, where applicable) into the Assurance Handbook without amendment. However, there may be circumstances where amendments are required. The following sets out the limited circumstances when the AASB will make amendments to ISAs (and other international standards, where applicable):

1. The AASB will limit additions to an ISA to those required to comply with Canadian legal and regulatory requirements.³
2. The AASB will limit deletions from, or other amendments to, an ISA to the following:
 - (a) The elimination of options (alternatives) provided for in the ISA.
 - (b) Requirements or guidance, the application of which Canadian law or regulation⁴ does not permit, or which require amendments to be consistent with law or regulation.
 - (c) Requirements or guidance, where the ISA recognizes that different practices may apply in different jurisdictions and Canada is such a jurisdiction.
3. The AASB may make amendments to an ISA with respect to requirements or guidance that do not fall within 1 or 2 above when it believes that there are circumstances particular to the Canadian environment where such amendments are required to serve the Canadian public interest and maintain the quality of auditing and reporting in Canada.
4. To the extent possible, amendments that are:
 - (a) Additions to an ISA will not be inconsistent with the current requirements or guidance in the ISA; and
 - (b) Deletions from, or other amendments to, an ISA will be replaced by an appropriate alternative that achieves the objective of the deleted requirement.

Proposed amendments to an ISA are highlighted in exposure drafts of proposed Canadian standards. The AASB will indicate the reasoning for the amendments and respondents will be invited to comment on them, including when the amendment will not result in convergence with the ISA in accordance with the IAASB's guide for national standard setters. Amendments to ISAs will be separately identified in the final Assurance Handbook material.

³ Canadian incorporating and other governing legislation often require entities to prepare financial statements in accordance with Canadian generally accepted accounting principles (GAAP). Accordingly, if Canadian GAAP necessitates a different audit response in Canada, these differences fall within the definition of a legal or regulatory requirement.

⁴ Ibid.

Copyright © 2023 Financial Reporting & Assurance Standards,
Chartered Professional Accountants of Canada

All rights reserved. This publication is protected by copyright and written permission is required to reproduce, store in retrieval system or transmit in any form or by any means (electronic, mechanical, photocopying, recording or otherwise).

For information regarding permission, please contact info@frascanada.ca.